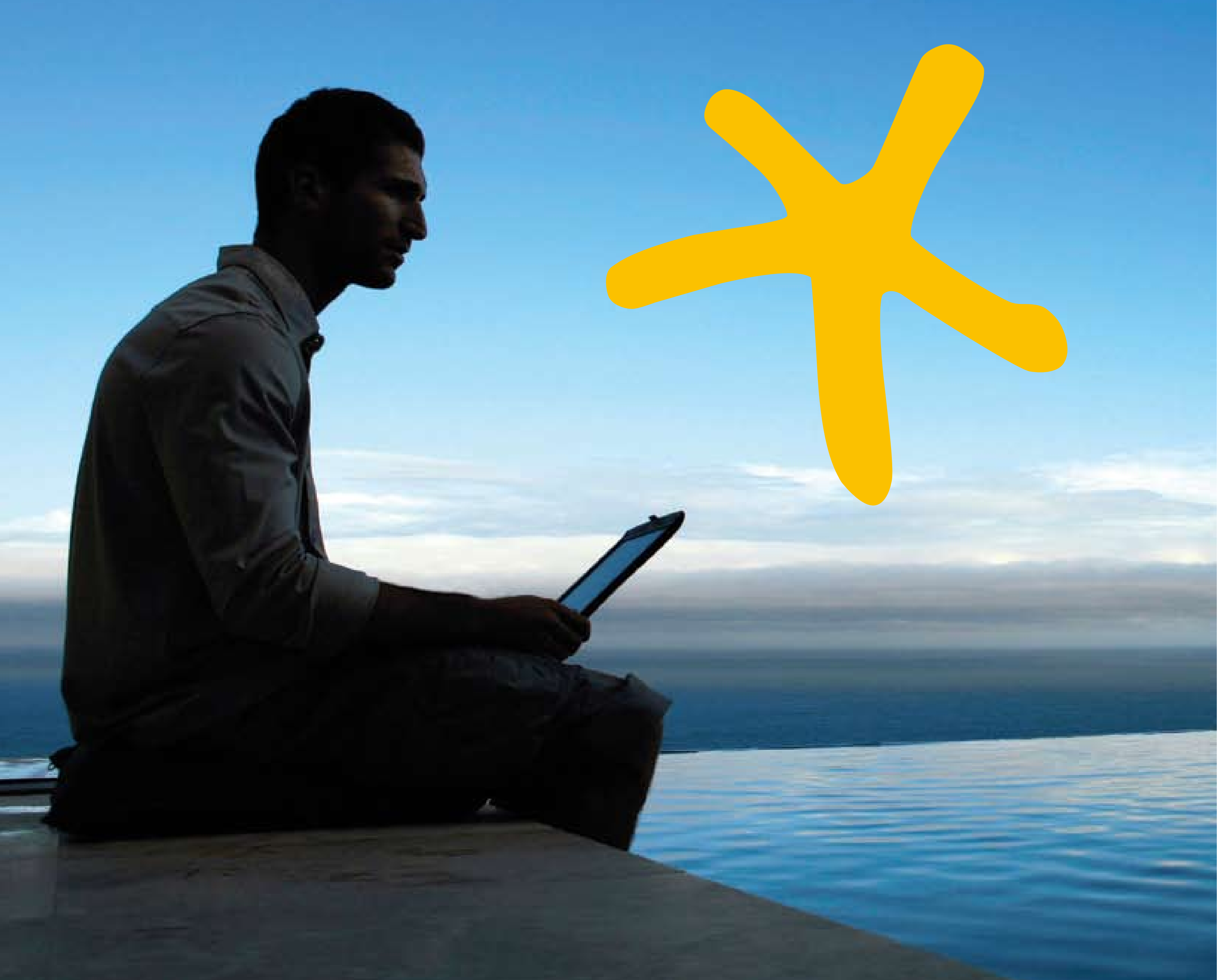
2007 Annual Report

econocom
mobility on demand

Contents



Group profile

Econocom is a European services company that has specialized for the past 25 years in the management of IT resources for businesses. In 2000, the group extended its expertise to include telecommunications infrastructures.

Econocom has a pan-European presence* and draws on the experience and know-how of its 2,300 employees, including 1,700 engineers and technicians, to design and implement solutions carefully tailored to clients' needs.

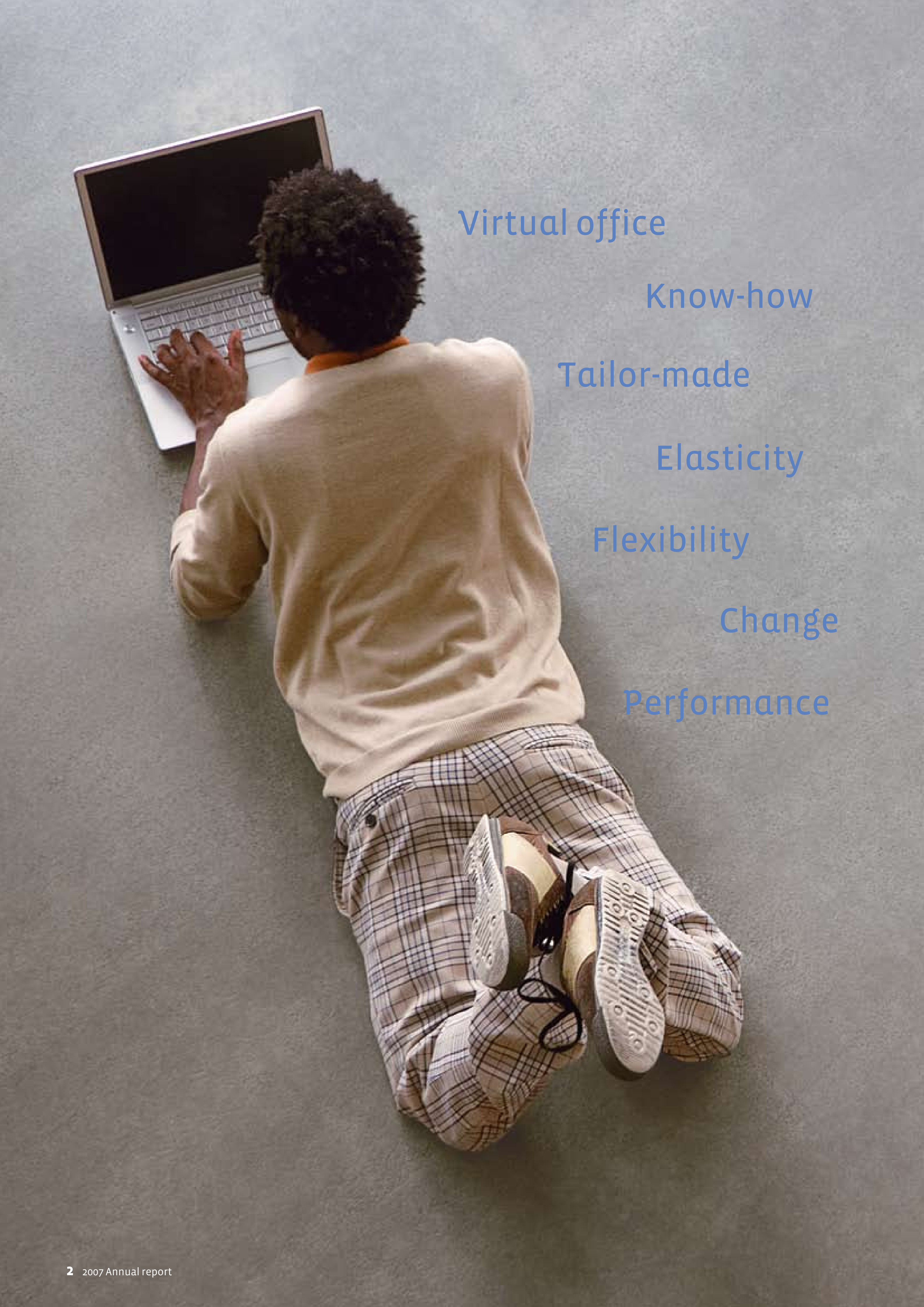
Amid more competitive market conditions, Econocom continues to stand out from the pack by offering combined IT and telecom expertise and exploiting the overlap between its four businesses: managed services (outsourcing, maintenance and consulting), IT products and solutions, telecom services, financing solutions and asset management.

2007 marked the closing stages of *Share Five*, a strategic plan launched in 2003 with the goal of regaining leadership through innovation in each of our activities.

In 2008, Econocom is moving on to the next stage with the help of a new five-year strategic plan called *Horizon 2012*. It is designed to place us at the heart of the mobile IT services market through innovative and scalable solutions that span the group's four areas of expertise.

Econocom Group is a member of Euronext's Next Economy index and is quoted on the Eurolist market of Euronext Brussels.

*Belgium, France, Germany, Italy, Luxemburg, the Netherlands, Spain, the United Kingdom.


Virtual office
Know-how
Tailor-made
Elasticity
Flexibility
Change
Performance

Mobility on demand*

The "anytime, anywhere" revolution is in full swing.

The key challenge facing each and every company today is to ensure that all employees can work productively anytime, anywhere.

Econocom's mission over the next five years is to meet the mobility needs of our clients.

Every company is unique. That's why Econocom strives to stand out from the competition by offering clients a comprehensive range of integrated services designed to remove time-and-place boundaries from their information systems.

*Because today's workplace is changing. It's anytime, anywhere.

Interview

with Jean-Louis Bouchard Chairman of Econocom

2008 marks a turning point for Econocom, which is focusing on mobility.

Our new slogan, *Mobility on Demand*, reflects our intention to support our clients in meeting their mobile IT and telecom needs. For any company looking for innovation today, the key challenge is to provide staff with appropriate tools to work anywhere at anytime. Our challenge and mission for the future is therefore to focus our efforts on mobility by using our long-standing business expertise in the areas of leasing, services, and product and solution procurement. We lit the fires of this revolution back in 2000, when we took the initial step of offering telecom services. This was an especially shrewd decision because it enabled the group to more easily cope with the high-tech meltdown of 2001 to 2003.

Why this new strategic evolution?

Globalization and new technologies have transformed companies and given rise to new needs among users, specifically as a result of increased flexibility in working hours, more geographical mobility, the widespread availability of broadband networks allowing remote access to company servers, and productivity demands. Mobile telephony has already shaken up our way of working and communicating: it is unthinkable working only with fixed lines in this day and age. Mobile computing is likely to prolong this upheaval in working conditions and become an integral part of organizations.

> Our challenge and mission for the future is to focus our efforts on mobility by using our long-standing business expertise.

To keep up with these developments, IT divisions had to evolve with the changes, becoming more attentive to the needs of internal clients. Each day they must find answers to new questions such as: What technology is the right one for us? How can we cut usage of consumables and streamline costs? How can we keep on top of developments in hardware and software? Our job is to offer services and solutions tailored to the particular issues they are facing.

Does this provide a stepping stone for Econocom to broaden the range of services it offers?

Econocom has constantly endeavored to provide services that are as close as possible to clients' needs. Using our first business – the financial management of IT assets – as a starting point, we have kept in step with our clients' development and have emerged as a service provider able to meet an ever-increasing range of demands.

Today, companies manage their distributed IT resources (PCs, printers, servers, and networks) and telecom equipment in the same way as they handle vehicle fleets. Vehicle leasing was originally conceived as a financing solution but quickly evolved into a new management technique covering choice and procurement of models, maintenance, management and replacement, insurance, and so forth. The cost of this wide range of services is optimal for the user and billed monthly. The same principle applies to assistance and management of computer and telecom populations, but in this instance needs are more acute because there are more assets, which can be located anywhere, internally or externally.

What advantages does Econocom have on its side to make it in the mobility market?

Competition may be heating up but Econocom stands out because its expertise bridges both the IT and telecom sectors, making it a frontrunner in the field of convergence. Another one of the group's strengths is the overlap between its four activities: managed services (outsourcing, maintenance and consulting), procurement of IT products and solutions, telecom services and financing solutions. Our intention is to continue building up our expertise in these areas by acquiring companies with highly specialized know-how, such as Kentron, which moved us into the top position in France for ITIL services, now the benchmark concept for IT services management in large companies. Our many talents make it possible to offer a comprehensive service to clients, and our credibility is enhanced by the fact that we are fully independent from PC manufacturers, telecom carriers and banks. This factor, I think, gives us the edge over rivals in the eyes of our clients. Furthermore, I would say that after 25 years of working closely with clients, Econocom has the means – i.e., its dynamic teams plus the advantages we have discussed – to fulfill its burgeoning ambitions.

Interview

with Jean-Louis Bouchard
Chairman of Econocom

Do you plan to continue expanding in Europe?

Most definitely. Econocom still calls Belgium "home". It is its second largest market after France, and Econocom is listed on the Brussels stock exchange. We have set our sights high in southern Europe, especially Spain and Italy, both of which saw strong growth in 2007, growing twice as fast as the group's average, and have delivered stellar results so far this year. We will also continue strengthening our positions in other markets (Germany, Luxemburg, the Netherlands, and the United Kingdom). This will involve recruitment drives and acquisitions along the same lines of Tecnolease, an Italian firm we acquired in November 2007.

To sustain growth, you implemented a five-year strategic plan (2003-2007) called* Share Five. *Are you happy with the end results?

A trailblazing company is a company that innovates and sets the trend for the market. Hence the watchword of Share Five was "regain leadership through innovation in each of our activities". After five years of hard work, I'm proud of our achievements in all activities: innovation has propelled us into a leading position in each of our markets. Our Products and Solutions activity represents one of the few profitable IT procurement businesses in Europe and uses an innovative outsourcing blueprint logistically and commercially involving a network of agents. Our managed services have received recognition in France and Belgium for their high standards. We were also the first telecom integrator in the market. By focusing on niches, Econocom today ranks second in IT financing and leasing within Europe. Our profitability and share price have more than doubled over the past five years, despite some of our ambitious targets only being partially met.

You are initiating a new strategic plan in 2008. What is it all about?

Our new strategic plan, *Horizon 2012*, picks up where the last one left off. We are aiming to firm up our positions over the next five years. To do this, we are uniting our talents to offer packages, or bundled solutions. These innovative packages harness our entire expertise and aim primarily to meet the specific needs of each one of our clients. We have called these packages *Papyrus by econocom* (outsourced management of printing), *Desktop on Demand* (automated hardware procurement), *MyPc by econocom* (control and optimization of PC population) and *Mobileasy* (control and optimization of telecom infrastructures).

Through 2012, we are bringing together our complementary skill sets and encouraging teams to work hand in hand in the design, marketing and deployment of the new packages.

« After five years of hard work, I'm proud of our achievements in all activities: innovation has propelled us into a leading position in each of our markets.

> 2008 marks the onset of a new era for Econocom with closer collaboration between business activities, the increased importance of marketing in how offers are defined, and further inroads into mobility and IT/telecom convergence markets.

How are these offers designed?

In designing these bundled solutions, we have followed the same blueprint used for almost all our offers over the past 30 years, namely working in conjunction with major clients. We designed prototypes to meet these clients' requirements, including their demand for significant savings. The next step has been to produce these solutions on an industrial scale, packaging and adapting them to the various dimensions in our client base, so all can benefit.

What were the highlights of 2007?

Last year was pivotal to Econocom: it gave us an occasion to review the results of *Share Five* and change gears with the initiation of *Horizon 2012*. It was also a record-breaking year, with Econocom generating its best results since it was founded back in 1982. Revenues rose 18.8% to €701 million compared with €590 million in 2006, indicating 12.6% organic growth. Operating profit surged by 48.5% over the previous year figure of €16.5 million to €24.5 million.

This growth spurt was due to a high degree of innovation and the commercial and organizational initiatives implemented in each of our business activities. The four acquisitions conducted last year were also a contributing factor.

To keep in step with our expansion drive, we hired more than 250 new employees and plan to take on at least as many in 2008, specifically to strengthen our sales force.

Is Econocom today perceived by companies as being a major service provider?

Econocom has undeniably established itself as a mover and shaker in its market. We topped the CRN trade survey, which acknowledged us as the leading IT services provider in France. We were also ranked as the best provider of printing solutions and as number two in the mobility solutions and servers category. Econocom also came in first in the 2007 and 2008 surveys of the most highly valued outsourcing partners by Belgian companies conducted by Morgan Chambers, a market-research company focusing on outsourcing.

How do you believe the current year will play out?

This year marks the onset of a new era for Econocom with closer collaboration between business activities, the increased importance of marketing in how offers are defined and further inroads into mobile computing and IT/telecom convergence markets. Our solid financial footing means that we will continue making acquisitions in order to win new clients and round out our areas of expertise. Mobility is a profitable market and, as such, I remain upbeat about Econocom's future and confident that the new business plan, *Horizon 2012*, will be a resounding success.

BOARD OF DIRECTORS

JEAN-LOUIS BOUCHARD
Chairman and CEO

CHRISTIAN BRET

CHARLES DE WATER

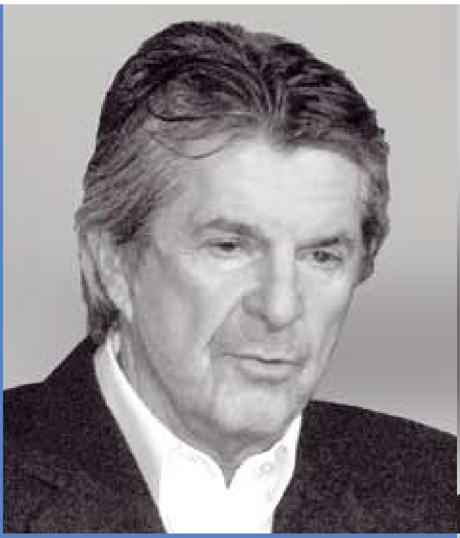
GASPARD DÜRRLEMAN

RAFI KOUYOUMDJIAN

JEAN-PHILIPPE ROESCH
CEO

PATRIK VANDEWALLE
CEO

FROM LEFT TO RIGHT STARTING AT THE TOP:
JEAN-LOUIS BOUCHARD
CHRISTIAN BRET
CHARLES DE WATER
GASPARD DÜRRLEMAN
RAFI KOUYOUMDJIAN
JEAN-PHILIPPE ROESCH
PATRIK VANDEWALLE
DIDIER BERTHO
BRUNO LEMAISTRE



GROUP MANAGEMENT COMMITTEE

JEAN-LOUIS BOUCHARD
Chairman and CEO

JEAN-PHILIPPE ROESCH
CEO

PATRIK VANDEWALLE
CEO

DIDIER BERTHO
Managing Director, Managed Services

BRUNO LEMAISTRE
Managing Director, IT Financial Services

STATUTORY AUDITORS

PRICEWATERHOUSECOOPERS
Reviseurs d'entreprises SCCRL
represented by Emmanuèle Attout


Innovation
Recognition
Growth
Acquisitions
Evolution
Renewal

The year 2007

Strong growth
and winning clients' trust

2007/2008 highlights

Econocom enjoyed strong growth and received several accolades last year. We were rated as the No.1 service provider in France, and in Belgium we were rated No.1 for our outsourcing business. We also accelerated our development in several business lines through selective acquisitions and a high degree of innovation. Strong commercial results also helped the growth. To keep pace with our drive to expand, we hired more than 250 new employees and plan to take on at least as many in 2008, specifically to strengthen our sales force.

2007

January

- Econocom **acquired Alliance Support Services**, one of the French leaders in application management, which had 450 employees at the time.

February

- Econocom **acquired the B-to-B wing of The Phone House France**. The unit at the time had 21 staff members, managed 20,000 lines and provided outsourced services for 12,000 lines.
- Synopse, Econocom's IT consulting unit, shored up its leadership status in France and the Benelux countries by **acquiring Kentron**, making it the leading provider of ITIL services in France.

April

- Econocom topped the CRN trade survey, which **acknowledged us as the leading IT services provider in France**. We were also ranked as the best provider of printing solutions and No.2 in the mobility solutions and servers category.
- Econocom was ranked **first in the 2007 survey of the most highly valued outsourcing partners** by Belgian companies conducted by Morgan Chambers, a market-research company focusing on outsourcing.

Econocom in Belgium celebrates its 25th anniversary

September

- Econocom launched **Master IT Flash Inventory**, a "full Web" solution that can call up an inventory of a company's computer installations upon request.
- **Alliance Support Services became a new entity** of Econocom Belgium and Luxemburg.

October

- Econocom adopted a **new logo** and **brand signature**, **"Mobility on Demand,"** to underscore its business positions built around mobile computing.

November

- Econocom made further inroads into Italy by **acquiring Tecnolease**, specialized in IT financial asset management.

2008

January

- Econocom reshaped its corporate identity and communications policy to focus on users. A **new corporate identity** is designed to combine a professional ethos, client proximity, simplicity and innovation.

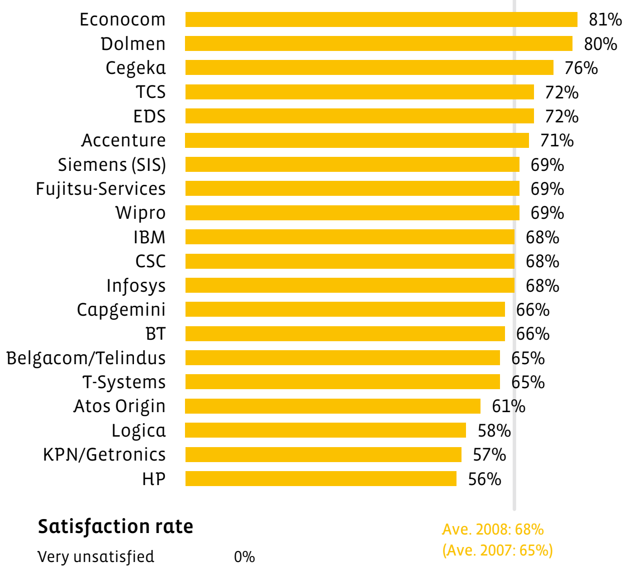
February

- Econocom launched a **new five-year strategic plan**, called *Horizon 2012*.

March

- Econocom published **2007 record performances**.
- In Belgium and Luxemburg, **Econocom was rated as the most highly valued outsourcing partner** for the second consecutive year by Belgian companies. According to the 2008 survey conducted by EquaTerra (ex Morgan Chambers), Econocom was ranked **No.1 in general satisfaction**.

General satisfaction



Satisfaction rate

Very unsatisfied	0%
Unsatisfied	20%
Somewhat unsatisfied	40%
Somewhat satisfied	60%
Satisfied	80%
Very satisfied	100%

Study organized by EquaTerra "Outsourcing 2008 – Service provider performance in the Belux," April 2008.

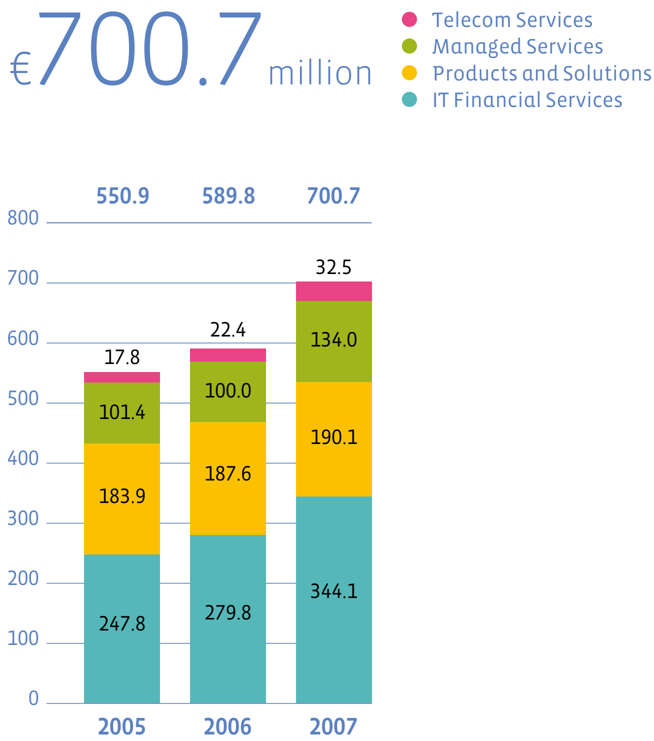
Key figures

CONDENSED INCOME STATEMENT
IN € MILLIONS

	2005	2006	**2007**
Consolidated revenue	550.9	589.8	**700.7**
Operating profit	19.0	16.5	**24.5**
Net profit Group share	14.2	10.2	**18.0**

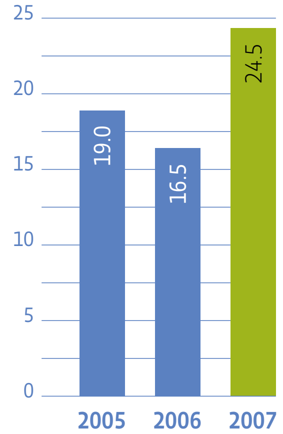
REVENUE BY ACTIVITY
IN € MILLIONS

€700.7 million

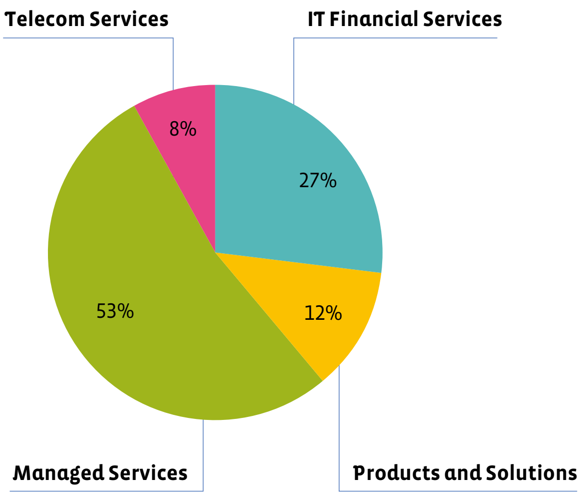


OPERATING PROFIT
IN € MILLIONS

€24.5 million

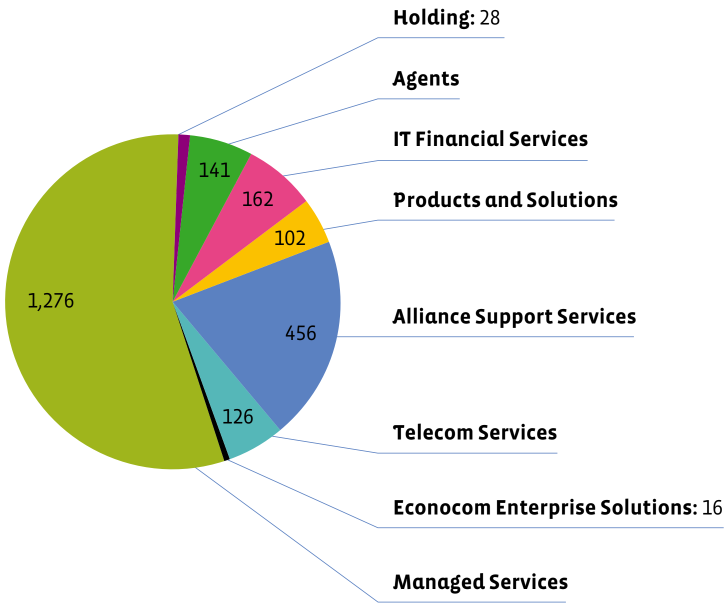


VALUE ADDED BY ACTIVITY



EMPLOYEES AS OF DECEMBER 31

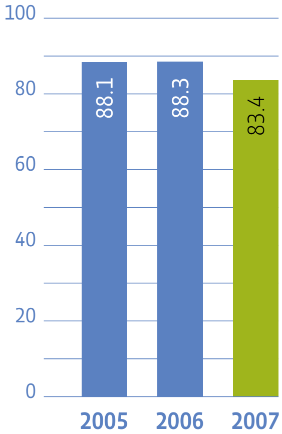
2,307
employees



SHAREHOLDERS' EQUITY AS OF DECEMBER 31

IN € MILLIONS

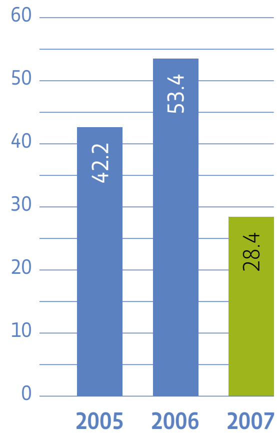
€83.4 million



CASH NET OF LONG-TERM DEBT AS OF DECEMBER 31

IN € MILLIONS

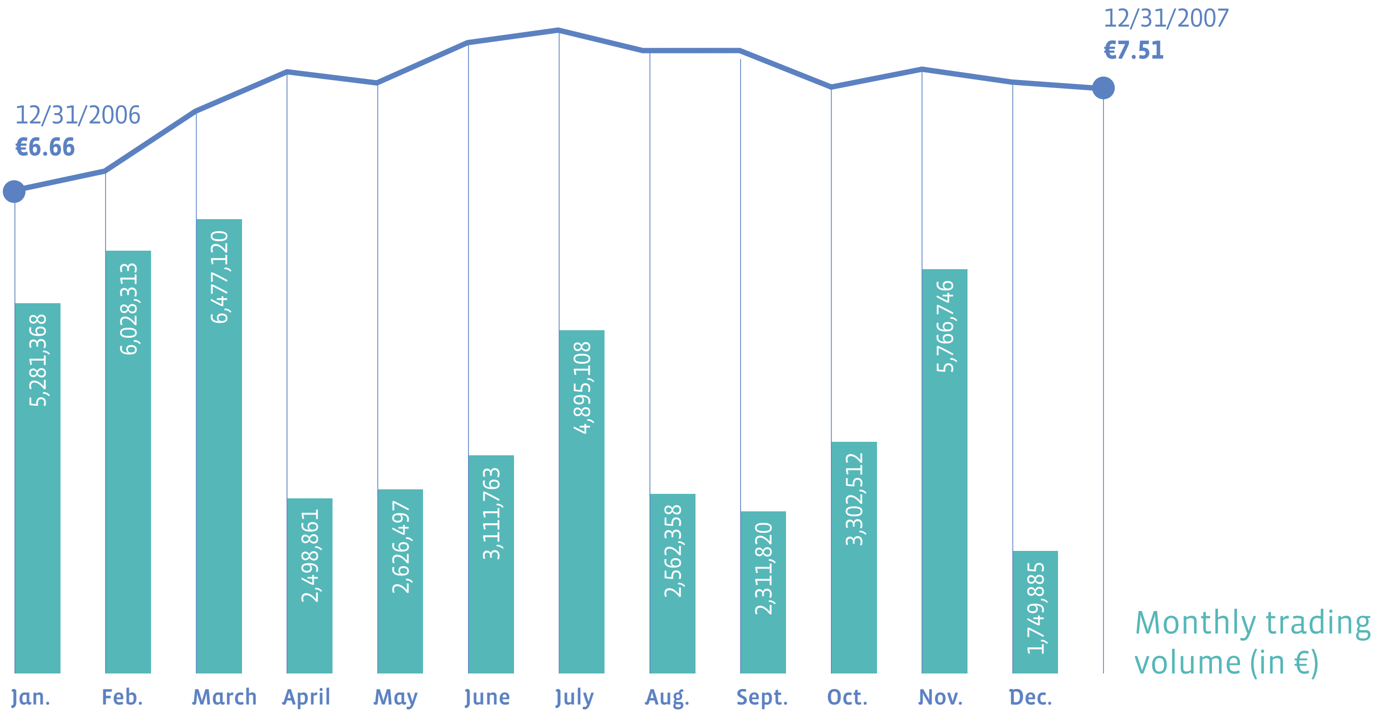
€28.4 million



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 2007: 22,959
- Market capitalization as of December 31, 2007: €194 million

SHARE PERFORMANCE

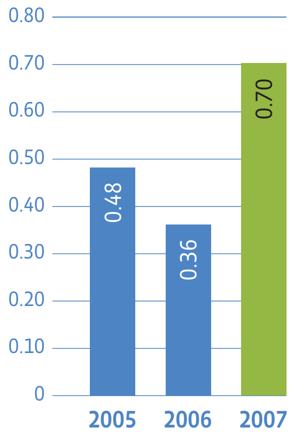


	2002	2003	2004	2005	2006	**2007**
High (in €)	6.13	5.90	6.23	6.92	7.05	**9.93**
Low (in €)	2.50	3.90	5.03	5.70	5.09	**6.69**
Closing price as of December 31 (in €)	3.75	5.10	5.80	6.62	6.66	**7.51**
Market capitalization as of December 31 (in €)	118	161	174	192	193	**194**
Average daily trading volume	12,318	11,992	22,994	19,902	18,955	**22,959**
Number of shares as of December 31 (in millions)	31.5	31.5	30.0	29.0	29.0	**25.8**

EARNINGS PER SHARE

IN €

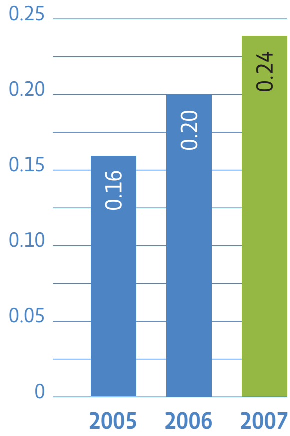
€0.70



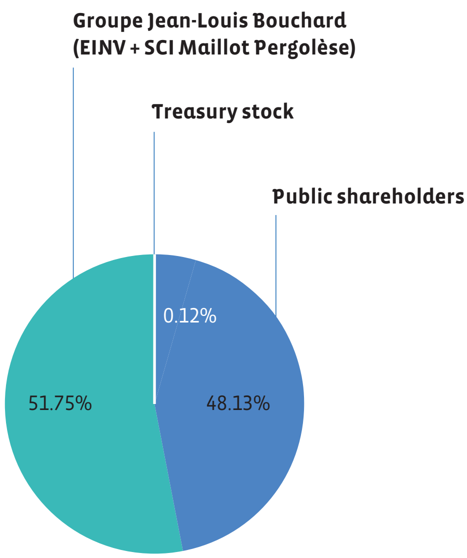
GROSS DIVIDEND PER SHARE

IN €

€0.24



OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2007



DIVIDEND

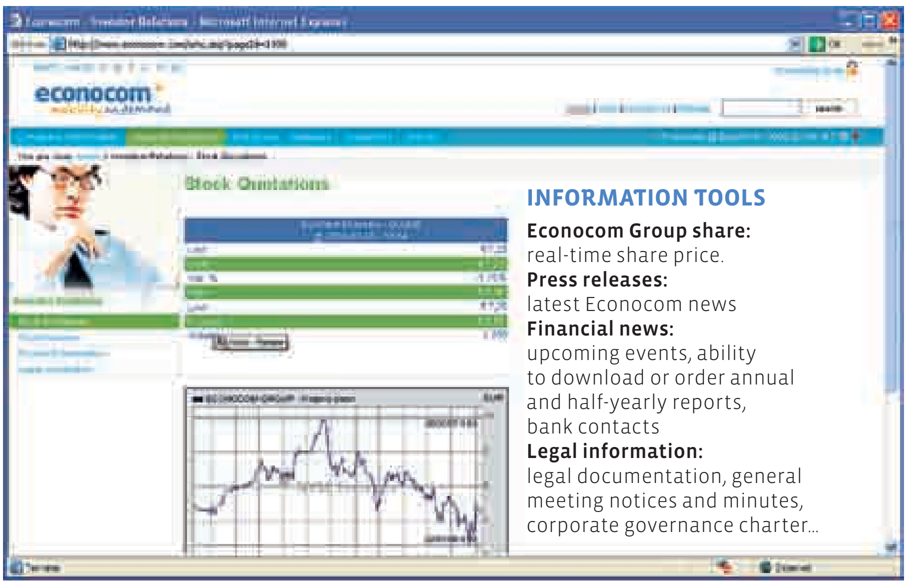
At the Annual General Meeting to be held on May 20, 2008, the Board of Directors will recommend a gross dividend per share of €0.24 (€0.18 net). This dividend will be paid in early June 2008.

SHAREHOLDERS' AGENDA

- **First-quarter trading statement (Royal decree of November 14, 2007)**
  May 14, 2008
- **Annual General Meeting**
  May 20, 2008
- **Dividend payment date**
  Early June 2008
- **Half-year revenue press release**
  July 29, 2008
- **Half-year results press release**
  August 29, 2008
- **Third-quarter trading statement (Royal decree of November 14, 2007)**
  November 13, 2008
- **Full-year revenue press release**
  January 27, 2009
- **Full-year results press release**
  March 12, 2009

UP-TO-DATE FINANCIAL NEWS CAN BE OBTAINED FROM OUR WEBSITE: WWW.ECONOCOM.COM

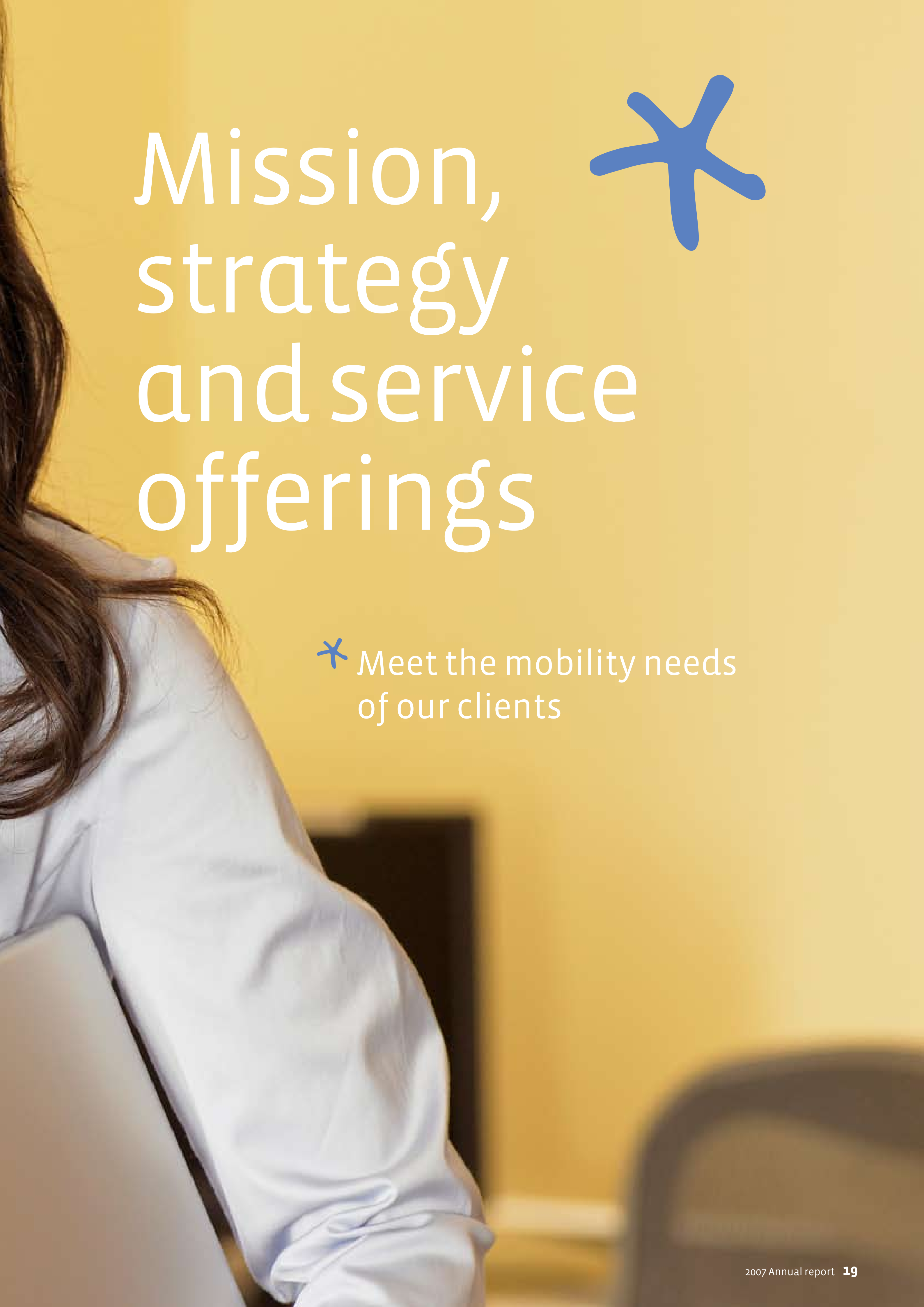
At Econocom Group, we strive to establish a long-lasting, trust-focused and open relationship with shareholders and investors by keeping them up to date with developments as they occur. We provide regular, transparent financial information in full, which can be consulted on our website. Our investor relations pages contain useful portfolio management information and tools.



INFORMATION TOOLS

Econocom Group share:
real-time share price.
Press releases:
latest Econocom news
Financial news:
upcoming events, ability to download or order annual and half-yearly reports, bank contacts
Legal information:
legal documentation, general meeting notices and minutes, corporate governance charter...


Be Enterprising
Bounce Back
Face Reality
Share



Mission, strategy and service offerings

Meet the mobility needs of our clients

A new five-year strategic plan

Reinforce our leadership by uniting our talents in the scope of bundled offerings

The "anytime, anywhere" revolution is in full swing

People are the driving force behind every business or organization, and today they need IT and telecom hardware simply to do their job. Working outside the office, working at home, changing team profiles, cross-department jobs: the challenge facing IT departments is no longer merely to manage IT hardware and fixed installations. Today, the role of IT departments has been redefined: inject flexibility and pro-activity into the way users work.

Our mission statement

The key challenge facing each and every company today is to ensure that all employees can work productively anytime, anywhere.

Econocom's mission over the next five years is to meet the mobility needs of our clients.

Service offerings

To meet this challenge, Econocom does more than simply provide dual expertise in IT and telecom services; it has specific capabilities in the following four areas:

- **Managed services for distributed infrastructures**
- **Customized IT products and solutions**
- **Telecom services**
- **IT and telecom asset financing and management**

Strategy

By managing distributed IT infrastructure for 25 years, Econocom has gained full-fledged expertise in four lines of business. Our watchwords have been quality, adaptability to clients' needs and unparalleled innovation.

Through our new 2008-2012 strategic plan, our aim is to shore up our leading market positions by providing clients with a comprehensive service offering to manage and optimize IT and telecom assets over entire product lifecycles.

Managed services for distributed infrastructures

*Keeping clients on top of their infrastructures

Managing computer installations is becoming an increasingly complex task due to mobile computing, convergence and new technologies, and staff who are increasingly demanding about IT performance.

Econocom specializes in services that ensure IT departments are able to provide round-the-clock availability and continuity of data to users.

ESSEC
FRANCE

ESSEC Group is a leading provider of executive education in Europe.

Econocom has been working closely with ESSEC Group for more than 20 years and recently extended its contractual agreement through 2011. This currently comprises the management of over 1,200 internal workstations, 300 printers, a wide variety of software programs and 3,500 student workstations.

Econocom ensures a high quality of service around the clock, ramping up operations during the high points of this prestigious institution's academic year, e.g., at the start of each semester, when helping new students learn about the school's IT facilities, sharing files and accessing the full range of resources available over the network. Econocom provides user services (e.g., incident and change management) but also manages the day-to-day running of and leasing arrangements for all hardware within ESSEC Group's IT portfolio.

Econocom is also working hand in hand with ESSEC Group to implement ITIL best practices, and last year our subsidiary Synopse deployed the Service Center application.

In 2007, Econocom reached a milestone in terms of client appreciation, receiving recognition in France and Belgium for the high quality of services provided.

Econocom offers companies a full range of services:

- consulting on the management of IT services in compliance with ITIL recommendations, which have become the standard for large companies and administrations;
- outsourced management of installations based on predefined costs and objectives, using an adaptable and scalable formula, e.g., based on "technical assistance" or "service desk" approaches. Management contracts run for three to five years;
- keeping distributed infrastructure up and running by placing teams directly on site or via remote management, piloted by service level.

1,700

technicians and engineers serving our clients

MACIF
FRANCE

The Macif group caters to the insurance needs of its 4.737 million members. Its range of insurance services covers property and possessions, health and personal protection, credit lines, savings plans, assistance and personal services.

In order to meet the changing needs of its various businesses, Macif has sought to broaden the range of services available to staff and business partners and, to this end, tasked Econocom's consulting subsidiary Synopse with the overhaul of its key procedures and service-management tools (centralized service desk, reporting, management of requests, changes and service levels).

Following diagnostics of the existing set-up, Synopse drew up a two-year plan to redefine procedures and train staff working in the company's IT and telecom department. Synopse also assists with oversight for the project, including the coordination of Macif's own resources tied to the project.

In 2008, the project continues with an extension of the requests catalogue to include incident management, so that all internal clients are covered, and with the implementation of change management and CMDB.

FLEMISH PARLIAMENT
BELGIUM

Econocom won a large renewable three-year contract with the Flemish Parliament through a highly competitive proposal procedure. Econocom provides leading-edge remote services to 600 end-users (124 members of the Flemish Parliament and staff), including incident and fault management, hardware support, software deployment and asset management. Synopse is involved in this contract through the deployment of a new type of inventory and remote-distribution tool, Altiris.

ACCOR
BELGIUM

Accor, a global hotel chain that is a European market leader as well as the leading provider of support services to the private and public sectors, has a footprint in close to 100 countries and boasts 150,000 employees.

Accor today offers its clients expertise acquired over more than 40 years in two core activities:

- Hotels: through the Sofitel, Pullman, Novotel, Mercure, Suitehotel, Ibis, All Seasons, Etap Hotel, Formule 1 and Motel 6 banners. This represents 4,000 hotels in 90 countries and close to 500,000 rooms. Ancillary activities include caterer Lenôtre.
- Services: 30 million people in 40 countries benefit from Accor Services (HR, marketing services, expense account management).

Since 1999, Accor has entrusted Econocom with the IT hardware in its 65 hotels located in Belgium and Luxemburg. The sphere of involvement represents 700 PCs, 80 PoS terminals, 175 printers and 55 servers.

Based on five levels of service, Econocom acts to manage Accor's IT portfolio, install and customize PCs in each hotel, and maintain hardware over entire life cycles, providing replacements as equipment becomes obsolete.

Customized IT products and solutions

Equipping clients with high performance installations

Information superhighway and new technologies have changed the way companies work, creating new needs among users. The procurement of IT products has become a pivotal task for each and every business.

Econocom leverages its network of experienced salespeople and local sales agents, situated in close proximity to companies, and its innovative business model to offer clients a genuine on-demand service.

LA POSTE
FRANCE

La Poste delivers mail and parcels throughout France six days a week.

Econocom is a key provider of IT products to La Poste's postal directorate, supplying various types of multi-brand hardware that can be plugged readily into existing networks for immediate use.

"Econocom offers a comprehensive range of services relating to IT products, from delivery through installation."

Ms. Fatima Attigui,
IT purchaser at La Poste

Through this innovative approach to procurement, Econocom is today one of the largest resellers of hardware, software and related solutions in Europe.

This business model yields the following benefits:

- unmatched reach in terms of procurement,
- customization of hardware,
- expert management of large-scale deployments,
- completely transparent exchange policy,
- full monitoring of hardware.

Econocom also advises clients on the design and implementation of turnkey solutions, such as server centralization and virtualization, data archiving and storage, printing solutions and comprehensive software-license management.

More than

50,000 IT products

CLINIQUES SAINT-LUC

BELGIUM

Cliniques Saint-Luc is a major hospital center in Brussels.

Patient data consultation is essential if the right treatments are to be administered. After choosing Econocom, Cliniques Saint-Luc today has a highly effective archiving solution offering full data security that provides authorized hospital personnel fast access to patient data. Today, the solution Econocom implemented allows easy access to archives stretching back 15 years. For Jean-Louis Matton, head of IT infrastructure, it was Econocom's independence from suppliers, expertise in multi-platform and multi-environment integration, and highly skilled staff that led to the successful implementation of this mission-critical project.

"Econocom has already proven that it is more than capable of meeting technological change head on."

M. Jean-Louis Matton,
head of IT infrastructure
at Cliniques Saint-Luc

ACCOR

FRANCE

Econocom is among the leading providers of IT products and solutions to Accor France, supplying all types of hardware from different manufacturers, and customizing products so that they can be plugged directly into Accor's hotel computer network for immediate use.

Yves Djedje, head of IT support at the economy hotel division, describes Econocom as

"a dependable business partner that can be relied upon whatever the circumstances."

Telecom services

*Making your IT system mobile

Convergence between computing and telecom is a major challenge facing companies, which need to make sure that their information systems are accessible remotely. Field staff need to be able to work productively off site and, whenever necessary, access the business applications needed to do their jobs properly as if they were sitting in front of their own workstations. Part of the challenge also means offering new features for the mobile environment.

Econocom is spearheading this wave of convergence because its expertise encompasses both IT and telecom services, making us a prime

SERNAM
FRANCE

Of the many innovative projects conducted in tandem with business partners such as Microsoft, RIM (the makers of Blackberry) and HP, the Sernam project is a clear reflection of Econocom's expertise in managing a mobile information project, from the time the solution is devised until it is deployed and becomes operational.

Sernam mandated Econocom to design a project for the uploading of information from truck drivers and outsourced the management of its entire mobile fleet to us.

Sernam needed a solution that would enable it to inform customer advisors and customers themselves about the status of shipments in real time, while making sure that the solution would be effective, easy for drivers to use and space efficient. Our challenge was to walk the customer through each stage of the project, offering services and solutions adapted to the specific requirements of the transport business.

Sernam's 1,300 drivers have each been given a Blackberry which aside from basic PDA functions has been adapted as a bar code reader.

This project has highlighted Econocom's unrivalled expertise in the following areas:

- creation of an integrated solution, working hand in hand with its partner to develop a business-specific application,
- line activation,
- preparation of handsets (installation, configuration, etc.),
- end-user support,
- management of an entire network.

At Econocom, we believe that the convergence challenge calls for a comprehensive approach and an innovative business model.

choice for companies looking for a global solution to this challenge. We are able to build, deploy and manage innovative mobility solutions externally while keeping a tight grip on costs and a close eye on timetables.

Econocom is the only telecom integrator in the market which:

- advises clients through audits and recommendations for device, applications and solutions, support engineering, development and benchmarking;
- distributes carriers' offers, provides procurement and ensures smooth project deployment;
- manages deployed assets to safeguard ROI, service quality and cost control.

We are able to offer clients access to the full potential afforded by new telecom technologies because we have been providing expert fixed-line and mobile telecom services to companies since 2000 and can leverage support from our network of business partners, consultants, publishers, manufacturers and carriers.

More than 250,000 lines under management

ERNST & YOUNG

BELGIUM

Ernst & Young Belgium has 1,250 employees, over 1,000 of whom have a work cell phone.

Thirteen different sites, contracts with several phone operators and high staff turnover all make managing the cell phone population a very complex task. That's why Ernst & Young decided to outsource the running of mobile communications to Econocom four years ago.

Econocom's professional, flexible approach to business has led to the efficient management of this resource and ensures that all Ernst & Young employees can be reached anytime, anywhere. Through our services, Ernst & Young has kept a lid on its telecom spending. In this respect, we provide detailed breakdowns by staff member, allowing unauthorized usage to be spotted before the cost spirals.

IT and telecom asset financing and management

*Adapting installations to user needs at the drop of a hat

As more and more different technologies are being used by companies and the pace of change differs among the solutions deployed, IT spending has become a crucial issue for companies.

The financing of complex infrastructures requires a combination of reporting services and a flexible financial solution, as required in the management of distributed IT and telecom infrastructure.

CAISSE D'ÉPARGNE MIDI-PYRÉNÉES
FRANCE

Econocom has been working with the bank Caisse d'Épargne Midi-Pyrénées over the past 3 years to upgrade its computer portfolio of over 2,200 workstations and servers and 400 ATMs.

The Master IT application, combined with TRO (Technology Refresh Option), has met with the bank's high expectations in terms of traceability and reporting performance.

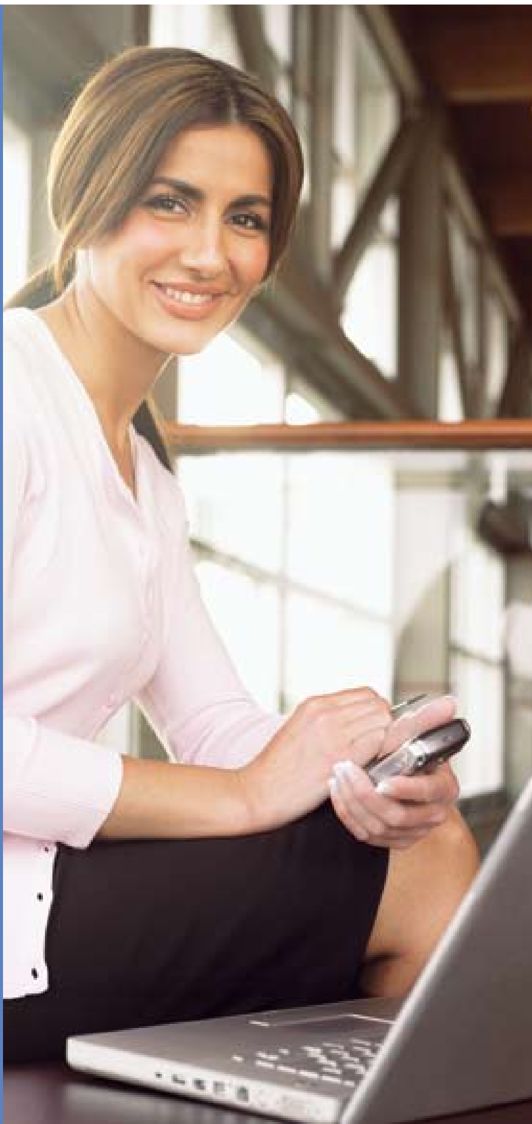
All processes dealing with procurement and the recycling of obsolete equipment have been folded into the solution, and spending is controlled through the flexibility offered by TRO.

BRAINFORCE
GERMANY

BrainForce is an international company providing IT infrastructure services, IT business solutions, outsourcing and out-tasking.

"Econocom is the ideal partner for the refinancing of our investments. To make it in such a highly competitive market, we need to act quickly to meet clients' requests. Econocom is a dependable and pro-active partner that understands the needs of the IT industry."

M. Müllenschläder, Managing Director, BrainForce (Frankfurt)



Econocom has become a European leader in the financing of corporate IT and telecom infrastructure by relying on three core values: financial innovation, asset management and a professional ethos among staff.

That is why Econocom offers innovative financing solutions that allow each company to keep control of its budget and adapt hardware usage periods whenever necessary. Client companies have all the technical and financial data they need at their fingertips and in real time, making rigorous cost analysis possible.

Econocom's Technology Refresh Option (TRO) financing and Master IT web-reporting solutions position our financing and hardware-lifecycle management services at the cutting edge of the industry.

More than 900,000 IT and telecom assets under management

OLIVETTI
ITALY

Olivetti and Econocom started out as rivals bidding for the same type of business until they signed a commercial partnership in 2004 that has proven beneficial to both parties.

This partnership combines Econocom's financial capabilities with Olivetti's technology prowess with regard to small businesses and retail clients. After reaching a first successful milestone together, winning a bid to finance a €2.6 million project, Olivetti has opted to continue working with Econocom and has become one of our foremost customers in Europe. This business partnership has also increased Econocom's market share as we have been able to extend our services to new sectors, such as public administrations.

TRANSHOTEL
SPAIN

Transhotel is the leading online hotel-booking platform in Spain and one of the largest worldwide, offering access to over 45,000 hotels. Annual revenues exceed €400 million. The company has a headcount of more than 1,000 and operates in 22 countries.

Transhotel's technology needs are growing by 20% per year. Hardware must therefore be advanced, efficient and open-ended.

That is why it entrusted Econocom with the financing and management of its entire IT installation, which includes network infrastructure, PCs, laptops, printers and scanners. The TRO solution handling the €2.5 million invested, combined with Master IT, has given the company precise control over its installation and the capability to renew hardware at any time.

G4S CASH SERVICES
BELGIUM

G4S Cash Services, a subsidiary of Group 4 Securicor, is the leading cash-in-transit company in Belgium.

Funds are transported in so-called intelligent containers that automatically destroy their contents if forcibly opened. G4S Cash Services called on Econocom last year to engineer the financing of its stock of 15,000 containers.

The flexible TRO solution enables G4S Cash Services to replace containers as soon as required, and it has considerably simplified the management and invoicing of assets.

papyrus by econocom

Don't let your
printing run wild

mypc by econocom

Managing your
PC population simply
and efficiently

desktop ondemand by econocom

Automating procurement
of IT hardware

mobileasy by econocom

One-stop-shop
for managing projects
and mobile fleets

New bundled offerings

In order to improve our response to the needs of top management, IT departments and staff in general, Econocom has designed four new offerings.

Each of these innovative offerings represents a combination of our expertise in every field.

Companies can now control and optimize the lifecycle of their IT and telecom infrastructures using fixed-price unit billing.

mypc by econocom

Evolve

Perform

Equip

Optimize

Fulfill

Work efficiently

Managing your PC population simply and efficiently

MyPc by econocom is for companies seeking to rid their PC portfolios of hidden management and operating costs, optimize processes and improve satisfaction among users.

It is a turnkey solution providing hardware procurement, user services, round-the-clock management and fleet financing.

MyPc by econocom offers a fixed-price unit billing system. This flexible formula makes it possible to upgrade hardware on demand in accordance with users' actual needs.

Belgian Finance Ministry

Since December 2006, Econocom has been managing change inside this administration's PC fleet, comprising some 65,000 iMacs located nationwide. The current contract runs until 2012. The agreement, representing revenue of €3.9 million, also covers consulting services associated with management of the infrastructure.


papyrus*
by econocom

Print

Optimize

Master

Save

Fulfill

Don’t let your printing run wild!

In large organizations, document printing can be the cause of many headaches: few are genuinely aware of the number of printers used in their different locations, the number of pages printed yearly and the volume of ink cartridges used.

Keeping a lid on printing costs has become a key concern and no organization or company can afford to neglect this cost item.

A growing desire among companies to reduce their ecological footprint adds an extra layer of complexity to the task. Econocom’s customers are becoming increasingly aware of both the costs and environmental impact related to printing.

Papyrus by econocom is designed to solve these issues. This solution keeps firm control over and optimizes the printing cycle end-to-end.

Through dedicated processes, companies are given a full view of their printer population, making it possible to slash costs and promote environmental protection.

Papyrus by econocom is used to manage service and finance multi-brand printer fleets proactively and flexibly. Costs are kept low through unambiguous, flat-rate invoicing.

Belgian Finance Ministry

The Belgian Finance Ministry stands to save €12.5 million through its five-year contract with Econocom. Papyrus by econocom has made it possible to optimize and efficiently manage the administration’s 25,000 printers nationwide: maintenance, toner replacements, fleet optimization, and a second-line helpdesk are invoiced at a cost per page.

desktop on demand*

by econocom

*Manage

Procure

Personalize

Synchronize

Visualize

Fulfill

Automating procurement of IT hardware

Reducing workstation procurement times is a pivotal challenge for companies. Performance can be improved if the equipment required to meet the specific needs of each staff member can be supplied quickly.

With Desktop on Demand, companies can rapidly meet the needs of users whose hardware becomes obsolete. This fully industrial process keeps a lid on procurement costs, ensures that hardware is available whenever needed and allows for the recycling of obsolete equipment.

By selecting products from among several vendors' catalogues and pro-actively managing client inventories, Desktop on Demand continuously monitors availability while taking into account depletion of stocks.

Desktop on Demand has been designed as a solution to transform the workstation into a commodity and free companies from administrative constraints during the upstream and downstream phases of product lifecycles.

Thales

Econocom was brought in by Thales to implement Desktop on Demand, replacing 45,000 PCs in Europe over three years. Now that the project is up and running smoothly in France and the United Kingdom (with more than 20,000 units deployed in just 15 months), it is starting to deploy in Germany and rolling out e-procurement to manage non-standard user requests.

mobileasy*
by econocom

Integrate

Deploy

Finance

Fulfill

Build

One-stop-shop for managing projects and mobile fleets

Most productivity gains at companies depend on how quickly mobility can be injected into operations, resulting in improved efficiency and reaction times, to the benefit of both companies and their customers. Voice/data convergence is creating a profusion of new requirements that are becoming increasingly complex to manage. In the inception of Mobileasy, Econocom has exploited its dual expertise in IT infrastructure and telecom management.

This offer is for companies with a multi-brand fleet of over 200 handsets that want complete end-to-end control over mobility upgrades to their information systems and the associated costs.

Using tailor-made contracts, Econocom's Mobileasy offering builds and deploys mobile-data solutions on behalf of companies. Mobileasy can also encompass outsourced management (including helpdesk) plus maintenance and financing services for a predetermined, transparent price.

Econocom is the only telecom integrator that can harness synergies from IT and asset financing services. Dalkia, Accenture, Deloitte and Sernam have benefited from Mobileasy, either through full or partial offers. The common goal to all Mobileasy projects is to assume responsibility for the smooth running of the particular project and to provide asset management, at zero risk to companies in terms of their finances, operations and existing computer installations.
Our experience:
- complex technical solutions are often required in corporate IT/telecom interfacing,
- deployment conflicts are often underestimated by companies,
- our customers appreciate the simplicity offered by a one-stop-shop contract.

Financial statements

Contents

Organization of Econocom Group

as of December 31, 2007

1. Board of Directors

Chairman and Chief Executive Officer	Jean-Louis Bouchard
Chief Executive Officers	Jean-Philippe Roesch Patrik Vandewalle
Directors	Christian Bret Charles de Water Gaspard Dürrleman Rafi Kouyoumdjian

2. Statutory Auditor

PricewaterhouseCoopers
Reviseurs d'Entreprises SCCRL
represented by Emmanuèle Attout

Econocom Group SA/NV share performance

on the Brussels stock exchange since January 1, 2005

Month	Price (€) High (€)	Low (€)	Closing (€)	Average (€)	Volume Number of shares traded	Value (in € thousands)
January	6.50	5.70	6.25	5.98	471,871	2,821.55
February	6.75	6.20	6.70	6.49	273,612	1,774.92
March	6.92	6.60	6.75	6.76	219,985	1,487.93
April	6.75	6.20	6.40	6.49	219,387	1,424.13
May	6.69	6.38	6.38	6.53	496,245	3,238.69
June	6.70	6.33	6.33	6.45	357,109	2,303.85
July	6.69	6.40	6.60	6.54	552,694	3,614.90
August	6.54	6.25	6.40	6.40	479,056	3,067.40
September	6.40	6.23	6.29	6.32	562,985	3,555.76
October	6.32	6.15	6.19	6.25	726,174	4,535.83
November	6.24	5.97	6.19	6.16	423,233	2,607.33
December	6.65	6.09	6.62	6.32	344,660	2,178.25
Total 2005	**6.92**	**5.70**	**6.62**	**6.42**	**5,127,011**	**32,610.54**
January	7.05	6.68	6.84	6.90	497,035	3,429.54
February	6.75	6.50	6.55	6.56	405,713	2,661.27
March	6.75	6.50	6.60	6.60	828,352	5,470.35
April	6.82	6.50	6.80	6.66	515,410	3,430.05
May	6.75	6.21	6.42	6.50	446,474	2,900.88
June	6.52	6.23	6.25	6.34	214,245	1,357.73
July	6.55	6.15	6.31	6.33	169,435	1,072.10
August	6.25	5.84	6.00	6.14	206,177	1,265.31
September	6.01	5.65	5.72	5.86	400,926	2,350.39
October	6.00	5.09	5.83	5.70	378,904	2,160.62
November	6.49	5.85	6.25	6.20	320,815	1,987.45
December	6.66	6.28	6.66	6.45	449,971	2,903.26
Total 2006	**7.05**	**5.09**	**6.66**	**6.35**	**4,833,457**	**30,988.96**
January	7.20	6.69	7.15	6.94	761,004	5,281.37
February	7.51	7.14	7.14	7.34	821,296	6,028.31
March	8.00	7.22	8.00	7.68	843,375	6,477.12
April	8.49	7.90	8.49	8.11	308,121	2,498.86
May	8.75	8.20	8.25	8.45	310,828	2,626.50
June	9.10	8.25	8.99	8.68	358,498	3,111.76
July	9.93	8.70	8.70	9.35	523,541	4,895.11
August	8.80	8.28	8.70	8.49	301,809	2,562.36
September	8.99	7.32	7.57	8.32	277,863	2,311.82
October	8.42	7.51	8.10	8.14	405,714	3,302.75
November	8.43	7.65	7.80	8.05	716,366	5,766.75
December	7.99	6.99	7.51	7.47	234,255	1,749.88
Total 2007	**9.93**	**6.69**	**7.51**	**8.03**	**5,862,670**	**46,612.35**

Shareholders' agenda

First-quarter trading statement (Royal decree of November 14, 2007	May 14, 2008
Annual General Meeting	May 20, 2008
Dividend payment date	Early June 2008
Half-year revenue press release	July 29, 2008
Half-year results press release	August 29, 2008
Third-quarter trading statement (Royal decree of November 14, 2007)	November 13, 2008
Full-year revenue press release	January 27, 2009
Full-year results press release	March 12, 2009

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Management report on the financial statements

for the year ended December 31, 2007 presented to the Annual General Meeting of May 20, 2008

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, 2007.

1. Scope of consolidation

In 2007, the Econocom Group pursued a selective acquisition policy, in line with the strategy defined for each of its businesses.

Within this context, Econocom made the following four acquisitions:

- The Phone House's Corporate business in France (21 employees) was acquired in February 2007 and integrated into Econocom's Telecom Services business;
- Alliance Support Services in France (450 employees) was acquired in February 2007 and integrated into Econocom's Managed Services business;
- Econocom also acquired Kentron, a firm that provides IT governance consulting services, information systems and managed services, and specialized ITIL consulting services (20 employees), in February 2007 and integrated the aforementioned services into its Managed Services business.

These first three acquisitions, which were initiated in 2006 and finalized in early 2007, were consolidated as of January 1, 2007.

- Econocom also acquired in November 2007 the Italian company Tecnolease, specialized in IT financial asset management, which was integrated into the company's IT Financial Services business.
- Lastly, the Group sold 20% of Econocom GmbH to its local managers in April 2007.

In conjunction with these acquisitions, the Econocom Group continually adapts its internal legal organization in order to simplify and harmonize its legal and operational structures.

2. Results

2.1. Consolidated results

(in € millions)	2007	2006
Revenue from continuing operations	700.7	589.8
Recurring operating profit	24.5	16.5
Recurring operating margin	3.5%	2.8%
Operating profit	23.8	14.5
Profit before tax	23.5	14.5
Income tax	(5.2)	(4.4)
Profit from continuing operations	18.3	10.1
Discontinued operations	(0.3)	0.1
Profit for the year excluding minority interests	18.0	10.2
Profit for the year including minority interests	18.0	10.2

Consolidated revenue rose significantly by **18.8%** in 2007 (of which 12.6% represented organic growth) to €700.7 million, versus €589.8 million in 2006.

This growth was spurred by the aforementioned acquisitions but also, and above all, by the performance of Econocom's IT Financial Services and Telecom Services businesses, although all of the Group's businesses generated more revenue than in 2006.

The Group's profitability was also up significantly versus 2006.

Recurring operating profit rose almost **49%** to €24.5 million in 2007 (3.5% of consolidated revenue) versus €16.5 million in 2006 (2.8% of consolidated revenue).

The increase in recurring operating margin was due, first, to the growth in business described above, inasmuch as the IT Financial Services and Telecom Services businesses were highly profitable, and second, to the recovery of the A2Z Belgium business, which incurred a loss of €1.5 million in 2006 but now posts a recurring operating profit.

The 76% rise in profit (including minority interests) outstripped the increase in the recurring operating margin, attaining €18 million in 2007 versus €10.2 million in 2006, due to non-recurring restructuring expenses of €2.3 million booked in 2006 in respect to the A2Z business outside Belgium. In 2007, Econocom did not book any material expenses of this kind.

In 2007, the Group reduced its consolidated income tax expense to 22%, versus 30% in 2006, since various loss carryforwards were recorded as assets on the Group's balance sheet due to Econocom's visibility in late 2007.

As of December 31, 2007, goodwill was higher than one year earlier, due to acquisitions made during the year. An analysis of goodwill is provided in the table below.

Goodwill (including purchased goodwill)

(in € millions)	Net value as of Dec. 31, 2007	Year of acquisition
Alliance Support Services SA	7.3	2007
The Phone House purchased goodwill	0.8	2007
Kentron SAS	0.7	2007
Tecnolease SpA	0.8	2007
Econocom Albis GmbH	0.3	2006
Avenir Telecom purchased goodwill	1.2	2006
JCA purchased goodwill	0.8	2005
A2Z Holding NV	2.7	2005
For Connected BV	0.0	2005
Signal Service SA	7.5	2004
CHanSE SA	1.1	2004/2006
Other	2.4	1996 to 2003
Total	**25.6**	

2.2. Results by business segment

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

(in € millions)	2007	2006
Managed Services	134	100
Products and Solutions	190	188
IT Financial Services	344	280
Telecom Services	33	22
Total	**701**	**590**

The contribution of these businesses to recurring operating profit (1) can be analyzed as follows:

(in € millions)	2007	2006
Managed Services	6.0	3.0
Products and Solutions	3.1	4.0
IT Financial Services	15.0	9.4
Telecom Services	0.4	0.1
Total	**24.5**	**16.5**

(1) After allocating the recurring operating profit of the holding companies.

Managed Services (€134 million in revenue)

In 2007, the revenue generated by Managed Services rose 34% to €134 million, versus €100 million in 2006.

This operating services business, performed primarily in France, Belgium and the Netherlands, grew significantly due primarily to the acquisition of Alliance Support Services in early 2007.

In addition, 2007 was a year of transition for Econocom, in which offers were made in connection with major calls for tender, some of which are likely to be awarded in 2008.

The sharp increase in the operating margin generated by this business is also due to the accretive acquisition of Alliance Support Services and the return to profitability of A2Z in Belgium following the dynamic action plan implemented at the end of 2006.

The recurring operating profit generated by Managed Services doubled to €6 million in 2007.

Products and Solutions (€190 million in revenue)

In 2007, the Products and Solutions business remained stable, demonstrating the effectiveness of the business model, whereby logistics services are outsourced.

In a competitive environment where operators are keen to drive down the price of computer hardware, Products and Solutions generated revenue up 1% over 2006.

In parallel, in the second half of 2007, Econocom intensified its sales and marketing efforts in order to improve growth in 2008.

As a result of this expenditure incurred in the second half of 2007 and the conclusion of a profitable contract in 2006, the contribution of this business to recurring operating profit fell slightly from €4 million in 2006 to €3.1 million in 2007.

IT Financial Services (€344 million in revenue)

IT Financial Services generated a high volume of business and a high rate of profitability in 2007.

This success stemmed from the large-scale investments made in terms of sales and marketing since 2005.

The revenue generated by IT Financial Services rose 23%, from €280 million in 2006 to €344 million in 2007. The significant increase in business occurred across all of the European entities, in France, Belgium, Spain and Italy.

In parallel, the operating profit generated by IT Financial Services rose 60%, from €9.4 million in 2006 to €15 million in 2007.

The consolidation as of December 1, 2007 of Tecnolease, which was acquired in November 2007, had no material impact on IT Financial Services' results.

Telecom Services (€33 million in revenue)

Revenue generated by Telecom Services climbed 45% versus 2006, spurred partly by acquisitions in 2007 (The Phone House's Corporate business) and late 2006 (Avenir Telecom) and partly by organic growth, reflecting the Group's focus on Telecom Services over the last three years.

The profitability of Telecom Services rose from €0.1 million in 2006 to €0.4 million in 2007, but remains relatively modest due to large-scale investments in terms of sales and marketing and operational and technical structuring.

2.3. Parent company balance sheet and income statement (non consolidated)

Analysis of 2007 results

Sales of services for Econocom Group SA/NV came to €10.5 million in 2007, versus €9.6 million in 2006. This amount includes all royalties and services billed.

Net profit for the year amounted to €50.1 million, versus €25.5 million in 2006, due primarily to net financial income totaling €50.3 million, versus €11.1 million in 2006, in connection with dividends received from subsidiaries. An interim dividend of €44.9 million was distributed, representing the capital gain generated on the sale of Econocom Location by Econocom Lease to Econocom Financial Services International BV. This internal transaction was carried out as part of the streamlining of the Group's legal and operating structures.

In addition, the Group incurred a non-recurring loss of €0.5 million in 2007, due primarily to the impairment of a receivable owed by A2Z Holding.

Business overview

1. Investments in subsidiaries and affiliates rose by €78.5 million in 2007

This increase is due to the Group's business-based legal organization. The parent company, Econocom Group SA/NV carried out the following transactions:

- Increase of the capital of the wholly-owned holding company Econocom Financial Services International BV in an amount of €75.6 million, by set-off against receivables with Econocom Group SA/NV.
- Sale by Econocom Products and Solutions Belux of 99.99% of its interest to Econocom Products and Solutions Luxemburg, for €0.9 million, following the distribution of a dividend. This approved financial services provider changed its name to Econocom PSF SA. Furthermore, Econocom Group made a €1.4 million contribution to the company as part of a capital increase.
- Increase in the interest in Econocom Locazione SPA for €0.5 million, by way of a debt waiver.
- Sale of 20% of the capital of Econocom GmbH.

2. The MBO venture capital fund

At the end of 2007, the aggregate amount of investments in this fund was €4.7 million out of a total of €5 million provided for in an irrevocable commitment signed in 2002. In addition, Econocom Group received €1.2 million in repayments of units in the fund in 2007. At the end of 2007, total repayments amounted to more than €2.2 million.

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 external growth transactions;
- Cancel shares acquired.

In 2007, Econocom pursued and improved its share buyback program by:

- purchasing 2,515,596 of its own shares for €19.3 million;
- canceling 3,200,000 of its own shares;
- selling 84,000 of its own shares.

As of December 31, 2007, Econocom Group SA/NV held 30,630 shares in treasury, representing 0.12% of the total number of shares issued.

The unavailable reserves of Econocom Group SA/NV fell by €4.8 million (non-consolidated figure) to €0.2 million.

The accounting par value of shares was €0.56.

4. Share capital

As of December 31, 2007, the capital of Econocom Group SA/NV was made up of 25,800,000 ordinary shares with no stated par value, following the cancellation of 3,200,000 shares during the year.

The Company's ownership structure is set out in the section "Ownership structure".

3. Share capital, stock option plans and treasury stock

3.1. Share capital

As of December 31, 2007, the Company's share capital amounted to €16,180,922.08, represented by 25,800,000 fully paid-up shares held in registered or bearer form.

Authorized unissued capital stood at €15,894,722.08.

3.2. Stock option plans

During the year, 84,000 options were exercised for a total of €357,120. This resulted in the transfer by Econocom Group SA/NV of 84,000 shares to option holders.

In accordance with the market authorities' recommendations on corporate governance, at its meeting on February 28, 2003, the Board of Directors set up a Stock Option Committee. This Committee, composed of three members, is tasked with ensuring that stock option plans are carried out in accordance with the Board's instructions and, in particular, with allocating an amount representing a maximum of 1% of the Company's capital annually. The Committee is required to report to the Board of Directors as often as it deems necessary and at least once each year.

The Committee met on February 22 and November 8, 2007, and awarded 170,000 options during the year.

There were 1,005,000 unexercised options as of December 31, 2007 (3.90% of the Company's outstanding shares), representing a potential capital increase (including issue premiums) of €6.1 million.

3.3. Treasury stock

The Extraordinary General Meeting of November 28, 2006 renewed for an eighteen-month period the authorization given to the Board of Directors to buy back a maximum of 2,900,000 of the Company's own shares, in accordance with the applicable Belgian legislation, at prices ranging from €2 to €18, subject to a ceiling of 10% of total issued shares. These shares do not carry voting rights.

At the same Meeting, shareholders also 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.

As of December 31, 2007, Econocom Group SA/NV and its subsidiaries held 30,630 Econocom Group SA/NV shares (acquired at an average price of €7.20), representing 0.12% of the total number of shares issued.

4. 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, as no one client represents over 5% of the Group's total revenue. In addition, it does not have a high liquidity risk as it has a net cash surplus.

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

- doubtful accounts, which are largely covered by factoring solutions and refinancing of contracts on a non-recourse basis;
- the termination of service agreements, as a significant portion of the Group's employees have permanent contracts; however, most of these agreements have terms of over 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.

5. Outlook for 2008 and dividends

Econocom Group plans to pursue its diverse growth policy and development on the IT market as part of its new 5-year strategic plan "Horizon 2012".

Considering the Group's visibility and its initial results for 2008, Econocom is confident that it has the ability to continue building on the business development and profitability achieved in 2007. It will however keep a close eye on the general economic and financial environment in early 2008.

At the forthcoming Annual General Meeting, the Board of Directors will recommend raising the gross dividend per share to €0.24, representing a 20% increase over 2006.

Brussels, March 13, 2008

The Board of Directors

Group structure

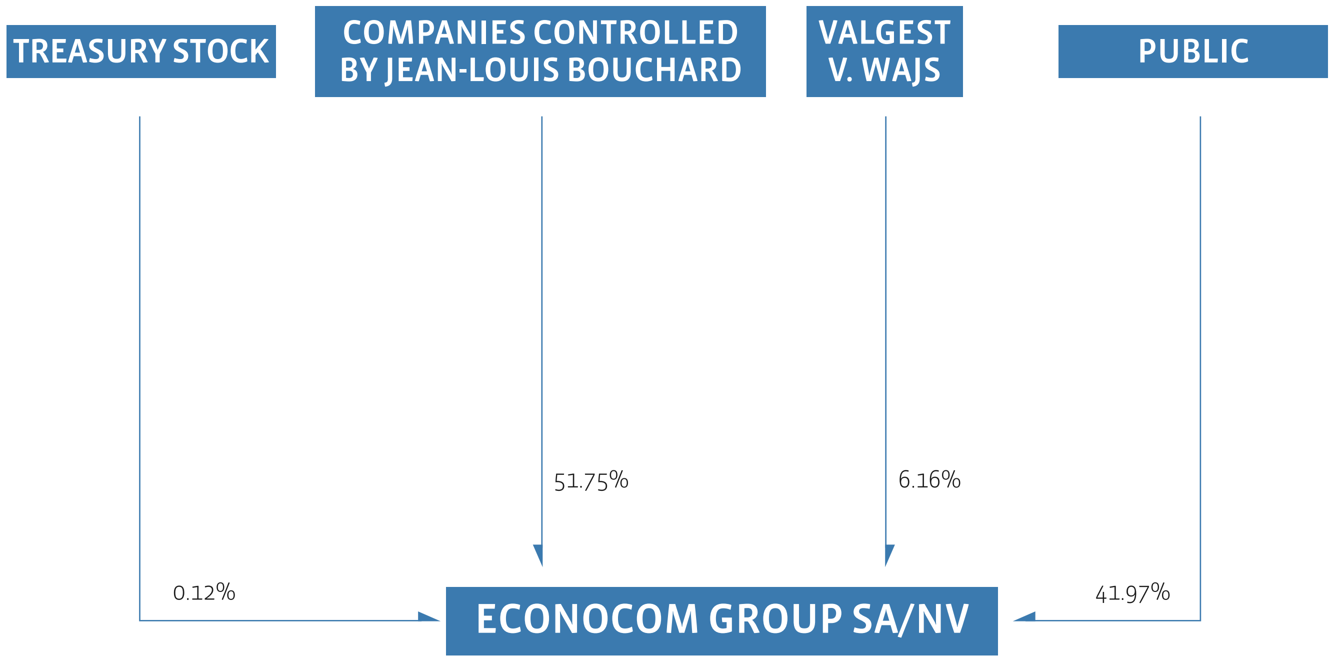
as of December 31, 2007

Econocom Group SA/NV

- 100% ECONOCOM FINANCIAL SERVICES INTERNATIONAL BV
  - 100% ECONOCOM NEDERLAND BV
    - 100% ECONOCOM PRODUCTS SERVICES BV
      - 100% ECONOCOM TELECOM BV
    - 100% ECONOCOM PROMODATA FRANCE SA
      - 100% PROMODATA SNC
  - 100% ECONOCOM LOCATION SAS
    - 100% ATLANCE FRANCE SAS
- 100% ECONOCOM MANAGED SERVICES SA/NV
  - 100% ECONOCOM TELECOM SERVICES SA/NV
    - 100% ECONOCOM TELECOM SPRL
  - 100% ECONOCOM PRODUCTS & SOLUTIONS SAS
    - 100% ECONOCOM MANAGED SERVICES SAS
      - 100% SYNOPSE SAS
    - 99.90% SCI ALEXANDRE
    - 100% ASYSTEL SAS
    - 100% ECONOCOM TELECOM SERVICES SAS
    - 93.32% ALLIANCE SUPPORT SERVICES SA
- 100% ECONOCOM LEASE SA/NV
  - 100% ECONOCOM LUXEMBOURG SA
  - 100% ATLANCE SA/NV
- 100% ECONOCOM PRODUCTS & SOLUTIONS BELUX SA/NV
- 100% ECONOCOM FRANCE SAS
- 100% ECONOCOM PSF SA
- 100% A2Z HOLDING NV
  - 100% A2Z SOLUTIONS NV
  - 100% DATA NETWORKS FRANCE SARL
- 50.10% ECONOCOM EXPERT INTERNATIONAL HOLDING BV
- 41.67% GIE ECONOCOM
- 100% ECONOCOM SAS
  - 58.33% GIE ECONOCOM
  - 6.43% ECONOCOM LOCAZIONE ITALIA SPA
- 93.57% ECONOCOM LOCAZIONE ITALIA SPA
  - 100% TECNOLEASE SPA
- 80% ECONOCOM GMBH
- 100% ECONOCOM UK LTD.
- 100% ECONOCOM SA (ESPAGNE)
- 100% ECONOCOM USA INC.

Ownership structure

as of December 31, 2007



Corporate Governance

(administrative, management and supervisory bodies and senior management)

1. Composition of the Board of Directors and Statutory Auditor (as of December 31, 2007)

Jean-Louis Bouchard

(term of office expiring at the May 2010 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 2008 Annual General Meeting)
21 avenue de la Criolla, 92150 Suresnes (France)
Chief Executive Officer of Econocom Group SA/NV

Patrik Vandewalle

(term of office expiring at the May 2010 Annual General Meeting)
Achiel Cleynhenslaan 13, 3140 Keerbergen (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 (Netherlands)
Director of Econocom Group SA/NV and Econocom International NV

Christian Bret

(term of office expiring at the May 2010 Annual General Meeting)
19 rue de la Côte-d'Argent, 92410 Ville-d'Avray (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

Gaspard Dürrleman

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

PricewaterhouseCoopers Reviseurs d'Entreprises SCCRL

(term of office expiring at the May 2010 Annual General Meeting)
Statutory Auditor of Econocom Group SA/NV, represented by 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 2007: Jean-Louis Bouchard, Jean-Philippe Roesch and Patrik Vandewalle. Gaspard Dürrleman, Rafi Kouyoumdjian and Christian Bret are non-executive directors and have no links with the majority shareholder. Charles de Water is a non-executive director. Accordingly, four of the seven members of the Board 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, with the exception of Patrik Vandewalle, who is a director of BVBA XP1 SprL.

Gaspard Dürrleman is a member of the Management Committee of Audevard, Chairman and Chief Executive Officer of Pichard Balme, and a director of APL International. Christian Bret is Managing Partner of Eulis, as well as a director of Fontaine Consultants and a member of the Supervisory Board of Luceor. Charles de Water is a director of Econocom International NV, as well as a member of the Supervisory Board of Rabobank Geldermalsen en Omstreken and a partner of Zuijdplas Beleggingen. Rafi Kouyoumdjian is Chief Executive Officer and a director of RKO Management and Investment BV. He is also Chairman of NextiraOne Management SAS, and performs the duties of director, Chief Executive Officer, and member or Chairman of the Supervisory Board within the various companies of NextiraOne Group BV.

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.

2. Application of the Lippens Code on Corporate Governance

The Board of Directors confirms that it adheres to the principles set out in the Lippens Code.

Directors have discussed the principles of the Lippens Code since 2006 to define the related measures and procedures to be implemented within the Board and, more generally, within the Econocom Group to comply with the said Code.

In particular, the Board drafted and approved internal rules for the Management Committee, the Board of Directors, the Audit Committee and the Stock Option Committee, and drew up a Corporate Governance Charter which can be viewed on the Group's website.

The majority of the recommendations set out in the Lippens Code have been implemented within Econocom Group SA/NV. However, there are some recommendations that the Board considers unsuitable to the 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 to, in whole or in part, are described below.

• The Group currently only partially applies the recommendations in Principle 1 of the Lippens 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 [1]. This means that the Group does not fully respect the principle of segregating the powers of control of the Board of Directors and executive powers. Jean-Louis Bouchard indirectly holds 51.75% of Econocom Group SA/NV's capital and as a result exercises de facto control.

• Since March 2006, Econocom Group SA/NV has complied with Principle 2 of the Lippens Code, which recommends that at least half of the members of the Board of Directors should be non-executive. Since July 2006, the majority of the Board has been made up of non-executive directors.
However, the Board has not appointed a Secretary to report to it on compliance with the applicable procedures and rules; this duty is performed on an informal basis by Jean-Philippe Roesch.

• In order to comply with the recommendations in Principle 3 of the Lippens 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. However, the Board of Directors has not drafted any specific procedure in order to comply with European Directive 2003/6/EC on insider trading, as the Group deems that the employees concerned should be aware of the law and that it is their responsibility to comply with it.

• Econocom Group SA/NV does not currently apply the recommendations in Principle 4 of the Lippens 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. Principle 4 also recommends a periodic assessment of the performance 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 performance of the members of the Board of Directors, such assessments take place on a continuous informal basis.

• In accordance with Principle 5 of the Lippens Code, the Board of Directors has set up a Management Committee, an Audit Committee, and a Stock Option Committee.
The internal rules of each of these committees were amended by the Board at its July 3, 2006 meeting in order to comply with the Lippens Code. Nevertheless, the Board of Directors has not raised the minimum number of members of the Audit Committee from two to three.

In addition, it has decided not to set up a Compensation Committee as it considers that such a committee would not be suited to the Group's organizational structure. Compensation paid to the members of the Management Committee is set by the Chairman of the Board of Directors and controlling share-

(1) According to the composition of the Management Committee approved by the Board of Directors on March 13, 2008.

holder. Any grants of stock options to members of the Management Committee have to be approved by the Stock Option Committee, which was created in February 2003.

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 2007

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 do not receive any compensation with respect to their directorship but are compensated in connection with their contractual relations with one or more of the Group's 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 2007 were as follows:

Compensation paid to non-executive directors in 2007 (in €)

Christian Bret	14,500
Gaspard Dürrleman	17,500
Charles de Water	10,000
Rafi Kouyoumdjian	15,000
Total	**57,000**

Jean-Louis Bouchard performs the duties of Chairman of the Board and Chief Executive Officer, and Chairman of the Group's Management Committee, but does not receive any compensation with respect to these duties from Econocom Group SA/NV or its subsidiaries. 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 €940,000 in 2007, compared with €694,000 in 2006.

Compensation paid to executive directors in 2007 (in €) (1)

Fixed portion	614,153
Variable portion	537,995
Total	**1,152,148**

(1) Including social security charges.

Compensation paid to members of the Management Committee (other than Board members) in 2007 (€) (1)

Fixed portion	587,635
Variable portion	667,750
Total	**1,255,385**

(1) Including social security charges.

Stock options held by members of Econocom's corporate governance bodies

Number of options outstanding as of December 31, 2007	600,000

The Group duly booked provisions in its accounts for all contractual commitments made to its executive managers in connection with the terms and conditions of their departure.

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

Alliance Support Services was acquired from the majority shareholder Econocom International NV in February 2007 on arm's length terms, based on an independent expert appraisal.

Apart from this acquisition, no unusual transactions were carried out in 2007 between Econocom Group SA/NV or its subsidiaries and members of the Board of Directors or Management Committee. No loans or guarantees granted to such parties were outstanding as of December 31, 2007 other than a loan of €13,132 granted to a Management Committee member in connection with the sale to that member of a minority interest in one of the Group's subsidiaries. This loan was duly disclosed to the Chairman of the Board of Directors in accordance with the conflict of interest procedure adopted by the company in accordance with the Lippens Code.

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, 2007)

	Shares	Options
Non-executive directors	347,050	0
Executive directors		
• Jean-Louis Bouchard (indirectly)	13,352,014	0
• Jean-Philippe Roesch	600,000	0
• Patrik Vandewalle	0	500,000
Members of the Management Committee	410,800	100,000
Total	**14,709,864**	**600,000**

NB: The exercise price of these options is determined on the basis of the same rules as described in section 10 (equal to or higher than the price published in the Moniteur Belge official gazette).

6. Role of the Board of Directors

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

In 2007, the Board met on seven occasions, including two meetings to approve the interim and annual financial statements. The overall attendance rate was 76%.

The Board's internal rules were approved on July 3, 2006.

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 524bis of the Companies' Act and article 20bis of the bylaws. The Board appoints the members of the Management Committee, as well as the Chief Executive Officers. 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. The Internal Audit Department operates under the authority of the Chief Executive Officer, Jean-Philippe Roesch. 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 of 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 Lippens Code and approved by the Board of Directors at its July 3, 2006 meeting.

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 Management Committee's members are Jean-Louis Bouchard, the Committee's Chairman, Didier Bertho, Bruno Lemaistre, Jean-Philippe Roesch, and Patrik Vandewalle.

Bruno Lemaistre manages the IT Financial Services business in seven countries, and since the end of 2007, Didier Bertho has managed the Managed Services business in France, Belgium, and Luxemburg.

At its July 3, 2006 meeting, the Board of Directors appointed Jean-Philippe Roesch and Patrik Vandewalle as Chief Executive Officers and renewed Jean-Louis Bouchard's term of office as Chief Executive Officer.

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 were approved by the Board of Directors at its July 3, 2006 meeting.

The Stock Option Committee comprises three members: Christian Bret, Gaspard Dürrleman, and Rafi Kouyoumdjian. The terms of office of these Committee members will expire at the end of 2009.

The Stock Option Committee met twice in 2007 in order to authorize the granting of stock options to four Group managers, and to define the related terms and conditions. All of the Committee members attended this meeting.

The Audit Committee

The Board of Directors set up an Audit Committee on May 18, 2004 and amended and approved its internal rules on July 3, 2006.

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

The Audit Committee met three times in 2007, with all Committee members in attendance, as well as Jean-Philippe Roesch, Chief Executive Officer, and Olivier Aldrin, Group Chief Finance Officer. Whenever it deems it appropriate, the Audit Committee invites the Statutory Auditors and the Head of Internal Audit to Committee meetings.

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 subsidiaries also organize Management Committee meetings at least once a month. Participants at these meetings typically include the CEO and CFO of the subsidiary concerned, and, where appropriate, the Technical Director, Sales & Marketing Director, and Human Resources Director. Other parties may be invited to take part in meetings to discuss specific issues such as IT, public relations, corporate communications or legal matters. In addition, in countries where the Group's four business activities (Products and Solutions, Managed Services, IT Financial Services and Telecom Services) are established, a monthly coordination meeting is held which is attended by the CEOs of the various local subsidiaries, to consider matters of common interest, such as finance, sales, recruitment and corporate communications, and to foster synergies among the different businesses.

All major decisions concerning subsidiaries are made by the Chairmen or Chief Executive Officers 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 the 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

Econocom Group SA/NV is committed to internally-financed development. Between 1995 and 2006, the dividend rose from €0.031 to €0.20, reflecting the growth in earnings and improvement in the Group's financial situation.

The gross per share dividend to be recommended at the Annual General Meeting of May 20, 2008 is €0.24 (€6,192,000 for 25,800,000 shares), up 20% over the previous year (€0.20, or €5,800,000 for 29,000,000 shares), which was in turn up 25% versus 2005. This represents a payout rate of 33.8%.

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, 2007, Jean-Louis Bouchard directly and indirectly held 13,352,014 Econocom Group shares, representing 51.75% 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.

The Company is aware of one other shareholder, Vincent Wajs, who owns more than 5% of the capital (either directly or indirectly through Valgest). Mr. Wajs resides at 40 rue du Village, 91530 Le Val-Saint-Germain (France) and held 6.16% of the capital as of December 31, 2007.

No shareholders have entered into an agreement that may restrict the transfer of shares and/or 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, 2007 is provided below.

	Number of outstanding options	Expiration date	Exercise price (in €)
2004	100,000	December 2008	4.72
	400,000	November 2009	5.85
2005	40,000	January 2010	5.98
	40,000	May 2010	6.52
2006	255,000	November 2011	5.70
2007	20,000	January 2012	6.94
	150,000	October 2012	8.12
Total	**1,005,000**		

These plans cover Econocom Group SA/NV shares listed on the futures market of the Brussels stock exchange. Upon the exercise of options, the Company 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 the beneficiaries achieving individual objectives and may not be exercised if these performance criteria 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 Companies' Act, 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 Belgian law of December 24, 2002. These amendments were approved by the Board of Directors on December 12, 2003.

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 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.

During 2007, 84,000 options were exercised and 180,000 new options were granted to managers.

In relation to the stock options exercised, the Board of Directors transferred 84,000 existing shares held in treasury and did not issue any new shares.

As of December 31, 2007, a total of 1,005,000 options were outstanding, exercisable for the same number of shares (3.90% of the Company's total outstanding shares), and representing a potential capital increase of €6.1 million (including the premiums on new shares issued).

12. Statutory Auditors' fees

In 2007, 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:

(€)	
Statutory Auditors' fee	**601,800**
Non audit-related engagements carried out by the Statutory Auditors	
Non-audit certification engagements	27,650
Tax advisory work	8,400
Other	0
Fees for non audit-related engagements or specific assignments performed within the Company by individuals linked to the Statutory Auditors	
Non-audit certification engagements	5,000
Tax advisory work	5,113
Other	18,500

13. Treasury stock

The Extraordinary General Meeting of November 28, 2006 renewed for an eighteen-month period 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 10% of total issued shares.

At the same Meeting, shareholders also 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.

The shareholders of Econocom Group SA/NV decided to cancel 2,200,000 treasury shares at the Extraordinary General Meeting of May 15, 2007 and to cancel 1,000,000 treasury shares at the Extraordinary General Meeting of December 20, 2007. As a result, Econocom Group SA/NV now has a total of 25,800,000 shares.

As of December 31, 2007, Econocom Group SA/NV and its subsidiaries held 30,630 Econocom Group SA/NV shares, representing 0.12% of the total number of shares in issue.

Voting rights attached to 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.

Consolidated financial statements

for the year ended December 31, 2007

Consolidated financial statements

Consolidated income statement

as of December 31, 2007

(in € thousands)	Note	2007	2006
Revenue from continuing operations	23	**700,664**	**589,805**
Operating expenses		**(676,214)**	**(573,340)**
Cost of sales		(497,419)	(433,694)
Personnel costs	24	(107,253)	(80,053)
External expenses	25	(62,645)	(52,857)
Depreciation, amortization and provisions for impairment	26	(2,185)	(5,218)
Taxes (other than income taxes)		(3,993)	(3,232)
Impairment losses on non-current assets, net		31	
Impairment losses on current assets, net	27	(2,518)	1,519
Other operating income	28	1,032	1,119
Other operating expenses	28	(542)	(431)
Financial income - operating activities	29	3,699	2,616
Financial expense - operating activities	29	(4,421)	(3,109)
Recurring operating profit		**24,450**	**16,465**
Other non-recurring operating income and expenses	30	(54)	(1,962)
Impairment of goodwill	30	(611)	
Liquidation expenses			(8)
Operating profit		**23,785**	**14,495**
Other financial income/(expense), net	31	(237)	(8)
Profit before tax		**23,548**	**14,487**
Income tax	32	(5,215)	(4,418)
Profit from continuing operations		**18,333**	**10,069**
Discontinued operations	11	(294)	94
Profit including minority interests		**18,039**	**10,163**
Minority interests		(39)	7
Profit for the year excluding minority interests		**18,000**	**10,170**
Basic earnings per share - continuing operations	33	0.688	0.352
Basic earnings per share - discontinued operations		(0.011)	0.003
Basic earnings per share		0.677	0.355
Diluted earnings per share - continuing operations		0.682	0.350
Diluted earnings per share - discontinued operations		(0.011)	0.003
Diluted earnings per share		0.671	0.354

Consolidated balance sheet

as of December 31, 2007

Assets (in € thousands)	*Note*	**2007**	**2006**
A - Non-current assets		**56,767**	**47,576**
1 - Intangible assets	*5*	**1,758**	**1,441**
2 - Goodwill	*6*	**25,541**	**16,556**
3 - Property, plant and equipment	*7*	**8,397**	**9,956**
3-1 Land and buildings		4,697	4,919
3-2 Plant & equipment, fixtures & fittings		2,474	1,902
3-3 Furniture and vehicles		457	835
3-4 Other items of property, plant and equipment		212	80
3-5 Property, plant and equipment held under finance leases		557	2,220
4 - Investment property	*8*	**541**	**552**
5 - Financial assets	*9*	**12,993**	**12,328**
5-1 Investments in subsidiaries accounted for at historical cost		2	2
5-2 Unguaranteed residual value of leased assets		2,339	1,576
5-3 Other financial assets		10,652	10,750
6 - Long-term receivables	*10*	**1,614**	**2,886**
7 - Deferred tax assets	*32*	**5,923**	**3,857**
B - Current assets		**259,007**	**257,385**
8 - Assets held for sale	*11*	**13**	**14**
9 - Inventories	*12*	**8,232**	**5,176**
9-1 Inventories of equipment in the process of being refinanced		2,640	1,155
9-2 Other inventories		5,592	4,021
10 - Trade and other receivables		**180,674**	**165,963**
10-1 Trade receivables	*13*	164,100	155,632
10-2 Other receivables	*14*	16,574	10,331
11 - Current tax assets		**3,251**	**5,714**
12 - Prepayments		**97**	**57**
13 - Cash and cash equivalents	*15*	**61,255**	**76,616**
13-1 Short-term investments		21,051	28,506
13-2 Cash at bank and on hand		40,204	48,110
14 - Other current assets	*14*	**5,485**	**3,845**
Total assets		**315,774**	**304,961**

Equity and liabilities (in € thousands)	Note	2007	2006
Total equity		**83,372**	**88,341**
1 - Equity attributable to shareholders of the parent company	17	**83,203**	**88,228**
1-1 Share capital		16,181	16,181
1-2 Additional paid-in capital and reserves		49,243	66,892
1-4 Treasury stock		(221)	(5,015)
1-5 Profit for the year		18,000	10,170
2 - Minority interests	17	**169**	**113**
Liabilities		**232,402**	**216,620**
A - Non-current liabilities		**22,632**	**12,914**
3 - Non-current liabilities bearing interest	20	**15,246**	**7,469**
3-1 Bank borrowings		7,705	
3-2 Finance lease liabilities		6,935	7,384
3-3 Other amounts due to credit institutions			5
3-4 Other borrowings		606	80
4 - Non-current liabilities not bearing interest		**1,343**	**662**
5 - Long-term provisions	18	**730**	**934**
6 - Pension and other post-employment benefit obligations	19	**2,421**	**1,107**
7 - Deferred tax liabilities	32	**2,892**	**2,742**
B - Current liabilities		**209,770**	**203,706**
8 - Liabilities held for sale	11	**74**	**82**
9 - Current liabilities bearing interest	20	**17,656**	**15,773**
9-1 Bank borrowings		3,150	11
9-2 Finance lease liabilities		1,785	1,257
9-3 Bank overdrafts		128	2,468
9-4 Other borrowings		12,593	12,037
10 - Short-term provisions	18	**3,347**	**4,289**
11 - Current tax liabilities		**2,450**	**1,506**
12 - Trade and other payables		**152,526**	**149,843**
12-1 Trade payables		113,693	118,244
12-2 Customer prepayments		1,584	2,009
12-3 Other payables	21	37,249	29,590
13 - Other current liabilities	21	**33,717**	**32,213**
Total equity and liabilities		**315,774**	**304,961**

Consolidated cash flow statement

(in € thousands)	2007	2006
Consolidated net profit	18,039	10,163
Depreciation of property, plant and equipment	1,847	2,683
Depreciation of investment property	11	28
Amortization of intangible assets	675	685
Depreciation of property, plant and equipment allocated to the leasing business	1,526	3,583
Impairment of goodwill	611	
Impairment of non-current financial assets and trade receivables	2,572	(1,533)
Impairment of inventories	43	(355)
(Gains)/losses on the disposal of property, plant and equipment and intangible assets	5	(56)
(Gains)/losses on the disposal of companies and businesses, excluding discontinued operations	(167)	(402)
Change in provisions	(1,362)	(449)
Income and expenses related to equity-based payment	389	
Cash flows from operating activities after cost of net debt and income tax	**24,189**	**14,347**
Income tax expense	5,215	4,418
Cost of net debt	2,644	1,266
Cash flows from operating activities before cost of net debt and income tax (a)	**32,048**	**20,031**
Change in inventories	361	3,916
Change in long-term receivables	1,281	3,270
Change in current receivables and other current assets	(5,087)	(14,425)
Change in trade payables	(10,126)	16,197
Change in other short-term payables	740	5,438
Change in working capital (b)	**(12,831)**	**14,397**
Income tax paid (c)	(2,670)	(4,917)
Net cash provided by operating activities (a+b+c=d)	**16,547**	**29,511**
Acquisition of property, plant and equipment not allocated to the leasing business	(1,761)	(2,248)
Acquisition of intangible assets	(1,769)	(1,257)
Disposal of property, plant and equipment not allocated to the leasing business	130	574
Disposal of intangible assets	4	43
Acquisition/disposal of property, plant and equipment allocated to the leasing business	136	(3,084)
Acquisition of financial assets		(5,891)
Disposal of financial assets	2,367	5,459
Acquisition of companies and businesses, net of cash acquired	(5,082)	(2,032)
Disposal of companies and businesses excluding discontinued operations, net of cash transferred	230	892
Net cash used in investing activities (e)	**(5,745)**	**(7,544)**

(in € thousands)	2007	2006
New non-current liabilities bearing interest	10,255	589
Repayment of non-current liabilities bearing interest	(1,797)	(14)
Change in interest-bearing non-current liabilities related to the leasing business		453
New current liabilities bearing interest	8,645	10,608
Repayment of current liabilities bearing interest	(16,304)	(6,118)
Change in interest-bearing current liabilities related to the leasing business		467
Interest paid	(2,644)	(1,266)
Acquisition of treasury stock	(19,291)	(7,648)
Sale of treasury stock	357	2,032
Dividends paid during the year	(5,284)	(4,550)
Net cash used in financing activities (f)	**(26,063)**	**(5,447)**
Impact of changes in exchange rates	(100)	32
Change in cash and cash equivalents (d+e+f)	**(15,361)**	**16,552**

The components of cash and cash equivalents are described in Note 15.
The cash flow impact of changes in the scope of consolidation is presented in Note 34.

Consolidated statement of changes in equity

(in € thousands)	Number of shares	Share capital	Additional paid-in capital
December 31, 2005	**29,000,000**	**16,181**	**55,038**
Fair value adjustments			
Loss arising on exercise of stock options			
Translation adjustments			
Other movements			
Net income/(expense) recognized directly in equity		**0**	**0**
Profit for the year			
Total recognized income/(expense)		**0**	**0**
Dividends paid			
Changes related to employee benefits			
Increase in capital			
Treasury stock			
December 31, 2006	**29,000,000**	**16,181**	**55,038**
Fair value adjustments			
Loss arising on exercise of stock options			
Translation adjustments			
Other movements			
Net income/(expense) recognized directly in equity		**0**	**0**
Profit for the year			
Total recognized income/(expense)		**0**	**0**
Dividends paid			
Changes related to employee benefits			
Increase in capital			
Treasury stock	(3,200,000)		
December 31, 2007	**25,800,000**	**16,181**	**55,038**

Retained earnings and other reserves by category	December 31, 2007	Movements	December 31, 2006
Unavailable reserves	4,359	(4,794)	9,153
Legal reserve	*1,618*		*1,618*
Treasury stock reserves	*221*	*(4,794)*	*5,015*
Other unavailable reserves	*2,520*		*2,520*
Distributable reserves	3,034	1,510	1,524
Reserves related to employee benefits	1,013	362	651
Currency translation reserves	(457)	(389)	(68)
Other reserves	(2,286)	(8,267)	5,981
Retained earnings	6,542	1,759	4,783
Total retained earnings and other reserves	**12,205**	**(9,819)**	**22,024**

Retained earnings and other reserves	Treasury stock	Equity attributable to shareholders of the parent company	Minority interests	Total equity
16,725	**(258)**	**87,686**	**364**	**88,050**
717		717		717
(859)		(859)		(859)
(251)		(251)		(251)
(169)		(169)	(244)	(413)
(562)	**0**	**(562)**	**(244)**	**(806)**
10,170		10,170	(7)	10,163
9,608	**0**	**9,608**	**(251)**	**9,357**
(4,550)		(4,550)		(4,550)
241		241		241
		0		0
	(4,757)	(4,757)		(4,757)
22,024	**(5,015)**	**88,228**	**113**	**88,341**
1,510		1,510		1,510
(268)		(268)		(268)
(389)		(389)		(389)
(276)		(276)	17	(259)
577	**0**	**577**	**17**	**594**
18,000		18,000	39	18,039
18,577	**0**	**18,577**	**56**	**18,633**
(5,296)		(5,296)		(5,296)
362		362		362
		-		-
(23,462)	4,794	(18,668)		(18,668)
12,205	**(221)**	**83,203**	**169**	**83,372**

Movements	December 31, 2005
4,771	4,382
14	*1,604*
4,757	*258*
	2,520
717	807
241	410
(251)	183
(2,116)	8,097
1,937	2,846
5,299	**16,725**

Notes to the consolidated financial statements

as of December 31, 2007

1. Summary of significant accounting policies

1.1. Basis of preparation

In accordance with EC regulation 1606/2002, companies listed in the European Union are required to prepare their consolidated financial statements based on International Financial Reporting Standards (IFRS) as approved by the European Union. The consolidated financial statements of Econocom Group for the year ended December 31, 2007 have therefore been prepared in compliance with the standards published by the International Accounting Standards Board (IASB) and the related interpretations published by the International Financial Reporting Interpretations Committee (IFRIC) and approved by the European Union as of December 31, 2007.

The consolidated financial statements of Econocom Group are presented in thousands of euros, unless otherwise stated, and include the accounts of Econocom Group SA/NV and its subsidiaries.

The consolidated and parent company financial statements were approved by the Board of Directors on March 13, 2008 and will be submitted to shareholders for approval at the next Annual General Meeting, on May 20, 2008.

They will be available to shareholders as of May 1, 2008.

1.2. New IFRSs

1.2.1. New standards, revised standards and interpretations adopted by the European Union and obligatorily applicable as of January 1, 2007

The group has adopted all the new and revised standards and interpretations published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union and which were applicable to the group's operations as of January 1, 2007.

New and revised standards and interpretations applicable to the group in 2007:

• IFRS 7, Financial instruments: Disclosures.
Applicable for annual periods beginning on or after January 1, 2007.

• Amendment to IAS 1, Capital disclosures.
Applicable for annual periods beginning on or after January 1, 2007.

• IFRIC 8, Scope of application of IFRS 2 – share-based payment.
Applicable for annual periods beginning on or after May 1, 2006.

• IFRIC 10, Treatment of impairment losses in the interim financial statements.
Applicable for annual periods beginning on or after November 1, 2006.

The group has applied IFRS 7 and the amendment to IAS 1 to the presentation of its financial statements at December 31, 2007. Neither IFRIC 8 nor IFRIC 10 has a material impact on the group's accounts.

New and revised standards and interpretations not applicable to the group in 2007:

• IFRIC 7, Applying the restatement approach under IAS 29 – Financial reporting in hyperinflationary economies.
Applicable for annual periods beginning on or after March 1, 2006.

• IFRIC 9, Reassessment of embedded derivatives.
Applicable for annual periods beginning on or after June 1, 2006.

1.2.2. Standards, revised standards and interpretations that provide for early application

The group has decided not to early adopt the following standards/interpretations published by the IASB and adopted by the European Union that were not obligatorily applicable as of January 1, 2007:

• IFRS 8, Operating segments.
Applicable for annual periods beginning on or after January 1, 2009.

• IFRIC 11, group and treasury share transactions.
Applicable for annual periods beginning on or after March 1, 2007.

1.2.3. Standards, revised standards and interpretations published by the IASB but not yet adopted by the European Union

Standards whose application may have a material impact on the group's accounts:

- Amendment to IAS 1, Presentation of financial statements.
Applicable for annual periods beginning on or after January 1, 2009.

- Amendment to IFRS 3, Business combinations.
Applicable to business combinations first accounted for in accounting periods beginning on or after July 1, 2009.

- Amendment to IAS 27, Consolidated and separate financial statements.
Applicable for annual periods beginning on or after July 1, 2009.

- Amendment to IFRS 2, Share-based payment: vesting conditions and cancellations.
Applicable for annual periods beginning on or after January 1, 2009.

Standards whose application should not have a material impact on the group's accounts:

- Amendment to IAS 23, Borrowing costs.
Applicable for annual periods beginning on or after January 1, 2009.

- IFRIC 12, Service concession arrangements.
Applicable for annual periods beginning on or after January 1, 2008.

- IFRIC 13, Customer loyalty programs.
Applicable for annual periods beginning on or after July 1, 2008.

- IFRIC 14, IAS 19, The limit on a defined benefit asset minimum funding requirements and their interaction.
Applicable for annual periods beginning on or after January 1, 2008.

1.3. Measurement methods

The consolidated financial statements have been prepared under the historical cost convention, except for certain classes of assets and liabilities in accordance with the rules provided for in IFRS.

1.4. Scope and methods of consolidation

Companies over which Econocom Group directly or indirectly exercises exclusive control are fully consolidated.

Companies controlled and operated jointly by Econocom Group and a limited number of partners are proportionately consolidated.

Companies over which the group directly or indirectly exercises significant influence are accounted for by the equity method. Significant influence is deemed to exist when the percentage of voting rights held is equal to or more than 20%.

Consolidation and deconsolidation take place on the date of acquisition or sale of the related shares.

A list of consolidated companies is provided in Note 3- List of consolidated companies.

All intercompany balances and transactions are eliminated on consolidation.

Minority interests are reported as a separate component of equity, and are also presented separately in the income statement.

1.5. Translation of items denominated in foreign currency

1.5.1. Translation of the financial statements of foreign entities

The financial statements of foreign entities are translated into euros, the Econocom Group's presentation currency. Assets and liabilities are translated at the year-end exchange rate and income and expense items are translated using the average exchange rate for the year. Foreign exchange gains and losses resulting from this accounting treatment as well as from the re-translation of opening equity of subsidiaries using year-end exchange rates are recognized in equity under reserves. When a foreign entity is sold or wound up, such exchange differences are taken to the income statement as part of the gain or loss on sale.

	Dec. 31, 2007		Dec. 31, 2006		Dec. 31, 2005	
	Year-end rate	Average rate	Year-end rate	Average rate	Year-end rate	Average rate
USD	0.679302	0.727330	0.759301	0.798280	0.842318	0.799955
GBP	1.363605	1.457579	1.489203	1.465361	1.472863	1.464372

Specific rules concerning first-time adoption of IFRS

The group has elected to deem the cumulative translation differences for all foreign operations to be zero at the IFRS transition date, as provided for under IFRS 1. The balance as of January 1, 2004 under Belgian Gaap has been transferred to reserves with no impact on consolidated equity. Therefore, gains or losses on future disposals of consolidated entities will not take any account of cumulative translation differences that predate the IFRS transition date.

1.5.2.Translation of foreign currency transactions

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

On the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated at the year-end rate and any resulting foreign exchange gains or losses are recorded in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are recognized at historical cost and translated at the historical transaction rate.

1.6. Business combinations and goodwill

Business combinations completed prior to January 1, 2004

Business combinations are recognized in accordance with the acquisition method: identifiable assets and liabilities and contingent liabilities of the acquiree that meet the criteria for recognition under IFRS are recognized at fair value on the acquisition date.

The cost of a business combination comprises:

- the fair values, on the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus
- any costs directly attributable to the business combination.

Any difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities on the acquisition date shall be recognized in goodwill.

When goodwill is calculated on a provisional basis at the end of the period in which the acquisition occurred, the group has a one-year window in which to make adjustments to these provisional values. If such adjustments have a material impact on the presentation of the financial statements, the comparative information presented for the period preceding the finalization of the fair values shall be restated as though these values had been finalized as of the acquisition date.

When the difference between the cost of the business combination and the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is negative, this difference is immediately recognized in the income statement.

After initial recognition, goodwill is measured at cost less any impairment write-downs calculated in accordance with the method described in Note 1.12. Impairment losses are recognized in the income statement under operating profit and they may not be reversed.

Specific rules concerning first-time adoption of IFRS

The group has not availed itself of the option available under IFRS 1 of reviewing the amount of goodwill recognized on acquisitions completed prior to January 1, 2004.

1.7. Intangible assets

Acquired intangible assets are stated at cost less any accumulated amortization and accumulated impairment losses.

Econocom Group owns two types of intangible assets:

• Licenses, which are identifiable non-monetary assets without any physical substance, whose economic benefits will flow to the entity. These assets are measured at cost.

• Acquired software applications, which are recognized as intangible assets except when they are indispensable for the operation of a computer, in which case they are recognized as computer hardware.

Subsequent expenditure is recognized as incurred, unless it generates probable future economic benefits that can be directly attributed to the expenditure, and the asset arising as a result of the expenditure is identifiable within the meaning of IAS 38.

After initial recognition intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized by the straight-line method over their useful lives, which range from 1 to 6 years for software applications and licenses.

1.8. Property, plant and equipment

1.8.1. Property, plant and equipment held directly

Items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses, except for land which is not depreciated.

A. Acquisition cost

The cost of items of property, plant and equipment corresponds to their purchase price, including costs directly attributable to the acquisition. Subsequent expenditure is recognized in the carrying amount of an item of property, plant and equipment if the recognition principles under IAS 16 are met, i.e., if it is probable that future economic benefits associated with the recognized asset will flow to the entity and the cost of the asset can be measured reliably.

B. Depreciation and amortization

Depreciation is calculated using the diminishing balance method for computer equipment and the straight-line method for other assets, in both cases based on cost less any residual value.

It starts from the date on which an asset is ready for use and is calculated over the estimated useful life of the asset concerned.

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

1.8.2. Property, plant and equipment acquired under finance leases

Finance leases that transfer substantially all the risks and rewards of ownership are recognized in the balance sheet at inception of the lease at the lower of (i) the fair value of the leased item, or (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 the net financial income and expense part of the income statement 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.

1.9. Investment property

Investment property is property held directly or under a finance lease to earn rentals and/or for capital appreciation.

Investment property is initially recognized at cost, including transaction costs.

It is subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

1.10. 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.

1.11. Leases entered into the IT Financial Services business

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

1.11.1. 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 define this date as the date on which the leased asset is delivered.

Refinanced contracts

Refinanced contracts are accounted for as follows:

- 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 collection period and the lease term).
- The cost of sales represents the purchase cost of the asset.
- The Econocom Group's residual interest in the leased assets corresponds to an estimated market value at the end of the lease term calculated using an accelerated diminishing balance method of depreciation, based on the

original purchase cost of each item of equipment. The present value of this residual interest is deducted from the cost of sales.

• Any difference between the residual interest in the leased assets (as defined in the preceding paragraph) 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 (under headings 5-2 and 10-2 of the consolidated balance sheet), or in liabilities if it is negative (under headings 3-2 and 9-2 of the consolidated balance sheet).

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 "collection period" – which precedes the start of the initial lease period.

In order to finance investments made during the collection period, a non-recourse sale is made (so that there is no longer any client credit risk) to a refinancing institution. Econocom accounts for this financing operation as a sale, resulting in the replacement of "revenue accruals" in the balance sheet by a receivable owed by the refinancing institution.

The fact that the equipment is repurchased at the end of the collection period in order to subsequently be refinanced could suggest that this transaction is purely a financing operation; however, in the opinion of the Board of Directors, it is irrelevant in terms of the substance of the overall operation. The Board of Directors considers that this type of operation, which is dealt with for administrative reasons in two phases – a bridge during the collection period followed by subsequent refinancing at the beginning of the initial lease period – should be considered in substance as a single transaction.

This principle is only applied if the bridge and the subsequent refinancing are carried out with the same refinancer and if the refinancing conditions are defined at the time of the bridge. These factors demonstrate the unity of the transaction in substance.

Specific cases 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 will be deferred over the period of the lease extension.

• If the initial contract qualifies as a finance lease, revenue from the extension of the lease will be recognized in full on the first day of the lease extension.

Non-refinanced contracts

Non-refinanced contracts mainly concern Promodata SNC and are being transferred progressively to Econocom Location SAS.
They are accounted for as follows:

In the balance sheet

The value of the lease receivables is recorded in the balance sheet rather than the value of the equipment.

In the income statement

Income and expenses are recognized in the following line items on an up-front basis as assets are delivered:

• Revenue: present value of future minimum lease payments.

• Cost of sales: fair value of assets (purchase cost).

The following are recognized on a periodic basis:

• 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.

1.11.2. 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 balance sheet

The leased equipment is recorded as an asset in the balance sheet 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 made on a periodic basis with the invoiced lease payment recorded as revenue and the depreciation described above recorded as an expense.

1.11.3. 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.

The Econocom Group's residual interest in the transferred assets corresponds to an estimated market value at the end of the lease term calculated using an accelerated diminishing balance method of depreciation, based on 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.

The positive or negative differences between the future value of equipment and the financial residual value are recognized on a contract-by-contract basis as financial assets or liabilities, respectively.

Due to the specific nature of Technology Refresh Option (TRO) contracts, no residual interest is recognized in relation to such contracts.

1.12. Impairment of non-current assets

At each reporting date the Econocom Group assesses whether there are any internal or external sources of information or evidence that indicates that a non-current asset may be impaired. If such an indication exists an impairment test is performed by measuring the recoverable amount of the asset, in the same way as the impairment tests carried out on an annual basis for goodwill and intangible assets with indefinite useful lives.

For the purpose of measuring the recoverable amount, assets are grouped into Cash Generating Units (CGUs). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a CGU is measured either based on its value in use (i.e., discounting expected net cash flows from the CGU to present value), or on its fair value less costs to sale (i.e., the net proceeds if the group were to sell the CGU).

A CGU is impaired if its carrying amount exceeds its recoverable amount – which represents the higher of its fair value less costs to sell and its value in use. In such a case an impairment loss is recorded as an operating expense and allocated in priority against goodwill.

The following accounting treatment is applied within Econocom Group:

a) Identifying CGUs

CGUs correspond to the group's businesses by country.

Goodwill is tested by business and by country and by comparing the carrying amount of the assets in the CGU with the recoverable amount of the CGU.

Investment properties are tested individually.

b) Calculating the recoverable amount of CGUs

The valuation is made by reference to net discounted future cash flows, taking a terminal value into account, based on a constant future growth rate of revenues generated by the asset concerned.

Cash flow projections are based on a maximum period of 4 years. The discount rate used for future cash flows is the pre-tax WACC (weighted average cost of capital) of the business. The growth rate used depends on the economic outlook of each of the businesses.

If this valuation generates an impairment loss, it is recognized under "Impairment of goodwill" in the income statement.

In accordance with IAS 36, goodwill impairment losses are irreversible.

1.13. Assets and liabilities held for sale and discontinued operations

A non-current asset (or disposal group) 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. These assets and disposal groups are presented separately from other assets or groups of assets when the amount concerned is material. A non-current asset (or disposal group) classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

A discontinued operation may be defined as a component of an entity that is being disposed of or is classified as held for sale and represents a major line of business for Econocom Group, or a subsidiary acquired exclusively with a view to resale.

Income and expense and cash flow items relating to discontinued operations are presented separately in the financial statements for all periods presented if the amounts concerned are material.

1.14. 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.

1.15. Financial assets

Financial assets are broken down into the following four categories: available-for-sale financial assets; loans and receivables; held-to-maturity; and financial assets at fair value through profit or loss. They are split between current and non-current assets in accordance with IAS 1. Transactions involving financial assets are recognized on the settlement date.

1.15.1. 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 remeasured at market value on the balance sheet 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).

1.15.2. 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 balance sheet 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.

1.15.3. 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.

1.15.4. 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 the income statement.

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.

1.16. Cash and cash equivalents

These include cash held in current accounts and in demand accounts. Cash equivalents are held to enable the group to meet short-term cash requirements. They must be easily convertible into cash, present a negligible risk of loss in value and a maturity of less than three months. Short-term investments are marked to market at each balance sheet date.

1.17. Treasury stock

Treasury stock is recorded as a deduction from equity. Gains or losses arising from the purchase, sale or cancellation of treasury shares have no impact on the income statement.

1.18. 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, current accounts in debit, current bank overdraft facilities, and debt recorded against finance leases and factored debt. They are recorded at amortized cost.

1.18.1. 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.

In accordance with IAS 39 – Financial Instruments: Recognition and Measurement, where 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 balance sheet after the transfer and a financial liability is recorded to reflect the cash received.

1.19. Derivative financial instruments qualifying as hedges

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; and
- 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 balance sheet.

• 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.

1.20. 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, 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 the 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 on the balance sheet date. 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.

1.20.1. Long-term provisions

Long-term provisions mainly include the following:

• Restructuring provisions that concern:
– 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 on the balance sheet date due to commitments made to third parties.

• Provisions for litigation

These provisions are measured by reference to the amount of the probable outflow of resources required to settle claims and disputes in progress where an obligating event exists on the balance sheet date.

1.20.2. Short-term provisions

Short-term provisions primarily correspond to provisions for claims and litigation. They are measured by reference to the amount of the probable outflow of resources required to settle claims and disputes in progress where an obligating event exists on the balance sheet date.

Provisions for claims and litigation comprise the estimated amount required to settle claims and disputes filed by third parties. They also include costs concerning employee-related and tax 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. Any portion of the reassessment that has not, or will not, be contested is recorded as a liability as soon as the related amount is known.

1.21. Employee benefits

Econocom Group's employees may receive retirement benefits in addition to statutory pension benefits payable in accordance with the legislation in force in the countries concerned. These forms of employee benefits are funded by Econocom Group under defined contribution plans (pensions) and defined benefit plans (retirement indemnities).

The Econocom Group's obligation under defined contribution plans is limited to the payment of contributions provided for in the contract. Contributions that fall due more than 12 months after the balance sheet date are discounted, using a rate determined by reference to market yields on high quality corporate bonds.

A defined benefit plan defines an amount of benefits that an employee will receive. Under this form of plan, the actuarial risk (that benefits will cost more than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall to the group. The amount of the group's commitments under defined benefit plans is calculated by an independent firm of actuaries.

A provision is recorded to cover the Econocom Group's obligation to pay retirement indemnities to its employees in France in accordance with the collective bargaining agreements in force in the group's French companies. This provision is calculated using the projected unit credit method, based on assumptions that include the following:

- Contractual entitlements based on length of service;
- Staff turnover rate;
- Annual salary increases;
- The life expectancy of employees, based on statistical tables;
- A discount rate for the retirement benefit obligation, which is reviewed on a yearly basis.

1.22. Revenue recognition

The group recognizes revenue from the sale of goods and rendering of services when it is probable that future economic benefits will flow to the entity concerned and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of VAT, taking into account the amount of any trade discounts and volume rebates allowed by the entity, and after eliminating inter-company transactions.

Revenue from sales of goods is recognized only when the entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

Revenue generated from the rendering of services over several accounting periods is recognized by reference to the stage of completion of the transaction on the balance sheet date. The percentage of completion is obtained by comparing the amount of costs incurred on the balance sheet 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 the transaction is recognized immediately as an expense.

IAS 17 is applied for the recognition of IT Financial Services revenue, based on the type of contract as specified in note 1.11. above.

1.23. Other non-recurring operating income and expenses

This caption includes an extremely limited number of income and expense items that are infrequent, unusual and have a material impact on the consolidated financial statements. The Econocom Group presents these items on a separate line in the income statement in order to facilitate the assessment of its recurring operating performance.

1.24. Income tax

The "Income tax" line includes both current taxes (payable on taxable profit for the period and any amendments from prior years) and deferred taxes.

Deferred taxes are accounted for using the liability method for all temporary differences existing on the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except for the specific cases provided for in IAS 12, Income Taxes (notably goodwill).

Deferred tax assets and liabilities are determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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 carryforwards can be utilized.

Taxes relating to items recognized directly in equity are recorded in reserves.

1.25. Basic 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 prorata basis.

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

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

1.26. Share-based payment

Stock purchase and subscription options are granted to Group Senior Management and certain non-managerial employees. As prescribed in IFRS 2 – Share-based payment, stock options are measured on the grant date by reference to the fair value of the equity instruments granted.

The related expense is recognized in personnel costs over the vesting period, with a corresponding increase in equity.

In accordance with IFRS 2, only plans granted to employees after November 7, 2002 that had not vested as of January 1, 2005 have been measured at fair value and recognized in personnel costs. Plans granted prior to November 7, 2002 have not been measured or recognized.

The following accounting treatment is applied within Econocom Group:

a) Equity instruments

In accordance with IFRS 2, stock options are valued on the date of grant using the Black & Scholes option pricing model. Changes in value subsequent to the date of grant have no impact on this initial valuation.

The value of options takes into account their expected life, as stated in the specific stock option contracts signed between each beneficiary and the group. It is also weighted by the probability, on the balance sheet date, that the beneficiary will attain any objectives required to exercise the options. The final value obtained is subsequently recognized in personnel costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

b) International Phantom Share plan

The group's Phantom Share plan provides for the right to a bonus for all persons who were employees of Econocom Group on April 30, 2005, payable on March 31, 2008. Payment of the bonus is contingent on (i) the employees in question continuing to be employed by Econocom as of March 31, 2008; and (ii) the Econocom share price averaging at least €12 in March 2008.

The amount of the bonus due to the eligible employees is equal to the difference between the average share price in March 2008 and €6, multiplied by 350, provided that the average share price in March 2008 is greater than or equal to €12.

As this entitlement is subject to a predetermined threshold and thus constitutes a digital option, modeling was entrusted to an independent firm of actuaries that created a specific binomial model to measure the value of the overall bonus on the balance sheet date.

This bonus will be paid in the same way as standard compensation and included in the employees' pay slips. It is therefore recognized in personnel costs, after taking into account the related social security charges specific to each country, with a corresponding liability recorded in the balance sheet.

1.27. Segment reporting

The Econocom Group's operating activities are structured by strategic area and are managed based on the type of services sold in a given economic environment.

The group uses business segments as its primary reporting format and geographical segments as its secondary reporting format.

Segment results, assets and liabilities include the items that are directly or indirectly attributable to the segment.

Segment investments correspond to the acquisition of property, plant and equipment and intangible assets.

Inter-segment sales and transfers are carried out on arm's length terms.

The group's business segments are as follows:

• **IT Financial Services :** the financing of corporate IT and telecom infrastructures.

• **Managed Services :**
– distribution of a full range of IT resource management services, including consulting, facilities management 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 products (PCs, servers, printers and licenses) to systems integration.

• **Telecom Services :** comprehensive management of telecom resources.

The group's geographical segments correspond to the following five areas: France, Belgium/Luxemburg, the Netherlands, Southern Europe (Spain & Italy) and other countries.

The group's segment reporting is prepared based on the same accounting methods as those used for the consolidated financial statements.

1.28. Other information

Current assets and liabilities are those assets and liabilities that the entity expects to be able to realize/settle:

• either in its normal operating cycle; or;

• within twelve months after the balance sheet date.

2. Changes in the scope of consolidation

The consolidated financial statements of the Econocom Group as of December 31, 2007 include the accounts of the companies listed in Note 3 – List of consolidated companies.

The cash flow impacts of major changes in the scope of consolidation are presented in Note 34.

2.1. Acquisitions, company formations, and purchases of additional equity interests in 2007

2.1.1. Acquisitions

Econocom Products and Solutions SAS acquired:

• a 93.32% stake in Alliance Support Services (SA);

• the B-to-B business of The Phone House France.

Econocom Managed Services SAS acquired Kentron; Kentron subsequently merged with Synopse.

At the end of November 2007, Econocom Locazione SPA acquired 100% of the capital of the Italian company Tecnolease, specialized in the leasing of IT equipment.

2.1.2. Company formations

In December 2007 Asystel SAS was set up to host one of the French businesses of Telecom Services; it is a wholly-owned subsidiary of Econocom Products and Solutions SAS (France).

2.1.3. Purchases of additional equity interests

Econocom Locazione Italia SPA brought out the remaining 5% of Aperleasing thus acquiring 100% of the capital of this company. Aperleasing was then merged into Econocom Locazione SPA.

Econocom Managed Services SA/NV acquired all of the capital of:

• Econocom Products and Solutions SAS (France); and

• Econocom Telecom Services SA/NV.

2.1.4. Disposals

Econocom Group SA/NV sold 20% of its holding in Econocom GmbH to local management.

2.1.5. 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:

• Aperleasing was merged into Econocom Locazione SPA;

• Econocom Location was sold to Econocom Financial Services International BV;

• Econocom PSF SA was sold to Econocom Group SA/NV;

• Econocom Telecom Services BV was sold to Econocom Products and Solutions BV.

2.2. Acquisitions, company formations, and purchases of additional equity interests in 2006

2.2.1 Acquisitions

In September 2006, Econocom Products and Solutions SAS acquired the B-to-B business of Avenir Telecom – a company specialized in mobile telephony services in the south-east of France.

2.2.2. Company formations

In November 2006, EFS International BV was set up to act as the holding company for the group's IT Financial Services business. Based in Holland, EFS International BV is wholly-owned by Econocom SA/NV and has taken over Econocom Group's stake in Econocom Nederland BV.

2.2.3. Purchases of additional equity interests

On June 30, 2006, Econocom Managed Services SA/NV acquired an additional 22.1% minority stake in Econocom Telecom Services, raising its interest in the company to 96.68%. Additional purchase consideration on this acquisition was paid in April 2007.

Also during the year, Econocom Group SA/NV bought out the remaining 35% of Econocom Albis GmbH that it did not already own.

2.2.4. Disposals and liquidations

2.2.4.1. Disposal

In June 2006, Econocom Services BV – a Dutch company specialized in mainframe services (particularly for IBM) – was sold as it no longer fit with the group's core business.

2.2.4.2. Liquidation

The French company Econocom.com SA was liquidated in December 2006 as it had lain dormant since 2003.

2.2.5. 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:

• Econocom Nederland BV was sold to Econocom Financial Services International BV;

• Econocom Luxemburg SA was sold to Econocom Lease SA.

3. List of consolidated companies

Fully-consolidated companies

Company	Registered office	VAT No.	% interest 2007	% interest 2006	Immediate holding company
Econocom SAS	Clichy	FR 653 269 667 77	100%	99.99%	Econocom Group SA/NV
Econocom Location SAS	Clichy	FR 513 324 398 68	100%	100%	EFS International BV
					Econocom Lease SA/NV
Atlance France SAS	Clichy	FR 774 408 146 14	100%	100%	Econocom Location SAS
G.I.E. Econocom	Clichy	FR 104 082 368 83	41.67%	41.67%	Econocom Group SA/NV
			58.33%	58.33%	Econocom SAS
Econocom Products and Solutions BELUX SA/NV	Brussels	BE 042 685 15 67	100%	99.99%	Econocom Group SA/NV
				0.01%	Econocom Managed Services SA/NV
Econocom Managed Services SA/NV	Brussels	BE 043 209 34 28	100%	100%	Econocom Group SA/NV
Econocom Telecom Services SA/NV	Brussels	BE 045 618 46 64	100%	96.68%	Econocom Managed Services SA/NV
Econocom Telecom Sprl	Brussels	BE 047 836 11 41	100%	100%	Econocom Telecom Services SA/NV
Atlance SA/NV	Brussels	BE 047 648 96 35	99.93%	99.93%	Econocom Lease SA/NV
			0.07%	0.07%	Econocom Managed Services SA/NV
Econocom PSF SA (formerly Econocom Products and Solutions Luxemburg SA)	Luxemburg	LU 181 844 17	0.08%	100%	Econocom Products and Solutions Belux SA/NV
			99.92%		Econocom Group SA/NV
Econocom Luxemburg SA	Luxemburg	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	Houten	NL 007 552 506 B01	100%	100%	EFS International BV
Econocom GmbH (formerly Econocom Albis Gmbh)	Isenburg	DE 225 258 231	80%	100%	Econocom Group SA/NV
Econocom Expert International Holding BV	Houten	NL 007 552 506 B02	50.1%	50.1%	Econocom Group SA/NV
Econocom Product Services BV	Houten	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 (Spain)	Madrid	ES A78 017 282	100%	99.98%	Econocom Group SA/NV
				0.02%	Econocom SAS
Econocom Locazione Italia SPA	Milan	IT 076 558 901 55	93.57%	93.57%	Econocom Group SA/NV
			6.43%	6.43%	Econocom SAS
Aperleasing (1)	Milan			95%	Econocom Locazione Italia SPA
Tecnolease SPA	Milan	IT 038 225 409 63	100%		Econocom Locazione Italia SPA
Econocom USA Inc	Memphis		100%	100%	Econocom Group SA/NV
Econocom Promodata France SA	Clichy	FR 953 114 632 77	100%	100%	Econocom Nederland BV
Promodata SNC	Clichy	FR 333 929 453 58	100%	100%	Econocom Promodata France SA
Econocom Products and Solutions SAS	Les Ulis	FR 953 315 664 30	100%	99.56%	Econocom Managed Services SA/NV
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
SCI Alexandre	Les Ulis	FR 713 789 003 85	99.90%	99.90%	Econocom Products and Solutions SAS
Econocom France SAS	Clichy	FR 804 395 782 53	100%	100%	Econocom Group SA/NV
Econocom Telecom Services SAS (formerly Infoconseil SARL)	Clichy	FR 503 532 352 45	100%	100%	Econocom Products and Solutions SAS
Alliance Support Services SA	Les Ulis	FR 464 513 670 72	93.32%		Econocom Products and Solutions SAS
Asystel SAS	Clichy	FR185 017 211 53	100%		Econocom Products and Solutions SAS
Econocom Telecom BV	Houten	NL 811 786 109 B01	100%	100%	Econocom Product Services BV
					Econocom Telecom Services SA/NV
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	Houten	NL 817 289 094 B01	100%	100%	Econocom Group SA/NV

(1) Liquidated on December 31, 2007.

4. Segment reporting

4.1. Business segments

The following table presents the contribution of each business segment to the Group's results.

(in € thousands)	IT Financial Services		Products and Solutions	
	2007	2006	2007	2006
Revenue				
External revenue	344,115	279,775	190,050	187,646
Inter-segment revenue	4,589	4,721	19,807	21,659
Total revenue	**348,704**	**284,496**	**209,857**	**209,305**
Results of operations				
Segment recurring operating profit/(loss)	**15,315**	**9,745**	**3,279**	**4,194**
Segment operating profit/(loss)	**15,397**	**9,929**	**3,279**	**4,194**
Interest expense	(65)	(43)	(342)	(52)
Interest income	293			
Net financial expense	**228**	**(43)**	**(342)**	**(52)**
Income tax	(4,426)	(3,792)	129	847
Discontinued operations	(294)	94		
Profit/(loss) for the year	**10,905**	**6,393**	**3,066**	**4,989**
Total current assets	**150,447**	**150,037**	**48,666**	**43,116**
Total current liabilities	**97,500**	**105,865**	**49,065**	**46,518**
Total assets	**161,594**	**157,726**	**59,668**	**54,007**
Capital expenditure	(252)	(213)	(412)	(208)
Goodwill	(759)	(295)		
Depreciation and amortization	(320)	(3,851)	(327)	(333)
Impairment of goodwill				
Other non-cash items	(1,187)	1,769	255	282

"Other companies" include the parent company Econocom Group and the non-trading real estate company SCI Alexandre, as well as the holding companies Econocom France SAS, Econocom SAS, GIE Econocom and Infoconseil.
Segment information relating to Telecom Services was determined using a statistical method based on the proportion of revenue contributed by the business.

Managed Services		Telecom Services		Other companies		Total	
2007	2006	2007	2006	2007	2006	2007	2006
133,958	99,446	32,511	22,437	30	501	700,664	589,805
14,215	6,141	746	3,373	17,143	17,179	56,500	53,073
148,173	**105,587**	**33,257**	**25,810**	**17,173**	**17,680**	**700,664**	**589,805**
6,146	**3,152**	**527**	**124**	**(817)**	**(750)**	**24,450**	**16,465**
5,747	**1,006**	**259**	**124**	**(897)**	**(758)**	**23,785**	**14,495**
(131)	(139)					(538)	(234)
	225			8	1	301	226
(131)	**86**	**0**	**0**	**8**	**1**	**(237)**	**(8)**
(1,355)	(1,462)	(2)	67	439	(78)	(5,215)	(4,418)
						(294)	94
4,261	**(575)**	**257**	**191**	**(450)**	**(835)**	**18,039**	**10,163**
42,959	**15,782**	**3,483**	**3,121**	**13,452**	**45,329**	**259,007**	**257,385**
49,163	**38,505**	**3,605**	**3,375**	**10,437**	**9,443**	**209,770**	**203,706**
63,720	**32,035**	**5,532**	**3,976**	**25,260**	**57,217**	**315,774**	**304,961**
(1,160)	(891)	(113)	(187)	(785)	(1,256)	(2,722)	(2,755)
(8,004)		(782)	(1,600)			(9,545)	(1,895)
(1,146)	(1,105)	(52)	(261)	(688)	(642)	(2,533)	(6,192)
(363)		(248)				(611)	
165	446	(31)	17	(453)	(21)	(1,251)	2,493

4.2. Geographical segments

For geographical segment reporting purposes, segment revenue, assets and investments are split according to the location of the various legal entities.

1) By client location

(in € thousands)	Revenue	
	2007	2006
Belgium	189,968	164,519
Netherlands	60,782	58,919
France	351,708	302,496
Southern Europe (Spain, Italy)	69,381	41,324
Other	28,825	22,547
Total	**700,664**	**589,805**

2) By asset location

(in € thousands)	Current assets		Capital expenditure		Goodwill	
	2007	2006	2007	2006	2007	2006
Belgium	61,214	58,518	(758)	(1,611)		(335)
Netherlands	21,714	19,417	(52)	(157)		
France	144,870	153,080	(1,762)	(2,208)	(8,786)	(1,265)
Southern Europe (Spain, Italy)	19,900	14,475	(55)	(21)	(759)	
Other	11,309	11,895	(95)	(4)		(295)
Total	**259,007**	**257,385**	**(2,722)**	**(4,001)**	**(9,545)**	**(1,895)**

5. Intangible assets 2007

(in € thousands)	Franchises, patents, licenses, etc.	Other	Total
Acquisition cost			
Gross value as of December 31, 2006	*6,982*	*506*	*7,488*
Acquisitions	958		958
Disposals	(65)		(65)
Changes in scope of consolidation	122		122
Gross value as of December 31, 2007	**7,997**	**506**	**8,503**
Amortization and impairment			
Accumulated amortization and impairment losses as of December 31, 2006	*(5,541)*	*(506)*	*(6,047)*
Amortization expense	(776)		(776)
Impairment reversals	101		101
Disposals	65		65
Changes in scope of consolidation	(88)		(88)
Accumulated amortization and impairment losses as of December 31, 2007	**(6,239)**	**(506)**	**(6,745)**
Carrying amount as of December 31, 2006	**1,441**	**0**	**1,441**
Carrying amount as of December 31, 2007	**1,758**	**0**	**1,758**

5. Intangible assets 2006

(in € thousands)	Franchises, patents, licenses, etc.	Other	Total
Acquisition cost			
Gross value as of December 31, 2005	*6,055*	*506*	*6,561*
Acquisitions	1,256		1,256
Disposals	(328)		(328)
Transfers and other movements	(1)		(1)
Gross value as of December 31, 2006	**6,982**	**506**	**7,488**
Amortization and impairment			
Accumulated amortization and impairment losses as of December 31, 2005	*(5,178)*	*(506)*	*(5,684)*
Amortization expense	(685)		(685)
Disposals	321		321
Transfers and other movements	1		1
Accumulated amortization and impairment losses as of December 31, 2006	**(5,541)**	**(506)**	**(6,047)**
Carrying amount as of December 31, 2005	**877**	**0**	**877**
Carrying amount as of December 31, 2006	**1,441**	**0**	**1,441**

6. Goodwill

In order to carry out impairment testing, consolidated goodwill has been split into Cash Generating Units (CGUs) as follows:

(in € thousands)	Year of acquisition	Net value as of Dec.31, 2005	Changes in scope of consolidation in 2006	Other	Gross value as of Dec 31, 2006
Products and Solutions Belgium		**461**	**0**	**0**	**461**
PLI	2000	461			461
Telecom Services France		**8,259**	**1,301**	**(36)**	**9,524**
The Phone House	2007				
Avenir Telecom	2006		1,246		1,246
JCA	2005	757		3	760
Signal Service	2004	7,502	55	(39)	7,518
Telecom Services Belgium		**744**	**335**	**0**	**1,079**
CHanSE	2004	744	335		1,079
Managed Services France		**413**	**0**	**0**	**413**
Alliance Support Services	2007				
Kentron	2007				
Synopse	2003	413			413
Managed Services Belgium		**761**	**0**	**0**	**761**
SX Consultants NV/SA	2002	656			656
CSI	2000	105			105
A2Z		**3,104**	**0**	**0**	**3,104**
A2Z Holding	2005	3,104			3,104
Managed Services Netherlands		**248**	**0**	**0**	**248**
For Connected	2005	248			248
IT Financial Services Italy		**0**	**0**	**0**	**0**
Aperleasing	2007				
Tecnolease	2007				
IT Financial Services Germany		**0**	**295**	**0**	**295**
Econocom Albis GmbH	2006		295		295
IT Financial Services France		**671**	**0**	**0**	**671**
France Location	1996	671			671
Total		**14,661**	**1,931**	**(36)**	**16,556**

Impairment as of Dec. 31, 2006	Net value as of Dec. 31, 2006	Changes in scope of consolidation in 2007	Other	Gross value as of Dec. 31, 2007	Impairment as of Dec. 31, 2007	Net value as of Dec. 31, 2007
0	**461**	**0**	**0**	**461**	**0**	**461**
	461			461		461
0	**9,524**	**782**	**0**	**10,306**	**0**	**10,306**
		782		782		782
	1,246			1,246		1,246
	760			760		760
	7,518			7,518		7,518
0	**1,079**	**0**	**41**	**1,120**	**0**	**1,120**
	1,079		41	1,120		1,120
0	**413**	**8,004**	**10**	**8,427**	**0**	**8,427**
		7,306		7,306		7,306
		698		698		698
	413		10	423		423
0	**761**	**0**	**0**	**761**	**0**	**761**
	656			656		656
	105			105		105
0	**3,104**	**0**	**0**	**3,104**	**(363)**	**2,741**
	3,104			3,104	(363)	2,741
0	**248**	**0**	**0**	**248**	**(248)**	**0**
	248			248	(248)	0
0	**0**	**759**	**0**	**759**	**0**	**759**
		4		4		4
		755		755		755
0	**295**	**0**	**0**	**295**	**0**	**295**
	295			295		295
0	**671**	**0**	**0**	**671**	**0**	**671**
	671			671		671
0	**16,556**	**9,545**	**51**	**26,152**	**(611)**	**25,541**

The goodwill relating to UGT Telecom and A2Z was tested for impairment on December 31, 2007 in accordance with the procedures outlined in Note 1.12: Accounting policies - Impairment of non-current assets. No material impairment losses were identified with the exception of Econocom Telecom BV (formerly For Connected Services BV) whose goodwill was written down in full during the period (€248,000).

Following the decision to lease A2Z Solutions' business to Econocom Managed Services SA/NV, A2Z Solutions now generates a profit. This profit, as well as any future profits must be offset against tax loss carryforwards and a deferred tax asset must be booked, in particular against the tax loss carryforwards acquired along with the group's stake in 2005. The goodwill balance (€363,000) was partially reallocated to deferred tax assets.

The main goodwill recorded during the year related to the following acquisitions:

• Alliance Support Services: €7,306,000

In January 2007, the group acquired Alliance Support Services. This company employs over 450 people and is one of the leaders in French third-party maintenance. This acquisition helps to complete Econocom's offering in terms of local IT network support and maintenance services.

Alliance Support Services will be part of the Managed Services business.

An analysis was performed as to whether all or part of the original goodwill relating to this acquisition should be allocated to certain assets.

Given the impressive financial performance of this entity, the group decided to transfer all of its tax loss carryforwards at the acquisition date out of goodwill and into deferred tax assets (€1,197,000). This reduced the amount of goodwill to €7,306,000.

• B-to-B business division of The Phone House France: €782,000

In February 2007, the group acquired the B-to-B business division of The Phone House France along with its 21 employees. This gave a boost to Econocom's Telecom Services operations and enhanced the Group Management and outsourcing services for lines.

The group did not consider it appropriate to transfer any of the original goodwill.

• Kentron France: €698,000

In February 2007, the group acquired Kentron France along with its 11 employees. This company is specialized in IT governance and IT systems and services management consulting and has been incorporated into the Consulting division of the Managed Services business.

The group did not consider it appropriate to transfer any of the original goodwill.

• Tecnolease: €755,000

In November 2007, the group acquired Tecnolease, an Italian company specialized in the leasing of IT equipment. This helped secure Econocom's position as number two in the Italian market.

Following a detailed analysis, a share of the original goodwill was transferred to a portion of the residual value of leased assets in the balance sheet (€987,000).

The method used to calculate the recoverable amount of CGUs to which material amounts of goodwill have been allocated is described below.

"Telecom Services" CGU

The recoverable amount of the Telecom Services CGU was determined by calculating the value in use by reference to 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 rates were set at 12% and 8.5% for the Telecom Services Belgium and the Telecom Services France CGUs, respectively. Cash flow projections beyond this four-year timeframe were extrapolated by applying a 3% growth rate to perpetuity, reflecting the expected long-term growth in the markets in which the entities of the CGU operate, as well as their competitive positioning.

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.

"A2Z" CGU

The recoverable amount of the A2Z CGU was determined by calculating the value in use by reference to the discounted cash flow method. The calculation was performed using six-year cash flow projections based on business plans and forecasts approved by management. The applicable discount rate was set at 8.5%. Cash flow projections beyond this six-year timeframe were extrapolated by applying a 3% growth rate to perpetuity, reflecting the expected long-term growth in the markets in which the entities of the CGU operate, as well as their competitive positioning.

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.

7. Property, plant and equipment 2007

Changes in the gross value of property, plant and equipment as well as the related depreciation expense is presented below for 2007:

(in € thousands)	Land and buildings	Plant &, equipment, fixtures & fittings	Furniture and vehicles	Other items of property, plant and equipment	Assets held under finance leases (1)	Total
Acquisition cost						
Gross value as of December 31, 2006	*8,306*	*6,665*	*3,982*	*1,123*	*27,294*	*47,370*
Acquisitions	150	1,314	156	142	32,332	34,094
Disposals		(256)	(145)	(1)	(38,292)	(38,694)
Changes in scope of consolidation in 2007		767	273			1,040
Translation adjustments		(1)			(8)	(9)
Transfers and other movements	(383)	2,118	(1,759)	(968)	(18,228)	(19,220)
Gross value as of December 31, 2007	**8,073**	**10,607**	**2,507**	**296**	**3,098**	**24,581**
Depreciation and impairment						
Accumulated amortization and impairment losses as of December 31, 2006	*(3,387)*	*(4,763)*	*(3,147)*	*(1,043)*	*(25,074)*	*(37,414)*
Additions	(339)	(1,287)	(215)	(47)	(3,074)	(4,962)
Reversals	12		27		1,558	1,597
Impairment losses						
Impairment reversals						
Disposals		189	77	2	5,813	6,081
Changes in scope of consolidation		(513)	(202)			(715)
Translation adjustments		1			8	9
Transfers and other movements	338	(1,760)	1,410	1,004	18,228	19,220
Accumulated amortization and impairment losses as of December 31, 2007	**(3,376)**	**(8,133)**	**(2,050)**	**(84)**	**(2,541)**	**(16,184)**
Carrying amount as of December 31, 2006	**4,919**	**1,902**	**835**	**80**	**2,220**	**9,956**
Carrying amount as of December 31, 2007	**4,697**	**2,474**	**457**	**212**	**557**	**8,397**

(1) Assets held under finance leases solely comprise computer equipment leased to clients which is classified under furniture and vehicles owned by the group for its own purposes, i.e., not refinanced by the group via a refinancing institution.

7. Property, plant and equipment 2006

Changes in the gross value of property, plant and equipment as well as the related depreciation expense is presented below for 2006:

(in € thousands)	Land and buildings	Plant &, equipment, fixtures & fittings	Furniture and vehicles	Other items of property, plant and equipment	Assets held under finance leases (1)	Total
Acquisition cost						
Gross value as of December 31, 2005	*8,532*	*6,775*	*4,005*	*397*	*35,559*	*55,268*
Acquistions	28	850	464	906	131,146	133,394
Disposals	(217)	(767)	(773)	(180)	(139,412)	(141,349)
Changes in scope of consolidation in 2006						
Translation adjustments					1	1
Transfers and other movements	(37)	(193)	286			56
Gross value as of December 31, 2006	**8,306**	**6,665**	**3,982**	**1,123**	**27,294**	**47,370**
Depreciation and impairment						
Accumulated amortization and impairment losses as of December 31, 2005	*(2,970)*	*(4,761)*	*(3,122)*	*(57)*	*(32,841)*	*(43,751)*
Additions	(445)	(845)	(415)	(1,049)	(3,270)	(6,024)
Reversals	12	52	6		475	545
Impairment losses						
Impairment reversals						
Acquisitions		(21)				(21)
Disposals		698	635	63	11,350	12,746
Changes in scope of consolidation						
Translation adjustments					(1)	(1)
Transfers and other movements	16	114	(251)		(787)	(908)
Accumulated amortization and impairment losses as of December 31, 2006	**(3,387)**	**(4,763)**	**(3,147)**	**(1,043)**	**(25,074)**	**(37,414)**
Carrying amount as of December 31, 2005	**5,562**	**2,014**	**883**	**340**	**2,718**	**11,517**
Carrying amount as of December 31, 2006	**4,919**	**1,902**	**835**	**80**	**2,220**	**9,956**

(1) Assets held under finance leases solely comprise computer equipment leased to clients which is classified under furniture and vehicles owned by the group for its own purposes, i.e., not refinanced by the group via a refinancing institution.

8. Investment property

One of the group's French subsidiaries owns an office building at Les Ulis, in the Paris region which is leased to non group companies.

Changes in the gross value of this property as well as the related depreciation expense are presented below for 2007 and 2006:

(in € thousands)	2007	2006
Gross value	1,279	1,279
Accumulated depreciation	(738)	(727)
Depreciation expense for the year	*(11)*	*(28)*
Total	**541**	**552**

The gross value of the building may be broken down by component as follows:

	Allocation	Depreciation rate
Structural frame	30%	2%
Facades	15%	3.33%
General and technical equipment	30%	6.66%
Fixtures and fittings	25%	10%

Investment property is depreciated by the straight-line method.

	2007	2006
Rental income recorded in the income statement	116	116

The carrying amount of this building, which has a floor space of 780 sq.m. and 28 parking spaces, was €541,000 as of December 31, 2007.

In December 2000 an independent valuer valued the building at €900,000. Based on the generally positive trends observed in recent years in the real estate market in the Paris region, and taking into account the level of unoccupied office space and warehouses in the area in question, management believes that this valuation of the office building is still broadly accurate.

9. Financial assets

The following table presents a breakdown of financial assets:

(in € thousands)	Investments in non-consolidated companies	Unguaranteed residual value of leased assets (1)	Other financial assets	Total
As of December 31, 2005	**2**	**4,567**	**8,040**	**12,609**
Increases		184	5,708	5,892
Repayments		(1,741)	(3,729)	(5,470)
Impairment, net			3	3
Fair value adjustments			717	717
Other movements		(1,434)	11	(1,423)
As of December 31, 2006	**2**	**1,576**	**10,750**	**12,328**
Increases		395	406	801
Repayments		(238)	(2,903)	(3,141)
Changes in scope of consolidation		608	889	1,497
Translation adjustments		(2)		(2)
Fair value adjustments			1,510	1,510
As of December 31, 2007	**2**	**2,339**	**10,652**	**12,993**

(1) After deduction of the repurchase value

Other financial assets correspond to guarantees and deposits as well as units held by Econocom Group in the MBO Capital venture capital fund.

Since October 2002, the Econocom Group has invested €4,674,000 in this fund and has irrevocably committed capital of up to €5,000,000.

This represents a 10-year unsecured investment, which offers expected returns that exceed the risk-free rate. Funds are not accessible before the end of the term and further disbursements can be called for until March 2008. As of December 31, 2007, the uncalled balance stood at €326,000.

In 2007, the Econocom Group received €1,173,000 in repayments. In the absence of any available marked-to-market valuation for the venture capital fund, it is measured at its value in use at the balance sheet date.

Fair value changes during the year led to a €1,510,000 increase in the fund's carrying amount, which was recorded in equity as of December 31, 2007.

Other financial assets comprise:

Other financial assets	MBO Capital venture capital fund	Guarantees and deposits	Total
As of December 31, 2006	**4,577**	**6,173**	**10,750**
Increases		406	406
Repayments	(1,173)	(1,730)	(2,903)
Changes in scope of consolidation		889	889
Fair value adjustments	1,510		1,510
As of December 31, 2007	**4,914**	**5,738**	**10,652**

Maturities of financial assets:

2007	< 1 year	Due in 1 to 5 years	> 5 years
Investments in non-consolidated companies			2
Unguaranteed residual value of leased assets		2,339	
MBO Capital venture capital fund		4,914	
Guarantees given to factors	4,328		
Other guarantees and deposits	4	833	573
Total - by maturity	**4,332**	**8,086**	**575**

2006	< 1 year	Due in 1 to 5 years	> 5 years
Investments in non-consolidated companies			2
Unguaranteed residual value of leased assets		1,576	
MBO Capital venture capital fund		4,577	
Guarantees given to factors	4,168		
Other guarantees and deposits	853	863	289
Total - by maturity	**5,021**	**7,016**	**291**

Breakdown of "Unguaranteed residual value of leased assets"

The positive difference between the future value of equipment on short- and long-term leases and its financial residual value is recognized on a contract-by-contract basis in Financial assets for leases expiring in more than 12 months, and in Other receivables for leases expiring in under 12 months (balance sheet note 10-2).

	2007	2006
Long-term	2,339	1,576
Short-term	1,401	1,248
Unguaranteed residual value of leased assets, net	**3,740**	**2,824**

Gross and net unguaranteed residual value of leased assets by maturity is as follows:

2007	< 1 year	Due in 1 to 5 years	> 5 years	Total
Unguaranteed residual value of leased assets, gross	4,851	14,964	2,723	22,538
Financial residual value	(3,450)	(12,625)	(2,723)	(18,798)
Unguaranteed residual value of leased assets, net	**1,401**	**2,339**	**–**	**3,740**

2006	< 1 year	Due in 1 to 5 years	> 5 years	Total
Unguaranteed residual value of leased assets, gross	4,073	12,092	2,356	18,521
Financial residual value	(2,825)	(10,516)	(2,356)	(15,697)
Unguaranteed residual value of leased assets, net	**1,248**	**1,576**	**–**	**2,824**

10. Long-term receivables

(in € thousands)

Long-term receivables	2007	2006
Long-term tax receivables	100	1,385
Other long-term receivables	1,514	1,501
Total	**1,614**	**2,886**

By maturity	2007	2006
1 to 5 years	698	1,780
> 5 years	916	1,106
Total	**1,614**	**2,886**

Other long-term receivables mainly relate to:

- loans to institutions providing regulated housing loans for an amount of €677,000;
- a €114,000 receivable concerning the sale of Econocom Services BV, which is recoverable on January 1, 2009.
- €723,000 representing the revised amount of a receivable owed by a French company that was previously placed in receivership and for which a 10-year recovery plan has been set up.

11. Assets and liabilities held for sale

(in € thousands)

Description of asset or liability held for resale as of December 31, 2007	Assets	Liabilities
Econocom USA Inc.	13	74
Total	**13**	**74**

Description of asset or liability held for resale as of December 31, 2006	Assets	Liabilities
Econocom USA Inc.	14	82
Total	**14**	**82**

Discontinued operations as of December 31, 2007	Income/(expense) from discontinued operations
Econocom USA Inc.	11
Econocom Suisse	(305)
Expenses related to discontinued operations	**(294)**
Loss from discontinued operations before tax	**(294)**
Income tax on discontinued operations	**0**
Net loss from discontinued operations	**(294)**

Discontinued operations as of December 31, 2006	Income/(expense) from discontinued operations
Econocom USA Inc.	180
Econocom Suisse	(86)
Proceeds from discontinued operations	**94**
Profit from discontinued operations before tax	**94**
Income tax on discontinued operations	**0**
Net profit from discontinued operations	**94**

12. Inventories

(in € thousands)	2007			2006		
	Gross	Provisions for impairment	Net	Gross	Provisions for impairment	Net
Equipment in the process of being refinanced	2,641	(1)	2,640	1,155		1,155
Other inventories	7,204	(1,612)	5,592	4,304	(283)	4,021
IT and telephony equipment	*3,265*	*(285)*	*2,980*	*3,585*	*(225)*	*3,360*
Spare parts	*3,939*	*(1,327)*	*2,612*	*719*	*(58)*	*661*
Total	**9,845**	**(1,613)**	**8,232**	**5,459**	**(283)**	**5,176**

Movements in inventories

	As of Dec. 31, 2006	Movements in inventories	Changes in scope of consolidation	Other movements	As of Dec. 31, 2007
Equipment in the process of being refinanced	1,155	105	1,351	30	2,641
Other inventories	4,304	(467)	3,399	(32)	7,204
IT and telephony equipment	*3,585*	*(288)*		*(32)*	*3,265*
Spare parts	*719*	*(179)*	*3,399*		*3,939*
Total	**5,459**	**(362)**	**4,750**	**(2)**	**9,845**

Provisions for impairment of inventories

	As of Dec. 31, 2006	Additions	Reversals	Changes in scope of consolidation	As of Dec. 31, 2007
Equipment in the process of being refinanced	0	(1)			(1)
Other inventories	(283)	(198)	126	(1,288)	(1,612)
IT and telephony equipment	*(225)*	*(158)*	*67*		*(285)*
Spare parts	*(58)*	*(40)*	*59*	*(1,288)*	*(1,327)*
Total	**(283)**	**(199)**	**126**	**(1,288)**	**(1,613)**

13. Trade receivables

(in € thousands)	2007	2006
Gross	**170,359**	**159,142**
Refinancing institutions	50,063	59,427
Other	120,296	99,715
Provisions for impairment of doubtful receivables	**(6,259)**	**(3,510)**
Net	**164,100**	**155,632**

Refinancing institutions correspond to financial institutions which are subsidiaries of banks.

Payment is received from these institutions within two weeks of the sale of the equipment and contracts concerned.

Changes in scope of consolidation in 2007 impacted the "Other trade receivables" in an amount of €11,548,000.

The significant amount recorded under receivables due from refinancing institutions is attributable to high levels of business in December for the IT Financial Services business.

	As of Dec. 31, 2006	Additions	Reversals	Changes in scope of consolidation	Other movements	As of Dec. 31, 2007
Provisions for impairment of doubtful debts	(3,510)	(3,320)	595	(24)		(6,259)

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.

14. Other receivables and other current assets

(in € thousands)	2007	2006
Recoverable VAT	3,630	1,966
Due from suppliers	2,166	1,879
Short-term portion of the residual value of leased assets	1,401	1,248
Advances to agents	874	1,114
Factoring receivables	4,161	911
Other receivables	4,342	3,213
Other receivables	**16,574**	**10,331**

The short-term portion of the residual value of leased assets was booked in non-current financial assets at December 31, 2006.

	2007	2006
Prepaid expenses	4,200	3,834
Miscellaneous current assets	1,285	11
Other current assets	**5,485**	**3,845**

Other receivables represent advances to employees as well as miscellaneous receivables owed by external parties (including tax receivables and amounts due from suppliers) and by related parties.

Prepaid expenses primarily relate to maintenance contracts within the Managed Services business.

15. Cash and cash equivalents

Cash and cash equivalents can be analyzed as follows:

(in € thousands)	2007	2006
Cash	**40,204**	**48,110**
Cash on hand	11	8
Demand accounts	40,193	48,102
Cash equivalents	**21,051**	**28,506**
Term accounts	10,923	20,038
Marketable securities	10,128	8,468
Cash and cash equivalents	**61,255**	**76,616**

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 are subject to any restrictions.

As of December 31, 2007:

1 – The specific accounting treatment of bridges on ROF (Roll Out Facility) and TRO (Technology Refresh Option) contracts mentioned in Note 1-11-1 contributed €36 million to net cash and cash equivalents as of December 31, 2007 compared with €13.3 million for the year ended December 31, 2006.

2 – Any negative difference calculated by contract between the future value of equipment and its financial residual value (i.e. the repurchase price) is recognized under financial liabilities on a contract-by-contract basis. This calculating method had an €18.8 million impact on net cash and cash equivalents as of December 31, 2007 versus €15.7 million one year earlier.

3 – The amount of factored receivables derecognized in accordance with the accounting method described in Note 1.18.1 is as follows:

12/31/2007:	€52.7 million
12/31/2006:	€39.2 million

16. 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 inter alia future cash flows discounted to present value.

In any event, estimated market values interpret the market in a certain way 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 and 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 value of trade and other receivables, and cash and cash equivalents is an estimate of their fair value.

The group's financial assets at December 31, 2007 can be analyzed as follows:

Balance. sheet ref.	Note	Balance sheet heading	Loans and receivables	Available-for-sale financial assets	Carrying value
A-5	9	Financial assets	8,079	4,914	10,924
		Guarantees and deposits	*5,738*		*5,738*
		Unguaranteed residual value of leased assets (long-term portion)	*2,339*		*2,339*
		MBO Capital venture capital fund		*4,914*	*2,847*
A-6	10	Long-term receivables	1,614		1,614
B-10	13	Trade receivables	164,100		164,100
B-10	14	Other receivables	16,574		16,574
		Other receivables	*15,173*		*15,173*
		Unguaranteed residual value of leased assets (short-term portion)	*1,401*		*1,401*
B-13	15	Cash and cash equivalents	61,255		61,255
		Total	**251,622**	**4,914**	**254,467**

Based on available information, the carrying value of the group's financial assets is equal to their fair value.

17. Consolidated equity

17.1. Share capital and additional paid-in capital

As of December 31, 2007, the Company's capital was made up of 25,800,000 fully paid-up ordinary shares, representing €16,181,000.

The shares have no stated par value and all carry the same voting and dividend rights. There are no different classes of shares.

As of December 31, 2007, the number of bearer or dematerialized shares and registered shares totaled 12,785,740 and 13,014,260, respectively.

Additional paid-in capital amounted to €55,038,000.

On the same date the company's authorized capital stood at €15,895,000, with the related authorization valid until 2010.

17.2. Currency translation reserves

Currency translation reserves represent the cumulative translation adjustments arising on consolidation of subsidiaries that use a functional currency other than the euro.

Exchange differences recognized in equity break down as follows:

(in € thousands)

Exchange differences by currency	2007	2006
US dollar	(180)	(180)
Pound sterling	(248)	141
Total	**(428)**	**(39)**

17.3. Changes in equity not recorded in profit or loss

17.3.1. 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 €)
2004	100,000	December 2008	4.72
	400,000	November 2009	5.85
2005	40,000	January 2010	5.98
	40,000	May 2010	6.52
2006	255,000	November 2011	5.70
2007	20,000	January 2012	6.94
	150,000	October 2012	8.12
Total	**1,005,000**		

General disclosures		Specific disclosures in accordance with IFRS 2				
Plan	Number of options outstanding	Fair value [1]	Volatility	Life	Dividends (in €)	RFIR [2]
2004	100,000	2.07	56%	5 years	0.10	3.5%
	400,000	2.10	43%	5 years	0.10	3.5%
2005	40,000	1.84	40%	5 years	0.15	2.8%
	40,000	1.98	38%	5 years	0.15	2.8%
2006	255,000	1.95	23%	5 years	0.20	4.0%
2007	20,000	1.99	32%	5 years	0.24	4.0%
	150,000	2.32	32%	5 years	0.24	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 paragraph 11 of the Corporate Governance section.

Movements in the number of options outstanding during 2007 and 2006 can be analyzed as follows:

	2007	2006
Options outstanding as of January 1	1,098,500	1,435,912
Options granted during the year	170,000	255,000
Options exercised during the year	(84,000)	(533,340)
Options expired during the year and forfeited	(179,500)	(59,072)
Options outstanding as of December 31	**1,005,000**	**1,098,500**

In accordance with IFRS 2 – Share-based payment, stock options granted after November 7, 2002 have been measured and recognized in the group's financial statements.

Stock option plans had a €1,013,000 impact on consolidated equity as of December 31, 2007.

The related expense for the year came to €389,000.

17.3.2. Treasury stock

The treasury stock reserve comprises own shares held by the group at cost.

The following table provides details of treasury shares purchased and cancelled in 2006 and 2007:

	Number of shares	Value (in € thousands)
December 31, 2006	**799,034**	**5,015**
Acquisitions	2,515,596	19,291
Disposals	(84,000)	(625)
Cancellations	(3,200,000)	(23,460)
December 31, 2007	**30,630**	**221**

These treasury shares are held by Econocom Group SA/NV for a maximum period of 18 months. The overall number of treasury shares held may not exceed 10% of the total number of issued shares making up the Company's capital (representing 2,580,000 shares as of December 31, 2007).

The acquisition cost of treasury shares purchased during the year was deducted from equity and any disposal gains on treasury shares sold were also recognized in equity.

17.3.3. 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 2007 at the Annual General Meeting of May 20, 2008.

	Payable in 2008	Paid in 2007	Paid in 2006
Total dividend (in € thousands)	**6,192**	**5,800**	**4,640**
Dividend per share	**0.24**	**0.20**	**0.16**

17.4. Minority interests

Movements in minority interests over the period can be analyzed as follows:

(in € thousands)

As of December 31, 2006	**113**
2007 profit attributable to minority interests	39
Sale of 20% stake in Econocom GmbH	63
Purchases of minority interests	(6)
Negative minority interests recognized in consolidated reserves	(40)
As of December 31, 2007	**169**

18. Provisions

The following table breaks out long- and short-term provisions by type of provision:

(in € thousands)	Restructuring	Employee-related contingencies	Tax and legal contingencies	Deferred commission	Other contingencies	Total
As of December 31, 2005	**645**	**750**	**1,109**	**2,443**	**1,248**	**6,195**
Additions		299	362	306	56	1,023
Reversals	(47)	(165)	(242)	(1,021)		(1,475)
Utilizations	(262)	(16)		(65)		(343)
Other movements		(117)	(60)			(177)
As of December 31, 2006	**336**	**751**	**1,169**	**1,663**	**1,304**	**5,223**
Additions		370	103	188	159	820
Reversals	(66)	(49)	(460)	(768)	(98)	(1,441)
Utilizations	(169)	(716)	(240)		(230)	(1,355)
Changes in scope of consolidation		336		143	10	489
Translation adjustments				(4)		(4)
Other movements					345	345
As of December 31, 2007	**101**	**692**	**572**	**1,222**	**1,490**	**4,077**
Short-term portion		692	548	1,222	885	3,347
Long-term portion	101		24		605	730

	2007	2006
Long-term provisions	730	934
Short-term provisions	3,347	4,289
Total provisions	**4,077**	**5,223**

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 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. Provisions are reviewed on each balance sheet date and adjusted where appropriate to reflect the best estimate of the obligation on that date.

Long-term provisions

The restructuring provisions recorded in the balance sheet as of December 31, 2007 relate to the impacts of various restructuring operations carried out in 2003 and 2004 concerning the French subsidiaries of Econocom Managed Services SAS and Econocom Products and Solutions SAS.

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 U.S. 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. The amount recognized in the related provision corresponds to the best estimate of the expenditure required to settle the group's obligation with respect to this dispute.

Long-term provisions are not discounted.

Short-term 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.

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.

19. Pension and other post-employment benefit obligations

In certain countries, group employees receive supplementary pensions either through defined contribution plans or defined benefit plans.

The group's obligation under defined contribution plans is limited to the payment of contributions, which are expensed as incurred (see Note 24).

Only French subsidiaries are covered by defined benefit plans.

The group's obligations for statutory indemnities payable on retirement to French employees are calculated in accordance with the "Syntec" collective bargaining agreement (applicable to service companies in France) as follows:

- The legal retirement age is set at 65, with the option of leaving as of 60 years of age.
- The indemnity payable is calculated based on the length of service that the employee would have at 65 years of age, whatever his or her actual age on retirement between 60 and 65.
- Once the employee has attained five years of service, the indemnity is equal to one month's salary plus 1/5th of a month per additional year of service.
- There is no ceiling on the amount of these retirement indemnities.

Assumptions

The following rates were used in 2007 and 2006 to measure the group's pension and other post-employment benefit obligations:

	2007	2006
Discount rate	4.3%	4.3%
Average rate of salary increase	2%	2%

The mortality and staff turnover assumptions used for French subsidiaries are based on the assumptions set out in the "Syntec" collective bargaining agreement.

Movements in the group's obligations for pensions and other post-employment benefits for employees in France

(in € thousands)

As of Dec. 31, 2006	Changes in scope of consolidation	Expense for the year	As of Dec. 31, 2007
1,107	700	614	2,421

20. Current and non-current liabilities bearing interest

(in € thousands)	2007	2006
Finance lease liabilities	6,935	7,384
Finance lease liabilities - real estate	*3,540*	*3,750*
Repurchase value	*2,240*	*2,838*
Other finance lease liabilities	*1,155*	*796*
Bank borrowings (1)	7,705	5
Other borrowings	606	80
Non-current liabilities bearing interest	**15,246**	**7,469**
Bank borrowings (1)	3,150	11
Finance lease liabilities	1,784	1,257
Finance lease liabilities - real estate	*183*	*199*
Repurchase value (2)	*822*	*705*
Other finance lease liabilities	*779*	*353*
Bank overdrafts	128	2,468
Other borrowings	12,593	12,037
Factoring payables (3)	*9,690*	*8,832*
Other	*2,903*	*3,205*
Current liabilities bearing interest	**17,655**	**15,773**
Total cost of debt	**32,901**	**23,242**

(1) In 2007 the group contracted a variable-rate bank loan of €10.5 million hedged by an interest rate swap.
The loan is intended to finance external acquisitions.
(2) Any negative difference between the future value of equipment and its financial residual value (i.e. the repurchase price) is recognized under financial liabilities on a contract-by-contract basis; this represented an amount of €16.7 million at December 31, 2007 and €15.7 million at December 31, 2006.
(3) The group has entered into 2 agreements to factor its receivables. In case of bad debtors, payment of 50% of this factored receivables is guaranteed by the factor.
The residual risk for 2007 amounted to €4.8 million, against €4.4 million in 2006. The financial assets concerned consist of:

	2007	2006
Guarantee account and reserve fund	3,257	2,531
Trade receivables	9,690	8,832

Non-current liabilities bearing interest, analyzed by maturity	Total 2007	Due in 1 to 5 years	> 5 years
Finance lease liabilities	6,935	4,448	2,487
Finance lease liabilities - real estate	*3,540*	*1,053*	*2,487*
Financial residual value	*2,240*	*2,240*	
Other finance lease liabilities	*1,155*	*1,155*	
Bank borrowings	7,705	7,705	
Other borrowings	606	606	
Total	**15,246**	**12,759**	**2,487**

Non-current liabilities bearing interest, analyzed by maturity	Total 2006	Due in 1 to 5 years	> 5 years
Finance lease liabilities	7,384	4,331	3,053
Finance lease liabilities - real estate	*3,750*	*697*	*3,053*
Financial residual value	*2,838*	*2,838*	
Other finance lease liabilities	*796*	*796*	
Bank borrowings	5	5	
Other borrowings	80	80	
Total	**7,469**	**4,416**	**3,053**

Analysis of "Financial residual value"

Any negative differences in the future value of equipment on short- and long-term leases and its financial residual value is recognized on a contract-by-contract basis in non-current liabilities bearing interest for leases expiring in more than 12 months, and in current liabilities bearing interest for leases expiring in under 12 months.

	2007	2006
Long-term	2,240	2,838
Short-term	822	705
Total financial residual value, net	**3,062**	**3,543**

Gross and net financial residual value recognized in financial liabilities can be analyzed by maturity as follows:

2007	< 1 year	Due in 1 to 5 years	> 5 years	Total
Total financial residual value, gross	4,511	15,117	2,232	21,860
Unguaranteed residual value of leased assets	(3,689)	(12,877)	(2,232)	(18,798)
Total financial residual value, net	**822**	**2,240**	**0**	**3,062**

2006	< 1 year	Due in 1 to 5 years	> 5 years	Total
Total financial residual value, gross	3,785	13,591	1,864	19,240
Unguaranteed residual value of leased assets	(3,080)	(10,753)	(1,864)	(15,697)
Total financial residual value, net	**705**	**2,838**	**0**	**3,543**

Average effective interest rates can be analyzed as follows by type of borrowings:

Average effective interest rate	2007	2006
Bank borrowings	4.43%	3.00%
Finance lease liabilities	2.20%	2.39%
Bank overdrafts	4.29%	3.75%
Factoring payables	4.80%	3.53%

All non-current liabilities bearing interest are denominated in euros.

The operating lease liabilities by maturity can be analyzed as follows:

Analysis of operating lease liabilities by maturity (in € thousands)	< 1 year	Due in 1 to 5 years	> 5 years	Total as of Dec. 31, 2007	Total as of Dec. 31, 2006
Minimum future lease payments:					
Operating lease liabilities: Real estate	2,682	5,350	869	8,901	14,840
Operating lease liabilities: Vehicules	4,568	5,755		10,323	7,712
Total	**7,250**	**11,105**	**869**	**19,224**	**22,552**

Operating lease payments during the year (in € thousands)	2007	2006
Operating lease payments: Real estate	3,461	2,406
Operating lease payments: Vehicules	4,372	3,972
Total	**7,833**	**6,378**

21. Other payables and other current liabilities

(in € thousands)	2007	2006
Accrued taxes and personnel costs	34,162	27,128
Dividends payable	108	96
Customer prepayments	2,979	2,366
Other payables	**37,249**	**29,590**
Other	8,227	7,477
Deferred income	20,551	20,168
Miscellaneous current liabilities	4,939	4,568
Other current liabilities	**33,717**	**32,213**

The "Other" item primarily corresponds to a €4,445,000 loan granted to Econocom Expert International Holding BV by Econocom International NV.

Econocom International NV is a related party (see Note 38).

This item also includes commitments to purchase minority interests (see Note 36, Off-balance sheet commitments).

Deferred income relates to maintenance contracts, up-front billing and the IT Financial Services business (€16,285,000).

The International Phantom Share plan, which was set up in July 2005, provides each group employee with an entitlement to receive a bonus as of March 31, 2008, based on the Econocom Group share performance. If the average price of the Econocom Group share on the Euronext Brussels market reaches €12 during March 2008, and if the beneficiary employee is still a member of the group, he or she will receive a bonus calculated as follows:

(average price of the Econocom Group share during March 2008 – reference value of the Phantom shares) x number of Phantom shares granted.

Given the Econocom Group share price as of December 31, 2007 and the probability of the plan conditions being met, no provision had been booked in the consolidated accounts for amounts due under this plan on the balance sheet date.

22. Fair value of financial liabilities

In view of their short-term nature, the carrying value 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 December 31, 2007 can be analyzed as follows:

Balance sheet ref.	Note	Balance sheet heading	Financial liabilities at amortized cost	Carrying value
A-3 B-9	20	Current and non-current liabilities bearing interest	32,296	32,296
		Bank borrowings	*10,855*	*10,855*
		Finance lease liabilities	*8,720*	*8,720*
		Bank overdrafts	*128*	*128*
		Other borrowings	*12,593*	*12,593*
A-4		Non-current liabilities not bearing interest	1,343	1,343
B-12		Trade payables	115,277	115,277
B-12	21	Other payables	37,249	37,249
		Total	**186,165**	**186,165**

Based on available information, the carrying value of the group's financial liabilities is equal to their fair value.

23. Revenue from continuing operations

Revenue from continuing operations can be analyzed as follows:

(in € thousands)	2007	2006
Sales of goods	222,561	194,426
Finance leases	344,115	279,775
Sales of services	133,958	115,103
Other revenue from continuing operations	30	501
Total	**700,664**	**589,805**

In 2007, the group finalized its revenue recognition policy as regards extensions to : leasing contracts. Revenue from contract extensions is now recognized in line with the initial qualification of the lease contract, i.e.,

- if the initial contract is qualified as an operating lease, revenue from the contract extension will be deferred over the extension term,
- if the initial contract is qualified as a finance lease, revenue from the contract extension will be recognized in full on day 1 of the extension term.

This accounting policy has an impact of €2.9 million in revenue from continuing operations and €1.4 million in recurring operating profit.

24. Personnel costs

The following table presents a breakdown of personnel costs:

(in € thousands)	2007	2006
Wages and salaries	(75,144)	(56,209)
Payroll costs	(26,306)	(18,255)
Contributions to defined contribution supplementary pension plans	(1,287)	(1,188)
Provision expense for pension and other post-employment benefit obligations	(613)	(704)
Employee profit-sharing	(840)	(432)
Other	(3,063)	(3,265)
Total	**(107,253)**	**(80,053)**

Expenses relating to defined benefit pension plans only concern the group's French subsidiaries.
Further details about these plans are provided in Note 19.
Higher personnel costs in 2007 were mainly attributable to:

- changes in the scope of consolidation in an amount of €17.9 million;
- hirings during the period.

The impact of share-based payment plans can be analyzed as follows:

	2007	2006
Stock options	(389)	(241)
Phantom Shares		(19)
Total	**(389)**	**(260)**

Details of the group's stock option plans are presented in Note 17.3.1.
The Phantom Share plan is presented in Note 21.

25. External expenses

The following table presents a breakdown of external expenses:

(in € thousands)	2007	2006
External services (rent, maintenance, insurance, etc.)	(10,421)	(5,060)
Agents' commissions	(19,613)	(19,335)
Fees paid to intermediaries and other professionals	(14,741)	(11,657)
Other services and sundry goods (sub-contracting, public relations, transport, etc.)	(17,870)	(16,805)
Total	**(62,645)**	**(52,857)**

26. Depreciation, amortization and provisions for impairment

Depreciation, amortization and provisions for impairment can be analyzed as follows:

(in € thousands)	2007	2006
Intangible assets – Franchises, patents, licenses etc.	(675)	(685)
Property, plant and equipment – Finance leases	(1,851)	(2,795)
Other items of property, plant and equipment	(1,522)	(2,684)
Investment property	(11)	(28)
Inventories		355
Provision for operating contingencies and expenses	1,874	619
Net additions to depreciation, amortization and provisions for impairment	**(2,185)**	**(5,218)**

Additions to and reversals of restructuring provisions are included in operating profit.
Beginning in 2007, impairment losses booked on inventories are recorded under "Impairment losses on current assets, net".

The reversal of provision corresponds to the resolution of dispute during the period.

27. Impairment losses on current assets, net

The following table breaks out impairment losses on current assets by category.

(in € thousands)	2007	2006
Impairment of inventories	(197)	
Reversal of impairment of inventories	155	
Impairment losses on doubtful receivables	(3,320)	(1,773)
Reversal of impairment losses on doubtful receivables	844	3,292
Total	**(2,518)**	**1,519**

28. Other operating income and expenses

Other operating income and expenses can be broken down as follows:

(in € thousands)	2007	2006
Gains on sales of property, plant and equipment and intangible assets – recurring operating activities	9	74
Other recurring operating income	1,023	1,045
Other operating income	**1,032**	**1,119**
Losses on sales of property, plant and equipment and intangible assets – recurring operating activities	(13)	(19)
Losses on sales of trade receivables	(72)	(13)
Other recurring operating expenses	(457)	(399)
Other operating expenses	**(542)**	**(431)**
Total	**490**	**688**

29. Net financial expense, operating activities

The following table breaks out net financial expense from operating activities by type of income/expense:

	2007	2006
Financial income related to the leasing business	1,473	1,589
Income from current assets	490	655
Miscellaneous financial income from operating activities	782	284
Exchange gains	954	88
Total financial income from operating activities	**3,699**	**2,616**
Financial expenses related to the leasing business	(1,147)	(916)
Financial expenses related to bank overdrafts	(514)	(437)
Financial expenses related to factoring	(1,954)	(1,276)
Financial expenses related to miscellaneous operating activities	(402)	(423)
Exchange losses	(404)	(57)
Total financial expenses from operating activities	**(4,421)**	**(3,109)**
Net financial expense – operating activities	**(722)**	**(493)**

Net exchange gains/(losses) recorded in the income statement	2007	2006
USD	545	21
GBP	5	10
Total	**550**	**31**

30. Other non-recurring operating income and expenses

	2007	2006
Other operating expenses	(182)	(2,680)
Impairment of goodwill	(611)	
Liquidation expenses		(8)
Total other operating expenses	**(793)**	**(2,688)**
Other operating income	26	542
Release of provisions for non-current contingencies	102	176
Total other operating income	**128**	**718**
Total	**(665)**	**(1,970)**

The amount indicated for impairment of goodwill comprises the following:

- Impairment of goodwill for For Connected Services BV: €248,000
- Reclassification of a portion of the goodwill recorded on A2Z to deferred tax assets: €363,000

31. Other financial income and expense

(in € thousands)	2007	2006
Gains on disposal of financial assets	167	1
Reversal of impairment of financial assets		3
Other financial income	134	222
Financial income	**301**	**226**
Expenses on long-term liabilities	(500)	(225)
Other financial expense	(38)	(9)
Financial expense	**(538)**	**(234)**
Other financial income/(expense), net	**(237)**	**(8)**

32. Income taxes

32.1. Recognition of current and deferred taxes

32.1.1. Income statement

The group's income tax expense can be broken down as follows:

(in € thousands)	2007	2006
Current taxes	(6,138)	(4,918)
Deferred taxes	923	500
Income tax expense – continuing operations	**(5,215)**	**(4,418)**
Income taxes related to discontinued operations	-	-
Total income tax expense	**(5,215)**	**(4,418)**

32.1.2. Reconciliation of actual tax charge and theoretical tax charge

(in € thousands)	2007	2006
Profit before taxes including profit from discontinued operations	23,254	14,571
Total income tax expense	(5,215)	(4,418)
Effective tax rate	**22.43%**	**30.32%**

The following table provides a reconciliation between profit before tax and income tax expense:

(in € thousands)	2007	2006
Profit for the year	18,000	10,170
Minority interests	39	(7)
Total income tax expense	5,215	4,417
Profit before tax	**23,254**	**14,580**
Theoretical tax expense calculated at the Belgian standard tax rate (2007: 33.99%; 2006: 33.99%)	(7,904)	(4,956)
Tax proof:		
Permanent differences	(1,479)	(573)
Change in unrecognized deferred tax assets	2,627	(115)
Differences in tax rates (between the standard Belgian tax rate and the tax rates of foreign subsidiaries)	126	149
Adjustments to deferred taxes recognized in prior periods	276	254
Deferred tax assets related to tax loss carryforwards	1,173	983
Tax credits and other taxes	(34)	(160)
Actual income tax expense	**(5,215)**	**(4,418)**

Permanent differences mainly relate to the following items:

(in € thousands)	2007	2006
Goodwill and excess depreciation and amortization	(208)	140
Tax-exempt profit	(943)	-
Other non-taxable or non-deductible income and expenses	(328)	(713)
Total	**(1,479)**	**(573)**

32.2. Deferred tax assets and liabilities

32.2.1. Movements in deferred tax liabilities

(in € thousands)	2007	2006
As of January 1	**(2,742)**	**(1,718)**
Increase/(decrease)	54	(1,024)
Impacts of exchange rate fluctuations, changes in the scope of consolidation and reclassifications	(204)	-
As of December 31	**(2,892)**	**(2,742)**

32.2.2. Movements in deferred tax assets

(in € thousands)	2007	2006
As of January 1	**3,858**	**2,334**
(Increase)/decrease	869	1,524
Impacts of exchange rate fluctuations, changes in the scope of consolidation and reclassifications	1,196	-
As of December 31	**5,923**	**3,858**

32.2.3. Main sources of deferred tax assets and liabilities

	Assets		Liabilities		Net	
	12/31/07	12/31/06	12/31/07	12/31/06	12/31/07	12/31/06
Intangible assets	81	73	-	-	81	73
Property, plant and equipment	288	495	2,747	2,512	3,035	3,007
Inventories	86	-	(2)	70	84	70
Financial instruments	-	-	(23)	(88)	(23)	(88)
Other assets	851	235	(5,601)	(6,438)	(4,750)	(6,203)
Provisions	536	322	(492)	(444)	44	(122)
Other liabilities	(102)	28	479	1,679	377	1,707
Tax loss carry forwards	4,183	2,705	-	(33)	4,183	2,672
Deferred tax assets (liabilities), net	**5,923**	**3,858**	**(2,892)**	**(2,742)**	**3,031**	**1,116**
Deferred tax assets recognized in the balance sheet	5,923	3,858	-	-	5,923	3,858
Deferred tax liabilities recognized in the balance sheet	-	-	(2,892)	(2,742)	(2,892)	(2,742)
Net balance					**3,031**	**1,116**
Recoverable within 12 months	1,740	1,153	(2,892)	(2,742)	(1,152)	(1,589)
Recoverable beyond 12 months	4,183	2,705	-	-	4,183	2,705

32.2.4. Unrecognized deferred tax assets

At December 31, 2007 the group's tax loss carryforwards can be analyzed as follows by expiry date:

(in € thousands)	2007	2006
2008	-	267
2009	265	-
2010	536	-
Beyond	19,360	519
Evergreen tax loss carryforwards	42,264	65,172
Total	**62,425**	**65,958**

The group's unrecognized deferred tax assets at December 31, 2007 related to the following items:

	2007			
	Gross value	Total deferred tax assets	Recognized deferred tax assets	Unrecognized deferred tax assets
Tax loss carry forwards	62,425	20,104	4,165	15,939
Other tax credits	2,560	870	-	870
Total	**64,985**	**20,974**	**4,165**	**16,809**

Deferred tax assets are recognized if future taxable profit are probable. The application of this prudent accounting method in the financial statements of Econocom results in unrecognized deferred tax assets corresponding to taxloss carryforwards whose utilization is considered uncertain.

33. Earnings per share

Basic earnings per share	2007	2006
Operating profit (before tax, in € thousands)	23,785	14,495
Profit for the year (in € thousands)	18,000	10,170
Average number of shares outstanding	26,647,677	28,607,523
Operating profit (before tax) per share (in €)	**0.893**	**0.507**
Basic earnings per share (in €)	**0.677**	**0.355**

Diluted earnings per share	2007	2006
Diluted operating profit (before tax, in € thousands)	23,785	14,495
Diluted profit for the year (in € thousands)	18,000	10,170
Average number of shares outstanding	26,647,677	28,607,523
Impact of stock options	219,533	160,342
Diluted average number of shares outstanding	26,867,210	28,767,865
Diluted operating profit (before tax) per share (in €)	**0.885**	**0.504**
Diluted earnings per share (in €)	**0.671**	**0.354**

Earnings per share is calculated based on the weighted average number of ordinary shares outstanding during the year.

This average takes into account movements in the number of ordinary shares during the year, adjusted for changes in the number of treasury shares held.

Changes in treasury shares are analyzed in Note 17.3.2.

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 balance sheet date relating to the company's ordinary shares or dilutive potential ordinary shares that could have a material impact on the group's published earnings figures.

34. Notes to the consolidated cash flow statement

34.1. Definition of cash flows

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

No businesses were disposed of during the year.

Consolidated cash flows include cash and cash equivalents.

Year-over-year changes in cash and cash equivalents analyzed in the cash flow statement can be broken out as follows:

(in € thousands)	2007
Cash and cash equivalents at beginning of year	**76,616**
Change in cash and cash equivalents	15,361
Cash and cash equivalents at end of year	**61,255**

34.2. Impact of changes in scope of consolidation

The cash flow impact of Group acquisitions in 2007 was as follows:

(in € thousands)	Alliance Support Services	Kentron	Tecnolease	Non-material acquisitions	Total
Cash and cash equivalents acquired	1,884		153		2,037
Acquisition of non-current assets	2,412	26	615	465	3,518
Acquisition of current assets	14,158	506	4,404		19,068
Acquisition of minority interests	221				221
Acquisition of non-current liabilities	(700)		(204)		(904)
Acquisition of current liabilities	(21,057)	(404)	(4,174)		(25,635)
Net assets acquired (a)	(3,082)	128	794	465	(1,695)
Goodwill (b)	7,306	698	755	55	8,814
Cash out (a) + (b)	**4,224**	**826**	**1,549**	**520**	**7,119**
Cash and cash equivalents acquired	(1,884)		(153)		(2,037)
Net cash out	**2,340**	**826**	**1,396**	**520**	**5,082**

The acquisition of the B-to-B business of The Phone House France (€782,000) is shown in the consolidated cash flow statement under Acquisition of intangible assets.

Tecnolease, which was consolidated as of December 1, 2007, generated a consolidated net loss of €30,000 for the month of December.

Net cash outflows, excluding cash and cash equivalents acquired can be broken down as follows:

Acquirees (in € thousands)	**Acquisition date**	**% interest**	**Acquisition price**	**Acquisition-related costs**	**Total acquisition cost**
Alliance Support Services	02/28/2007	93.32%	4,224		4,224
Kentron	01/04/2007	100 %	800	26	826
Tecnolease	11/20/2007	100 %	1,450	99	1,549
Non-material acquisitions			520		520
Total			**6,994**	**125**	**7,119**

The cash flow impact of the disposal of group investments in 2007 was as follows:

(in € thousands)	**2007**
Cash in	230
Cash out	0
Net cash in	**230**

The cash flow impact of changes in the scope of consolidation in 2007 was as follows:

(in € thousands)	**2007**
Net cash out	(5,082)
Net cash in	230
Net cash flow impact of changes in the scope of consolidation	**4,852**

35. Risk management

35.1. Capital adequacy framework

Debt/equity ratio (2007: 39.46%; 2006: 26.31%)

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 20, and consolidated shareholders' equity on the balance sheet date.

The group seeks a level of gearing that maximizes value for shareholders while maintaining the financial flexibility required to implement its strategic projects.

35.2. 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.

35.2.1. Market risk

At the end of each year, Group management fixes the exchange and interest rates to be applied in the following year's budgeting process.

The group uses hedging instruments such as swaps to hedge its interest rate exposure. Derivative financial instruments are used purely for hedging and never for speculation purposes.

35.2.1.1 Foreign exchange risk

95% of the group's business takes place in the euro zone. Only the operations of the group's UK subsidiary and certain contracts denominated in foreign currencies are exposed to foreign exchange risk on the pound sterling and the US dollar. This exposure is limited by purchases and sales being denominated in the same currency. The Econocom Group does not hedge its exposure to foreign exchange risk as this is not deemed to be material.

35.2.1.2 Interest rate risk

The group's operating income and cash flows 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, 2007, the group's variable-rate debt comprises a five-year loan hedged by an interest rate swap and a short-term loan within the scope of a factoring agreement.

35.2.1.3 Price risk

Econocom Group SA/NV holds units in the MBO Capital venture capital fund. These assets are held for sale and the funds invested are not accessible. In the absence of any available marked-to-market valuation for the venture capital fund, it is measured at its value in use at the balance sheet date.

The group is also 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 future values at a large write-down using the statistical measurement method known as PAO 6.

The group regularly compares the assumptions used under this method with actual transactions.

35.2.1.4 Liquidity risk

The Finance Department ensures that the group has a constant flow of sufficient funding:

- by analyzing and updating consolidated cash flow requirements on a monthly basis;
- by negotiating sufficient lines of financing on an ongoing basis.

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:

2007 (in € thousands)	Carrying amount	< 1 year	Due in 1 to 5 years	> 5 years
Finance leases – real estate	3,723	183	1,053	2,487
Financial residual value	3,062	822	2,240	
Other finance lease liabilities	1,935	780	1,155	
Bank borrowings	10,855	3,150	7,705	
Trade and other payables	152,526	152,526		
Factoring	9,939	9,939		
Other financial liabilities	3,388	2,782	606	
Total	**185,428**	**170,182**	**12,759**	**2,487**

2006 (in € thousands)	Carrying amount	< 1 year	Due in 1 to 5 years	> 5 years
Finance leases – real estate	3,949	199	697	3,053
Financial residual value	3,543	705	2,838	
Other finance lease liabilities	1,148	353	795	
Bank borrowings	16	16		
Trade and other payables	149,843	149,843		
Factoring	10,630	10,630		
Other financial liabilities	3,956	3,876	80	
Total	**173,085**	**165,622**	**4,410**	**3,053**

Lines of liquidity

The group has unused lines of liquidity totaling €3 million with maturities of between one and five years.

35.2.2. 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.

The group only invests with first-rate counterparties thus limiting its counterparty risk exposure.

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 carried in its financial assets (Note 16).

Aged balance of receivables past due but not impaired

2007 (in € thousands)	Carrying amount	Receivables not past due	Receivables past due: Total	Receivables past due: < 60 days	Receivables past due: Between 60 and 90 days	Receivables past due: > 90 days
Refinancing institutions (1)	50,063	1,009	49,054	47,034	662	1,358
Other receivables (2)	120,296	91,402	28,894	18,022	1,863	9,009
Impairment losses on doubtful debts	(6,259)		(6,259)			(6,259)
Trade receivables and other debtors, net	**164,100**	**92,411**	**71,689**	**65,056**	**2,525**	**4,108**

(1) Refinancing institutions correspond to financial institutions which are bank subsidiaries. The significant amount recorded under receivables due as of December 31, 2007 is attributable to high levels of business in December for the IT Financial Services business, short settlement periods and the end of year holiday period. The bulk of these past due amounts are usually paid in the first two weeks of January.

(2) Other receivables: the carrying amount is impacted by factored receivables removed from the balance sheet (€25,593,000).

The structure of the aged receivables balance at year end was similar to one year prior.

35.2.3. Equity risk

The group does not hold any unlisted or listed shares apart from treasury shares.

As the 30,630 treasury shares held by the Econocom Group as of December 31, 2007 are deducted from shareholders' equity in the consolidated financial statements it is not necessary to compare their carrying amount to their actual market value.

The group is exposed to a non-material equity risk in view of the carrying amount of its treasury shares.

35.3. Operating risk management policy

35.3.1. 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 the 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.

35.3.2. Dependency risk

The Econocom Group continually strives to broaden its client portfolio as part of its development strategy to gain market share. None of the group's clients account for over 5% of total 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.

35.3.3. Competitive risk

The IT services market is extremely competitive, and has been for a long time. 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.

35.3.4. Legal risks

The group operates as a service provider in various Western 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.

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 the Econocom Group's financial position, assets, business or the results of its operations as of December 31, 2007 are presented in Note 40.

Liabilities are recognized in line with current accounting practices (see Note 1.20).

Provisions for claims and litigation are described in Note 18.

35.3.5. Employee-related risks

As far as 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 and Belgian subsidiaries.

35.3.6. Environmental risks

The Econocom Group does not destroy the machines purchased from refinancing institutions at the term of the related contracts. The machines are sold to brokers who are responsible for managing the applicable end-of-life procedures and have provided the group with guarantees that they respect the related regulations.

35.3.7. Insurance 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.

35.3.8. Pledges, guarantees and collateral provided for borrowings

The group has not provided real security interest for material amounts as collateral for borrowings or financial liabilities. The amount of pledged and mortgaged assets is disclosed in Note 36.

35.4. Sensitivity analysis

Using data published in 2007, the group conducted sensitivity analyses in order to measure the impact on profit before tax and non-recurring items of a change in the pound sterling/euro or US dollar/euro exchange rate, or a change in interest rates.

The sensitivity analysis shows that a 5% fluctuation in the pound sterling/euro exchange rate would not have a material impact on profit before tax and non-recurring items.

The group has entered into 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 do materially impact profit or non-recurring items.

As regards interest rates, the sensitivity analysis shows that a 1% (100 base point) change in short-term interest rates would impact profit before tax and non-recurring items to the tune of +/- €0.5 million.

36. Off balance sheet commitments

36.1. Commitments to purchase shares (see Note 6 for details concerning goodwill)

Econocom GmbH: put option granted on the 20% interest held by local managers

The German subsidiary Econocom GmbH is 20%-owned by its local managers while Econocom Group SA/NV owns the remaining 80% of its capital.

Econocom Group SA/NV has a call option on the total amount of the capital held by each manager and has also granted each manager a put option on their 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 balance sheet 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, 2007.

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.

These options may be exercised at any time once the Board of Directors of Alliance Support Services has signed off on the company's financial statements for 2007. The share sale price will be based, inter alia, on revenue and profitability objectives for 2005, 2006 and 2007.

Based on the company's results for 2007, a liability of €135,000 was recognized in the 2007 consolidated financial statements.

36.2. Commitments to pay additional purchase consideration (see Note 6 for details concerning goodwill)

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, the methods for calculating the earn-out entitlements for two of the three former Synopse shareholders were reviewed. The third shareholder, who held only a symbolic stake in Synopse, decided to settle its earn-out entitlement and its 46 shares were acquired for an amount of €16,000.

An addendum to the original share sale agreement was signed on January 23, 2007, with the other two shareholders that amended the formula used to calculate the additional purchase consideration.

Under this amendment, 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. The acquisition price shall not be less than €393,867.

Based on 2007 results, budgeted results for 2008 and forecast results for 2009-2010, the earn-out entitlements of the two former shareholders will be less than the minimum amount of €393,867; i.e., the amount recognized at the time of the acquisition in 2003.

Kentron SAS

Kentron SAS is specialized 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.

Additional purchase consideration shall not be less than €200,000 provided that Kentron's former owner-manager has not resigned or been dismissed for gross or serious misconduct before December 31, 2009.

Having analyzed the past, present and future situation, as of December 31, 2007 the group considered that it should wait for confirmation that the combined companies' profit figures for 2007 represent an overall upward trend before setting aside a provision for additional purchase consideration in excess of the minimum agreed amount of €200,000 already recognized in 2007.

Alliance Support Services

On February 28, 2007, Econocom Products and Solutions SAS (France) acquired a 93.32% interest in Alliance Support Services. The acquisition price may increase or decrease depending on the difference between the final profit figure for 2007 as per the parent company financial statements and forecast profit for 2007 estimated at the time of the acquisition.

As Alliance Support Services' 2007 profit was higher than forecast, the buyer, Econocom Products and Solutions SAS, must pay additional purchase consideration of €113,900 payable on January 31, 2009 in line with contractually agreed payment conditions. This amount was set aside in the Econocom Group's consolidated financial statements as of December 31, 2007.

For Connected Services

On August 8, 2005, Econocom Telecom Services SA acquired the entire capital of Econocom Telecom BV (formerly known as For Connected Services), a Dutch company specializing in Data Mobile services. The purchase price for this company may include additional purchase consideration.

The total purchase price shall not be lower than €175,000 and shall not exceed €2,000,000. Only the minimum purchase price of €175,000 was taken into account in the 2005 consolidated financial statements.

Econocom Telecom BV merged with Econocom Products Services BV, a Dutch company specialized in corporate IT services in order to create synergies and market similar offerings in the corporate IT and telecom sector.

Consequently, the additional purchase consideration payable for Econocom Telecom BV will be based on the aggregate results of Econocom Telecom BV and Econocom Products Services, i.e., the average combined operating profit of the merged entity between January 1, 2006 and December 31, 2009.

Based on 2006 and 2007 results, the 2008 budget and the 2009 forecast, the additional purchase consideration payable to the former shareholders will be less than the minimum payment of €175,000.

The contingent liability represented by this commitment which falls due in 2009 is therefore estimated at €175,000. This amount has already been recorded in the financial statements.

36.3. Commitment to invest in a venture capital fund

MBO Capital venture capital fund

Since October 2002, Econocom Group has invested €4,674,000 in the MBO Capital venture capital fund and has irrevocably committed capital of up to €5,000,000 to the fund.

This represents a 10-year unsecured investment, which offers expected returns exceeding the risk-free rate.

Funds are not accessible until the end of the term and further disbursements can be called for until March 2008. As of December 31, 2007, the uncalled balance stood at €326,000.

In 2006, in the absence of any available marked-to-market valuation the venture capital fund was measured at its fair value in use on the balance sheet date in accordance with IAS 32-39, Financial instruments, i.e., €4.9 million.

36.4. Guarantees

(in € thousands)

Mortgages	
Carrying amount of buildings pledged as collateral	1,041
Collateral value	3,332
Guarantees given	**22,524**
Carrying amount of assets pledged by certain subsidiaries as guarantees for factors	3,710
Securities pledged	4,106
Guarantees given (amounts authorized) by Econocom Group to third parties (banks and/or suppliers) on behalf of subsidiaries	28,933
Sellers' warranties	**200**
Granted to the acquirers of the following companies:	
Econocom Services BV by Econocom Nederland BV, valid until June 28, 2008	200

36.5. Finance lease commitments

(in € thousands)

Guarantees with respect to future lease payments (lease on the Belgian head office)	3,750

36.6. Commitments to acquire property, plant and equipment

(in € thousands)

Lease contracts signed in prior years, for delivery in 2007 and subsequent years	19,983

36.7. Commitments to sell property, plant and equipment

(in € thousands)

Lease contracts signed in prior years, for delivery in 2007 and subsequent years	19,983

36.8. Commitments received: deposits and guarantees

(in € thousands)

Guarantees payable on first call and pledges	975

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 2007	Total 2006
Commitments given:					
Mortgages	1,640	1,692		3,332	3,332
Assets pledged as guarantees for factors	3,710			3,710	2,996
Securities pledged		4,106		4,106	
Assets pledged as guarantees for third parties	200	28,933		29,133	14,752
Finance leases	210	963	2,577	3,750	3,949
Property, plant and equipment	15,238	4,255	490	19,983	21,338
Commitments received:					
Guarantees and pledges		975		975	1,024

37. Contingent liabilities

At the end of December 2007, legal proceedings were instituted against one of the group's subsidiaries involving a large sum. The group is not disclosing details of these proceedings so as not to prejudice the outcome of the case, however, it considers that adequate provisions have been set aside in the accounts.

38. Related-party transactions

38.1. Management remuneration

	2007	2006
Remuneration allocated to non-executive directors (including attendance fees)	**57,000**	**56,500**
Remuneration allocated to executive directors	**1,152,148**	**793,592**
Remuneration allocated to the Management Committee (excluding directors)	**1,255,385**	**1,849,822**
Stock options held by members of Econocom's administrative and management bodies		
Number of stock options outstanding as of December 31	600,000	790,000

Moreover, within the scope of the sale of shares in Alliance Support Services and Econocom GmbH to local managers, the group granted loans backed by pledges on the shares in question. These loans bear interest at market rates.

As of December 31, 2007, the outstanding balance on these loans came to €228,000.

Interest paid on these loans in 2007 amounted to €8,000.

38.2. 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	
	2007	2006	2007	2006	2007	2006	2007	2006
Econocom International NV	10	7	(1,159)	(577)			6,665	4,466
SCI Pergolèse	12				411	384	267	
Audevard	3	1			5	1		
Total	**25**	**8**	**(1,159)**	**(577)**	**416**	**385**	**6,932**	**4,466**

Econocom International NV is an unlisted holding company which has a 49.16% stake in Econocom Group SA/NV.

SCI Pergolèse holds 2.59% of Econocom Group SA/NV's capital.

In 2007, Econocom International NV sold 93.32 % of the capital of Alliance Support Services SA to Econocom Products and Solutions SAS, a French subsidiary owned by Econocom Group SA/NV.
The sale price of €4.2 million will be paid as follows:

- in 2007 €2 million
- in 2008 €1.5 million
- in 2009 €0.7 million

The payment for 2007 has already been made. The amounts due in 2008 and 2009 have been booked in current and non-current liabilities bearing interest in the consolidated balance sheet at December 31, 2007.

39. Subsequent events

No significant events have taken place since December 31, 2007.

40. Assessment made by management and sources of uncertainty

The main areas in which judgment was exercised by Management were as follows:

• Decisions regarding goodwill impairment: the methodology applied factors in future cash flows and assumptions concerning growth and interest rates. The two main acquisitions concerned are A2Z and Signal Service.

• 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, as well as the probability of managers achieving their objectives (see Note 17-3-1).

• Assessment of the probability of recovering the tax loss carryforwards of the group's subsidiaries.

• Determining the risk of non-recovery of the lease payments due on self-financed contracts in France: as Econocom generally puts in place non-recourse refinancing for its contracts, the group has no historical statistics relating to the non-recovery of such payments. In addition, no non-payment incidents have arisen in the recent past. As a result, provisions have been recognized on the basis of a risk assessment. These provisions are reviewed at least every six months taking into account any changes in the situation of the clients and contracts concerned.

• In addition, as part of the normal course of its operations, the group is subject to various claims and disputes. In order to mitigate the future impact of such proceedings on its assets, financial position or business, Econocom sets aside provisions estimated on the basis of available information.

Report of the Statutory Auditors on the consolidated financial statements for the year ended December 31, 2007

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 2007

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 2007, 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 consolidated balance sheet as of 31 December 2007 and the consolidated statements of 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 consolidated balance sheet amounts to EUR (000) 315.774 and the consolidated statement of income shows a profit for the year, group share, of EUR (000) 18.000.

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 2007 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.

Brussels, 16 April 2008

The statutory auditor
PricewaterhouseCoopers Reviseurs d'Entreprises / Bedrijfsrevisoren
represented by

E. Attout

Emmanuèle Attout
Réviseur d'Entreprises / Bedrijfsrevisor

PricewaterhouseCoopers Reviseurs d'Entreprises société civile coopérative à responsabilité limitée
PricewaterhouseCoopers Bedrijfsrevisoren burgerlijke coöperatieve vennootschap met beperkte aansprakelijkheid
Siège social / Maatschappelijke zetel: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
Registre des personnes morales/Rechtspersonenregister: 0429501944 / Bruxelles-Brussel/ TVA/BTW BE 429.501.944 / ING 310-1381195-01

Condensed parent company financial statements*

for the year ended December 31, 2007

The parent company financial statements

Income statement

Balance sheet

Cash flow statement

* The parent company financial statements have been 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 option in relation to the annual financial statements of Econocom Group SA/NV.

Parent company income statement

As of December 31, 2007

Expenses (in € thousands)	2007	2006
II. Cost of sales	**10,373**	**10,456**
A. Materials and goods	0	80
B. Services and miscellaneous goods	6,736	6,807
C. Personnel costs (incl. social security charges) and pensions	2,742	3,170
D. Amortization/depreciation and impairment of start-up costs, property, plant and equipment and intangible assets	298	296
E. Impairment of inventories, work in-progress and trade receivables (increases +, releases -)	33	22
F. Provisions for contingencies and charges (increases +, releases -)	(80)	71
G. Other operating expenses	644	10
V. Financial expense	**1,826**	**1,402**
A. Interest expense	856	487
B. Impairment of current assets other than those referred to in II E (increases +, releases -)	597	
C. Other financial expense	373	915
VIII. Exceptional expenses	**506**	**4,614**
B. Impairment of long-term investments	500	4,602
C. Provisions for contingencies and charges (increases +, releases -)		
D. Losses on disposal of fixed assets	6	12
E. Other exceptional expense		
X.A. Income tax	**20**	**(8)**
XI. Profit for the year	**50,070**	**25,495**
Total	**62,795**	**41,959**

Income (in € thousands)	2007	2006
I. Sales of services	**10,548**	**9,558**
A. Revenue	8,221	7,363
D. Other operating income	2,327	2,195
IV. Financial income	**52,152**	**12,527**
A. Income from long-term investments	51,656	12,112
B. Income from current assets	487	324
C. Other financial income	9	91
VII. Exceptional income	**89**	**19,874**
B. Reversals of impairment of long-term investments	70	
D. Gains on disposal of fixed assets	19	19,874
E. Other exceptional income		
X. Tax adjustments and reversals of tax provisions	**6**	**0**
Total	**62,795**	**41,959**
Appropriation of profit		
A. Total profit available for distribution	75,598	36,085
1. Profit for the year	*50,070*	*25,495*
2. Retained earnings	*25,528*	*10,590*
C. Appropriation to equity	(18,163)	(4,757)
2. Legal reserve		
3. Other reserves	*(18,163)*	*(4,757)*
D. Appropriation to retained earnings	(51,243)	(25,528)
1. Amount carried forward	*(51,243)*	*(25,528)*
F. Profit available for distribution	(6,192)	(5,800)
1. Dividends	*(6,192)*	*(5,800)*

Parent company balance sheet

As of December 31, 2007

Assets (in € thousands)	Dec. 31, 2007	Dec. 31, 2006
Fixed assets	**151,118**	**99,701**
II. Intangible assets	**36**	**206**
III. Property, plant and equipment	**709**	**712**
A. Land and buildings	489	514
B. Plant and equipment, fixtures and fittings	197	175
E. Other property, plant and equipment	23	23
IV. Long-term investments	**150,373**	**98,783**
A. Related parties	147,851	95,079
1. Shares	117,312	39,098
2. Receivables	30,539	55,981
C. Other long-term investments	2,522	3,704
1. Shares	2,521	3,694
2. Receivables and cash guarantees	1	10
Current assets	**7,415**	**30,463**
VI. Inventories and work in-progress	**80**	**55**
A. Inventories	80	55
VII. Receivables due within 1 year	**3,249**	**7,987**
A. Trade receivables	922	841
B. Other receivables	2,327	7,146
IX. Short-term investments	**221**	**18,015**
A. Treasury stock	221	5,015
B. Other investments	0	13,000
X. Cash and cash equivalents	**3,788**	**4,329**
XI. Accruals and other assets	**77**	**77**
Total assets	**158,533**	**130,164**

Equity and liabilities (in € thousands)	Dec. 31, 2007	Dec. 31, 2006
Equity	**127,239**	**106,318**
I. Share capital	**16,181**	**16,181**
A. Subscribed capital	16,181	16,181
II. Additional paid-in capital	**55,038**	**55,038**
III. Revaluation reserve	**2,520**	**2,520**
IV. Other reserves	**2,257**	**7,051**
A. Legal reserve	1,618	1,618
B. Unavailable reserves	221	5,015
1. For treasury stock	221	5,015
D. Available reserves	418	418
V. Retained earnings	**51,243**	**25,528**
Provisions and deferred taxes	**145**	**226**
VII. A. Provisions for contingencies and charges	**145**	**226**
4. Other contingencies and charges	145	226
Liabilities	**31,149**	**23,620**
IX. Short-term liabilities due within 1 year	**30,605**	**23,346**
A. Current portion of long-term liabilities		
B. Borrowings	21,164	15,372
1. Bank borrowings	0	615
2. Other borrowings	21,164	14,757
C. Trade payables	2,135	1,586
1. Amounts due to suppliers	2,135	1,586
E. Accrued taxes and personnel costs	445	492
1. Taxes	20	6
2. Personnel costs (incl. social security charges)	425	486
F. Other liabilities	6,861	5,896
XII. Accruals and other liabilities	**544**	**274**
Total equity and liabilities	**158,533**	**130,164**

Parent company cash flow statement

(in € thousands)	2007	2006
Profit for the year	50,070	25,495
Income tax expense	14	(8)
Depreciation, amortization and impairment	1,358	4,931
Change in provisions	(81)	72
Gains/losses on disposals of long-term investments	(19)	(19,861)
Dividends received from investments	(48,450)	(10,350)
Interest received on financial receivables due in more than 1 year	(3,198)	(1,762)
Gains/losses on sales of treasury shares	267	859
Operating cash flow (a)	**(39)**	**(624)**
Change in receivables due within 1 year	(1,151)	(3,258)
Change in other current assets	(58)	(30)
Change in trade payables	550	(149)
Change in accrued taxes and personnel costs due within 1 year	(47)	(341)
Change in other current liabilities	830	76
Change in working capital (b)	**124**	**(3,702)**
Income tax expense (c)	(14)	8
Net cash provided by/(used) in operating activities (a+b+c) = d	**71**	**(4,318)**
Cash flows from investing activities		
Acquisition of property, plant and equipment and intangible assets for internal use	(126)	(235)
Disposal of property, plant and equipment and intangible assets for internal use		131
Acquisition of investments	(2,325)	(903)
Disposal of investments	230	23,020
Acquisition of financial receivables due in more than 1 year	(3,742)	(24,578)
Repayment of financial receivables due in more than 1 year	6,247	8,049
Acquisition of other long-term investments	9	(1,499)
Disposal of other long-term investments	1,173	864
Dividends received from investments	150	10,350
Interest received on financial receivables due in more than 1 year	3,198	1,762
Net cash provided by investing activities (e)	**4,814**	**16,961**
Cash flows from financing activities		
Change in financial liabilities due within 1 year	5,792	1,344
Acquisition of treasury stock	(19,291)	(7,648)
Disposal of treasury stock	357	2,032
Dividends paid during the year	(5,284)	(4,550)
Net cash used in financing activities (f)	**(18,426)**	**(8,822)**
Change in cash and cash equivalents (d+e+f)	**(13,541)**	**3,821**

Information about the company

1. General information

- Company name: Econocom Group SA/NV
- Registered office: Clos du Parnasse 13 AB – 1050 Brussels (Ixelles). The registered office may be transferred to any other location in Belgium upon decision of the Board of Directors.
- 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 (no. 820-11).

Econocom Group SA/NV is a company that publicly raises, or has publicly raised, capital under the terms of company law.

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 Clos du Parnasse 13 AB - 1050 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 specialized offering in the management of corporate distributed infrastructures;

• Dual skills in IT services and telecommunications;

• Independence from IT equipment manufacturers and financial companies;

• Presence in eight European countries.

Comprehensive offering

Econocom is currently the only independent player 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 four new offerings allow companies to optimize and control the entire lifecycle of their IT and telecommunications resources, including their:

• IT and telecommunications fleets;

• printers;

• procurement lead times and costs.

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.

European presence

Econocom's substantial presence in Europe over the last 25 years has contributed to its international culture and the breadth of its expertise. Thanks to this operating footprint, Econocom is able to effectively serve international clients seeking a partner to meet their needs.

Main competitors

None of Econocom's competitors has as large a product and service offering in as many countries. The main competitors in each of its businesses are as follows:

• Managed Services: Cap Gemini, Atos, Steria, EDS, Unilog (Logica-CMG group), and GFI, which have an international presence but do not offer distribution or flexible leasing services. However, many service companies develop application software (accounting, inventory management, sales management, etc.), which is not part of Econocom's current offering.

• Products and Solutions: Systemat and Dolmen (Belgium and Luxemburg), Computacenter (France, Belgium, Germany and the United Kingdom), and SCC (France and the United Kingdom).

• IT Financial Services: the financial subsidiaries of manufacturers such as IBM, HP and Dell, and banks' leasing subsidiaries (ECS and Arius) do not offer the same degree of independence or IT specialization as Econocom. Companies such as EMG (Belgium) and CHG (Germany) do not have a comparable geographical coverage, and do not carry out distribution and/or service activities.

• Telecom Services: Econocom has few competitors in the telecommunications field. Nevertheless, the various market players have come to understand the importance of developing a service offering in this sector. Certain mobile telephone operators have acquired computer services firms specialized in network integration, such as Belgacom with Telindus. The major IT services companies such as CSC, EDS and Cap Gemini already have specific outsourced telephone service 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 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 over the last quarter-century.

Recruitment

As a group specializing in IT and telecommunications services, Econocom's ability to attract and retain talented new employees is paramount to its success.

With an eye on its development and expansion program, the group places considerable importance on recruitment and career development.

It has specialized recruitment units in each country and in its largest subsidiaries.

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, and Share.

In step with its growth and its clients' changing needs, the group recruited 250 new top-level technical employees in 2007, in particular systems and network engineers and administrators, micro technicians and consultants.

To boost its expansion and sharpen its competitive edge, the group also concentrated on strengthening its sales and after-sales teams, especially within its IT Financial Services and Telecom Services businesses. At the end of 2007, the group had a 350-strong sales and marketing team.

Econocom's growth is taking place against the backdrop of 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 programs. 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 in 2007.

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, 2007, the Econocom Group had 2,307 employees.

Recent developments and outlook

The Econocom Group's development strategy combines both organic and external growth objectives.

1. Principal investments

As well as recruiting new sales agents, engineers and technicians, Econocom Group SA/NV carries out external growth transactions each year in order to acquire specific skills or step up its expansion. The group's main investments over the last three years were as follows:

2005

During 2005, in accordance with the objectives of its 2003-2007 Share Five strategic plan, the Econocom Group continued to focus on its key businesses and strategic markets, and to expand in the area of B-to-B telecommunications services, which it views as a new avenue for growth.

To this end it sold its 33% interest in Ace Computer LLC in the US (Products and Solutions), as well as its Switzerland-based Financial Services subsidiary.

At the same time, the group carried out the following external growth transactions in the telecommunications services market:

- In August, the group extended its presence from France and Belgium to the Netherlands, acquiring For Connected, a company specialized in data mobility services. This acquisition rounded out the data mobility offering already provided by the group's French and Belgian subsidiaries.
- In October, the group acquired the B-to-B business of JCA, a mobile services operator with a strong position in southwest France, thereby reinforcing Econocom's coverage of the French market for cellular fleet management.

In August 2005, the Econocom Group acquired A2Z Holding. This company has developed a vanguard approach to IT and telecom solutions for SMEs, providing comprehensive services for managing workstations and telecommunications resources, which it bills on a monthly cost per user basis.

The acquisitions carried out in 2005 represented a total investment of some €5 million (including current account advances) for Econocom Group SA/NV.

2006

In 2006, the group pursued its strategy of expanding in the telecom services business through the following transactions:

• The purchase of the B-to-B business of Avenir Telecom, a major player in France's mobile telephony market. This transaction enabled the group to bolster Econocom Telecom Services' business of distributing and managing mobile telephony fleets, and to extend its sales and marketing presence to the southeast of France.

• Econocom also increased its stake in Belgium-based Econocom Telecom Services (formerly CHanSE), from 74.57% to 96.68%.

Also during the year, Econocom Group SA/NV acquired a 35% stake in the German company Econocom Albis, increasing its interest to 100%. Econocom Albis specializes in administrative and financial management services.

These acquisitions represented an aggregate investment of some €2 million.

Lastly, in order to concentrate its managerial and financial resources on its strategic businesses, the group sold its interest in the Dutch company Econocom Services BV. Specialized in mainframe services, this company was no longer part of the Econocom Group's core business.

2007

The group carried out four acquisitions in 2007, with the aim of strengthening its skills base and stepping up its growth in the IT services and telecommunications field in France, as well as in asset management services (IT Financial Services business) in Italy.

In the first six months of 2007, the group acquired:

• 93.32% of Alliance Support Services, one of France's leading third-party IT maintenance players generating revenue of €34 million in 2007. With around thirty technical centers throughout France, Alliance Support Services will considerably boost Econocom's French IT and telecommunications offering.

• The French consulting company Kentron. The link-up between Kentron and Synopse (acquired in 2003) has strengthened the group's domination in the area of ITIL consulting (optimization of IT information technology service management). Thanks to this acquisition, Econocom now has 35 specialist consultants in this domain in France, along with some 30 consultants in Benelux.

• The B-to-B operations of The Phone House, through which Econocom has accelerated its diversification into corporate telecom services. At the end of 2007, the group was managing almost 100,000 fixed and mobile lines under its facility management business in France and Benelux.

In the last quarter of 2007, the group also acquired Italian company Tecnolease, active in IT asset leasing and management, thus enhancing its growth in one of its five strategic markets and consolidating its number two position in Italy.

Finally, Econocom increased its interest in Belgian company Econocom Telecom Services (formerly CHanSE) from 96.68% to 100% and sold 20% of its German subsidiary Econocom GmbH to the company's local managers.

These acquisitions represented an aggregate investment of some €11 million.

Until recently, most of the group's acquisitions had been equity-financed. However, in 2007 the group borrowed €10 million through its subsidiary Econocom Products and Solutions, which in 2007 acquired Alliance Support Services and the B-to-B operations of The Phone House.

2. Changes in capital

As of December 31, 2007, the Company's share capital stood at €16,180,922.08 and was composed of 25,800,000 ordinary shares with no stated par value, held in registered, bearer or dematerialized 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 the Econocom Group's Board of Directors amended the Company's bylaws to inform holders of Econocom Group bearer shares that they have until January 1, 2014 to convert such shares into dematerialized shares through registration in a share account. Bearer shares registered in a share account as of December 31, 2007, automatically became dematerialized shares on January 1, 2008.

As of December 31, 2007, authorized unissued capital stood at €15,894,722.08.

Changes in the Company's capital since 2002 correspond to capital increases carried out for the purpose of allocating shares on the exercise of employee stock options.

In 2007, Econocom Group SA/NV cancelled 2,200,000 shares pursuant to a decision of the Ordinary General Meeting of May 15, 2007. It also cancelled 1,000,000 shares pursuant to a decision of the Extraordinary General Meeting of December 20, 2007.

The cancellation of shares in 2002, 2004, 2005 and 2007 had no impact on share capital.

Changes in the Company's share capital and number of shares since January 1, 2002 are summarized 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
12/31/2007						**25,800,000**	**16,180,922.08**

At the Extraordinary General Meeting of May 17, 2005, the shareholders renewed, for a five-year period, the authorization given to the Board of Directors to increase the Company's capital on one or several occasions, by a maximum amount of €16,037,822.08.

Pursuant to its policy relating to treasury shares, Econocom Group SA/NV and its subsidiaries held 30,630 Econocom Group SA/NV shares as of December 31, 2007, representing 0.12% of the total number of shares in issue.

3. Outlook

The Econocom Group is planning to continue its policy of organic and external growth and its expansion into the IT mobility market, within the context of its new 5-year strategic plan: Horizon 2012. In 2008, Group Management will work to consolidate the impressive sales and financial performances recorded in 2007.

10-year consolidated highlights

(in € millions)	BELGIAN GAAP						IFRS			
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Balance sheet										
Fixed assets (excl. goodwill)	16.36	24.89	47.29	47.76	124.42	74.01	39.19	34.20	31.02	31.23
Goodwill	12.00	10.52	8.92	7.68	10.35	7.68	10.62	14.66	16.56	25.54
Current assets (excl. cash and cash equivalents and short-term investments)	71.02	77.54	181.59	171.01	182.11	152.71	183.3	167.86	180.77	197.75
Short-term investments	24.44	46.09	53.64	57.46	71.50	102.27	60.05	60.07	76.62	61.25
Total assets	**123.82**	**159.04**	**291.44**	**283.91**	**388.39**	**336.67**	**293.16**	**276.79**	**304.96**	**315.77**
Equity attributable to shareholders of the parent company	27.24	57.01	74.28	84.48	87.27	72.80	83.18	87.69	88.23	83.20
Minority interests	0	0	0	0.40	0.55	0.76	0.35	0.36	0.11	0.17
Provisions	6.50	8.36	11.10	11.18	28.27	30.44	13.28	6.20	5.22	4.08
Borrowings	12.27	16.14	23.43	17.08	20.12	21.19	16.79	17.84	23.24	32.90
Other liabilities	77.81	77.53	182.63	170.77	252.19	211.48	179.56	164.70	188.16	195.42
Total equity and liabilities	**123.82**	**159.04**	**291.44**	**283.91**	**388.39**	**336.67**	**293.16**	**276.79**	**304.96**	**315.77**
Income statement										
Consolidated sales of products and services	413.36	630.77	730.15	968.99	976.59	1,041.74	602.39	550.94	589.81	700.66
Profit from ordinary activities before amortization of goodwill	7.93	12.24	17.27	21.68	22.13	11.94	-	-	-	-
Operating profit							17.83	18.99	14.50	23.79
Profit before tax	6.22	9.75	14.47	18.06	19.37	8.94	17.61	19.03	14.49	23.55
Profit/(loss) before amortization of goodwill	5.85	8.92	11.85	19.49	13.22	(4.48)	-	-	-	-
Profit/(loss) for the year	4.14	6.43	9.05	15.86	10.47	(7.48)	13.43	14.18	10.17	18.00
Cash-flow [a]	9.07	14.48	15.22	26.11	32.50	22.57	8.16	21.99	20.19	32.05
Return on equity [b]	23%	17%	19%	21%	22%	12%	21%	22%	16%	28%
Breakdown of revenue by business										
Products and Solutions	116	192	300	418	308	242	203	191	188	190
Managed Services	37	56	87	123	119	149	100	111	100	134
IT Financial Services	259	380	338	424	545	647	299	248	280	344
Telecom Services									22	33
Total	**412**	**628**	**725**	**965**	**972**	**1,038**	**602**	**550**	**590**	**701**
Breakdown of revenue by geographical region										
Belgium and Luxemburg	168	202	213	215	209	207	165	173	174	204
Netherlands and Germany	51	156	87	153	198	232	78	69	68	70
France	99	160	307	464	463	514	286	264	302	352
UK	30	27	23	29	18	9	8	9	5	7
Switzerland	43	58	58	36	21	22	-	-	-	-
Spain	11	11	9	13	20	38	17	13	20	30
USA	10	14	28	55	39	12	31	-	-	-
Italy	-	-	-	-	4	4	17	22	21	38
Total	**412**	**628**	**725**	**965**	**972**	**1,038**	**602**	**550**	**590**	**701**

(a) Consolidated cash flow corresponds to profit/(loss) for the year + amortization/depreciation and impairment (of non-current assets, inventories and receivables) + provisions for contingencies and charges + amortization of goodwill (ordinary and exceptional) + exceptional impairment, provision charges and reversals – debt waivers (in 1994 and 1995).
(b) Return on equity corresponds to profit from ordinary activities before tax/equity as of December 31.

10-year consolidated highlights

(in € millions)	BELGIAN GAAP						IFRS			
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Number of shares (as of December 31)										
Ordinary shares	25,359,888	28,192,176	32,422,892	32,596,420	31,500,000	31,500,000	30,000,000	29,000,000	29,000,000	25,800,000
AFV (preferred shares)	0	0	0	0	0	0	0	0	0	0
Total	25,359,888	28,192,176	32,422,892	32,596,420	31,500,000	31,500,000	30,000,000	29,000,000	29,000,000	25,800,000
Free float	31.05%	42.54%	49.21%	46.34%	44.70%	45.01%	43.19%	43.13%	40.15%	41.91%
Per share data (in €)										
Net dividend (on ordinary shares)	0.028	0.038	0.053	0.075	0.075	0.075	0.112	0.12	0.15	0.18
Gross dividend (on ordinary shares)	0.038	0.05	0.07	0.10	0.10	0.10	0.15	0.16	0.20	0.24
Payout rate (c)	15%	14%	16%	22%	22%	41%	33%	33%	58%	34%
Profit from ordinary activities before amortization of goodwill	0.313	0.435	0.535	0.65	0.70	0.38	-	-	-	-
Recurring operating profit							NS	0.65	0.57	0.95
Operating profit							0.60	0.65	0.50	0.92
Profit before tax	0.245	0.345	0.445	0.555	0.61	0.28	0.59	0.66	0.50	0.91
Profit/(loss) before amortization of goodwill	0.231	0.318	0.388	0.585	0.42	(0.14)	-	-	-	-
Profit/(loss) for the year	0.163	0.228	0.28	0.488	0.33	(0.24)	0.45	0.49	0.35	0.70
Consolidated cash flow	0.358	0.513	0.47	0.695	1.03	0.72	0.27	0.76	0.70	1.24
Equity attributable to shareholders of the parent company	1.078	2.023	2.29	2.593	2.77	2.31	2.77	3.02	3.04	3.23
Price/earnings (before goodwill)	25	26	9	9	9	N/A	-	-	-	-
Price/earnings (after goodwill) (d)	35	36	12	11	11	N/A	13	13	19	11
Price/cash flow (d)	16.2	16.0	7.0	8.0	4.0	7.1	22	8	10	6
Net yield (e)	0.49%	0.46%	1.57%	1.43%	2.00%	1.47%	1.93%	1.80%	2.25%	2.40%
Gross yield (e)	0.65%	0.61%	2.09%	1.91%	2.66%	1.96%	2.59%	2.42%	3.00%	3.20%
Stock market data (in €)										
Average share price	4.26	8.90	6.27	4.32	4.80	4.97	5.84	6.42	6.35	7.20
As of December 31	5.80	8.20	3.34	5.24	3.75	5.10	5.80	6.62	6.66	7.51
High	6.04	12.50	8.88	5.60	6.13	5.90	6.23	6.92	7.05	9.93
Low	2.32	5.63	3.34	2.68	2.50	3.90	5.03	5.70	5.09	6.69
Annual return (at end-December) (f)	164%	42%	(58%)	59%	(27%)	38%	16%	16%	3%	15%
Annual market return (g)	44%	(7.20%)	(5.02%)	(4.91%)	(22.50%)	16.01%	38.19%	28.09%	26.17%	(1.95%)
Annual trading volume (in units)	5,595,040	8,456,600	3,918,372	3,685,716	3,105,787	3,034,001	5,880,902	5,127,011	4,833,457	5,862,670
Average daily trading volume	22,464	38,440	15,680	14,624	12,318	11,992	22,994	19,903	19,098	22,991
Annual trading volume, in absolute value (in € millions)	23.82	78.52	25.66	14.93	14.92	14.68	34.32	32.61	30.99	46.61
Market capitalization as of December 31 (in € millions)	146.95	231.18	108.21	170.72	118.13	160.65	174	192	193	193
Listing market (h)	CDF	TSC	TC	TC	TC	TC	TC	TC	TC	TC
Number of employees as of Dec. 31	835	1,088	1,682	1,859	2,390	2,355	1,700	1,770	2,200	2,307

(c) Payout rate = gross dividend/consolidated profit from ordinary activities after tax and before amortization of goodwill.
(d) Share price as of December 31/profit for the year or cash flow.
(e) Net or gross dividend/share price as of December 31.
(f) 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.
(g) Return index (Belgian All Shares) of Euronext Brussels.
(h) 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 has been listed on the *Marché à terme continu* (TC) since March 16, 2000.

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