

2006

June 30, **Half-year** report

econocom

■ MASTERING IT RESOURCES

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Management report

Management report

I. A- Main consolidated figures

Main Consolidated Results (unaudited)

	(in € millions)	1 st Half 2006	1 st Half 2005
Revenue from ordinary activities		281.7	274.3
<i>Products and Solutions</i>		98.9	97.2
<i>Managed Services</i>		47.5	49.4
<i>A2Z</i>		1.6	-
<i>Financial Services</i>		124.0	120.2
<i>Telecom Services</i>		9.7	7.5
Operating result		3.4	8.2
<i>Products and Solutions</i>		2.0	1.1
<i>Managed Services</i>		1.8	1.7
<i>A2Z</i>		(1.5)	-
<i>Financial Services</i>		1.9	5.1
<i>Telecom Services</i>		(0.8)	0.3
Financial result		-	(0.2)
Tax		(1.9)	(3.3)
Net profit from continuing operations		1.6	4.7
Discontinued operations		(1.5)	0.4
Minority interests		-	0.1
Net result, Group share		0.1	5.2
TOTAL EQUITY		79.1	82.2
CASH NET OF DEBT		19.2	19.8
Earnings per Share	(in euros)		
Operating result		0.12	0.27
Net result, Group share		-	0.17

N.B.: revenue and operating result of the non operational companies are splitted between the activities.

Management report

I. B- Main events of first half 2006

During the second half of 2005, the Group had confirmed to step up its position in the B-to-B telecommunication services market through several acquisitions (For Connected (The Netherlands) in August, JCA business (France) in October), and had decided to try to enter the SMEs market through the purchase in September of A2Z Holding, a Belgian start-up company which has developed an innovative approach to providing IT and telecom services.

In the first half of 2006, Econocom has:

- Integrated these acquisitions;
- Pursued its growth strategy in the telecom market, through the signing of an exclusive partnership with Belgian operator Proximus for B-to-B telecom services and by taking over, with an effective date of September 1, 2006, the B-to-B activity of Avenir Telecom in France (31,000 lines, 16 people). In addition, Econocom bought out a 22.1% stake in Econocom Telecom Services SA/NV according to a minority interest repurchase agreement. From now on, the Econocom Group owns 96.67% of Econocom Telecom Services Belgium capital;
- Reinforced its Financial Services activity's sales force with the arrival of 17 new salesmen. This investment is expected to bear fruit in 2007;
- Signed with major international companies contracts that combine the Group's complete range of services and integrate Econocom's innovative mobile fleet management solutions (Mobileasy offering, launched in March 2006);
- Sold Econocom Services BV, located in the Netherlands. This subsidiary specialized in IBM mainframe services, especially for banks, was no more considered as "core" business.

Moreover, the delisting of the Econocom Group share from Euronext Paris, achieved in order to create greater efficiency, has been approved by the Supervisory Authorities. The offer for stock removal from Euronext Paris will start on September 11th. The Econocom Group share remains listed on Euronext Brussels, where most of the trades take place.

Management report

I. C- Management report on the financial statements for the half-year ended June 30, 2006

1. Scope of consolidation

In June 2006, the Econocom Group bought out a 22.1% stake in Econocom Telecom Services SA/NV (ETS) according to a minority interests repurchase agreement. From now on, the Econocom Group owns 96.67% in ETS Belgium capital.

During the first half-year 2006, the Group sold Econocom Services BV, located in the Netherlands. This company specialized in IBM mainframe services, especially for banks, was no more considered as "core" business.

Finally, in France, Econocom Managed Services SA changed its legal form and name to Econocom Managed Services SAS.

2. Results

2.1. Consolidated results

Revenue amounted to 282 million euros (versus 274 million euros in first half 2005), up 2.7% and 3.3% on a comparable basis. Operating result amounted to 3.4 million euros (versus 8.2 million euros in first half 2005).

The Managed Services, Products and Solutions and Financial Services activities are profitable, and the profitability of our Managed Services and Products and Solutions activities is up.

However, the profitability of the new Telecom activity has been temporarily affected by investments linked to its development, resulting in a loss for this entity in first half. Measures have been taken and were implemented in June to help ensure the Telecom activity's profitability for the entire fiscal year.

In other respects, the recently acquired A2Z company has had a slower start than expected, with this subsidiary reporting a loss of 1.5 million euros in first half in Belgium. The A2Z activity was reorganized this summer to help ensure that it is profitable as of August.

Discontinued activities resulted in a loss primarily attributable to the result of A2Z's activities outside Belgium, which was discontinued in June.

Income tax amounts to 1.9 million euros. The high rate is directly linked to the decision not to recognize any deferred tax asset on the loss of the Italian Financial Services subsidiary and of A2Z Group.

The Group net profit for the period is slightly positive, even if strongly decreasing compared to the first half of 2005.

Management report

I. C- Management report on the financial statements for the half-year ended June 30, 2006

Goodwill

Goodwill was slightly higher as of June 30, 2006 than as of December 31, 2005, due to the repurchase of some minority stake in Econocom Telecom Services SA/NV. The allocation of goodwill is set forth in the table below.

In € millions	Net value as of June 30, 2006	Acquisition date
JCA	0.8	2005
A2Z Holding	3.1	2005
For Connected BV	0.2	2005
Signal Service SA	7.5	2004
Econocom Telecom Services SA/NV (ex-CHanSE SA)	1.0	2004 and H1 2006
Synopse SAS	0.4	2003
SX Consultants SA/NV	0.7	2002
PLI	0.5	2000
CSI	0.1	1999
Econocom Location SAS and Econocom SAS	0.7	1996
TOTAL	15.0	

2.2. Results by activity

Revenue by activity was as follows:

In € millions	%			
	H1 2006	H1 2005	Current basis	Comparable basis
Products and Solutions	98.9	97.2	+ 2%	+ 2%
Managed Services	47.5	49.4	(4%) ⁽¹⁾	+ 1%
A2Z	1.6	-	n/a	n/a
Financial Services	124.0	120.2	+ 3%	+ 5%
Telecom Services	9.7	7.5	+ 30%	+ 14% ⁽²⁾
TOTAL	281.7	274.3	+ 2.7%	+ 3.3%

(1) Sale of one of our Managed Services subsidiaries in the Netherlands (non core business)

(2) Retreatment of the acquisitions made in 2005 (For Connected Services in the Netherlands and JCA in France)

Management report

I. C- Management report on the financial statements for the half-year ended June 30, 2006

The activities made the following contributions to operating profit:

In € millions	H1 2006	H1 2005
Products and Solutions	2.0	1.1
Managed Services	1.8	1.7
A2Z	(1.5)	n/a
Financial Services	1.9	5.1
Telecom Services	(0.8)	0.3
TOTAL	3.4	8.2

The **Products and Solutions** and **Managed Services** activities are growing in terms of revenue and operating profitability (in absolute value and percentage of revenue).

The **Financial Services** operating result is in line with budget, although significantly lower than in first half 2005. 2006 is a year of commercial investment (hiring of 17 experienced salespeople). Second half 2006 is expected up versus Second half 2005.

The operating loss in **Telecom activity** is due to:

- Operational performance below expectations in France;
- Integration of the acquisitions made in H2 2005 (For Connected, JCA);
- Significant investment in management for the launching of this new activity and the signature of new partnerships (Proximus, Visto, Goodlink).

The measures taken since May 2006 to be back to profit are the following:

- New management team put in place;
- Development in Spain terminated;
- Variabilisation of commercial costs (will be effective by the end of 2006);
- Continuation of our investments with the acquisition of the B-to-B activity of Avenir Telecom.

A2Z start-up was acquired in September 2005; its new bundled offering for SMBs seemed trully innovative.

The high ambitions in 5 countries required a significant investment, i.e.:

- Launching of a remote service center in Belgium;
- Hiring of a management and commercial team.

It was forecasted that this investment would lead to an operating loss over the full year. In April 2006, acknowledgement of a slower start than expected due to a longer than expected sales cycle and the difficulty for junior salesmen to sign quickly with SMBs CEOs or MDs.

Management report

I. C- Management report on the financial statements for the half-year ended June 30, 2006

Consequently, the decisions taken in June and implemented were the following:

- Concentration in one single country (Belgium) and discontinuation of A2Z subsidiary in France;
- Drastic reduction of the management team;
- Integration of A2Z into Econocom Managed Services Belgium, in order to develop commercial synergies and mutualize the management as well as the administrative and technical teams.

In summary, 95% of our revenue is achieved thanks to our Managed Services, Products and Solutions et Financial Services activities. These 3 activities are profitable and have good prospects. 5% of our revenue comes from our new Telecom activity and the A2Z start-up. These 2 activities are encountering a loss in H1 and measures have been taken in order that they be profitable as of August 2006 (after a slight loss in July).

3. Capital increases, stock option plans and treasury shares

The Group's development has been equity financed. As of June 30, 2006, the Company's share capital amounted to 16,180,922.08 euros, represented by 29,000,000 fully paid-up shares held in registered or bearer form. Authorized un-issued capital stood at 15,894,722.08 euros.

During the first half of the year, the Econocom Group pursued its share buyback policy and owned 2.33% of the capital as of June 30, 2006.

There were 1,279,472 unexercised options as of June 30, 2006, representing a potential capital increase (including issue premiums) of 7,261,860 euros.

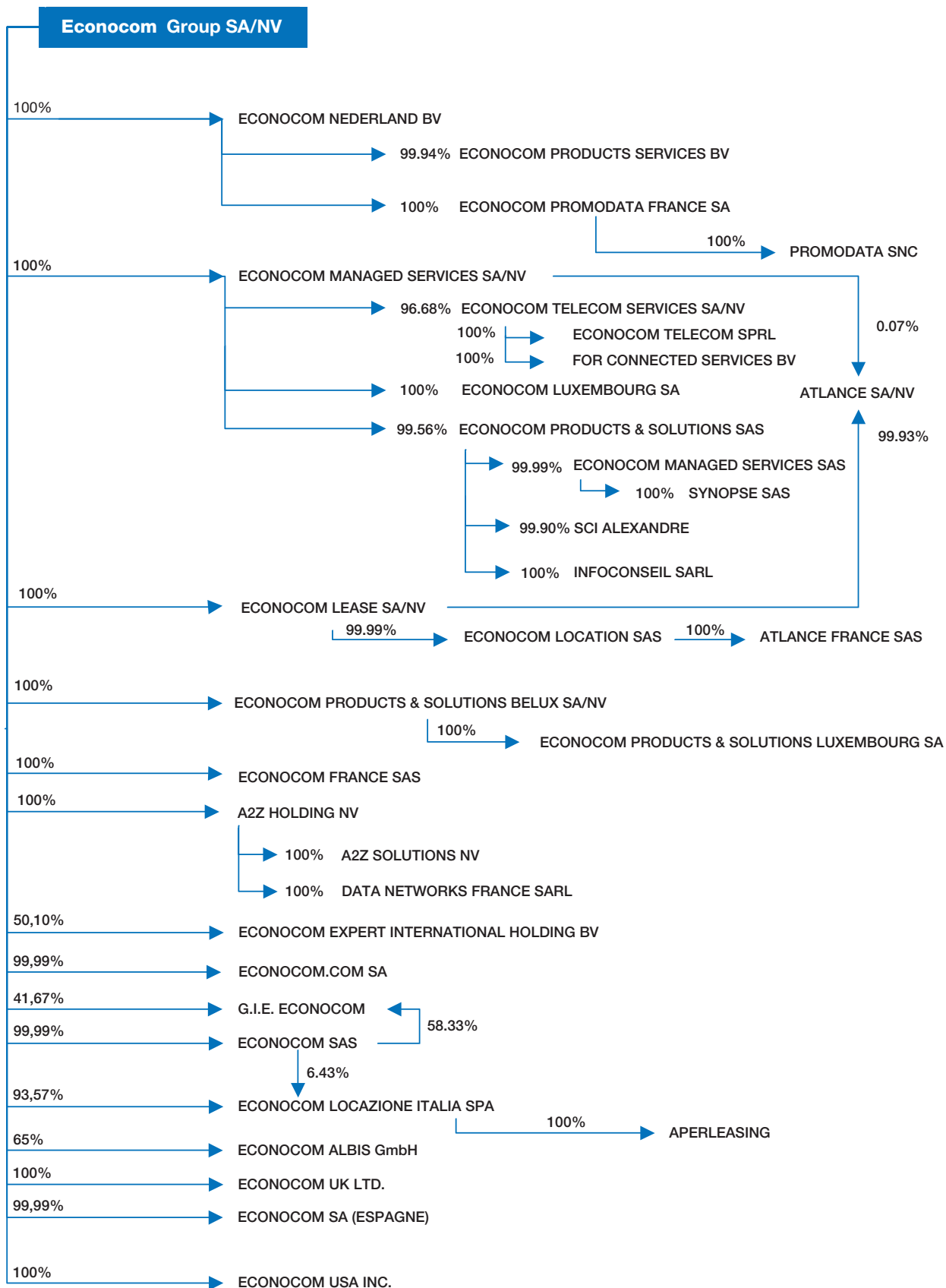
4. Prospects 2006

For the full fiscal year, the Group forecasts an operating profit in line with 2005.

The difficulties encountered in first half-year only affect 5% of the Group's operations, and all the measures have been taken and implemented to resolve them and ensure the return to profitability, as of Q3, of the Telecom activity and A2Z Belgium. Moreover, Group management is confident in the prospects for full-year results of the Managed Services, Products and Solutions and Financial Services activities.

Management report

I. D- Corporate structure as of June 30, 2006



Econocom Group Consolidated Accounts

Econocom Group

II. A-1 Consolidated Income Statement

First Half-year June 30, 2006

In € thousands	2006 JUNE 30 (half-year)	2005 JUNE 30 (half-year)	2005 DEC. 31 (full year)
Revenue from continuing operations	281,726	274,337	550,944
Operating expenses	(278,275)	(266,129)	(531,953)
Cost of sales	(208,190)	(199,063)	(392,413)
Personnel costs	(40,483)	(39,388)	(79,493)
External expenses	(26,144)	(23,991)	(50,286)
Depreciation, amortization and provisions	(2,317)	(2,553)	(11,701)
Taxes (other than income taxes)	(1,419)	(1,479)	(2,497)
Impairment losses on current assets	184	974	3,826
Other operating income	571	149	1,749
Other operating expenses	(324)	(252)	(902)
Financial income/(expense), net - operating activities	(153)	(526)	(236)
Operating profit	3,451	8,208	18,991
Other financial income/(expense), net	(6)	(193)	38
Profit before tax	3,445	8,015	19,029
Income tax	(1,871)	(3,353)	(5,168)
Profit from continuing operations	1,574	4,662	13,861
Discontinued operations	(1,502)	428	239
Profit for the period excluding minority interests	72	5,090	14,100
Minority interests	4	95	77
Profit for the period including minority interests	76	5,185	14,177

Basic earnings per share - continuing operations	0.055	0.159	0.475
Basic earnings per share - discontinued operations	(0.052)	0.015	0.008
Basic earnings per share - total	0.002	0.173	0.483
Diluted earnings per share - continuing operations	0.054	0.156	0.470
Diluted earnings per share - discontinued operations	(0.052)	0.014	0.008
Diluted earnings per share - total	0.002	0.170	0.478

Econocom Group

II. A-2 Consolidated Balance Sheet

First Half-year June 30, 2006

ASSETS	In € thousands	2006 JUNE 30	2005 JUNE 30	2005 DEC. 31
NON CURRENT ASSETS		48,548	52,933	48,873
1 - Intangible assets		908	1,038	877
2 - Goodwill		14,990	10,625	14,661
3 - Property, plant and equipment		13,090	13,532	11,517
3-1 Land and buildings		5,367	5,499	5,562
3-2 Plant & equipment, fixtures & fittings		2,036	1,691	2,014
3-3 Furniture and vehicles		856	1,753	883
3-4 Other items of property, plant and equipment		630	76	340
3-5 Non-current assets held under finance leases		4,201	4,513	2,718
4 - Investment property		566	596	580
5 - Financial assets		10,226	16,769	12,609
5-1 Investments in subsidiaries accounted for a historical cost		2	2	2
5-3 Future value of refinanced equipment		3,377	5,354	4,567
5-4 Other		6,847	11,413	8,040
6 - Long-term receivables		6,385	7,050	6,295
7 - Deferred tax assets		2,383	3,323	2,334
CURRENT ASSETS		214,078	231,932	227,921
8 - Assets held for sale		828	4,805	324
9 - Inventories		15,009	7,704	8,664
9-1 Inventories of equipment in the process of refinancing		12,647	5,093	5,033
9-2 Other		2,362	2,611	3,631
10 - Trade and other receivables		146,743	162,690	150,943
10-1 Trade receivables		125,646	150,116	131,010
10-2 Other receivables		21,097	12,574	19,933
11 - Current tax assets		4,305	8,586	4,167
12 - Prepayments		83	77	36
13 - Cash and cash equivalents		39,462	39,537	60,065
13-1 Short-term investments		16,430	11,472	18,700
13-2 Cash at bank and on hand		23,032	28,065	41,365
14 - Other current assets		7,648	8,533	3,722
TOTAL ASSETS		262,626	284,865	276,794

Econocom Group

II. A-2 Consolidated Balance Sheet

First Half-year June 30, 2006

EQUITY AND LIABILITIES	In € thousands	2006 JUNE 30	2005 JUNE 30	2005 DEC. 31
TOTAL EQUITY		79,107	82,189	88,050
1 - Equity attributable to shareholders of the parent company		78,944	81,677	87,686
1-1 Share capital		16,181	16,038	16,181
1-2 Additional paid-in capital		55,038	54,072	55,038
1-3 Reserves		12,114	12,306	2,548
1-4 Treasury shares		(4,465)	(5,924)	(258)
1-5 Profit/(loss) for the period		76	5,185	14,177
2 - Minority interests		163	512	364
LIABILITIES		183,519	202,676	188,744
NON CURRENT LIABILITIES		12,089	12,119	10,652
3 - Non current liabilities bearing interests		8,148	6,494	7,029
3-1 Bank borrowings				
3-2 Finance lease liabilities		8,052	6,368	6,931
3-3 Bank overdrafts		16	26	16
3-4 Other borrowings		80	100	82
4 - Non current liabilities not bearing interest		78	86	75
5 - Long-term provisions		1,377	1,672	1,245
6 - Long-term post-employment benefit obligations		655	407	585
7 - Deferred tax liabilities		1,831	3,460	1,718
CURRENT LIABILITIES		171,430	190,557	178,092
8 - Liabilities held for sale		1,593	2,789	245
9 - Current liabilities bearing interest		12,075	13,348	10,810
9-1 Bank borrowings		3,174	2,943	1,123
9-2 Finance lease liabilities		3,810	1,895	790
9-3 Bank overdrafts		2,841	4,892	4,081
9-4 Other borrowings		2,250	3,618	4,816
10 - Short-term provisions		4,113	8,147	4,950
11 - Current tax liabilities		1,563	7,487	2,702
12 - Trade and other payables		119,850	128,563	129,842
12-1 Trade payables		90,395	102,737	101,672
12-2 Customer prepayments		1,225	1,613	1,530
12-3 Other payables		28,230	24,213	26,640
13 - Other current liabilities		32,236	30,223	29,543
TOTAL EQUITY AND LIABILITIES		262,626	284,865	276,794

Econocom Group

II. A-3 Consolidated Cash Flow Statement

First Half-year June 30, 2006

In € thousands	2006 JUNE 30 IFRS	2005 JUNE 30 IFRS
Profit for the year (including minority interests)	1,578	4,757
Income tax expense	1,871	3,353
Minority interests	(4)	(95)
Amortization, depreciation and impairment	2,495	1,811
Loss on sales of financial, tangible and intangible fixed assets	1,613	38
Change in provisions	(499)	(3,650)
OPERATING CASH FLOW (a)	7,054	6,214
Change in inventories	(6,358)	(604)
Change in receivables due in more than 1 year	(90)	(1,441)
Change in receivables due within 1 year	3,155	(7,685)
Change in deferred charges	(3,804)	(4,867)
Change in trade payables	(10,571)	(1,672)
Change in other payables due within 1 year	513	1,158
Change in deferred income and accrued charges	2,799	(6,764)
CHANGE IN WORKING CAPITAL (b)	(14,356)	(21,875)
Income tax expense (c)	(1,871)	(3,353)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES (a+b+c=d)	(9,173)	(19,014)
Cash flows from investing activities		
Acquisition of intangible and tangible fixed assets	(2,106)	(1,315)
Disposal of intangible and tangible fixed assets	118	45
Acquisition and disposal of lease assets	(2,825)	(245)
Acquisition of long-term investments	(2,323)	(9,927)
Disposal of long-term investments	4,961	9,492
Acquisition of shares in related parties	(423)	(2)
Disposal of shares in related parties	(864)	(920)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES (e)	(3,462)	(1,032)
Financing activities		
Issuance of shares and share premium	8	52
Change in long-term borrowings	1,122	1,525
Change in short-term borrowings	1,301	4,329
Acquisition on treasury stock	(4,243)	(4,066)
Disposal of treasury stock	15	602
Dividends paid during the year	(4,640)	(4,500)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES (f)	(6,437)	(2,058)
Discontinued operations	(1,502)	428
Change in currency translation adjustments	(30)	256
CHANGE IN CASH AND CASH EQUIVALENTS (d+e+f)	(20,604)	(21,420)

Information on the cash flow statement set up in Note II. B-8

Econocom Group

II. A-4 Consolidated Statement of Changes in Shareholders' Equity

In € thousands (except for the number of shares)

	Number of shares	Share capital	Additional paid-in capital	Reserves and profit	Treasury stock	1. Equity attributable to shareholders' parent company	2. Minority interests	Total equity (1+2)
December 31, 2005	29,000,000	16,181	55,038	16,725	(258)	87,686	364	88,050
Adjustments at fair value				281		281		281
Currency translation adjustments				(250)		(250)		(250)
Other changes				(54)		(54)	(197)	(251)
Net income/(expense) recognized directly in equity		0	0	(23)	0	(23)	(197)	(220)
Result for the period				76		76	(04)	72
Total of revenues and expenses		0	0	53	0	53	(201)	(148)
Dividends paid				(4,640)		(4,640)		(4,640)
Changes related to employee benefits				73		73		73
Increase in capital						0		0
Treasury stock				(21)	(4,207)	(4,228)		(4,228)
June 30, 2006	29,000,000	16,181	55,038	12,190	(4,465)	78,944	163	79,107

Reserves by category and profit	06/30/2006	Changes	12/31/2005
Unavailable reserves:	8,604	4,221	4,383
- Legal reserves	1,618	14	1,604
- Treasury stock reserves	4,466	4,207	259
- Other unavailable reserves	2,520		2,520
Distributable reserves	1,088	281	807
Reserves linked to employee benefits	483	73	410
Currency translation adjustments	(67)	(250)	183
Other reserves	(3,251)	(11,347)	8,096
Retained earnings	5,333	2,487	2,846
Total reserves and profit	12,190	(4,535)	16,725

Econocom Group

II. B- Notes to the Consolidated Financial Statements

as of June 30, 2006

II. B-1 Basis of preparation

In accordance with EC regulation 1606/2002 dated from July 19, 2002 applicable to companies listed on a regulated stock exchange in one of the European member states, the consolidated financial statements of Econocom Group and its subsidiaries (the "Econocom Group") for the half-year ended June 30, 2006 have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Committee (IFRIC), as adopted by the European Union and applied by the Group since January 1st, 2005.

These financial statements are following prescriptions of International Accounting Standard 34: Interim Financial Reporting.

An interim financial report contains either a complete or a condensed set of financial statements for a period shorter than a company's full financial year and should be in full compliance with IAS; Econocom Group has decided to publish a condensed set of financial statements explaining the significant events which occurred during the first half-year 2006.

II. B-2 Accounting policies

Significant accounting policies applied by Econocom Group for interim financial statements are the same ones as those applied for the December 31, 2005 closing and are in accordance with International Financial Reporting Standards.

Standards adopted by the European Union which have taken effect on January 1st, 2006 have been applied by the Group for this interim financial reporting. They have no significant impact on consolidated financial statements.

II. B-3 Exchange rates

	06/30/2006		12/31/2005		06/30/2005	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
USA	0.786596	0.814115	0.842318	0.799955	0.825696	0.773105
The U.K.	1.444878	1.454544	1.472863	1.464372	1.503420	1.455400
SWITZERLAND	0.638081	0.639296	0.643956	0.647098	0.648550	0.647737

Econocom Group

II. B-4 Inventories

In € thousands

Inventories	06/30/2006			12/31/2005		
	Net realizable value			Net realizable value		
	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Equipment in the process of refinancing	12,647		12,647	5,033		5,033
Other inventories, split between:	3,106	(744)	2,362	4,246	(615)	3,631
<i>ICT equipment</i>	1,809	(143)	1,666	3,024	(101)	2,923
<i>Spare parts</i>	1,297	(601)	696	1,222	(514)	708
TOTAL	15,753	(744)	15,009	9,279	(615)	8,664

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

No impairment has been recorded in relation to these assets.

Changes in inventories	12/31/2005	Changes in inventories	Other changes	06/30/2006
Equipment in the process of refinancing	5,033	7,627	(13)	12,647
Other inventories, split between:	4,246	(1,083)	(57)	3,106
<i>ICT equipment</i>	3,024	(1,216)		1,808
<i>Spare parts</i>	1,222	133	(57)	1,298
TOTAL	9,279	6,544	(70)	15,753

Provision for impairment of inventories	12/31/2005	Additions	Reversals	Other changes	06/30/2006
Equipment in the process of refinancing	0				0
Other inventories	(615)	(187)	1	57	(744)
ICT equipment	(101)	(43)	1		(143)
Spare parts	(514)	(144)		57	(601)
TOTAL	(615)	(187)	1	57	(744)

The other changes mainly arise from companies disposed during first half 2006 and currency translation adjustments.

Econocom Group

II. B-5 Assets and liabilities held for sale and discontinued operations

In € thousands

Type of assets and liabilities at June 30, 2006	Assets	Liabilities
Data Networks France	231	812
Econocom USA Inc.		81
A2Z Holding	597	700
Total	828	1,593

Assets and liabilities linked to discontinued operations are splitted by category in the note II. B-8 on Cash Flow Statement.

Discontinued operations at June 30, 2006	Gain (losses) on discontinued operations
Gain on disposal of Econocom Services BV	323
Income related to discontinued operations	323
Econocom Telecom Spain - Launch and exit costs	(129)
Exit fees for A2Z employees	(63)
A2Z Holding - Provision on assets and social litigations	(700)
Data Networks France (stopped in June 2006)	(908)
Econocom USA Inc. - Administrative and legal costs	(25)
Expenses related to discontinued operations	(1,825)
Profit on discontinued operations before tax	(1,502)
Income tax on discontinued operations	0
Net profit on discontinued operations	(1,502)

Econocom Group

II. B-6 Cash and cash equivalents

In € thousands

	06/30/2006	06/30/2005	12/31/2005
Cash	23,032	28,065	41,365
Cash in hand	10	55	10
Demand accounts	23,022	28,010	41,355
Cash equivalents	16,430	11,472	18,700
Term accounts	2,265	7,522	4,634
Marketable securities	14,165	3,950	14,066
Cash and cash equivalents	39,462	39,537	60,065

Cash equivalents consist of investments with maturities of less than 3 months that are readily convertible into known amounts of cash and are not exposed to any material risk of impairment.

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

Econocom Group

II. B-7 Segment information

Reporting format by activity:

In € thousands

	Revenue		Results of operations Segment operating profit / (loss)		Discontinued operations		Profit / (loss) of the year	
	06/30/06	06/30/05	06/30/06	06/30/05	06/30/06	06/30/05	06/30/06	06/30/05
Products and Solutions	98,900	97,220	1,783	1,052			1,610	970
Managed Services	47,473	49,397	2,046	1,698			746	866
A2Z	1,622	-	(1,506)	-	(1,672)	-	(3,178)	-
Financial Services	124,016	120,223	1,916	5,141	298	(69)	1,301	2,994
Telecom Services	9,715	7,497	(788)	317	(128)	498	(407)	260
TOTAL	281,726	274,337	3,451	8,208	(1,502)	429	72	5,090

Secondary reporting format by geographic sector (customers' country):

Revenue

In € millions

	06/30/06	06/30/05
TOTAL	281.7	274.3
Belgium	88.6	85.8
The Netherlands	33.9	35.0
France	138.5	129.0
Southern Europe (Spain, Italy)	18.8	19.0
Other	1.9	5.5

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II. B-8 Notes to the cash flow statement

The change in the Group's cash and cash equivalents amounts to K€ 20,604 (see note to cash and cash equivalents).

Changes in the scope of consolidation have the following impacts on the consolidated cash flow statement:

In € thousands

Cash flows from operating activities	1,612
Loss on disposal of Econocom Services BV	1,612
Cash flows used in investing activities	(1,411)
Disposal of Econocom Services BV	(1,122)
Acquisition of Econocom Telecom Services minority interests	(289)

The impact of reclassifications of assets and liabilities of Data Networks France (DNF) as discontinued operations amounts to:

In € thousands

Cash flows used in investing activities	
Receivables due within 1 year	156
Trade payables due within 1 year	(479)
Other current liabilities	5
Property, plant and equipment	4
Short-term financial debt	(2)
Disposal of activities	316

Changes in the scope of consolidation of the Econocom Group in first half 2006 has following impacts on assets and liabilities (with no effect on the cash flow statement):

In € thousands

Impact of change in the scope of consolidation in first half 2006	
Receivables due within 1 year	(998)
Other current assets	(6)
Trade payables due within 1 year	(90)
Other payables due within 1 year	(303)
Property, plant and equipment	(14)

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II. B-8 Notes to the cash flow statement

Breakdown of acquisition and disposal of companies

Disposal of Econocom Services BV

In € thousands

Sale price	1,100
Portion of price paid in cash and cash equivalents	100%
Cash or cash equivalents of the subsidiary	2,222
Current assets	1,004
Current liabilities	393
Assets related to investing activities	14

Acquisition of 22.1% of Econocom Telecom Services SA/NV (fully consolidated before acquisition)

In € thousands

Purchase price	289
Portion of price paid in cash and cash equivalents	100%
Cash or cash equivalents of the subsidiary	-

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II. B-9 Post-closing events

Econocom Group purchased Avenir Telecom France's business-to-business activity from the Avenir Telecom Group. The transfer of this activity and its 16 staff members will be effective as of September 1st, 2006. Avenir Telecom Enterprises is a significant player in mobile telephony, well established in the South-East of France. It manages 31,000 lines for large public and private companies as well as Small and Medium Businesses. The take-over of Avenir Telecom France B-to-B activity, following the acquisition of Signal Service and CHanSE in 2004 and of JCA and For Connected in 2005, reinforces Econocom Group's presence in the B-to-B telecom services market in France and in the Benelux with nearly 150,000 managed lines.

Econocom Group reorganized in July and August A2Z Belgium activity by transferring its business to Econocom Managed Services SA/NV. Econocom Group aims to benefit from administrative, technical and commercial synergies of IT and Telecom activities.

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