

**Half year
results 2008
Mobistar**

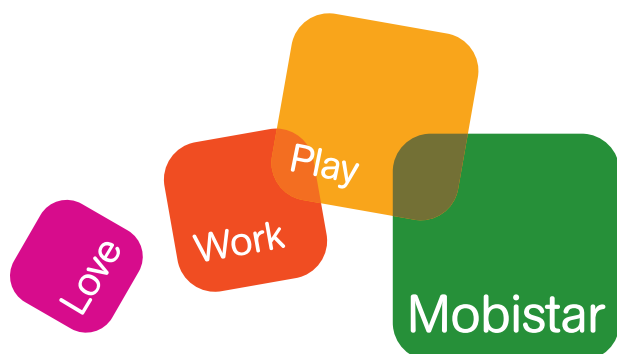


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Press release

Embargo until Thursday, 24 July 2008, at 7:00 pm
Regulated information

Mobistar exceeds initial guidance: customer base, revenues and EBITDA

Brussels, 24 July 2008 – Mobistar today announced its results for the first semester of 2008. Despite continued competition and the persistent pressure from regulating authorities, Mobistar was able to achieve results that exceeded the initial guidance.

Key facts:

- The Mobistar group's customer base, including MVNO's, grew by 14.8 % compared to June 2007. At the end of the first semester of 2008, the group Mobistar had 3,720,018 active customers, an increase of 479,502 customers compared to June 2007. A total of 230,159 customers were acquired in the first six months of 2008.
- The increase in the number of active customers has a positive effect on revenues, but cannot prevent that the decrease of the roaming and mobile termination rates (MTR) had a negative influence on the ARPU (Average Revenue per User). The ARPU evolved from 36.90 euro at the end of June 2007 to 33.13 euro per month per active customer one year later.
- Regulations had a 55.9 million euro impact in the first semester of this year, taking the BIPT's new decision regarding the MTR partially into account. Despite the decrease in the roaming and mobile termination rates, Mobistar group's consolidated revenue remains approximately stable thanks to a positive contribution from Luxemburg operator VOXmobile. Consolidated revenue amounted 745.5 million euro at the end of June 2008, compared to 747.2 million euro a year earlier or a decrease of 0.2 %.
- In line with expectations, Mobistar manages to keep its EBITDA margin stable at 41.9 % of service revenues, thanks to continued cost controlling and the favourable evolution of its commercial activities.
- The evolution of revenues and net profit exceeds initial guidance. Therefore, Mobistar is adjusting its guidance upward and anticipates a slight decrease in revenues of 0 to 2 % for the financial year 2008 compared to the initially expected decrease of 1 to 3 %. Mobistar anticipates a decline of 2 to 4 % in the net result per share at the end of this year, in accordance with the expected number of shares on the market at the end of December 2008.
- Mobistar concluded the first phase of its share buyback programme. During the Shareholders Meeting, there has been decided to annul 1.3 million of the company's own shares, for an amount of 73.7 million euro. Mobistar's Board of Directors decided to proceed to the second phase of its share buyback programme, as announced in early February 2008.

I. Mobistar S.A.

Continued commercial success thanks to the mobility strategy

Mobistar reconfirms the success of its 'mobility centric approach' with growth of its customer base. Last year it was confirmed that this business strategy would be applied. The 'mobility centric approach' implies for the residential market a 'fixed-to-mobile substitution' strategy and a convergence strategy in the professional market.

Replacing fixed telephony with mobile telephony in residential customers' homes continues. In February 2008, three new versions of AtHome were launched: AtHome Evening & Weekend for 4 euro, AtHome Always for 7 euro and AtHome Always & Everywhere for 10 euro. At the end of June 2008, Mobistar registered almost 100,000 Mobistar

AtHome customers. Thanks to this option, they can call from home with their mobiles to fixed lines in their own country and abroad at low rates. For the Internet, too, the customer can now replace his fixed line with a Mobistar mobile version. Internet Everywhere, allowing surfing the Web for 1 euro per day on the EDGE/HSDPA network, is also a great success. At the end of June, Mobistar S.A. counted 26,000 mobile Internet customers (Internet Everywhere and Business Everywhere).

The convergent approach is proven to be the right strategy for the professional market and was confirmed by the success of products like One Office Voice Pack. 16,138 companies already chose this flexible pricing formula, which bundles fixed and mobile telephony. The number of mobile telephony cards is at 106,326 and the number for fixed lines stands at 93,146. In addition, Mobistar launched One Office Full Pack at the end of May, which bundles fixed data in addition to fixed and mobile telephony. Using this formula, companies save up to 30 % of their telecom expenses.

Mobistar announced that mobile data was going to be one of its growth axes for the future, thanks to a performing mobile broadband network. Today, Mobistar has the most complementary mobile broadband network in Belgium, covering 99 % of the population with its EDGE network and almost 75 % with the 3G/HSDPA network. This resulted in an increase in the use of services like Internet Everywhere, Business Everywhere and WAP. In addition, more machine-to-machine applications are being developed with Mobistar. At the end of June 2008, mobile data represented 20 % of service revenues, compared to 17 % a year earlier.

The segmented approach continues to play an important role in the further expansion of the customer base. Through MVNO agreements, Mobistar can respond even better to customers' needs in well-defined segments. Lycamobile and Telenet together counted 297,073 active customers at the end of June 2008. Mobistar announced that during 2008 new MVNO partners would join. On 1 July 2008, Mobistar signed an agreement with Blyk, the mobile network for youth, which is funded by advertising.

Key figures Mobistar S.A.	H1 2008	H1 2007	Variation YOY	EOY 2007
Total active customers ⁽¹⁾ Mobistar S.A. (mobile telephony)	3,348,111	3,199,735	+4.6 %	3,283,754
MVNO customers (mobile telephony)	297,073	40,781	x 7.3	206,105
Total number of active customers Mobistar S.A.				
+ MVNO (mobile telephony)	3,645,184	3,240,516	+12.5 %	3,489,859
ARPU ⁽²⁾ (€/month)	33.13	36.9	-10.2 %	34.51
Total turnover (Mio €)	727.7	747.2	-2.6 %	
Total service revenues (Mio €)	700.4	720.9	-2.8 %	

Evolution of the customer base

On 30 June 2008, Mobistar S.A. had a total of 3,645,184 active customers, including the number of MVNO customers, 404,668 more than the 3,240,516 customers a year earlier, or an increase of 12.5 % in a year. The increase by 404,668 consists of 148,376 new Mobistar customers and 256,292 new MVNO customers.

The customer base, including MVNO customers, increased by 4.5 % during the first six months of 2008, from 3,489,859 customers at the end of 2007, to 3,645,184 customers at the end of June 2008.

The new Mobistar customers are mainly postpaid customers, which further improved the number of subscribers in the customer base. The share of the postpaid customers in the customer base reached 55.4 % at the end of June 2008, compared to 54 % at the end of 2007 and 53.4 % at the end of June 2007.

The business segment represents 19.7 % of the postpaid customers, an increase of 1.47 % compared to last year, thanks to the success of One Office Voice pack in the small and medium company-segment and a few large contracts in the corporate segment.

(1) The cards 'machine-to-machine' and the MVNO cards are not included in the number of active customers.

(2) Average Revenue per User, (progressive average of the 12 preceding months), MVNO excluded.

At the end of June 2008, Mobistar S.A. had 76,186 ADSL customers, 22,271 our own ADSL customers and 53,915 ADSL customers from wholesale partners.

Evolution of the average monthly revenue per user (ARPU)

The average monthly revenue per user (ARPU) decreased during one year from 36.9 euro to 33.13 euro per month per active customer. The drop of the ARPU was caused by the lowering of the mobile termination rates (MTR) in 2007 and 2008, the decrease of the roaming rates and increased pressure on prices.

Thanks to continued growth in usage by Mobistar's customers, the ARPU fall was partially compensated. During the first semester of 2008, Mobistar customers made on average 9.5 % more calls than in the same period the year before and they sent 31 % more text messages than in the first semester of 2007. Usage of other mobile data activities is also increasing.

The use of mobile data also saw a major increase, generating a share of mobile data in service revenues up to 20 % at the end of the first semester of 2008, compared to 17 % at the end of June 2007. The increase results from a grow in the use of SMS, Internet Everywhere, Mail & Surf and the updated Orange World services in the residential market and of Blackberry®, Business Everywhere and various machine-to-machine applications in the professional market.

Revenues

On 30 June 2008, Mobistar's service revenues amounted 700.4 million euro, compared to 720.9 million euro at the end of June 2007, or a 2.8 % decrease. Regulations had a 55.9 million euro impact in the first six months of 2008, taking the BIPT's new decision regarding the MTR partially into account. This decision includes a decrease of the mobile termination rates in May 2008 and the cancellation of BIPT's initial decision, which envisioned a decrease in February 2008. The impact of this cancellation, 5.7 million euro, has not been included in the results because of the legal uncertainty regarding this discussion. Mobistar generated more income from an increase in handset sales and a grow in online sales activities and in its own distribution channels.

Total turnover amounted 727.7 million euro for the first half of 2008, or a decrease of 2.6 % compared to the 747.2 million euro achieved at the end of June 2007.

II. VOXmobile

Key Figures VOXmobile	H1 2008	H1 2007	Variation
		pro forma	
Total active customers ⁽¹⁾ (mobile telephony)	74,834	70,569	+6.0 %
ARPU ⁽²⁾ (€/month)	32.18	33.30	-3.4 %
Total turnover (Mio €)	18.3	17.0	+7.6 %
Total service revenues (Mio €)	16.5	15.1	+9.3 %

At the end of June 2008, VOXmobile had 74,834 active customers, a 6 % increase compared to the 70,569 active customers at the end of the first semester of 2007.

VOXmobile's results are being consolidated as of 2 July 2007. Service revenues of the Luxemburg operator for the first six months of 2008 amounted 16.5 million euro, compared to 15.1 million euro for the same period a year earlier, or a year-on-year increase of 9.3 %. In the first semester of 2008, total turnover rose to 18.3 million euro, an increase of 7.6 % compared to the 17 million euro in June 2007.

VOXmobile customers' ARPU decreases slightly, from 33.30 euro per active customer per month at the end of June 2007 to 32.18 euro at the end of June 2008. This is a result of the decrease of the mobile termination and roaming rates in Luxemburg and the high pressure on prices resulting from an aggressive pricing policy by the historical operator.

During the first semester of 2008, VOXmobile expanded its distribution network by collaborating with more partners, both for the residential and the small and medium-sized business segment.

III. Consolidated numbers for the group Mobistar

Mobistar group's consolidated key figures	H1 2008	H1 2007(*)	Variation
Total number of customers Mobistar S.A., VOXmobile, MVNO (mobile telephony)	3,720,018	3,240,516	+14.8 %
Consolidated turnover (Mio €)	745.5	747.2	-0.2 %
Total service revenues (Mio €)	716.4	720.9	-0.6 %
EBITDA ⁽³⁾ (Mio €)	300.0	302.0	-0.7 %
Consolidated net profit (Mio €)	145.1	150.7	-3.7 %
Net profit per ordinary share (€)	2.30	2.38	-3.4 %
Net investments (Mio €)	69.6	58.3	+19.4 %

Results

The consolidated turnover for the first half of 2008 amounted 745.5 million euro, compared to 747.2 million euro at the end of June 2007, and remained stable. On 30 June 2008 consolidated EBITDA amounted 300.0 million euro, compared to 302.0 million euro at the end of the first semester of 2007. Mobistar also invested in its fix network activities in order to be able to better promote the bundled offer of fixed and mobile telephony on the business market.

Continuous cost controlling and efficient operations management allow Mobistar to maintain its profitability, with an EBITDA margin of 41.9 % of the service revenues on 30 June 2008.

The consolidated net profit decreases slightly compared to last year, from 150.7 million euro at the end of June 2007 to 145.1 million euro on 30 June 2008, a decrease of 3.7 %. This results in a net profit of 2.30 euro per share on 30 June 2008, compared to 2.38 euro per share at the end of June 2007.

(3) EBITDA : Earnings Before Interest, Taxation, Depreciation and Amortisation

(*) Historical data

Investments

Mobistar continues to invest in a performance network and national and controlled distribution. The investments during the first semester of 2008 amounted 69.6 million euro, or 9.7 % of service revenues. During the same period last year, investments were 58.3 million euro. During the first half of 2008 the expansion of the mobile broadband network was accelerated, thanks to the new operational model. Today, Mobistar has the most complementary mobile broadband network in Belgium, covering 99 % of the population with its EDGE network and almost 75 % with the 3G/HSDPA network.

IV. Trends

Mobistar will continue with its current strategy in 2008. The operator remains convinced that the 'mobility centric approach' is the best way to create value for its shareholders and offer optimum service to its customers. In addition to the growth of voice traffic, the use of mobile data services offers a major potential for growth.

In the residential market, Mobistar will continue to replace fixed with mobile telephony. In the professional market, Mobistar will continue to offer convergent solutions and continue to invest in expanding its fixed-line products.

Mobistar doesn't expect additional decreases in addition to the MTR decrease in May and June 2008. The first drop for 2008, from 10.63 to 9.94 eurocent per minute was effected 1 May 2008. On 1 July, a second decline of mobile termination rates was introduced, from 9.94 to 9.02 eurocent per minute.

In this context, Mobistar is adjusting its guidance upward and anticipates a slight decrease in revenue of 0 to 2 % for the financial year 2008, compared to the initially expected decrease of 1 to 3 %. Mobistar expects that, because of efficient cost management, the EBITDA margin for 2008 will be at least 40 % and that the investment level of approximately 10 % of service revenues will be maintained. Mobistar anticipates a decrease of 2 to 4 % of the net profit per share at the end of this year, in accordance with the expected number of shares on the market at the end of December 2008.

V. Renumeration of shareholders

Mobistar's Board of Directors decided to proceed to the second phase of its share buyback programme, as announced in February of this year. During this second phase, Mobistar will spend a total amount of 101.3 million euro to buy back its own shares, as soon as the capital decrease of 4 euro per share is implemented on 6 August 2008. The shares that will be bought during the second semester will also be annuled at the end of the year 2008.

The majority shareholder confirms that he will not participate in the share buyback programme. The progress of the share buyback programme will be available on the website : <http://corporate.mobistar.be/en/investor/info.php>

Mobistar (EURONEXT BRUSSELS: MOBB) is one of the main actors in the world of telecommunications in Belgium and Luxembourg, active in mobile telephony, fixed telephony, ADSL and on other markets with a strong growth potential. The company develops innovative products and services for the residential and the business market. Mobistar is listed on the Brussels Stock Exchange and is part of the France Télécom group.

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For more information, please contact:

Patti Verdoodt - press service: +32 (0)495 55 96 26 - e-mail: press@mail.mobistar.be

Christophe Lemaître - Investor relations: +32 (0)2 745 72 26 - e-mail: ir@mail.mobistar.be

Management report for the 1st half of 2008

1. Highlights of the 1st half of 2008

Continued commercial success thanks to the mobility strategy

Mobistar reconfirms the success of its 'mobility centric approach' with growth of its customer base. Last year it was confirmed that this business strategy would be applied. The 'mobility centric approach' implies for the residential market a 'fixed-to-mobile substitution' strategy and a convergence strategy in the professional market.

The innovative offers launched in 2007 for residential customers confirmed their success in the first half of 2008 : the 'AtHome' range, our flagship product in the strategy for substitution of landlines by mobiles, now has two new offerings : 'AtHome Evening & Weekend' for evening and weekend calls from home and 'AtHome Always' for all calls from home, whenever you make them. This offering gives you unlimited calls from a mobile phone to landline numbers in Belgium and lower prices for calls to foreign countries. So customers no longer need a landline at home, and they benefit from increased convenience. The 'AtHome' matches the needs of residential customers who are increasingly keen to switch to 'all mobile', and nearly 100,000 customers had signed up by the end of June 2008.

In the Internet field, the 'Internet Everywhere' offering has continued to prove successful. This is a simple offering, starting from 1 euro per day, designed specially for those who use Internet occasionally or while travelling. At the end of June 2008, Mobistar numbered nearly 26,000 Mobile Internet customers ('Internet Everywhere' and 'Business Everywhere').

The development of mobile data transmission remains focused on Orange World, which has increased its number of users considerably, exceeding for the first time 300,000 unique hits per month in January 2008. Mobistar also launched a new 'Mobile Mail & Surf' offering which, for €18 per month, enables users to send and receive e-mails, surf the Internet, and to have access to specific services and content.

The first half of 2008 also saw a number of strategic partnerships :

- launch of Live TV with RTL TVI and Plug TV,
- Donna Limited Edition TempoFriends offering,
- partnership with ING offering exclusive benefits for Mobistar and ING customers between 12 and 24 years of age.

On the business market, Mobistar confirmed its positioning as a convergent player focused on mobile, in order to meet businesses' increasing requirements in terms of mobility. New innovative and competitive products have been launched to back up that strategy.

'One Office Voice Pack', launched in April 2007, combines fixed and mobile telephony for the business market. This offering, the first real convergent offering for the SoHo and SME segments, has the merit of combining competitive tariffs with great flexibility of use and simplified management (single bill). At the end of June 2008, 16,138 companies already chose this flexible pricing formula, which bundles fixed and mobile telephony. The number of mobile telephony cards was at 106,326 and the number for fixed lines stood at 93,146.

Flushed with this success, Mobistar launched 'One Office Full Pack' in June 2008, the convergent solution combining fixed, mobile and Internet access.

In terms of large accounts, new contracts were signed or renewed with prestigious partners.

Evolution of the customer base

On 30 June 2008, Mobistar S.A. had a total of 3,645,184 active customers, including the number of MVNO customers, 404,668 more than the 3,240,516 customers a year earlier, or an increase of 12.5 % in a year. The increase by 404,668 consists of 148,376 new Mobistar S.A. customers and 256,292 new MVNO customers.

The customer base, including MVNO customers, increased by 4.5 % during the first six months of 2008, from 3,489,859 customers at the end of 2007 to 3,645,184 customers at the end of June 2008.

The new Mobistar S.A. customers are mainly postpaid customers, of which the portion in the customer base has again risen. The portion of the postpaid customers in the customer base reached 55.4 % at the end of June 2008, compared to 54 % at the end of 2007 and 53.4 % at the end of June 2007.

The business segment represents 19.7 % of the postpaid customers, an increase of 1.47 % compared to last year, thanks to the success of One Office Voice pack in the small and medium company-segment and a few large new or renewed contracts in the corporate segment.

At the end of June 2008, Mobistar S.A. had 76,186 ADSL customers, being 22,271 own ADSL customers and 53,915 from wholesale partners.

On 1 July 2008, Mobistar signed an agreement with Blyk, the mobile network for youth, which is funded by advertising.

Mobistar and Euphony signed a contract to extend their sales partnership for a period of five years. The terms of the cooperation are moving towards a longer-term vision of the value created for both companies through this partnership.

Online sales continued to grow during the first half of 2008.

Evolution of the average monthly revenue per user (ARPU)

The average monthly revenue per user (ARPU) decreased over one year from 36.9 euros to 33.13 euros per month per active customer. The new drop of the ARPU was caused by the lowering of the mobile termination rates (MTR) in 2007 and 2008, the decrease of the roaming rates and the increased pressure on prices.

Thanks to continued growth in usage by Mobistar's customers, the ARPU fall was partially compensated. During the first semester of 2008, Mobistar S.A. customers made on average 9.5 % more calls than in the same period the year before, and they sent 31 % more text messages than in the first semester of 2007. Usage of other mobile data activities is also increasing.

The use of mobile data also saw a major increase, generating a share of mobile data in service revenues up to 20 % at the end of the first semester of 2008, compared to 17 % at the end of June 2007. This increase results from a grow in the use of SMS, Internet Everywhere, Mail & Surf and the new Orange World services in the residential market, and of BlackBerry®, Business Everywhere and various machine-to-machine applications in the professional market.

Network development

Mobistar continued its deployment strategy aimed at enhancing 'deep indoor' coverage and, above all, to allow rapid uptake of 3G, mainly HSDPA (High Speed Downlink Packet Access), a development of UMTS which allows transmission rates that are three times as fast. HSDPA technology is available on the whole of Mobistar's 3G network. The HSUPA (High Speed Uplink Packet Access) was also activated on the majority of 3G sites, allowing even higher access and data transfer speeds.

UMTS coverage reached nearly 75% of the population by the end of June 2008. Mobistar remains the only operator able to offer its customers high mobile transmission rates over its entire network, due to the complementary nature of its EDGE network and its 3G network, covering over 99% of the population.

A special effort was made during the first half of 2008 to provide optimal coverage, particularly in the Liège region. Moreover, Mobistar continued to replace its Nortel/Alcatel 3G equipment with Huawei equipment.

The first UMTS 900MHz site, enabling better signal penetration inside buildings was put into service. This type of site will be deployed on a large scale in 2009.

Mobistar continued during the first half of 2008 with operations to upgrade or optimise certain technical platforms, including the SMS and GPRS platforms to support our offerings and services, and make sure that capacity is sufficient to absorb the growth in traffic.

The evolution of the core of the network towards NGN technology (Next Generation Network), in collaboration with Huawei, continued during the first half of 2008, with a view to evolving towards 'Full IP' structures, guaranteeing increased capacity at lower cost. This technology will enable us to move towards totally convergent services, while supporting the strong growth of 2G and 3G traffic, in particular linked to the success of call packages.

The Mobistar network had 3,985 sites at the end of June 2008, 522 of which were shared. This corresponds to a total of 12,187 cells.

2. Comments on the consolidated accounts drawn up according to IFRS standards

The consolidation scope did not change during the first half of 2008. It encompasses Mobistar S.A., the Luxembourg company VOXmobile S.A. and 50 % of the temporary joint venture 'Irisnet'.

Income statement

The first half of the year 2008 closed with a profit of 145.1 million euros, down 3.7 % on the 150.7 million euros for the first half of 2007.

Revenue remained stable at a level of 762.7 million euros, but there was a slight reduction in turnover from telephony revenue, compensated by an increase in sales of equipment (terminals) as well as other operating income.

The turnover from mobile activity remained stable at 704.2 million euros. The turnover from fixed activity was down 3.7 % from 42.9 million euros at the end of June 2007 to 419.3 million euros at the end of June 2008.

The group has a rigorous policy aimed to keeping operating expenses in line with turnover. Operating expenses rose from 541.3 million euros at the end of June 2007 to 548.6 million euros at the end of June 2008. This slight increase of 1.3 % is mainly linked to the growth in expenses for equipment (terminals) and a higher depreciation charge connected with the activities of VOXmobile (2.8 million euros) and the amortisation of intangible assets allocated to VOXmobile in the first consolidation (1.1 million euros).

In 2008, the financial results deteriorated slightly, changing from a net profit of 1.4 million euros to a loss of 0.3 million euros, mainly due to the appearance of a financial debt connected with the acquisition of VOXmobile during the second half of 2007, and the share buyback during the first half of the current year.

For the first half of 2008, the net profit realized amounts to 145.1 million euros, down 3.7 % compared with the same period of 2007. Both the earnings per share and the diluted earnings per share are down slightly by 3.4 %, down from 2.38 euros to 2.30 euros per share.

Balance sheet

The consolidated balance sheet total increased to 1,203.8 million euros on 30 June 2008, compared to 1,181.3 million euros recorded at the end of the previous financial year.

- Non-current assets were 895.8 million euros at the end of June 2008, compared with 924.2 million euros at the end of 2007. The fall comes from the combined effect of depreciation and the removal of certain assets either due to the end of a contract (lease) or due to replacement of the technology. Disinvestment only had 0.3 million euros of impact on the result. The planned investment program was carried out according to plan.
- Current assets are increasing, following an increase in trade receivables and other receivables.
- Equity fell sharply due to a share buyback and cancellation program (73.7 million euros) and the decision by the General Meeting of 7 May 2008 to repay part of the capital (248 million euros). As this repayment has not taken place yet, an equivalent liability has been recorded in 'current liabilities'.
- Non-current liabilities are slightly up, mainly due to the increase in long-term commercial borrowing and the recording of deferred taxation as liabilities.
- Current liabilities increased by 369.6 million euros following the recording of the capital to be repaid as described above, the increase of the financial debts by 77.7 million euros, and an increase in tax payable of 31.1 million euros.

Financial instruments, financial risks management objectives and policy

No change has occurred in comparison with the information contained in the 2007 annual report (p. 14).

Disputes

The disputes related information listed in the annual report 2007 have been modified as follows :

Masts : The total receivable amount of taxes charged, plus default interest calculated at the legal rate, amounts to 25.3 million euros and is subject to a bad debt provision for the whole amount, of which 1.0 million euros correspond to that financial year.

Terminating rates : The decision of 18 December 2007, reducing the terminating rates, has been suspended by the judge on 4 April 2008 for the 3 mobile operators ; case on the merits is still pending. This decision has then been withdrawn by the regulator in its new decision dated 29 April 2008.

Mobistar, as well as Proximus and Base, have appealed the regulator's new decision dated 29 April 2008. This decision withdraws the former decision dated 18 December 2007 and imposes new decreases for mobile terminating rates as from 1 May 2008 and from 1 July 2008. To define those mobile terminating rates, the regulator uses the rates, updated with inflation, set up by its former decision dated 11 August 2006 for the same periods. In its appeal, Mobistar argues that this decision has to be annulled as it is based on the 11 August 2006 decision which is not valid.

Abuse of Proximus' dominant position : In May 2007, the Commercial Court of Brussels rendered a decision confirming Proximus' dominant position between 1999 and 2004 and naming experts to decide on certain abuses and to calculate the damage suffered by Mobistar and Base. The experts have been appointed in August 2007. Since then, several reports have been exchanged between the parties and hearings took place. The experts report could be

delivered before end 2008.

Brand : Mobistar won against KPN which has lodged an appeal against the verdict returned in favour of Mobistar and can therefore continue to use the green color.

Spectrum : The request introduced by Base for the purpose of obtaining the repeal of a Royal Decree of March 2007 allowing the use of 900 frequencies for 3G networks, has been rejected by the Council of State in its decision dated 26 October 2007. The case on the merits is still pending.

Emissions/health : The hearing asking the repeal of a Brussels ordinance of March 2007 setting stricter emission standards than the federal standard contained in a Royal Decree of 2005, took place in May 2008 and the judge decision should be delivered during the second semester of 2008.

3. Trends

Mobistar will continue with its current strategy in 2008. The operator remains convinced that the 'mobility centric approach' is the best way to create value for its shareholders and offer optimum service to its customers. In addition to the growth of voice traffic, the use of mobile data services offers a major potential for growth.

In the residential market, Mobistar will continue to replace fixed with mobile telephony. In the professional market, Mobistar will continue to offer convergent solutions and continue to invest in expanding its fixed-line products.

Mobistar doesn't expect additional decreases in addition to the MTR decrease in May and June 2008. The first drop for 2008, from 10.63 to 9.94 eurocent per minute was effected 1 May 2008. On 1 July 2008, a second decline of mobile termination rates was introduced, from 9.94 to 9.02 eurocent per minute.

In this context, Mobistar is adjusting its guidance upward and anticipates a slight decrease in revenue of 0 to 2 % for the financial year 2008, compared to the initially expected decrease of 1 to 3 %. Mobistar expects that, because of efficient cost management, the EBITDA margin for 2008 will be at least 40 % and that the investment level of approximately 10 % of service revenues will be maintained. Mobistar anticipates a decrease of 2 to 4 % of the net profit per share at the end of this year, in accordance with the expected number of shares on the market at the end of December 2008.

Declaration by the persons responsible

We, the undersigned, Benoit Scheen, CEO, and Werner De Laet, CFO, declare that to our knowledge :

a) the set of condensed financial statements drawn up in accordance with the prevailing accounting standards, gives a faithful image of the assets, financial situation and results of the issuer and the companies included within its consolidation;

b) the interim report contains a faithful presentation of the important events and major transactions between contracting parties which occurred during the first six months of the financial year, and their impact on the set of condensed financial statements, and a description of the main risks and uncertainties for the remaining months of the financial year.



Benoit Scheen
CEO



Werner De Laet
CFO

Report of the statutory auditor to the shareholders of Mobistar S.A. on the review of the interim condensed consolidated financial statements as of June 30, 2008 and for the six months then ended

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Mobistar S.A. (the “Company”) as at June 30, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. Management 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 Reviseurs d’Entreprises/Instituut der Bedrijfsrevisoren”) in accordance with the recommendation of the “Institut des Reviseurs d’Entreprises/Instituut der 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 the auditing standards of the “Institut des Reviseurs d’Entreprises/Instituut der 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.

Brussels, July 22, 2008

Ernst & Young Reviseurs d’Entreprises SCC
Statutory auditor
represented by Herman Van den Abeele, Partner

Interim condensed financial statements in accordance with IFRS

Interim consolidated income statement (Mio €)

		Mobistar Group			
		30.06.2008	30.06.2008	30.06.2007	Variation (%)
		VOXmobile			
Notes		excluded			
Revenue					
7	Service revenue	716.5	700.4	720.9	-0.6%
7	Handsets sales	29.0	27.3	26.3	10.3%
	Total turnover	745.5	727.7	747.2	-0.2%
7	Other operating revenue	17.2	17.2	14.6	17.8%
	Total revenue	762.7	744.9	761.8	0.1%
Operating expenses					
	Interconnection costs	-162.5	-156.5	-162.2	0.2%
	Costs of equipment and goods sold	-89.8	-87.8	-77.9	15.3%
	Services and other goods	-140.4	-135.0	-145.4	-3.4%
	Employee benefits expenses	-65.1	-62.2	-66.4	-2.0%
	Depreciation, amortisation and impairment	-85.9	-81.9	-81.5	5.4%
	Other operating charges	-4.9	-4.6	-7.9	-38.0%
	Total operating expenses	-548.6	-528.0	-541.3	1.3%
	Result of operating activities before depreciation and amortisation (EBITDA)	300.0	298.8	302.0	-0.7%
	EBITDA margin in % of service revenue	41.9%	42.7%	41.9%	
	Result of operating activities (EBIT)	214.1	216.9	220.5	-2.9%
	Finance income	1.6	2.4	2.4	-33.3%
	Finance costs	-1.9	-1.8	-1.0	90.0%
	Result of operating activities after net finance costs	213.8	217.5	221.9	-3.7%
6	Tax expense	-68.7	-67.2	-71.2	-3.5%
	Net profit of the period (*)	145.1	150.3	150.7	-3.7%
	Profit attributable to equity holders of the parent	145.1	150.3	150.7	-3.7%
	Basic earnings per share (in €)	2.30		2.38	-3.4%
	Weighted average number of ordinary shares	63 184 106	N/A	63 290 874	
	Diluted earnings per share (in €)	2.30		2.38	-3.4%
	Diluted weighted average number of ordinary shares	63 184 106		63 291 073	

(*) Since there are no discontinued operations, the profit of the period corresponds to the result of continued operations.

Interim consolidated balance sheet (Mio €)

	30.06.2008	31.12.2007
Notes ASSETS		
Non-current assets		
Goodwill	81.5	81.5
8 Intangible assets	284.8	306.4
8 Tangible assets	516.1	524.0
Other non-current assets	9.1	6.4
Deferred taxes	4.3	5.9
Total non-current assets	895.8	924.2
Current assets		
9 Inventories	14.1	14.0
Trade receivables	208.0	183.5
Other current assets	77.9	52.4
4 Cash and cash equivalents	8.0	7.2
Total current assets	308.0	257.1
Total assets	1 203.8	1 181.3
	30.06.2008	31.12.2007
EQUITY and LIABILITIES		
Equity		
10 Share capital	109.2	357.1
10 Share premium	0.0	0.1
12 Legal reserve	35.7	35.7
5,12 Retained earnings	272.7	375.1
Total equity	417.6	768.0
Non-current liabilities		
Long-term trade payables	1.6	0.9
Long-term provisions	14.5	13.7
Deferred taxes	1.8	0.0
Total non-current liabilities	17.9	14.6
Current liabilities		
4 Short-term borrowings	83.8	6.1
Trade payables	274.7	268.8
Employee benefits related liabilities	25.6	30.4
Current taxes payable	65.5	34.4
Deferred income	55.1	47.8
5 Other payables	263.6	11.2
Total current liabilities	768.3	398.7
Total liabilities	786.2	413.3
Total equity and liabilities	1 203.8	1 181.3

Interim statement of changes in equity (Mio €)

	Share Capital	Share Premium	Legal Reserve	Treasury Shares	Fair value discounted Share pay plan	Retained Earnings	Total Equity
Balance as at 1 January 2008	357.1	0.1	35.7	-2.6	2.9	374.8	768.0
Net income recognised directly in equity						0.5	0.5
Profit for the period						145.1	145.1
Total recognised income and expense for the period						145.6	145.6
Dividends						-173.6	-173.6
Incorporation share premium in share capital	0.1	-0.1					0.0
Purchase of treasury shares						-73.7	-73.7
Equity transactions costs						-0.7	-0.7
Capital reimbursement	-248.0						-248.0
Balance as at 30 June 2008	109.2	0.0	35.7	-2.6	2.9	272.4	417.6
	Share Capital	Share Premium	Legal Reserve	Treasury Shares	Fair value discounted Share pay plan	Retained Earnings	Total Equity
Balance as at 1 January 2007	356.7	0.5	35.0	0.0	0.0	371.6	763.8
Profit for the period						150.7	150.7
Total recognised income and expense for the period						150.7	150.7
Dividends						-284.8	-284.8
Incorporation share premium in share capital	0.4	-0.4					0.0
Equity transactions costs						-0.8	-0.8
Balance as at 30 June 2007	357.1	0.1	35.0	0.0	0.0	236.7	628.9

Interim consolidated cash flow statement (Mio €)

	30.06.2008	30.06.2007
Cash flows from operating activities		
Result of operating activities after net finance costs	213.8	221.9
Adjustments for:		
Depreciation, amortisation and impairment	85.9	81.5
Adjusted result of operating activities after net finance costs	299.7	303.4
Inventories (increase -, decrease +)	-0.1	0.4
Trade receivables (increase -, decrease +)	-24.5	-0.6
Deferred tax assets (increase -, decrease +)	1.6	0.6
Accrued revenue (increase -, decrease +)	-20.4	-3.4
Other current assets (increase -, decrease +)	-5.1	-3.7
Other non current assets (increase -, decrease +)	-2.7	0.0
Trade payables (increase +, decrease -)	5.9	-14.2
Employee benefits related liabilities (increase +, decrease -)	-4.8	-2.3
Current taxes payable (increase +, decrease -)	31.1	48.5
Deferred tax liabilities (increase +, decrease -)	1.8	0.2
Deferred income (increase +, decrease -)	7.3	0.8
Dividends (increase +, decrease -)	4.3	54.6
Other payables (increase +, decrease -)	0.1	0.9
Long-term provisions (increase +, decrease -)	1.5	0.3
Net change in working capital	-4.0	82.1
Tax expense	-65.6	-70.5
Deferred taxes	-3.1	-0.7
Net cash from operating activities (*)	227.0	314.3
Cash flows from investing activities		
Purchase of intangible and tangible assets	-69.6	-58.3
Proceeds from sale of equipment	13.2	0.0
Net cash used in investing activities	-56.4	-58.3
Cash flows from financing activities		
Short-term borrowings	77.7	18.9
Share capital and share premium - Capital decrease (GM May 7, 2008)	-248.0	0.0
Capital to reimburse (at the earliest on August 6, 2008)	248.0	0.0
Net purchase of treasury shares	-73.7	0.0
Equity transactions costs	-0.2	-0.8
Dividends paid	-173.6	-284.8
Net cash used in financing activities	-169.8	-266.7
Net increase (+), decrease (-) in cash and cash equivalents	0.8	-10.7
Cash and cash equivalents at beginning of period	7.2	68.0
Cash and cash equivalents at end of period	8.0	57.3
(*) Net cash from operating activities includes :		
- Interests paid	0.9	0.1
- Interests received	1.1	2.5
- Income taxes paid	48.7	34.1

Notes to the interim condensed consolidated financial statements as at 30 June 2008

1. Statement of compliance

The interim condensed consolidated financial statements for the six months period ended 30 June 2008 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and were authorized for issue by the Board of Directors on 22 July 2008.

2. Accounting policies

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31 December 2007.

The following IFRS standards and IFRIC interpretations have been adopted starting 1st January, 2008 :

IFRS 2 : Share based payments and Vesting conditions and cancellations

IFRIC 11/IFRS 2 : Group and treasury shares transactions

IFRIC 13 : Customers loyalty programs

Those new standards and interpretations have had minor impact on the interim condensed consolidated financial statements as at 30 June 2008.

3. Basis for consolidation

The consolidation perimeter remains unchanged since 31 December 2007 and includes Mobistar S.A. (100%), VOXmobile S.A. (100%) and 50% of the joint venture 'Irisnet' by application of the interpretation SIC 12.

Note to the provided consolidated data

On 2 July 2007, Mobistar acquired 90% of the VOXmobile shares for an amount of 80,271 thousand euros paid in cash. Besides, Mobistar has to exercise a call option on the remaining 10% of the shares at any time and at its entire discretion, but no later than 2 July 2010. The exercise price of the call option will be the fair market value with a minimum of 8.9 million euros and a maximum of 13.4 million euros increased by a carrying interest equal to EURIBOR 3 months.

VOXmobile will continue to exist as a separate entity and will continue to use its own infrastructure and means.

The purchase agreement stipulates a continuity of the current management.

As the Company obtained control of VOXmobile on 2 July 2007, the interim condensed financial statements as at 30 June 2007 did not include any figures of VOXmobile. VOXmobile has been consolidated for the first time as from 2 July 2007. IFRS 3 "Business Combinations" has been applied to the transaction.

Figures shown below as at 30 June 2007 do not include VOXmobile operations, figures shown as at 31 December 2007 and 30 June 2008 do.

4. Cash and cash equivalents, financial liabilities (Mio €)

Cash and cash equivalents include cash on hand and cash deposits with a maximum term of 3 months. Bank and intercompany cash pooling overdrafts are classified as short-term financial liabilities.

	30.06.2008	30.06.2007
Cash and cash equivalents		
Cash on hand	(*) 8.0	(*) 57.3
Intercompany cash pooling deposit	0.0	0.0
Total cash and cash equivalents	7.9	57.3
Financial liabilities		
Bank overdraft	2.5	2.5
Intercompany cash pooling overdraft	81.3	18.8
Total short-term borrowings	83.8	21.3
Net debt	-75.9	36.0

(*) Cash on hand balance as at 30 June 2008 includes 4.9 million euros that will be used for the dividends still payable as at 30 June 2008. Cash on hand balance as at 30 June 2007 included 55.3 million euros used for the dividends still payable as at 30 June 2007.

5. Other payables (Mio €)

	30.06.2008	31.12.2007
Share capital reduction	248.0	0.0
Dividends payable	4.9	0.7
Other payables	10.7	10.5
Total	263.6	11.2

Dividends paid

On 7 May 2008, the Annual General Assembly of shareholders has approved the payment of an ordinary dividend of 2.80 euros. The payment of the dividend was effective from 14 May 2008.

	30.06.2008	30.06.2007
Ordinary dividend on ordinary shares (year 2007)	173.6	
Ordinary dividend on ordinary shares (year 2006)		284.8
Total	173.6	284.8

6. Income taxes (Mio €)

The major components of the tax expense are as follows :

	30.06.2008	30.06.2007
Current income tax	66.9	70.5
Current income tax of prior periods	-1.3	
Deferred tax expense arising to the origination and reversal of temporary differences	3.1	0.7
Total tax expense	68.7	71.2

Following the review of the foreseeable taxable situation of VOXmobile, a write-down of 2.4 million euros has been recorded as at 30 June 2008 on the deferred tax assets of the company.

7. Segment information (Mio €)

Mobistar's internal management reporting to the Board of Directors and to the Chief Executive Officer is structured on a business segment basis.

The following primary business segments are identified :

- Mobile segment : delivers mobile phone equipment and services to residential and corporate customers.
- Fix voice & data segment : provides fix voice, data and internet services to residential and corporate customers.

Inter-segment sales and discontinued operations are shown separately when applicable.

	30.06.2008			30.06.2008			30.06.2007		
	Mobile	Fix	Total	VOXmobile excluded			Mobile	Fix	Total
Revenue									
Service revenue	675.3	41.2	716.5	660.8	39.6	700.4	678.2	42.7	720.9
Handsets sales	28.9	0.1	29.0	27.1	0.2	27.3	26.1	0.2	26.3
Total turnover	704.2	41.3	745.5	687.9	39.8	727.7	704.3	42.9	747.2
Other operating revenue	15.6	1.6	17.2	15.6	1.6	17.2	14.0	0.6	14.6
Total revenue	719.8	42.9	762.7	703.5	41.4	744.9	718.3	43.5	761.8
Results									
Result of operating activities before depreciation and amortization (EBITDA)	308.0	-8.0	300.0	306.8	-8.0	298.8	302.8	-0.7	302.0
EBITDA margin in % of service revenue	45.6%	-19.4%	41.9%	46.4%	-20.2%	42.7%	44.7%	-1.7%	41.9%
Result of operating activities (EBIT)	223.4	-9.3	214.1	226.2	-9.3	216.9	222.0	-1.5	220.5
Net finance income			-0.3			0.6			1.4
Tax expense			-68.7			-67.2			-71.2
Net profit or loss			145.1			150.3			150.7

8. Property, plant and equipment (Mio €)

For the 6 months period ending 30 June 2008, capital expenditures amount to 69.6 million euros, to be compared with an amount of 58.3 million euros for the same period in 2007. The June 2007 lower capital expenditures value has been compensated during the second half of 2007 when the outsourcing of the network deployment and operational activities to our partner Ericsson was fully effective. On top of this the 2008 figures are higher because of the important effort made on network deployment. The investment plan for 2008 is on track.

Depreciation charge as at 30 June 2008 totaling 85.9 million euros includes the recognition of impairment losses for 4.2 million euros.

Disposals of assets depreciated equipment amount to 26.3 million euros (2007 : 24.2 million euros) and have resulted in a loss of 345 thousand euros.

9. Inventories (Mio €)

	30.06.2008	31.12.2007
Inventories - Gross amount	15.8	15.7
Reserve for obsolete and slow moving items	-1.7	-1.7
Inventories - Net carrying amount	14.1	14.0

10. Share capital and share premium (Mio €)

Following the decision of the Annual General Assembly of shareholders held on 7 May 2008, the share capital has been increased by absorption of the share premium as at 31 December 2007 without creation of new shares. It has also been decided to decrease the capital by reimbursement of 248 million euros and the destruction of 1.291.752 shares.

Following the Company Code the cash reimbursement will not be performed earlier than 6 August 2008.

	Share capital	Share premium	Number of ordinary shares
As at 1 January 2008	357.1	0.1	63 291 752
Capital reimbursement	-248.0	-	-
Shares cancellation	0.0	-	-1 291 752
Transfer share premium to share capital	0.1	-0.1	-
As at 30 June 2008	109.2	0.0	62 000 000

11. Share based payments (Mio €)

The Remuneration Committee of Mobistar approved at the end of 2007 the participation of Mobistar to the incentive plan issued by France Telecom on its own shares or on treasury equivalent. This plan includes retention conditions between 2007 and 2009 and France Télécom performance indicators related to cash flow. Mobistar will be reimbursed in full by France Télécom.

According to IFRS 2 and IFRIC 11, the plan has been accounted for as at 30 June 2008 based on the following data :

- Share value as at 18 March 2008 - 21.50€
- Risk-free interest rate : 3.48%
- Financing rate : 5.24%
- Probability to reach the performance objectives : 100%
- Dividend yield : 6%
- Expected life : from 18 March 2008 to 4 December 2009

12. Retained earnings (Mio€)

Retained earnings have been impacted as follows :

	Legal reserve	Retained earnings
As at 1 January 2008	35.7	375.1
Profit for the period		145.1
Purchase of treasury shares		-73.7
Dividend 2.80€/share		-173.6
Impact of IFRIC 13 implementation		0.5
Costs of equity transactions		-0.7
As at 30 June 2008	35.7	272.7

13. Off balance sheet commitments (Mio €)

As at 30 June 2008, capital commitments in network related intangible and tangible assets amount to 81.7 million euros (30 June 2007 : 35.6 million euros).

In the course of the first semester 2008, the company has contractually extended its commercial partnership with one of its major distributors. The terms of this partnership lead to a longer term vision that creates value for both companies.

As at 30 June 2008, the total debt related to this transaction amounts 4.1 million euros (out of which 1.6 million euros on the long term) to be compared with 3.9 million euros as at 30 June 2007 (out of which 1.3 million euros on the long term).

14. Related party transactions (Mio €)

	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
France Télécom - Traffic and services	23.1	19.4	42.9	32.3
France Télécom - Cash pooling	0.4	0.7	0.0	81.7
France Télécom subsidiaries - Traffic and services	6.3	3.7	8.4	8.2
Total	29.7	23.8	51.3	122.2

The terms and conditions applied to sales and purchases of traffic and services, to the centralized treasury management agreement, to the revolving credit facility agreement as well as to the interest-bearing loans and borrowings are determined on an arm's length basis according to the normal market prices and conditions.

There is no outstanding guarantee provided to or received from any related parties at the balance sheet date. No allowance for doubtful debtors on amounts owed by related parties is outstanding at the balance sheet date.

15. Events after the balance sheet date

No adjusting event arose between the balance sheet date and the date at which the interim condensed consolidated financial statements have been authorized for issue.

