> interim report

H1 2009

belgacom

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Highlights

> ➢ *First half-year ended with solid financial results*
> ➢ *Belgacom reiterates 2009 full-year guidance*

- Belgacom reports for the first half-year 2009 a resilient revenue of EUR 2,996 million, i.e. a year-over-year growth of 1.4%, including the impact from acquired and divested companies.

- Organically, the Belgacom Group revenue over the first semester grew slightly by 0.4%, mainly driven by a continued solid performance of Belgacom International Carrier Services, growing its revenue by 18%.

- Belgacom reports a 2009 half-year Group EBITDA[1] of EUR 994 million, or 2.2% lower than one year ago. Year-to-date, the EBITDA margin was 33.2%.

- Belgacom reduces its costs successfully. The positive impact from the cost reduction program launched at the beginning of 2009 will mitigate the pressure on direct margin.

- Reported non-HR expenses are 2.3% lower compared to June 2008. Excluding the impact from divestments and acquisitions, the year-over-year decrease amounts to 4.4%, fully on track to meet the full-year commitment to lower organic non-HR costs by 4% to 5%.

- Belgacom benefits from continuing headcount efficiency programs with stable personnel expenses compared to June 2008, this despite the 2008 salary indexation impact. For the full-year 2009, Belgacom commits to keep reported personnel expenses flat.

- Year-to-date June 2009, Belgacom spent EUR 270 million on capex, or 9% of the Group revenue.

- Free Cash Flow year-to-date June 2009 increased 8% to EUR 362 million, including the payment of the EUR 66.3 EUR million fine to the Belgian Competition Authority.

- Sustained growing customer base:
  - End June 2009, Belgacom's mobile customer base reached the 5 million mark, i.e. a net active customer growth of 83,000 in the first half of 2009.
  - Belgacom TV grew by 82,000 customers in the first semester 2009 to a total of 589,000.
  - Belgacom has 1,487,000 Broadband customers, i.e. 142,000 more compared to end 2008, including Scarlet Broadband customers.
  - Continued success for converged offers with 83,000 packs sold in the first half of 2009, leading to a total of 384,000 packs for residential customers.

- So far, the residential segment of the Belgacom Group continued its resilient path, not experiencing any significant impact on its financial performance from the economic downturn. As expected, the enterprise business sees the impact mainly in the slowdown in mobile usage and large IT-projects.

  Belgacom reiterates its full-year 2009 guidance, before non-recurring items, as follows:
  - Full-year Group revenue decline of about 1%
  - EBITDA margin between 32% and 33%
  - Capex levels will be managed between 10% and 11% of Group revenue

1 Before non-recurring items
EBITDA including non-recurring items of EUR 932 million for the first half of 2009

Key figures

	Six months ended 30 June	
Income Statement (EUR million)	**2008**	**2009**
Total revenue before non-recurring items	2,954	2,996
Non-recurring revenue	8	0
Total revenue	2,962	2,996
EBITDA (1) before non-recurring items	1,016	994
EBITDA (1)	1,024	932
Depreciation and amortization	-372	-352
Operating income (EBIT)	651	580
Net finance revenue / (costs)	-37	-60
Income before taxes	614	520
Tax expense	-144	-120
Net income (Group share)	471	400

	Six months ended 30 June	
Cash flows and Capital Expenditures (EUR million)	**2008**	**2009**
Cash flows from operating activities	705	625
Capital expenditures	-370	-270
Cash flows from / (used in) other investing activities	1	7
Free cash flow (2)	**336**	**362**
Cash flows used in financing activities	-718	-620
Net decrease of cash and cash equivalents	**-382**	**-257**

	As of 30 June	
Balance sheet (EUR million)	**2008**	**2009**
Balance sheet total	7,017	7,538
Non-current assets	5,045	5,497
Investments, cash and cash equivalents	400	390
Shareholders' equity	2,300	2,142
Non-controlling interests	5	5
Liabilities for pensions, other post-employment benefits and termination benefits	781	725
Net financial position	-1,537	-2,021

	Six months ended 30 June	
Data per share	**2008**	**2009**
Basic earnings per share (EUR)	1.43	1.25
Diluted earnings per share (EUR)	1.43	1.25
Weighted average number of ordinary shares	328,325,259	320,350,443

	Six months ended 30 June	
Data on employees	**2008**	**2009**
Number of employees (full-time equivalents)	17,428	16,861
Average number of employees over the period	17,540	16,950
Total revenue before non-recurring items per employee (EUR)	168,424	176,737
Total revenue per employee (EUR)	168,877	176,737
EBITDA (1) before non-recurring items per employee (EUR)	57,926	58,645
EBITDA (1) per employee (EUR)	58,379	54,986

(1) Earnings Before Interests, Taxes, Depreciation and Amortization.
(2) Cash flow before financing activities.

The Belgacom Management Committee declares that to the best of its knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), give a true and fair view of the assets, financial position and results of Belgacom and of the entities included in the consolidation. The interim financial report gives an accurate overview of the information that needs to be disclosed.

The Belgacom Management Committee is represented by Didier Bellens, President and CEO, Scott Alcott, Executive Vice-President Service Delivery Engine, Michel De Coster, Executive Vice-President Enterprise, Astrid De Lathauwer, Executive Vice-President Human Resources, Ray Stewart, Executive Vice-President Finance and CFO, Grégoire Dallemagne, Executive Vice-President Strategy and Michel Georgis, Executive Vice-President Consumer.

Strategic progress

Belgacom Group

Convergence key to long-term success

Customers increasingly search for telecom solutions that offer more simplicity and give value for their money. Operating both a mobile and fixed network, Belgacom is in an excellent position to respond to this need via convergent offers.

Launch of new innovative packs, leveraging fixed and mobile network

For the residential customer, this translates into convergent product packs. Pursuant to CBU's objective to move customers from "single-play" to "multi-play", the converged product offer was completed with a new attractive "All-in-One" pack. This new pack, launched end April 2009, bundles all the Belgacom services: Fixed and Mobile calling, Fixed and Mobile internet and TV.
The competition from cable operators was addressed early July when Belgacom launched a new pack including free TV. This enables customers to save on a Belgacom TV subscription every month: if you have a Belgacom Internet subscription and a fixed voice line or mobile subscription, this package offers Belgacom TV for free.

This new offer completes the range of existing packs of which a total of 384,000 have already been sold. In the first six months of 2009 Belgacom sold 83,000 packs.

Successful convergent offers for business customers

Within the business segment convergent solutions are offered via the "Explore" platform, providing full end-to-end mobile and fixed solutions. By end June 2009, the number of customer sites on the Explore-platform increased to a total of almost 28,500.

"Fusion", a convergent offer for SME customers, continues to grow. End of June 2009, there were 106,000 Fusion customers.

Become Belgium's preferred network-centric ICT provider and a reference in its European footprint

ICT not immune to crisis but impact mitigated

As flagged in previous reports, the ICT business is not immune to the economic downturn. To strengthen its position, Belgacom divested by end 2008 all non-core presences of Telindus International, therefore lowering its risk profile and helping to mitigate the crisis impact. The divestment program is causing a loss in revenue compared to last year, but is positively impacting the EBITDA level. The divestments led in 2008 to a reduced headcount of 379 FTEs, or 13% of Telindus' total headcount.
While datacenter services (housing/hosting) are doing well in challenging economic conditions, large IT-projects are more vulnerable to budget constraints of customers. IT-projects are not necessarily cancelled, but rather delayed or implemented over a longer period. Pressure on revenue so far has had a minor impact on EBITDA.

Strengthen leadership through innovation

Innovation key to address changing customer needs

Belgacom has re-invented itself many times in the past. The telecom market is changing fast and customer needs continuously evolve. Innovation is key to address these changes. Therefore Belgacom decided to group all its Innovation efforts in order to accelerate the innovation culture of the group. In the first semester this has resulted in, for example, the launch of a coherent portfolio of micro-payment solutions under the brand of PingPing and a number of partnerships in the Mobile payment business.

Disciplined stance on opportunities outside Belgium

Opportunities outside Belgium are monitored in a disciplined way

Belgacom's focus remains on Belgium, with continued investment in organic growth and a constant quest for new business. However, the Group closely monitors opportunities outside Belgium, while adhering to its disciplined stance, and maintaining strict valuation criteria. M&A deals are therefore only considered if they are in line with Belgacom's strategic rationale, satisfy strict financial criteria and synergy criteria, create shareholder value and are realizable.

Group strategy supported by continued investment in high-quality network

High population coverage: Fiber > 70%; 3G at 91%

Over the first six months of 2009, Belgacom invested a total of EUR 270 million or 9% of the total Group revenue. In continuation of its strategy to invest in a future proof network, Belgacom spent EUR 25 million capex on the further deployment of its VDSL2 network in 2009, bringing the fiber-to-the-curb coverage to over 70% and staying on track to reach the targeted coverage of 80% by mid-2011. Belgacom's early investments in the Broadway project and its high worldwide ranking in terms of VDSL2 population coverage were awarded the "2009 Innovations Award" by Global Telecoms Business.
Belgacom's Mobile network, since 2004 gradually upgraded to 3G and subsequently HSDPA, currently has an outdoor coverage of 91%.

Successful challenger in TV-business. Customer base of 589,000 by end June

The ongoing VDSL2 investments have so far led to a TV footprint of over 87%. The capacity provided by VDSL2 of up to 20 Mbps easily allows customers to watch two HD-TV channels and surf on the internet at the same time.
Belgacom TV celebrated its fourth anniversary end of June. Four years ago, Belgacom started as a challenger in a highly penetrated cable market. Since its TV launch, Belgacom has been taking advantage of analog cable customers switching to digital, enabling it to continuously grow its TV customers base. By the end of June, Belgacom TV had 589,000 subscribers. Which is quite an achievement, ranking Belgacom TV among the top three of the fastest growing and most innovative IPTV platforms in the world.

"Move-to-All-IP" progressing

In 2008, Belgacom started the business transformation project "Move to All IP", entailing a full re-engineering of the network, IT systems and processes. So far, the capital invested in the MaIP-project amounts to EUR 29 million, of which EUR 18 million in the first six months of 2009. The main achievements in this transformation for the first half of 2009 are the enhanced repair process and the implementation of a new Voice over IP platform on which the first professional customers are connected.

Move Belgacom ICS up the mobile value chain, increasing value through organic growth and participating in the market consolidation

Strong ICS growth continued despite global economic downturn

On 26 June 2009, Belgacom announced the extension of its strategic co-operation with MTN. The international carrier services of MTN will be combined with Belgacom International Carrier Services after approval by the relevant authorities.
The completion of this transaction is expected for the fourth quarter of 2009 and will lead to MTN becoming a new shareholder in Belgacom ICS. Belgacom will own 57.6% of the new enlarged entity, Swisscom 22.4% and MTN 20%.

The consolidation of Belgacom ICS with MTN ICS will bring greater economies of scale, improve efficiencies and cost benefits. The transaction is expected to positively impact both revenue and EBITDA in the future. Post transaction, Belgacom ICS will be the leading International Carrier in Africa.

With the MTN deal, Belgacom ICS is reaching an important milestone in the carrier market consolidation, thereby executing its strategy to be one of the leaders of this consolidation. Its other two strategic objectives are to move up the mobile value chain and to increase value through organic growth.

Become one of Belgium's leading companies in terms of CSR

CSR to enable sustainable growth

By managing its CO2 footprint more efficiently, Belgacom, as the leading provider of telecommunication services in Belgium, believes it can play an important role in enabling the transition to a low-carbon society.
Therefore, before the end of 2009, Belgacom will finalize a CO2 plan in order to further reduce its future CO2 footprint, while focusing in the coming years on the two CSR commitments: promoting access to an inclusive e-society and enabling a sustainable growth.
Belgacom believes that embedding CSR into its business strategy will enable some challenges to be addressed more successfully and will allow for a more sustainable progress on operational challenges, customer satisfaction or society at large.

Financial report

Belgacom Group

✓ Quarterly financials on group and segment level: page 25

Revenue

	Six months ended 30 June				
	2008		2009		Variance 2009/2008
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	1,101	37%	1,195	40%	8.6%
Enterprise Business Unit	1,365	46%	1,267	42%	-7.2%
Service Delivery Engine	213	7%	192	6%	-9.6%
Staff & Support	16	1%	19	1%	15.4%
International Carrier Services	375	13%	443	15%	18.1%
Inter-segment eliminations	-117	-4%	-121	-4%	3.6%
Total	**2,954**	**100%**	**2,996**	**100%**	**1.4%**
Non-recurring revenue	8		0		-100.0%
Total	**2,962**		**2,996**		**1.1%**

Belgacom Group ended the first half of 2009 with a solid reported revenue of EUR 2,996 million, or an increase of 1.4% compared to the same period of last year. The revenue growth is mainly explained by:

- a positive year-over-year evolution of 8.6% of the Consumer Business unit, driven by the contribution of Tango and Scarlet for a total amount of EUR 96 million[1];
- a continued strong performance of the International Carrier Services, growing its revenue by 18.1% year-to-date.

This revenue growth is partly offset by lower revenue in the Enterprise business unit. Divestments[2] made in 2008 caused EUR 48 million of revenue loss. As predicted, the economic crisis continues to prompt customers to cut back on mobile usage and delay or spread large IT-projects.

Overall, Belgacom's performance is in line with expectations and so far on track to deliver the stated full-year guidance of about -1% revenue variance compared to 2008.

FROM REPORTED TO ORGANIC REVENUE	Six months ended 30 June		
(EUR million)	2008	2009	Variance in % 2009/2008
Reported Group revenue	**2,954**	**2,996**	**1.4%**
Acquisitions (CBU)		-96	
Divestments (EBU)	-53	-5	
Inter-segment elimination	4	21	
Organic Group revenue	**2,906**	**2,916**	**0.4%**

Excluding the impact from acquisitions and divestments, the organic group revenue grew by EUR 10 million, or 0.4% compared to the first six months of 2008. This includes a EUR 36 million negative impact from regulation[3], hence the underlying business grew by EUR 46 million or 1.6% year-over-year.

1 The net positive impact is EUR 77 million, as EUR 19 million is eliminated at Group level

2 Revenue from divested entities: Telindus International non-core countries, WIN and Certipost.

3 Regulation impact includes: MTR, flow_through to fixed-to-mobile tariffs, voice roaming, SMS and Data roaming, wholesale leased lines, transport tariffs for bitstream prices

Operating expenses before depreciation and amortization

Besides successful initiatives reducing personnel expenses, Belgacom has taken several measures over the last few years to lower its cost base. In anticipation of a worsening economy, the company reinforced its focus on cost containment in 2009 to preserve margins:

- As of 2009, cost efficiency efforts across the group are being realized in areas such as body-shopping, maintenance, utilities, general services etc.
- In May 2009, Belgacom requested price reductions from suppliers providing body-shopping services for technical and financial services.
- By end 2008, Belgacom finalized its active office program to optimize office space in the headquarter building. This allowed the company to vacate the Proximus Boreal building and move all 2,000 employees to its headquarter building, leading to important savings.
- Within the ICT domain, Belgacom took an early decision to divest the non-core Telindus countries. By end 2008 the project was finalized, leading to a reduced headcount and a lower risk profile in an economic downturn

	Six months ended 30 June		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
Costs of materials and charges to revenue	948	1,023	7.8%
Personnel expenses and pensions	562	561	-0.1%
Other operating expenses	428	418	-2.3%
Total	**1,938**	**2,002**	**3.3%**
Non-recurring expenses	0	62	0.0%
Total	**1,938**	**2,064**	**6.5%**

Costs of materials and charges to revenue

The changing revenue mix impacts the level of sales-related costs, increasing year-over-year by 7.8%. The proportion of International Carrier revenue at lower margin increased to 15% in the total Group revenue. The impact of the companies acquired in the course of 2008 at a lower margin than Belgacom's organic business, was partly offset by the positive impact from the divested companies. Furthermore, the nature of CBU's revenue growth is increasing sales-related costs such as dealer commissions, interconnect costs and mobile handsets.

Personnel expenses

Year-over-year the personnel expenses were slightly positive, this despite the 2008 salary indexation impact. This is the result of the company's past and current efforts to reduce headcount through several programs (e.g. Tutorship and External Mobility).
Over the first six months of 2009, the headcount was reduced by 510 FTEs, leading to a total of 16,861 FTEs. The 2009 net outflow is mainly concentrated in the first quarter as FTEs leaving within the scope of the Tutorship program left on 1 January 2009 (366 FTEs). Natural attrition and the External Mobility program drive the net outflow of 138 FTEs in the second quarter 2009.
The positive impact from the reduced headcount is expected to continue throughout the year. Therefore, Belgacom commits to a flat reported personnel cost for the full-year 2009, even with an estimated wage indexation impact of 3% carried-over from 2008.

(Number of FTE)	Ytd June 2008	End 2008	Ytd June 2009	Variance YoY	Variance first half 2009
Consumer Business Unit	5,454	5,979	5,781	327	-198
Enterprise Business Unit	5,944	5,479	5,445	-499	-34
Service Delivery Engine	3,502	3,421	3,223	-279	-198
Staff & Support	2,297	2,263	2,178	-119	-85
International Carrier Services	231	229	234	3	5
Total	**17,428**	**17,371**	**16,861**	**-567**	**-510**

Other operating expenses

The cost reduction program launched earlier this year for all units of the Belgacom Group and the cost savings resulting from vacating the Proximus Boreal building positively impact the level of operating expenses. The non-HR related operating expenses decreased 2.3% compared to the same period of last year. This includes the cost contribution from the acquired companies. Organically the Group's non-HR costs decreased by EUR 18 million or -4.4%.

Non-recurring expense[1]

The EUR 62 million non-recurring expenses include the fine imposed by the Belgian Competition Authority for a net amount of EUR 55.5 million (see also page 34) and the costs of a restructuring program for Scarlet employees for an amount of EUR 6.5 million.

Operating income before depreciation and amortization (EBITDA)

	Six months ended 30 June				
	2008		2009		Variance 2009/2008
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	562	55%	534	54%	-4.9%
Enterprise Business Unit	643	63%	615	62%	-4.3%
Service Delivery Engine	-38	-4%	-34	-3%	-10.1%
Staff & Support	-180	-18%	-163	-16%	9.4%
International Carrier Services	28	3%	41	4%	45.3%
Inter-segment eliminations	0	-0%	0	-0%	-
Total	**1,016**	**100%**	**994**	**100%**	**-2.2%**
Non-recurring revenue	8		0		
Non-recurring expenses	0		-62		
Total	**1,024**		**932**		**-9.0%**

The Belgacom Group reports an EBITDA for the first half of 2009 of EUR 994 million, excluding non-recurring items. The resulting EBITDA margin amounts to 33.2% for the first half of 2009, with an improvement from 33.0% in the first quarter 2009 to 33.4% for the second quarter 2009.
Regulation had a negative impact of EUR 23 million on EBITDA level.

Depreciation and amortization[2]

Depreciation and amortization decreased from EUR 372 million in 2008 to EUR 352 million for 2009, driven by a lower asset base in SDE and the divestments of the non-core Telindus subsidiaries in EBU.
This decrease was partially offset by higher depreciations in CBU resulting from the consolidation of Tango and Scarlet and the success of Belgacom TV, increasing the number of rented set-top boxes.

Net finance result[2]

The year-over-year variance in the net finance result, going from EUR -37 million in 2008 to EUR -60 million in 2009, results from the new loans issued in the last quarter of 2008 for a nominal amount of EUR 500 million, lower interest revenues on deposits in 2009 and from positive re-measurements to fair value of financial instruments in 2008.

Tax expense[2]

Tax expenses amounted to EUR 120 million for 2009, representing a slight decrease in the effective tax rate to 23.1% compared to 23.4% in 2008. The effective tax rate is based on the application of general principles of Belgian tax law.

Net income (Group Share)[2]

The Group net income of EUR 400 million end of June 2009, including the non-recurring expense of EUR 62 million, was EUR 70 million lower compared the same period of 2008. The lower net income was mainly attributable to the fine imposed by the Belgian Competition Authority.

1 non-recurring revenues and non-recurring expenses include gains or losses on the disposal of consolidated companies exceeding individually EUR 5 million, fines and penalties imposed by competition authorities or by the regulator exceeding EUR 5 million and costs of employee restructuring programs.

2 Consolidated income statement: page 30 of press release

Capital expenditure (Capex)

	Six months ended 30 June				
(EUR million)	**2008**		**2009**		**Variance 2009/2008**
	(EUR million)	(%)	(EUR million)	(%)	
Consumer Business Unit	127	34%	42	16%	-67.2%
Enterprise Business Unit	10	3%	10	4%	-2.8%
Service Delivery Engine	213	57%	205	76%	-3.7%
Staff & Support	18	5%	8	3%	-53.6%
International Carrier Services	3	1%	5	2%	96.0%
Total	**370**	**100%**	**270**	**100%**	**-27.2%**

Over the first six months of 2009, the Belgacom Group invested a total amount of EUR 270 million or 9% of total Group revenue. This is EUR 100 million less than for the same period of 2008 which included the renewal of the football broadcasting rights for a total amount of EUR 105 million, covering three football seasons.

Year-to-date June 2009, Belgacom invested EUR 25 million in the further deployment of the Broadway project (VDSL and Fiber to the street cabinet) and a total of EUR 44 million in Belgacom TV (platform, set-top boxes and content). EUR 19 million was spent on the 3G network, which is already highly developed. Furthermore, SDE continued with the "Move to all IP"-project, in which EUR 18 million has been invested so far in 2009.

Cash flows

	Six months ended 30 June	
(EUR million)	**2008**	**2009**
Cash flows from operating activities	705	625
Capital expenditures	-370	-270
Cash flows from / (used in) other investing activities	1	7
Cash flow before financing activities or "free cash flow"	**336**	**362**
Cash flows used in financing activities	-718	-620
Net decrease of cash and cash equivalents	**-382**	**-257**

The ***cash flow from operating activities*** decreased from EUR 705 million year-to date June 2008 to EUR 625 million year-to date June 2009 mainly as a result of the payment of the EUR 66 million fine to the Belgian Competition Authority as year-over-year the changes in working capital remains stable despite that the first semester of 2008 was favourably influenced by the deferral of the payment of football rights over three years.

Capital expenditures were EUR 100 million lower than in 2008, which included the renewal of the football broadcasting rights of EUR 105 millions.

The ***cash flow used in financing activities*** decreased by EUR 98 million compared to the first semester of 2008, mainly due to the share buybacks in the first quarter of 2008, partially offset by the increased repayments of short term debts and purchases of financial investments in the first semester of 2009. The cash flow used in financing activities includes dividends paid to shareholders in 2009 for a total amount of EUR 555 million, whereas this was EUR 567 million in 2008.

Balance sheet and shareholders' equity[1]

The ***goodwill*** decreased by EUR 30 million compared to year-end 2008 due to adjustments to Scarlet's provisional purchase price allocation (valuation of customer base, tradename and related deferred taxes). ***Intangible fixed assets and property, plant and equipment*** decreased by EUR 31 million in 2009 resulting from a mix of impacts from acquisitions, depreciation and amortization and the price purchase adjustments of the period.

The ***shareholders' equity*** decreased from EUR 2,271 million at year-end 2008 to EUR 2,142 million in June 2009, as the dividends distributed in April 2009 exceeded the net income generated during the first semester of 2009.

1 Consolidated balance sheet: page 31 of press release

Belgacom continues to have a sound financial position. By end June 2009, Belgacom's ***net financial debt*** was EUR 2,021 million, or EUR 186 million higher compared to end 2008. This is due to the dividend payment of EUR 555 million in the first half of 2009, which exceeded the free cash flow.
The outstanding financial debt amounted to EUR 2.5 billion by end June 2009, most of it maturing in 2011 and 2016, except for the floating rate note of EUR 300 million which will mature in November 2009.

Outlook

PERFORMANCE VERSUS GUIDANCE	Guided	Reported[1]		
	FY09	Q109	Q209	Ytd June 09
Group revenue	Decline of about 1%	1.5%	1.3%	1.4%
Group EBITDA margin	Between 32%-33%	33.0%	33.4%	33.2%
CAPEX/Revenue	Between 10%-11%	9.0%	8.9%	9.0%

[1] Before non-recurring items

So far, the residential segment of the Belgacom Group did not experience a significant impact on its financial performance from the economic downturn. As expected, the enterprise business sees the impact mainly in the slowdown in mobile usage and large IT-projects.

Belgacom reiterates its full-year 2009 guidance, before non-recurring items, as follows:

- Full year Group revenue decline of about -1%
- EBITDA margin between 32% and 33%
- Capex levels will be managed between 10 and 11% of Group revenue

Consumer Business Unit - CBU

- **Continued solid increase of reported revenue: + 8.6%**
- **Underlying business growing +1.3%**
- **Sales-related costs up due to changing revenue mix**
- **Successful cost containment program: organic non-HR costs down**

P&L Consumer Business Unit

(EUR million)	Six months ended 30 June 2008	2009	Variance 2009/2008
TOTAL SEGMENT REVENUE	**1,101**	**1,195**	**8.6%**
Costs of materials and charges to revenue	-250	-340	36.0%
Personnel expenses and pensions	-159	-177	11.1%
Other operating expenses	-129	-143	11.2%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-539**	**-661**	**22.7%**
TOTAL SEGMENT RESULT (1)	**562**	**534**	**-4.9%**
Segment contribution margin	*51%*	*45%*	
Non-recurring expenses	0	-7	-
OPERATING INCOME before depreciation & amortization	**562**	**528**	**-6.1%**
Depreciation and amortization	-45	-75	68.2%
OPERATING INCOME	**517**	**453**	**-12.5%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ *CBU quarterly financial and operational results: page 25*

CBU revenue

So far, the weak economic climate has no significant financial impact on the residential part of the business. Revenue is evolving as expected, with a solid reported year-over-year growth of 8.6%, including a EUR 96 million revenue contribution from Tango and Scarlet.

Organically, CBU reports for year-to-date June EUR 1,100 million revenue, which is flat compared to June 2008. In the first half of 2009, the year-over-year trend evolved positively from -0.9% for the first quarter to a slight positive variance of +0.6% for the second quarter of 2009.

Excluding the regulation impact of EUR -15 million, CBU's underlying business is growing 1.3% year-over-year as TV revenue continues to grow at a significant pace (+ 53%), Mobile data revenue increases steadily (+ 5.7%) and mobile handsets sales grow steeply (+55%).

DETAILED REVENUES (EUR million)	Six months ended 30 June 2008	2009	Variance 2009/2008	Variance % 2009/2008
Revenues	**1,101**	**1,195**	**94**	**8.6%**
From Fixed	**565**	**613**	**48**	**8.5%**
Voice	302	285	-17	-5.7%
Data	156	157	1	0.7%
TV	39	59	21	53.3%
Terminals (excl. TV)	30	25	-5	-16.5%
Scarlet	0	50	50	-
Other	39	38	-1	-2.8%
From Mobile	**535**	**582**	**47**	**8.7%**
Voice	368	348	-20	-5.4%
Data	139	147	8	5.7%
Terminals	21	32	11	54.9%
Tango	0	46	46	-
Other	7	8	1	10.7%

Fixed voice
The fixed voice revenue evolution mainly results from a decrease in traffic revenues due to the impact from regulation (flow-through of lower MTR), the lower voice access line base and customers moving to flat rate pricing plans such as Together and Happy Time-products.
The line erosion was limited to 80,000 lines in the first half of 2009 whereas this was 88,000 for the same period in 2008. The second quarter of 2009 showed an improved net line loss of 37,000 due to the success of flat rate offers and the new converged packs including a fixed line.

The fixed voice ARPU slightly increased year-over-year by 1.1% to EUR 21.7. The 2008 price indexations fully offset the regulation impact and the impact from lower retail tariffs for calls to Telenet/Versatel following lower fixed termination rates as from January 2009.

Fixed data
Fixed data revenue from Belgacom's residential broadband customers increased slightly by 0.7% for the first six months of 2009. The revenue generated by the increased customer base was partially offset by increased discounts due to promotional offers and the success of packs including internet.

In the first six months of 2009 CBU added a total of 23,000 Broadband customers. For the second quarter of 2009, CBU added 3,000 new customers, including a small net loss for Scarlet Broadband. (Scarlet customers are offered the possibility to end their contract free of charge). This compares to the 5,000 net adds for the same period of last year. Net adds for the first six months of 2009 are in line with last year as the first quarter of 2008 was exceptionally high due to the active migration of dial-up customers. The total customer base stands at 1,044,000 customers, including the residential customers from Scarlet.
The success of the packs including internet, resulted in a decrease in ARPU to EUR 28.4 end of June 2009.

Belgacom TV
End of June 2009, TV generated EUR 59 million, which represents a year-over-year growth of 53.3%. The contribution of Belgacom TV to the total CBU revenue end of June was 5% and is growing. TV is contributing positively to the EBITDA for the full six months of 2009.

So far, Belgacom added a total of 82,000 new TV customers in 2009, bringing the total TV customer base to 589,000, including 75,000 second stream users. Belgacom's successful year-end promotion "20.09" stimulated the sales in the first quarter after which they slowed down to 33,000 in the second quarter of 2009. This was driven by seasonality and less promotional activity.

The TV ARPU per household end of June 2009 is EUR 19.8, compared to EUR 19.5 in the same period of 2008. Compared to last year, the TV ARPU is positively impacted by a lower impact from promotions.

Fixed terminals
Less voice terminals are rented and modems are increasingly offered for free as part of promotional actions. This leads to a fixed terminal revenue decrease of 16.5% compared to June 2008.

Mobile voice
Mobile voice revenues, 5.4% lower than the first semester of 2008, were still impacted by regulation on MTR and Roaming and by customers optimizing their mobile spending. However, the second quarter revenue decrease (-3.9%) was less significant than previous quarters due to a seasonality effect.

Over the first six months of 2009, CBU added 32,000 new customers. This was mainly driven by a pick up in net adds in the second quarter of 2009 (+23,000) a.o. driven by the port-in of Scarlet MVNO customers. Under its own brand, i.e. excluding MVNO, CBU has so far added 46,000 new customers in 2009, which is in line with the 47,000 net adds of the same period in 2008. The postpaid ratio evolved positively to 40% for the first six months of 2009.
Normalized MoU (excluding free MoU) decreased year-over-year by -3.8%, including an improvement in the second quarter of 2009.

Year-over-year the net voice ARPU declines from EUR 17 to EUR 15.6, driven by regulation and by customers moving more and more to attractive offers. In the second quarter of 2009 the net voice ARPU is EUR 15.9, supported by the price increases of May 2009 and seasonality.
The year-over-year churn rate increased to 20.3%, fully driven by the prepaid customer segment.

Mobile data
Year-over-year mobile data revenue increased 5.7% mainly due to a steep revenue growth in the second quarter of 2009 (+11.1%), after a flat year-over-year evolution in the first quarter.
The SMS revenue increase of 7% year-over-year is a.o. driven by increased inbound revenues resulting from the pricing plans including free SMS on the Belgian market.
The number of SMS per user per month increased significantly as a result of the success of pricing plans including free SMS. The number of paying SMS still increased by more than 20% to 71.8 SMS per user per month.

The year-over-year growth in advanced data revenue picked up in the second quarter due to an increase in tele-voting and because there was no longer any impact from the stricter rules set for voting and gaming (Royal Decree of April 2008). Advanced data represents 24% of mobile data revenues.

The net data ARPU rose to EUR 6.6 mainly due to increased volumes.

	Six months ended 30 June		
(EUR million)	2008	2009	Variance % 2009/2008
Mobile DATA revenue	**139**	**147**	**5.7%**
Data - SMS	105	112	7.0%
Advanced data	34	35	1.7%
% in Mobile Data revenue			
Data SMS	75%	76%	
Advanced data	25%	24%	

Mobile terminals
While in the first quarter of 2009 the Member gets Member campaign was the main driver, in the second quarter of 2009 the success of smart phones and touch-screen devices had a positive impact on revenues from terminals (+54.9% year-over-year).

CBU operating expenses before depreciation and amortization

CBU operating expenses include EUR 75 million from Tango and Scarlet.
On a comparable basis, costs increased by EUR 47 million or 8.7%, mainly driven by increased costs of sales.

Costs of materials and charges to revenue
About half of the EUR 90 million increase is due to the contribution of Tango and Scarlet at lower margins. The remaining increase is the result of higher commissions due to a change in the mix of sales channels; higher Belgacom TV costs; mobile handsets sales impacting the terminal costs; and higher interconnection costs driven by free SMS and free minutes.

Personnel expenses
Personnel costs generated by the additional employees coming from Tango and Scarlet are the main drivers of the overall CBU remuneration cost increase. Year-over-year, CBU has 327 more FTEs mainly due to the acquisitions. Tutorship (the ongoing headcount program), the External Mobility program and natural attrition have reduced the FTEs in the first half of 2009 by 198, including 49 FTEs in the second quarter. However, the resulting positive impact on remuneration costs was not sufficient to offset the carry-over-impact from salary indexations.

Other operating expenses
The higher other operating expenses are fully attributable to the contribution of Tango and Scarlet. Organic other operating costs show a favorable evolution of almost 2% as a result of the cost-efficiency program.

CBU operating income before depreciation and amortization (EBITDA)

The change in revenue mix caused sales related costs to increase, resulting in a lower EBITDA of EUR 534 million end of June 2009. The contribution margin of 44.7% was impacted by the lower margin generated by Tango and Scarlet and the increased cost of sales. The organic contribution margin stands at 46.7% end of June 2009.

CBU operating result

OPERATIONALS	Six months ended 30 June			
	2008	2009	Variance 2009/2008	Variance % 2009/2008
FROM FIXED				
Number of access channels (thousands)	3,099	3,130	31	1.0%
Voice (PSTN/ISDN)	2,219	2,016	-203	-9.2%
IP	21	70	49	229.3%
ADSL, VDSL [1]	859	1,044	186	21.6%
Traffic (millions of minutes)	2,451	2,353	-98	-4.0%
National	2,045	1,940	-106	-5.2%
Fixed to Mobile	210	214	5	2.2%
International	196	199	3	1.7%
TV (thousands)	391	589	197	50.3%
TV - households	350	513	164	46.7%
Of which TV-second stream users	42	75	34	80.6%
ARPU (EUR)				
ARPU Voice[2]	21.4	21.7	0.2	1.1%
ARPU broadband[3]	30.4	28.4	-2.0	-6.6%
ARPU Belgacom TV[4]	19.5	19.8	0.3	1.7%
FROM MOBILE				
Number of active customers[5] (thousands)	3,672	3,809	138	3.7%
Prepaid	2,199	2,224	25	1.1%
Postpaid	1,389	1,488	100	7.2%
MVNO	84	97	13	15.7%
Annualized churn rate[6] (blended - variance in p.p.)	19.6%	20.3%		-
Net ARPU[7] (EUR)				
Prepaid	14.8	13.8	-1.0	-6.9%
Postpaid	38.3	35.9	-2.5	-6.4%
Blended	23.5	22.1	-1.3	-5.7%
Blended voice	17.0	15.6	-1.5	-8.7%
Blended data	6.4	6.6	0.1	2.2%
UoU[8] (units)	221.6	276.8	55.2	24.9%
MoU[9] (min)	118.6	110.5	-8.2	-6.9%
Normalized MoU[10] (min)	98.2	94.5	-3.7	-3.8%
SMS[11] (units)	103.5	167.4	63.9	61.7%
Normalized SMS[12] (units)	59.5	71.8	12.3	20.7%

(1) Total Broadband lines includes the Belgian residential lines of Scarlet as from Q1 2009.

(2) ARPU Voice is equal to total voice revenue, excluding activation and payphone-related revenue, divided by the average voice access channels for the period considered, divided by the number of months in that same period.

(3) ARPU Broadband is equal to total ADSL revenue including Scarlet ADSL revenue, divided by the average number of ADSL lines for the period considered, divided by the number of months in that same period.

(4) ARPU Belgacom TV includes only customer-related revenue and takes into account promotional offers, divided by the number of households having Belgacom TV.

(5) Active customers are customers who have made or received at least one call or sent or received at least one SMS message in the last three months.

(6) Annualized churn is the total annualized number of retail SIM cards (postpaid + prepaid) disconnected from the Belgacom Mobile network (including the total number of port-outs due to mobile number portability) during the given period, divided by the average number of retail customers for that period.

(7) ARPU has been calculated on the basis of monthly averages for the period indicated. Monthly net ARPU is equal to total mobile voice and mobile data revenues, divided by the average number of active mobile customers for that period.

(8) UoU (Units of Use): voice minutes of use +SMS (where one SMS equals one minute) per active customer per month.

(9) MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer . per month.

(10) Normalized MoU: duration of all calls from or to Proximus, per active voice customer, per month – excluding free minutes

(11) SMS: number of SMS per active customer per month.

(12) Normalized SMS: number of paying SMS per active customer per month (i.e. excluding free SMS).

Tango

	Six months ended 30 June
	2009
Revenue (in EUR mio)	46
Total active mobile customers (in '000)	246
Blended net ARPU (EUR/month)	23.6

Over the first half of 2009, within a difficult economic context, Tango achieved solid results, a reflection of the success of its strategy. The reinforcement of its presence in the residential market through new offerings such as mobile internet, and the leveraging of Telindus' presence in the Luxembourg market, supported Tango's financial results.
The impact from the increasing customer base offsets the ARPU pressure from Roaming and MTR regulation, leading to a total revenue of EUR 46 million for the first half of 2009.

Enterprise Business Unit - EBU

- **Crisis impacting results as expected**
- **Underlying business revenue ytd June -2.6%**
- **Significant cost reduction through divestment program**
- **Segment contribution margin from 47% to 49%**

P&L Enterprise Business Unit

	Six months ended 30 June		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
TOTAL SEGMENT REVENUE	**1,365**	**1,267**	**-7.2%**
Costs of materials and charges to revenue	-431	-382	-11.4%
Personnel expenses and pensions	-204	-189	-7.0%
Other operating expenses	-87	-80	-8.3%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-722**	**-651**	**-9.8%**
TOTAL SEGMENT RESULT (1)	**643**	**615**	**-4.3%**
Segment contribution margin	*47%*	*49%*	
Non-recurring revenue	8	0	-
Non-recurring expenses	0	-56	-
OPERATING INCOME before depreciation & amortization	**651**	**560**	**-14.0%**
Depreciation and amortization	-18	-13	-23.6%
OPERATING INCOME	**634**	**546**	**-13.8%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

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EBU revenue

	Six months ended 30 June			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Revenue	**1,365**	**1,267**	**-99**	**-7.2%**
From Fixed	**949**	**874**	**-75**	**-7.9%**
Voice	312	292	-20	-6.4%
Data	203	201	-2	-1.2%
ICT	381	336	-44	-11.6%
Terminals	38	37	-1	-2.2%
Other	15	7	-8	-53.7%
From Mobile	**416**	**393**	**-23**	**-5.6%**
Voice	322	290	-32	-10.0%
Data	79	89	10	12.9%
Terminals	10	8	-3	-25.8%
Other	5	6	2	35.0%

EBU's reported revenue variance of -7.2% is for a large part due to the revenue loss resulting from divested companies. In total, the sale of non-core Telindus International presences, WIN and Certipost, lowered the year-to-date June revenue by EUR 48 million.

Operating in a unfavourable economic climate, EBU could keep the organic revenue decrease to a level of EUR 51 million or -3.9% year-over-year. This includes a carry-over impact from regulation for a total amount of EUR -18 million.

As predicted, EBU is not immune to the economic crisis which is the main driver of the lower underlying business revenue of -2.6% or EUR -34 million compared the same period of last year. The growing mobile customer base and solid growth of advanced data could not compensate for the decline in traditional fixed voice revenue, the weakened mobile usage and pressure on ICT revenue which organically decreased year-over-year by 1.2%.

Order intake from enterprise customers remains healthy with total transaction value (TTVA[1]) in the second quarter 2009 of EUR 248 million, whereas for the first quarter it was EUR 212 million.

Fixed voice

EBU generated a Fixed voice revenue of EUR 292 million over the first semester of 2009. This is 6.4% or EUR 20 million lower than for the same period of 2008. Half of the revenue loss is driven by the carry-over impact of the two price decreases for Fixed-to-Mobile traffic, on 1 April and 1 July 2008, in consequence of the lower MTRs. This is the main driver of the year-over-year ARPU decline by 4.3% to EUR 31.1.
The double price indexation in the course of 2008 (July and October) however mitigated the impact on ARPU's.

The economic crisis encourages some EBU customers to optimize their fixed lines, resulting in an increased line loss compared to 2008. (-29,000 in first half 2009 compared to -16,000 in 2008) However, this trend did not accelerate in the second quarter 2009, the line loss being slightly lower than that of the previous quarter.

Fixed data

Fixed data revenue slightly decreased to EUR 201 million. Data connectivity products based on older technology (Leased Lines, ATM, etc.) continue to migrate to the new and more advantageous "Explore"-platform (connectivity and managed services), resulting in a lower revenue.
A saturating enterprise broadband market leads to flat year-over-year internet revenue.
End June 2009, EBU had 443,000 Broadband customers, compared to 431,000 one year ago. Over the first semester 2009, the total customer base remained unchanged. ARPU decreased year-over-year by 2.1% to EUR 39.9 due to promotions and lower connection revenue.

ICT

ICT revenue continues to feel pressure from the economic crisis but, so far, is still within expectation and under control, with order intake remaining healthy.
Over the first six month of 2009, EBU generated EUR 334 million ICT revenue. On a like-for-like basis, this is EUR 4 million or 1.2% lower than one year ago. The revenue pressure has however only a very small impact on EBITDA.
Part of the year-to-date revenue variance was due to an unfavorable exchange rate evolution for Telindus UK. The remaining variance results from customers delaying or spreading large and capex intensive IT-projects as a result of the crisis.
Revenue is preserved to a maximum by a strategy of enlarging EBU's "share of wallet", while EBITDA impacts are monitored by a strong focus on cost of sales.
Data center services (e.g. Housing/Hosting) continued their significant growth. Being a flexible solution for customers, optimizing their costs and bringing quick savings, this type of service benefits from the crisis.

	Six months ended 30 June		
(Eur million)	**2008**	**2009**	**Variance 2009/2008**
Reported ICT revenues	381	336	-11.6%
Impact divestments	40	0	
ICT excl. divested countries	340	336	-1.2%

Mobile voice

As predicted, the impact from the economic crisis is mainly visible in mobile voice revenues. Business customers looking for cost efficiencies cut back on mobile usage and demand lower prices. Year-to-date June 2009, EBU reports a mobile voice revenue of EUR 290 million, which is EUR 32 million or 10% lower than the year before. EUR -8 million of this is due to the carry-over impact from MTR regulation.

Compared to June 2008, the EBU mobile customers base increased by 97,000 to a total of 1,190,000 active mobile customers. So far, EBU has acquired 51,000 new active customers in 2009 which is slightly below the 55,000 new customers added in the same period of 2008.

[1] Total Transaction Value: annualised value of new contracts signed during a specified period. This excludes renewals and retention of existing Voice (fixed-mobile) and Mobile Data contracts, and swaps of mobile pricing plans. TTVA is an indicator of the level of order intake in a specific period and is subject to seasonality. TTVA is not a projection of total revenue.

The positive impact from an increasing customer base compared to June 2008 was however not sufficient to offset the impact from lower mobile usage and price pressure.
The Mobile Voice ARPU over the first half of 2009 was EUR 41.4, evolving from EUR 42.1 in the first quarter to EUR 40.7 for the second quarter of 2009. Besides a regulation impact, the year-over-year ARPU decline is caused by lower mobile usage, a continuing substitution by SMS and customers moving to attractive pricing plans (e.g. Bizz Flex solutions and Fusion for the SME segment).

Although the crisis continued to impact roaming revenues, the trend did not accelerate over the second quarter, supported by the positive impact of the Easter holidays on roaming. The lower number of business days in the second quarter 2009 however negatively impacts the mobile outbound volume from enterprises.

For the first semester 2009, EBU reported a total of 338 paying MoU, which is 6.7% lower than for 2008. The trend however did not deteriorate over the second quarter of 2009.

Mobile data
The positive trend of Mobile data revenue continued with year-to-date June revenues 13% higher than for the same period of 2008.
Advanced data revenue for the first six months of 2009, increased year-over-year by 15% and represents 66% of the total Mobile data revenue. This is driven by subscriptions for Mobile internet increasing over 50% year-over-year but also because of the continued strong growth of PDA and push-email. Data Roaming also picked up in the second quarter, benefiting from the Easter holidays.

SMS revenue, representing the remaining 34% of Mobile data revenue, continued its growth path with a year-to-date June revenue of EUR 31 million or a 9% growth. The number of SMS per customer grew in one year time by 25% to 67 SMS per active customer. Some of these SMS are included in packages and therefore free of charge. However, the number of paying SMS also increased significantly from 49 to 54 or 8.9%.

The growing importance of Advanced data in the total data revenue, positively impacts the net mobile data ARPU, going up 2.5% to EUR 12.6 by end June 2009.

	Six months ended 30 June		
(EUR million)	2008	2009	Variance % 2009/2008
Mobile DATA revenue	**79**	**89**	**12.9%**
Data - SMS	28	31	8.7%
Advanced data	51	58	15.2%
% in Mobile Data revenue			
Data SMS	36%	34%	
Advanced data	64%	66%	

EBU operating expenses before depreciation and amortization

Total operating expenses for the first half of 2009 were limited to EUR 651 million, or 9.8% lower than for the same period of last year.

Costs of materials and charges to revenue
EBU's sales-related costs decreased to EUR 382 million over the first six months of 2009. This is EUR 49 million or 11.4% lower than the previous year. This positive evolution is partly the result of the Telindus International divestment program, which was finalized by end 2008. However, on an organic basis, the sales related costs were still 4.1% down compared to June 2008 mainly because of lower fixed termination rates to alternative networks as of 1 January 2009, lower MTR and the year-over-year decrease in ICT revenue at lower margin.

Personnel expenses
Compared to June last year, the HR expenses of EBU are EUR 15 million or 7% lower as a result of a smaller personnel base. The resulting positive impact on remuneration costs more than offset the impact from last year's salary indexation.
By end of June 2009, EBU had 5,445 FTEs, or 498 fewer than one year ago. This includes 379 FTEs resulting from the Telindus International divestment program.

Other operating expenses
The cost cutting efforts of EBU, and especially the decision to divest non-core Telindus presences, led to a 8.3% reduction of non-HR costs compared to June 2008. Over the first half of 2009, the year-over-year cost evolution improved from a 3.5% cost increase in the first quarter to a 18.1% decrease in the second quarter.
On an organic basis, EBU kept its costs flat year-over-year.

EBU operating income before depreciation and amortization (EBITDA)

The tight cost control supported the contribution margin, going up to 48.6% compared to 47.1% in the first six months of 2008. The lower revenue was however not fully compensated by a lower cost level, resulting in a segment result of EUR 615 million, or 4.3% lower than in June 2008. The year-over-year variance showed an improvement from -5.5% in the first quarter to -3.1% in the second quarter of 2009.
The organic contribution margin end June 2009 stands at 48.9%.

EBU operating result

OPERATIONALS	Six months ended 30 June			
	2008	2009	Variance 2009/2008	Variance % 2009/2008
FROM FIXED				
Number of access channels (thousands)	1,998	1,958	-40	-2.0%
Voice (PSTN/ISDN)	1,559	1,503	-56	-3.6%
IP	2	11	9	367.0%
ADSL, VDSL	436	443	7	1.6%
Traffic (millions of minutes)	1,913	1,738	-175	-9.1%
National	1,317	1,189	-128	-9.7%
Fixed to Mobile	369	346	-22	-6.1%
International	227	203	-25	-10.9%
ARPU (EUR)				
ARPU Voice[1]	32.5	31.1	-1.4	-4.3%
ARPU Broadband[2]	40.8	39.9	-0.9	-2.1%
FROM MOBILE				
Number of active customers[3] (thousands)	1,093	1,190	97	8.9%
Post-paid[4]	1,093	1,190	97	8.9%
Annualized churn rate[5] (blended - variance in p.p.)	9.8%	10.9%		
Net ARPU[6] (EUR)				
Postpaid	62.8	54.0	-8.7	-13.9%
Postpaid voice	50.4	41.4	-9.0	-17.9%
Postpaid data	12.3	12.6	0.3	2.5%
UoU[7] (units)	404.7	388.8	-15.8	-3.9%
MoU[8] (min)	378.8	355.0	-23.9	-6.3%
Normalized MoU[9] (min)	362.6	338.4	-24.2	-6.7%
SMS[10] (units)	53.0	66.5	13.4	25.4%
Normalized SMS[11] (units)	49.3	53.7	4.4	8.9%

(1) ARPU Voice is equal to total voice revenue, excluding activation and payphone-related revenue, divided by the average voice access channels for the period considered, divided by the number of months in that same period.
(2) ARPU Broadband is equal to total ADSL revenue, divided by the average number of ADSL lines for the period considered, divided by the number of months in that same period.
(3) Active customers are customers who have made or received at least one call or sent or received at least one SMS in the last three months.
(4) Prepaid customers and MVNO customers are fully segmented as CBU customers.
(5) Annualized churn is the total annualized number of SIM cards disconnected from the Belgacom Mobile network (including the total number of port-outs due to mobile number portability) during the given period, divided by the average number of customers for that same period.
(6) ARPU has been calculated on the basis of monthly averages for the period indicated.
Monthly net ARPU is equal to total mobile voice and mobile data revenues, divided by the average number of active mobile customers for that period.
(7) UoU (Units of Use): voice minutes of use + SMS (where one SMS equals one minute) per active customer per month.
(8) MoU (Minutes of Use): duration of all calls from or to Proximus, per active voice customer per month.
(9) Normalized MoU: duration of all calls from or to Proximus, per active voice customer, per month – excluding free minutes
(10) SMS: number of SMS per active customer per month.
(11) Normalized SMS: number of paying SMS per active customer per month (i.e. excluding free SMS).

Service Delivery Engine – SDE

P&L Service Delivery Engine

(EUR million)	Six months ended 30 June 2008	2009	Variance 2009/2008
TOTAL SEGMENT REVENUE	**213**	**192**	**-9.6%**
Costs of materials and charges to revenue	-53	-34	-34.7%
Personnel expenses and pensions	-108	-101	-6.3%
Other operating expenses	-90	-91	0.8%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-251**	**-226**	**-9.7%**
TOTAL SEGMENT RESULT (1)	**-38**	**-34**	**-**
Segment contribution margin	*-18%*	*-18%*	
OPERATING LOSS before depreciation & amortization	**-38**	**-34**	**-**
Depreciation and amortization	-252	-213	-15.4%
OPERATING LOSS	**-289**	**-247**	**-14.7%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

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SDE revenue

The SDE revenue decrease of EUR 21 million year-over-year is mainly driven by regulation impacts and lower interconnection revenues.

In the first semester 2009 SDE revenue has been impacted by:

- Lower interconnect revenues from Pay Services following Royal Decree April 2008
- Lower Telindus wholesale revenues with other operators following the integration within Belgacom
- Lower transit traffic volumes to other operators;
- Regulation impact due to 50% decrease in bitstream transport prices (November 2008) and the Brotsoll[1] regulation
- A slight decline in roaming-in revenues due to lower roaming-in volumes

This was partly offset by an increase in data and capacity revenues driven by increased volumes in 2 Mbps leased lines.

(EUR million)	Six months ended 30 june 2008	2009	Variance 2009/2008	Variance % 2009/2008
Revenues	**213**	**192**	**-21**	**-9.6%**
From Fixed	171	153	-18	-10.5%
From Mobile	42	40	-3	-6.1%

SDE operating expenses before depreciation and amortization

SDE continued to keep its costs well under control, showing a year-over-year decrease of EUR 25 million or -9.7%

Costs of materials and charges to revenue

The decline in costs of materials and charges to revenue of almost 35% is driven by the decline in low-margin transit traffic, the decline in interconnection volumes from pay services and lower Telindus wholesale revenues.

[1] Belgacom Reference Offer for Terminating Segments of Leased Lines

Personnel costs
Year-over-year, the personnel costs went down by 6%. The decrease in headcount by 279 FTEs compared to one year ago, more than offset the impact from salary indexations. In the first half of 2009, the SDE headcount was reduced by 199 FTEs.

SDE operating income before depreciation and amortization (EBITDA)

The positive evolution of the total SDE cost base offset the lower revenue, resulting in a positive evolution of the EBITDA, from EUR -38 million to EUR -34 million.

Staff & Support – S&S

P&L Staff and Support

	Six months ended 30 June		
(EUR million)	2008	2009	Variance 2009/2008
TOTAL SEGMENT REVENUE	**16**	**19**	**15.4%**
Costs of materials and charges to revenue	-2	-1	-68.6%
Personnel expenses and pensions	-81	-82	1.2%
Other operating expenses	-114	-100	-12.4%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-196**	**-182**	**-7.3%**
TOTAL SEGMENT RESULT (1)	**-180**	**-163**	**-9.4%**
Segment contribution margin	-	-	
OPERATING LOSS before depreciation & amortization	**-180**	**-163**	**-9.4%**
Depreciation and amortization	-49	-40	-19.7%
OPERATING LOSS	**-229**	**-203**	**-11.6%**

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ S&S quarterly financial and operational results: page 27

S&S revenue

The Staff and Support year-over-year revenue increase of EUR 3 million results from a gain realized on the disposal of a building.

S&S operating expenses before depreciation and amortization

The strong decrease in other operating costs results was driven by the lower renting costs due to vacating the Proximus Boreal building, and provisions related to the Proximus building no longer applicable. The cost reduction program put in place at the beginning of the year also contributes positively.

The Staff & Support headcount was reduced by 119 FTEs compared to June 2008, including 85 FTEs who left in 2009. The positive result on total salaries largely offsets the indexation pressure.

International Carrier Services - ICS

- **Double digit revenue growth : + 18%**
- **Strong growth in EBITDA: +45%**
- **Volumes increasing more than 20%**

P&L International Carrier Services

	Six months ended 30 June		
(EUR million)	**2008**	**2009**	**Variance 2009/2008**
TOTAL SEGMENT REVENUE	**375**	**443**	**18.1%**
Costs of materials and charges to revenue	-317	-370	16.8%
Gross margin (1)	*58*	*73*	*25.2%*
Personnel expenses and pensions	-10	-12	15.6%
Other operating expenses	-19	-19	0.6%
TOTAL OPERATING EXPENSES before depreciation & amortization	**-347**	**-402**	**15.9%**
TOTAL SEGMENT RESULT (2)	**28**	**41**	**45.3%**
Segment result margin	*8%*	*9%*	
OPERATING INCOME before depreciation & amortization	**28**	**41**	**45.3%**
Depreciation and amortization	-9	-11	13.6%
OPERATING INCOME	**19**	**31**	**61.0%**

(1) Total segment revenue net of costs of materials and charges to revenue
(2) Operating income before depreciation and amortization and before non-recurring revenue and expenses

✓ *ICS quarterly financial and operational results: page 28*

ICS revenue

In the first half year of 2009, Belgacom ICS reported a strong voice volume growth, despite the global economic downturn. This resulted in a continued strong revenue growth of 18.1% compared to June 2008, mainly in higher margin Voice premium products. The continuing growth in the mobile segment, especially in Africa, Asia and the Middle East, remains the main contributor to Belgacom ICS' positive voice results, while VoIP is growing exponentially. This was partly offset by a lower average price per minute due to declining mobile termination rates decline across Europe.
Non-Voice revenue increased 13% due to the continued growth in mobile services (SMS, MMS and GPRS roaming) and high-rate bandwidth products.
Voice revenue was also favorably impacted by a stronger US dollar and Swiss franc.

	Six months ended 30 June			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Voice Direct Routing	117.7	111.5	-6.2	-5.3%
Voice Standard Products	37.9	49.2	11.3	29.9%
Voice Premium Products	187.7	246.4	58.7	31.2%
Non Voice	31.8	36.0	4.2	13.1%
Total revenues	**375.1**	**443.1**	**67.9**	**18.1%**

ICS detailed gross margin

ICS gross margin increased 25.2% year over year as a result of the strong volume growth in voice and non-voice, along with a slight increase in the voice unit margin in the second quarter.

	Six months ended 30 June			
(EUR million)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Voice	34.1	43.8	9.7	28.5%
Non Voice	24.1	29.0	4.9	20.5%
Total Gross Margin	**58.2**	**72.8**	**14.6**	**25.2%**

ICS operating income before depreciation and amortization (EBITDA)

The Personnel expenses and pensions increased, reflecting the headcount increase to sustain the mobile data growth and the salary indexation, while the other operating expenses were stable. The increasing gross margin partly offset by the expenses evolution, results in an EBITDA improvement of 45% bringing the total to EUR 41 million and an EBITDA margin of 9.3% over the first six months of 2009.

ICS operating review

	Six months ended 30 June			
(Voice volumes in billion of minutes)	**2008**	**2009**	**Variance 2009/2008**	**Variance % 2009/2008**
Voice Direct Routing	3.7	3.6	-0.1	-1.6%
Voice Standard Products	0.7	1.0	0.3	46.3%
Voice Premium Products	3.2	4.6	1.4	42.8%
Total	**7.6**	**9.2**	**1.6**	**21.6%**

BICS volumes included at 100%

Quarterly results

Group - Financials

(EUR million)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Revenues	**1,469**	**1,485**	**1,473**	**1,551**	**2,954**	**5,978**	**1,492**	**1,504**	**2,996**
Consumer Business Unit	548	553	560	593	1,101	2,253	591	604	1,195
Enterprise business unit	675	690	651	680	1,365	2,696	640	626	1,267
Service Delivery engine	110	103	102	99	213	415	98	94	192
Staff&Support	9	7	8	10	16	34	7	12	19
International Carrier Services	185	190	207	230	375	812	217	227	443
Intersegment eliminations	-59	-58	-54	-61	-117	-232	-61	-60	-121
Costs of materials and charges to revenues	**-469**	**-479**	**-487**	**-540**	**-948**	**-1,975**	**-511**	**-511**	**-1,023**
Personnel expenses and pensions	**-280**	**-282**	**-281**	**-281**	**-562**	**-1,124**	**-281**	**-280**	**-561**
Other operating expenses	**-202**	**-226**	**-202**	**-259**	**-428**	**-890**	**-207**	**-211**	**-418**
Segment result	**518**	**498**	**503**	**471**	**1,016**	**1,990**	**492**	**502**	**994**
Segment EBITDA margin*	**35.3%**	**33.5%**	**34.1%**	**30.4%**	**34.4%**	**33.3%**	**33.0%**	**33.4%**	**33.2%**
Non recurring items	**0**	**8**	**0**	**-93**	**8**	**-85**	**0**	**-62**	**-62**
Ebitda	**518**	**506**	**503**	**378**	**1,024**	**1,905**	**492**	**440**	**932**

** before non-recurring items*

Group - Capex

(EUR million)	Q108	Q208	Q308	Q408	YTD 2008	2008	Q109	Q209	YTD 2009
Group Capex	**128**	**242**	**135**	**258**	**370**	**764**	**135**	**134**	**270**
Consumer Business Unit	10	117	29	39	127	195	26	16	42
Enterprise business unit	7	3	3	6	10	19	6	4	10
Service Delivery engine	105	108	90	174	213	477	98	106	205
Staff&Support	6	12	9	27	18	54	3	6	8
International Carrier Services	1	2	3	13	3	19	2	3	5

CBU - Financials

(EUR million)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Revenues	**548**	**553**	**560**	**593**	**1,101**	**2,253**	**591**	**604**	**1,195**
From Fixed	283	283	280	298	565	1,144	309	304	613
Voice	153	149	147	150	302	599	144	141	285
Data	76	80	78	80	156	313	79	78	157
TV	18	20	23	24	39	86	29	30	59
Terminals (excl. TV)	16	14	14	13	30	57	13	12	25
Scarlet	0	0	0	9	0	9	25	24	50
Other	20	19	19	22	39	80	19	19	38
From Mobile	265	270	279	295	535	1,110	282	300	582
Voice	183	185	180	176	368	723	170	178	348
Data	70	69	67	71	139	277	71	77	147
Terminals (excl. TV)	9	12	12	18	21	50	14	18	32
Tango	0	0	17	26	0	43	23	23	46
Other	3	4	4	5	7	16	4	3	8
Costs of materials and charges to revenues	**-124**	**-127**	**-139**	**-164**	**-250**	**-553**	**-166**	**-174**	**-340**
Personnel expenses and pensions	**-79**	**-80**	**-81**	**-85**	**-159**	**-325**	**-89**	**-88**	**-177**
Other operating expenses	**-58**	**-71**	**-67**	**-86**	**-129**	**-282**	**-68**	**-75**	**-143**
Segment result	**287**	**275**	**273**	**258**	**562**	**1,093**	**268**	**266**	**534**
Segment Contribution margin	**52.3%**	**49.8%**	**48.7%**	**43.6%**	**51.1%**	**48.5%**	**45.4%**	**44.1%**	**44.7%**

CBU – Operationals

	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
FROM FIXED									
Number of access channels (thousands)	**3,136**	**3,099**	**3,078**	**3,068**	**3,099**	**3,068**	**3,164**	**3,130**	**3,130**
PSTN	2,223	2,176	2,125	2,071	2,176	2,071	2,013	1,979	1,979
ISDN	45	43	42	40	43	40	38	37	37
IP	15	21	35	54	21	54	71	70	70
ADSL, VDSL	854	859	876	902	859	902	1,042	1,044	1,044
Traffic (millions of minutes)	**1,263**	**1,188**	**1,119**	**1,231**	**2,451**	**4,801**	**1,230**	**1,124**	**2,353**
National	1,063	983	927	1,023	2,045	3,996	1,022	918	1,940
Fixed to Mobile	101	109	100	107	210	417	105	109	214
International	99	97	91	102	196	388	102	97	199
TV (thousands)	**349**	**391**	**443**	**506**	**391**	**506**	**555**	**589**	**589**
TV - households	313	350	389	441	350	441	486	513	513
of which second stream users	37	42	54	65	42	65	70	75	75
ARPU (EUR)									
ARPU Voice	21.5	21.3	21.3	22.2	21.4	21.6	21.7	21.6	21.7
ARPU broadband	29.8	31.0	29.7	29.7	30.4	30.0	28.6	28.1	28.4
ARPU Belgacom TV	19.3	19.6	20.2	18.5	19.5	19.4	20.4	19.2	19.8
FROM MOBILE									
Number of active customers (thousands)	**3,648**	**3,672**	**3,705**	**3,777**	**3,672**	**3,777**	**3,787**	**3,809**	**3,809**
Pre-paid	2,196	2,199	2,228	2,235	2,199	2,235	2,229	2,224	2,224
Post-paid	1,364	1,389	1,393	1,431	1,389	1,431	1,451	1,488	1,488
MVNO	87	84	84	111	84	111	107	97	97
Annualized churn rate (blended - variance in p.p.)*	**19.6%**	**19.2%**	**20.4%**	**18.8%**	**19.6%**	**19.5%**	**19.6%**	**20.8%**	**20.3%**
ARPU (EUR)**									
Prepaid	24.2	22.5	21.4	22.9	23.4	22.8	22.0	24.5	23.2
Postpaid	40.8	40.3	39.8	39.2	40.6	40.0	37.3	38.6	37.9
Blended	30.0	28.9	28.1	28.7	29.5	28.9	27.5	29.5	28.5
Blended voice	20.7	19.5	18.8	18.6	20.1	19.4	17.5	18.3	17.9
Blended data	9.3	9.4	9.3	10.2	9.4	9.5	10.0	11.2	10.6
Net ARPU (EUR)**									
Prepaid	14.8	14.9	13.9	14.0	14.8	14.4	13.3	14.4	13.8
Postpaid	38.8	37.9	37.0	36.6	38.3	37.6	35.3	36.4	35.9
Blended	23.5	23.5	22.5	22.4	23.5	23.0	21.6	22.7	22.1
Blended voice	17.0	17.2	16.4	16.0	17.0	16.6	15.3	15.9	15.6
Blended data	6.5	6.3	6.1	6.4	6.4	6.3	6.3	6.8	6.6
UoU (units)	**218.5**	**224.6**	**214.4**	**244.8**	**221.6**	**225.8**	**262.9**	**290.5**	**276.8**
MoU (min)	**119.3**	**118.6**	**111.0**	**112.0**	**118.6**	**115.3**	**107.9**	**112.9**	**110.5**
Normalized MoU (min)	**95.9**	**100.5**	**94.5**	**95.4**	**98.2**	**96.7**	**93.6**	**96.5**	**94.5**
SMS (units)	**100.1**	**106.9**	**104.3**	**133.7**	**103.5**	**111.4**	**156.0**	**178.7**	**167.4**
Normalized SMS (units)	**58.9**	**60.0**	**54.9**	**66.8**	**59.5**	**60.2**	**68.3**	**72.2**	**71.8**

** Annualized churn is the total annualized number of retail SIM cards (postpaid + prepaid) disconnected from the Belgacom Mobile network (including the total number of port-outs due to mobile number portability) during the given period, divided by the average number of retail customers for that period.*
*** MVNO included*

EBU - Financials

(EUR million)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Revenue	**675**	**690**	**651**	**680**	**1,365**	**2,696**	**640**	**626**	**1,267**
From Fixed	470	479	449	482	949	1,880	444	429	874
Voice	157	155	146	150	312	608	148	144	292
Data	101	103	101	103	203	408	101	100	201
ICT	187	194	176	199	381	756	171	166	336
Terminals	18	19	19	20	38	77	19	18	37
Other	7	8	7	10	15	32	6	1	7
From Mobile	205	211	202	198	416	816	196	197	393
Voice	159	164	153	148	322	624	146	144	290
Data	39	40	41	42	79	162	43	46	89
Terminals	5	5	5	5	10	20	4	4	8
Other	2	3	2	3	5	10	3	3	6
Costs of materials and charges to revenues	**-212**	**-220**	**-198**	**-215**	**-431**	**-844**	**-198**	**-184**	**-382**
Personnel expenses and pensions	**-101**	**-103**	**-102**	**-102**	**-204**	**-408**	**-95**	**-94**	**-189**
Other operating expenses	**-40**	**-48**	**-41**	**-50**	**-87**	**-178**	**-41**	**-39**	**-80**
Segment result	**324**	**320**	**310**	**313**	**643**	**1,266**	**306**	**310**	**615**
Segment Contribution margin	**47.9%**	**46.3%**	**47.6%**	**46.1%**	**47.1%**	**47.0%**	**47.7%**	**49.4%**	**48.6%**

EBU – Operationals

	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
FROM FIXED									
Number of access channels (thousands)	**2,000**	**1,998**	**1,993**	**1,987**	**1,998**	**1,987**	**1,974**	**1,958**	**1,958**
PSTN	693	687	682	674	687	674	664	657	657
ISDN	874	872	868	864	872	864	854	847	847
IP	2	2	4	7	2	7	11	11	11
ADSL, VDSL	431	436	439	443	436	443	445	443	443
Traffic (millions of minutes)	**969**	**944**	**841**	**889**	**1,913**	**3,643**	**901**	**837**	**1,738**
National	672	645	572	610	1,317	2,499	620	569	1,189
Fixed to Mobile	183	186	165	175	369	708	176	171	346
International	114	114	104	105	227	436	105	97	203
ARPU (EUR)									
ARPU Voice	32.7	32.2	30.4	31.6	32.5	31.7	31.3	30.9	31.1
ARPU Broadband	40.4	41.2	40.4	40.2	40.8	40.6	40.1	39.8	39.9
FROM MOBILE									
Number of active customers (thousands)	**1,065**	**1,093**	**1,116**	**1,139**	**1,093**	**1,139**	**1,170**	**1,190**	**1,190**
Post-paid	1,065	1,093	1,116	1,139	1,093	1,139	1,170	1,190	1,190
Annualized churn rate (blended - variance in p.p.)	**10.2%**	**9.4%**	**9.4%**	**11.4%**	**9.8%**	**10.1%**	**10.7%**	**11.0%**	**10.9%**
ARPU (EUR)									
Postpaid	69.3	69.7	65.0	64.3	69.5	67.0	60.8	60.4	60.6
Postpaid voice	55.9	56.2	51.5	50.2	56.0	53.4	47.1	46.2	46.6
Postpaid data	13.4	13.5	13.5	14.1	13.4	13.6	13.7	14.3	14.0
Net ARPU (EUR)									
Postpaid	62.6	62.9	58.8	56.1	62.8	60.0	54.5	53.6	54.0
Postpaid voice	50.3	50.6	46.3	43.7	50.4	47.6	42.1	40.7	41.4
Postpaid data	12.4	12.3	12.5	12.5	12.3	12.4	12.4	12.9	12.6
UoU (units)	**397.2**	**411.0**	**372.7**	**397.2**	**404.7**	**394.8**	**388.5**	**389.2**	**388.8**
MoU (min)	**371.9**	**385.9**	**347.1**	**365.6**	**378.8**	**367.7**	**355.4**	**354.5**	**355.0**
Normalized MoU (min)	**355.6**	**369.1**	**329.7**	**347.5**	**362.6**	**350.5**	**337.9**	**338.9**	**338.4**
SMS (units)	**52.0**	**53.8**	**53.1**	**62.2**	**53.0**	**55.4**	**64.7**	**68.4**	**66.5**
Normalized SMS (units)	**49.6**	**48.8**	**48.2**	**53.5**	**49.3**	**50.1**	**53.3**	**54.3**	**53.7**

SDE - Financials

(EUR million)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Revenues	**110**	**103**	**102**	**99**	**213**	**415**	**98**	**94**	**192**
From Fixed	90	81	81	78	171	330	79	74	153
From Mobile	20	22	21	21	42	85	19	21	40
Costs of materials and charges to revenues	**-29**	**-23**	**-21**	**-19**	**-53**	**-93**	**-16**	**-18**	**-34**
Personnel expenses and pensions	**-54**	**-53**	**-52**	**-50**	**-108**	**-209**	**-50**	**-50**	**-101**
Other operating expenses	**-46**	**-45**	**-41**	**-48**	**-90**	**-179**	**-48**	**-43**	**-91**
Segment result	**-20**	**-18**	**-11**	**-18**	**-38**	**-67**	**-16**	**-18**	**-34**
Segment Contribution margin	**-18.0%**	**-17.3%**	**-11.0%**	**-18.4%**	**-17.7%**	**-16.2%**	**-16.5%**	**-18.7%**	**-17.6%**

S&S - Financials

(EUR million)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Revenues	**9**	**7**	**8**	**10**	**16**	**34**	**7**	**12**	**19**
Costs of materials and charges to revenues	**-1**	**-1**	**-1**	**-1**	**-2**	**-3**	**0**	**-1**	**-1**
Personnel expenses and pensions	**-40**	**-41**	**-41**	**-39**	**-81**	**-160**	**-41**	**-41**	**-82**
Other operating expenses	**-55**	**-59**	**-52**	**-71**	**-114**	**-237**	**-50**	**-49**	**-100**
Segment result	**-86**	**-94**	**-86**	**-100**	**-180**	**-366**	**-84**	**-79**	**-163**

ICS - Financials

(EUR million)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Revenues	185	190	207	230	375	812	217	227	443
Costs of materials and charges to revenues	-157	-160	-174	-195	-317	-685	-184	-186	-370
Personnel expenses and pensions	-5	-5	-6	-5	-10	-22	-6	-6	-12
Other operating expenses	-9	-10	-10	-12	-19	-41	-8	-11	-19
Segment result	14	14	18	18	28	64	19	23	41
Segment EBITDA margin	7.6%	7.5%	8.5%	7.8%	7.6%	7.9%	8.7%	10.0%	9.3%

ICS – Operationals

(Voice volumes in billion of minutes)	Q108	Q208	Q308	Q408	YTD08	2008	Q109	Q209	YTD09
Voice Direct Routing	1.8	1.8	1.8	1.9	3.7	7.3	1.8	1.8	3.6
Voice Standard Products	0.3	0.4	0.4	0.5	0.7	1.6	0.5	0.5	1.0
Voice Premium Products	1.5	1.7	1.9	2.2	3.2	7.3	2.1	2.4	4.6
Total	**3.7**	**3.9**	**4.1**	**4.5**	**7.6**	**16.2**	**4.5**	**4.7**	**9.2**

BICS volumes included at 100%

Interim Financial statements

Interim condensed consolidated financial statements.

These interim financial statements have been subject to a review by the independent auditor (see limited review report).

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted for use in the European Union, and with IAS 34, Interim Financial Reporting.

The accounting policies and methods of the Group are consistent with those applied in the 31 December 2008 consolidated financial statements, with the exception that the Group adopted the new standards and interpretations that became mandatory for the Belgacom Group on 1 January 2009. The adoption of these new standards and interpretations did not affect the financial statements of the Group, except for the application of "IFRIC 13 Customer Loyalty Programs" which requires the awards credit granted to be deferred via the revenues and to be measured at fair value. The Group does not anticipate on the application of standards and interpretations.

The definition of non-recurring items in the income statement was adapted to include expenses incurred in respect of fines and penalties and now reads as follows: “non-recurring revenues and non-recurring expenses include gains or losses on the disposal of consolidated companies exceeding individually EUR 5 million, fines and penalties imposed by competition authorities or by the regulator exceeding EUR 5 million and costs of employee restructuring programs”.

On 28 November 2008, Belgacom acquired all the shares of Scarlet SA, an infrastructure -based communication provider. The fair value of its identifiable assets and liabilities, at the acquisition date, had not been determined on 31 December 2008, even provisionally. During the first semester of 2009, Belgacom Group recognized and valuated Scarlet’s customer base and tradename (EUR 37 million, net of deferred taxes) and contingencies (EUR 11 million). The resulting purchase price allocation remains provisional.

During the first six months of 2009, the Belgacom Group did not acquire or dispose of any significant subsidiary, joint venture or affiliate.

Consolidated income statements

(EUR million)	Three months ended 30 June 2008	2009	Six months ended 30 June 2008	2009
Net revenue	1,470	1,484	2,923	2,959
Other operating revenue	15	20	31	37
Non-recurring revenue	8	0	8	0
TOTAL REVENUE	**1,493**	**1,504**	**2,962**	**2,996**
Costs of materials and charges to revenue	-479	-511	-948	-1,023
Personnel expenses and pensions	-282	-280	-562	-561
Other operating expenses	-226	-211	-428	-418
Non-recurring expenses	0	-62	0	-62
TOTAL OPERATING EXPENSES before depreciation & amortization	**-987**	**-1,064**	**-1,938**	**-2,064**
OPERATING INCOME before depreciation & amortization	**506**	**440**	**1,024**	**932**
Depreciation and amortization	-189	-178	-372	-352
OPERATING INCOME	**317**	**262**	**651**	**580**
Finance revenue	13	9	19	9
Finance costs	-28	-32	-56	-69
Net finance costs	**-15**	**-23**	**-37**	**-60**
INCOME BEFORE TAXES	**302**	**239**	**614**	**520**
Tax expense	-67	-51	-144	-120
NET INCOME	**235**	**188**	**470**	**400**
Non-controlling interests	0	0	0	0
Net income (Group share)	235	188	471	400
Basic earnings per share	0.72 EUR	0.59 EUR	1.43 EUR	1.25 EUR
Diluted earnings per share	0.72 EUR	0.59 EUR	1.43 EUR	1.25 EUR
Weighted average number of ordinary shares	327,596,775	320,363,705	328,325,259	320,350,443
Weighted average number of ordinary shares for diluted earnings per share	327,716,917	320,363,705	328,493,398	320,350,443

Consolidated statements of other comprehensive income

(EUR million)	Six months ended 30 June 2008	2009
Net income	**470**	**400**
Other comprehensive income:		
Available-for-sale investments:		
Valuation gain/(loss) taken to equity	-1	1
Exchange differences on translation of foreign operations	2	1
Other comprehensive income net of tax	**1**	**2**
Total comprehensive income	**471**	**402**
Attributable to:		
Equity holders of the parent	472	402

Consolidated balance sheets

(EUR million)	As of 31 December 2008	As of 30 June 2009
ASSETS		
NON-CURRENT ASSETS	**5,564**	**5,497**
Goodwill	2,111	2,081
Intangible assets with finite useful life	552	582
Property, plant and equipment	2,501	2,441
Enterprises accounted for under the equity method	0	2
Other participating interests	1	1
Deferred income tax assets	308	309
Pension assets	5	2
Other non-current assets	85	79
CURRENT ASSETS	**2,218**	**2,041**
Inventories	100	96
Trade receivables	1,205	1,195
Current income tax assets	144	187
Other current assets	151	171
Investments	53	82
Cash and cash equivalents	565	308
Assets classified as held for sale	0	3
TOTAL ASSETS	**7,782**	**7,538**
LIABILITIES AND EQUITY		
EQUITY	**2,276**	**2,147**
Shareholders' equity	**2,271**	**2,142**
Issued capital	1,000	1,000
Treasury shares	-517	-511
Restricted reserve	100	100
Remeasurement to fair value	4	6
Stock compensation	6	8
Retained earnings	1,675	1,535
Foreign currency translation	3	3
Non-controlling interests	**5**	**5**
NON-CURRENT LIABILITIES	**3,182**	**3,163**
Interest-bearing liabilities	2,128	2,128
Liability for pensions, other post-employment benefits and termination benefits	777	725
Provisions	225	213
Deferred income tax liabilities	49	95
Other non-current payables	3	3
CURRENT LIABILITIES	**2,323**	**2,228**
Interest-bearing liabilities	393	349
Trade payables	1,239	1,144
Income tax payables	165	99
Other current payables	527	635
Liabilities associated with assets classified as held for sale	0	2
TOTAL LIABILITIES AND EQUITY	**7,782**	**7,538**

Consolidated cash flow statements

(EUR million)	Six months ended 30 June 2008	2009
Cash flow from operating activities		
Net income (group share)	471	400
Adjustments for:		
Depreciation and amortization on intangible assets and property, plant and equipment	372	352
Increase of impairment on intangible assets and property, plant and equipment	0	1
Increase of provisions	15	10
Deferred tax expense	23	27
Fair value adjustments on financial instruments	-3	1
(Gain) / loss on disposal of consolidated companies	-9	1
Gain on disposal of property, plant and equipment	-2	-3
Other non-cash movements	2	2
Operating cash flow before working capital changes	**869**	**789**
Decrease in inventories	4	3
Decrease / (increase) in trade receivables	-40	10
Increase in current income tax assets	-26	-43
Increase in other current assets	-45	-18
Increase / (decrease) in trade payables	35	-95
Decrease in income tax payables	-71	-66
Increase in other current payables	48	118
Decrease in net liability for pensions, other post-employment benefits and termination benefits	-49	-49
Decrease in other non-current payables and provisions	-21	-24
Increase in working capital, net of acquisitions and disposals of subsidiaries	**-165**	**-164**
Net cash flow provided by operating activities	**705**	**625**
Cash flow from investing activities		
Purchase of intangible assets and property, plant and equipment	-370	-270
Cash paid for consolidated companies, net of cash acquired	-9	-2
Cash received from / (paid for) sales of consolidated companies, net of cash disposed of	6	1
Cash received from sales of intangible assets and property, plant and equipment	4	5
Net cash received from / (paid for) other non-current assets	0	4
Net cash provided by / (used in) investing activities	**-369**	**-262**
Cash flow before financing activities	**336**	**362**
Cash flow from financing activities		
Dividends paid to shareholders	-567	-555
Dividends paid to non-controlling interests	-1	0
Net sale / (acquisition) of treasury shares	-141	7
Sale / (purchase) of investments	2	-28
Decrease of shareholders' equity	0	-1
Issuance of long term debt	3	0
Repayment of short term debt	-15	-43
Net cash used in financing activities	**-718**	**-620**
Net decrease of cash and cash equivalents	**-382**	**-257**
Cash and cash equivalents at 1 January	726	565
Cash and cash equivalents at 30 June	344	308

Consolidated statements of changes in equity

(EUR million)	Issued capital	Treasury shares	Restricted reserve	Remeasure-ment to fair value	Foreign currency translation	Stock Compen-sation	Retained Earnings	Share'rs' Equity	Non-Controlling interests	Total Equity
Balance at 31 December 2007	**1,000**	**-178**	**100**	**4**	**2**	**5**	**1,586**	**2,520**	**6**	**2,525**
Fair value changes in available-for-sale investments	*0*	*0*	*0*	*-1*	*0*	*0*	*0*	*-1*	*0*	*-1*
Currency translation differences	*0*	*0*	*0*	*0*	*2*	*0*	*0*	*2*	*0*	*2*
Equity changes not recognised in the income statement	0	0	0	-1	2	0	0	1	0	1
Net income	0	0	0	0	0	0	471	471	0	470
Total comprehensive income and expense	**0**	**0**	**0**	**-1**	**2**	**0**	**471**	**472**	**0**	**471**
Dividends to shareholders (relating to 2007)	0	0	0	0	0	0	-550	-550	0	-550
Dividends of subsidiaries to non-controlling interests	0	0	0	0	0	0	0	0	-1	-1
Treasury shares										
Exercise of stock options	0	8	0	0	0	0	-2	6	0	6
Acquisition of treasury shares	0	-152	0	0	0	0	0	-152	0	-152
Sale of treasury shares under a discounted share purchase plan	0	4	0	0	0	0	0	4	0	4
Stock options										
Stock options granted and accepted	0	0	0	0	0	3	0	3	0	3
Deferred stock compensation	0	0	0	0	0	-3	0	-3	0	-3
Amortization deferred stock compensation	0	0	0	0	0	1	0	1	0	1
Exercise of stock options	0	0	0	0	0	-1	1	0	0	0
Total transactions with equity holders	**0**	**-141**	**0**	**0**	**0**	**0**	**-551**	**-692**	**-1**	**-692**
Balance at 30 June 2008	**1,000**	**-318**	**100**	**3**	**4**	**5**	**1,506**	**2,300**	**5**	**2,304**
Balance at 31 December 2008	**1,000**	**-517**	**100**	**4**	**3**	**6**	**1,675**	**2,271**	**5**	**2,276**
Fair value changes in available-for-sale investments	*0*	*0*	*0*	*1*	*0*	*0*	*0*	***1***	*0*	*1*
Currency translation differences	*0*	*0*	*0*	*0*	*1*	*0*	*0*	***1***	*0*	*1*
Equity changes not recognised in the income statement	0	0	0	1	1	0	0	**2**	0	2
Net income	0	0	0	0	0	0	400	**400**	0	400
Total comprehensive income and expense	**0**	**0**	**0**	**1**	**1**	**0**	**400**	**402**	**-0.04**	**402**
Dividends to shareholders (relating to 2008)	0	0	0	0	0	0	-538	**-538**	0	-538
Treasury shares										
Sale of treasury shares under a discounted share purchase plan	0	6	0	0	0	0	-1	**5**	0	5
Stock options										
Stock options granted and accepted	0	0	0	0	0	4	0	**4**	0	4
Deferred stock compensation	0	0	0	0	0	-4	0	**-4**	0	-4
Amortization deferred stock compensation	0	0	0	0	0	2	0	**2**	0	2
Total transactions with equity holders	**0**	**7**	**0**	**0**	**0**	**2**	**-540**	**-531**	**0**	**-531**
Balance at 30 June 2009	**1,000**	**-511**	**100**	**6**	**3**	**8**	**1,535**	**2,142**	**5**	**2,147**

Contingent liabilities

No changes occurred during the first six months of 2009 in the contingent liabilities mentioned in note 34 of the consolidated financial statements for the year ended on 31 December 2008, except for the case initiated by BASE on 7 October 2005, alleging abusive pricing on the professional market, and for which the Belgian Competition Authority performed a dawn raid on 19 January 2006 at Belgacom Mobile's premises.

In this case, the Belgian Competition Authority confirmed on 26 May 2009 one of the five charges of abuse of dominant position put forward by the Prosecutor on 22 April 2008, i.e. engaging in the years 2004 and 2005 in a "price-squeeze" on the professional market. The Competition Authority considered that the rates for calls between Proximus customers ("on-net rates") were lower than the rates it charged competitors for routing a call from their own networks to that of Proximus (= termination rates). All other charges of the Prosecutor were rejected. The Competition Authority also imposed a penalty of EUR 66.3 million on Belgacom Mobile for abuse of a dominant market position during the years 2004 and 2005. The Group was obliged to pay the penalty prior to 30 June 2009 and recognized this charge (net of existing provisions) as a non-recurring expense in the income statement of the second quarter 2009.
Belgacom Mobile filed its appeal against the ruling of the Competition Authority with the Court of Appeal of Brussels, given its strong arguments against a large number of elements of the ruling: a.o. the fact that the market impact was not examined. Also Base and Mobistar filed an appeal against the ruling.

Following the ruling of the Competition Authority of 26 May 2009, management reassessed the contingent liabilities of the Group, including the litigation initiated by BASE in June 2003, and voluntarily joined by Mobistar on 1 March 2004, as described in note 34 of the consolidated financial statements for the year ended on 31 December 2008. The Group will continue to monitor developments and in the meantime will vigorously defend its interests.

Subsequent events

Strategic co-operation between Belgacom ICS (BICS) and MTN

On 26 June 2009, Belgacom ICS (BICS) and MTN announced the combination of their respective international carrier services activities, resulting in the creation of a leading operator in international wholesale telecommunications, both for voice services (world top 5) and for international connectivity services to mobile operators (world leader).

In terms of this transaction, MTN will contribute into BICS the assets of MTN ICS, its international wholesale subsidiary, and will mandate BICS to operate as the official international gateway for carriers services of MTN globally. In counterpart, MTN will receive a stake of 20% in BICS shareholder's equity.

As a consequence of this transaction, Belgacom share in BICS will be diluted from 72% to 57.6%.

The completion of this transaction is still subject to approval by the relevant authorities.

Segment reporting

Segment revenue and results

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Six months ended 30 June 2008						
Net revenue	1,067	1,333	176	1	347	0	2,923
Other operating revenue	7	5	7	11	0	0	31
Intersegment revenue	26	27	30	5	28	-117	
TOTAL SEGMENT REVENUE	**1,101**	**1,365**	**213**	**16**	**375**	**-117**	**2,954**
Costs of materials and charges to revenue	-250	-431	-53	-2	-317	104	-948
Personnel expenses and pensions	-159	-204	-108	-81	-10	0	-562
Other operating expenses	-129	-87	-90	-114	-19	12	-428
TOTAL OPERATING EXPENSES before depreciation & amortization	**-539**	**-722**	**-251**	**-196**	**-347**	**116**	**-1,938**
TOTAL SEGMENT RESULT (1)	**562**	**643**	**-38**	**-180**	**28**	**-0**	**1,016**
Non-recurring revenue	0	8	0	0	0	0	**8**
OPERATING INCOME / (LOSS) before depreciation & amortization	**562**	**651**	**-38**	**-180**	**28**	**-0**	**1,024**
Depreciation and amortization	-45	-18	-252	-49	-9	0	**-372**
OPERATING INCOME / (LOSS)	**517**	**634**	**-289**	**-229**	**19**	**-0**	**651**
Finance expense (net)							-37
INCOME BEFORE TAXES							**614**
Tax expense							-144
NET INCOME							**470**
Non-controlling interests							0
Net income (Group share)							471

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Six months ended 30 June 2009						
Net revenue	1,158	1,241	143	1	415	0	2,959
Other operating revenue	7	7	9	12	1	0	37
Intersegment revenue	30	19	40	6	27	- 121	
TOTAL SEGMENT REVENUE	**1,195**	**1,267**	**192**	**19**	**443**	**-121**	**2,996**
Costs of materials and charges to revenue	-340	-382	-34	-1	-370	105	-1,023
Personnel expenses and pensions	-177	-189	-101	-82	-12		-561
Other operating expenses	-143	-80	-91	-100	-19	16	-418
TOTAL OPERATING EXPENSES before depreciation & amortization	**-661**	**-651**	**-226**	**-182**	**-402**	**120**	**-2,002**
TOTAL SEGMENT RESULT (1)	**534**	**615**	**-34**	**-163**	**41**	**-0**	**994**
Non-recurring expenses	-7	-56	0	0	0	0	**-62**
OPERATING INCOME / (LOSS) before depreciation & amortization	**528**	**560**	**-34**	**-163**	**41**	**-0**	**932**
Depreciation and amortization	-75	-13	-213	-40	-11	0	-352
OPERATING INCOME / (LOSS)	**453**	**546**	**-247**	**-203**	**31**	**0**	**580**
Finance expense (net)							-60
INCOME BEFORE TAXES							**520**
Tax expense							-120
NET INCOME							**400**
Non-controlling interests							0
Net income (Group share)							400

(1) Operating income before depreciation and amortization and before non-recurring revenue and expenses

Segment assets

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Unallocated	Total
	As of 31 December 2008						
Goodwill	1,026	1,085	0	0	0	0	2,111
Segment assets	286	52	1,956	698	64	-3	3,054
Unallocated assets						2,617	2,617
Total assets	**1,313**	**1,136**	**1,956**	**698**	**64**	**2,614**	**7,782**

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Unallocated	Total
	As of 30 June 2009						
Goodwill	996	1,085	0	0	0	0	**2,081**
Segment assets	304	48	1,961	653	59	-2	**3,023**
Unallocated assets						2,434	**2,434**
Total assets	**1,300**	**1,133**	**1,961**	**653**	**59**	**2,432**	**7,538**

Other segment information

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Six months ended 30 June 2008						
Capital expenditure	127	10	213	18	3	0	370

(EUR million)	Consumer Business Unit	Enterprise Business Unit	Service Delivery Engine	Staff & Support	International Carrier Services	Inter-segment eliminations	Total
	Six months ended 30 June 2009						
Capital expenditure	42	10	205	8	5	0	270

Limited review report

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF BELGACOM SA DE DROIT PUBLIC / NV VAN PUBLIEK RECHT ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2009 AND FOR THE SIX MONTHS THEN ENDED

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Belgacom SA de droit public / NV van publiek recht (the "Company") as at 30 June 2009 and the related interim condensed consolidated statements of income, changes in equity, other comprehensive income and cash flows for the six-month period then ended, and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting* ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review ("revue limitée/beperkt nazicht" as defined by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren") in accordance with the recommendation of the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing or with auditing standards of the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren" and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as adopted for use in the European Union.

Diegem, 30 July 2009

Ernst & Young Réviseurs d'Entreprises SCCRL/Bedrijfsrevisoren BCVBA
represented by

Marnix Van Dooren
Partner

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Brussels Register of Legal Entities
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Date of constitution – Legal form
The transformation of Belgacom into a *"société anonyme"* (limited liability company) under public law was implemented by the Royal Decree of 16 December 1994, which was published in the Belgian Official Gazette on 22 December 1994, and became effective that same day.