

2001. Mobistar takes flight.



For Mobistar, 2001 was characterised by a new, ground-breaking communication concept: people jumping into the air for joy. This same sense of elation lights up the close-up shots of the faces, conveying freedom and fulfilment. Since March 2001, all of Mobistar's communication has been drawn up around these concepts, with excellent results at the end of the day: Mobistar's recognition factor has never been so high. And what's more, Mobistar is increasingly being credited with each of its own core values – straightforward, optimistic, reliable, honest, dynamic, refreshing, friendly. It was only natural therefore that this annual report should be broadly inspired by the communication concepts developed during 2001.



The key to two thousand and one



Growth

In 2001, mobile telephony in Belgium continued to grow, reaching a level of 7,690,000 SIM cards in circulation, a rise of 36.5%. Against this background, Mobistar had an excellent year with growth of 41.5%, above the market average. Mobistar, which for three consecutive quarters was the Belgian operator that attracted the largest number of new customers, had a total of 2,547,000 customers on 31 December 2001. Mobistar boosted its market share, which now exceeds 33%.

Profitability of mobile operations

For the first time since the launch of Mobistar, net earnings from mobile operations went into profit, with net positive earnings of 0.5 million euros in 2001 compared with a loss of 38.8 million euros in 2000. These excellent results take into account the impact of the UMTS project.

“Jumpology”

The rise in market share is due to the excellence of Mobistar's products and services, its distribution channels, the quality of its Customer Service and, of course, its network, as well as a communication campaign with variations on a single theme: people who jump in the air to express the values of Mobistar: straightforward, optimistic, reliable, honest, dynamic, refreshing and friendly.

Flexo

While Tempo, the prepaid card, and Optimum, the subscription formula, are still enjoying the same success, in 2001 Mobistar offered a new form of subscription, Flexo: the user only pays for what he consumes, with no subscription or activation cost. To accommodate an ever-growing and loyal group amongst students, Mobistar also launched Tempo AfterSchool, with a new tariff plan that allows young people to make calls at half price after school hours.

Text messaging

The success of text messaging goes without saying. In December 2001, the daily average for text messages sent by Mobistar customers exceeded 2 million and the record was set on the night of New Year's Eve, with more than 4 million messages in four hours! Mobistar also pioneered sophisticated SMS applications that allow customers to participate in voting or interactive games or to make micro-payments.

“Pocket Office” and “Office Access”

Mobistar was the first Belgian operator – and one of the first in Europe – to set up a GPRS (General Packet Radio Services) network. On 1 May 2001, Mobistar announced that its GPRS network had 99% coverage of the population and launched the first applications, “Pocket Office” and “Office Access”, aimed mainly at professionals who want fast mobile access to company networks, databases and applications such as electronic mail, diary, etc.

Third generation

GPRS is a revolution: mobile communication is now being used to exchange data. The next step forward is third generation mobile communication. By acquiring one of the 3G licences from the Belgian government for the sum of 150 million euros, Mobistar is committed to this technology, which will enable its customers to develop themselves in Belgium and elsewhere in the world.

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2001 was a crucial year for Mobistar. In 2001 there was a major change in the world of mobile telephony in Belgium: after five years of explosive growth in the number of customers, penetration rose to 75% and seems to be approaching maturity. Belgium no longer lags behind other European countries. Following two years of rapid growth, we expect to see a slower growth in 2002, with forecast penetration in excess of 80%.

Voice and data

Make no mistake: this market still has vast growth potential, thanks largely to the more intensive use of mobile phones for voice applications and future developments in the field of data transfer. Mobistar's ambition is that by 2005 one quarter of its turnover will come from mobile data transmission. In December 2002, 8.5% of the turnover was already being generated by this activity, via text messaging, WAP and GPRS products and services. In 2002 Mobistar paved the way for mobile multimedia: Mobistar, which was the first Belgian operator and one of the first in Europe to launch GPRS applications, also acquired a third generation mobile telephone licence.

In parallel with these technological developments, Mobistar also secured financing in 2001 for all of these developments over the coming years, mainly through additional subordinate funding from its majority shareholder. The financial prospects were further improved with the announcement of an additional delay being granted to operators for the deployment of 3G infrastructure; this will allow Mobistar to defer certain investments whilst continuing to educate the market concerning the use of mobile data exchange applications.

Growth and profitability

2001 was also a key year for financial results: mobile telephony, which is Mobistar's core business, made a net profit for the first time in our history. Mobistar's financial results are extremely encouraging: they highlight the fact that the strategic choices made by Mobistar over the past six years were the right ones and that our core business is based on profitability and value – for customers and partners, for shareholders, and of course for all Team Members.

Mobistar decided to review its strategy for "Fixed / Data" products and services aimed at enterprises: Mobistar Corporate Solutions will continue to serve its customers whilst focusing on mobile and convergence products.

Mobistar@Future

In order to speed up the pursuit of profitability and value creation, the Mobistar Management Committee launched a vast programme called Mobistar@Future. This programme structures and coordinates all initiatives that will enable Mobistar to become profitable in 2002 whilst remaining the best operator in terms of quality services. The aim remains to strive for operational excellence. This is what our customers and our shareholders demand.

Through all of these initiatives, Mobistar brought closer the prospect of profitability and announced a first consolidated net profit in 2002, two years earlier than previously forecast.

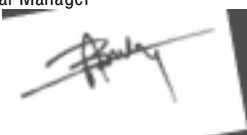
Member of the Orange Group

We are not alone in pursuing these ambitious goals. Since December 2000, Mobistar has been a member of the Orange Group. In terms of the number of customers, Mobistar is in the top three members of the group with France and Great Britain. We actively participate in all of the centres of excellence that have been set up to seek potential synergies. We also benefit from contributions from these centres of excellence.

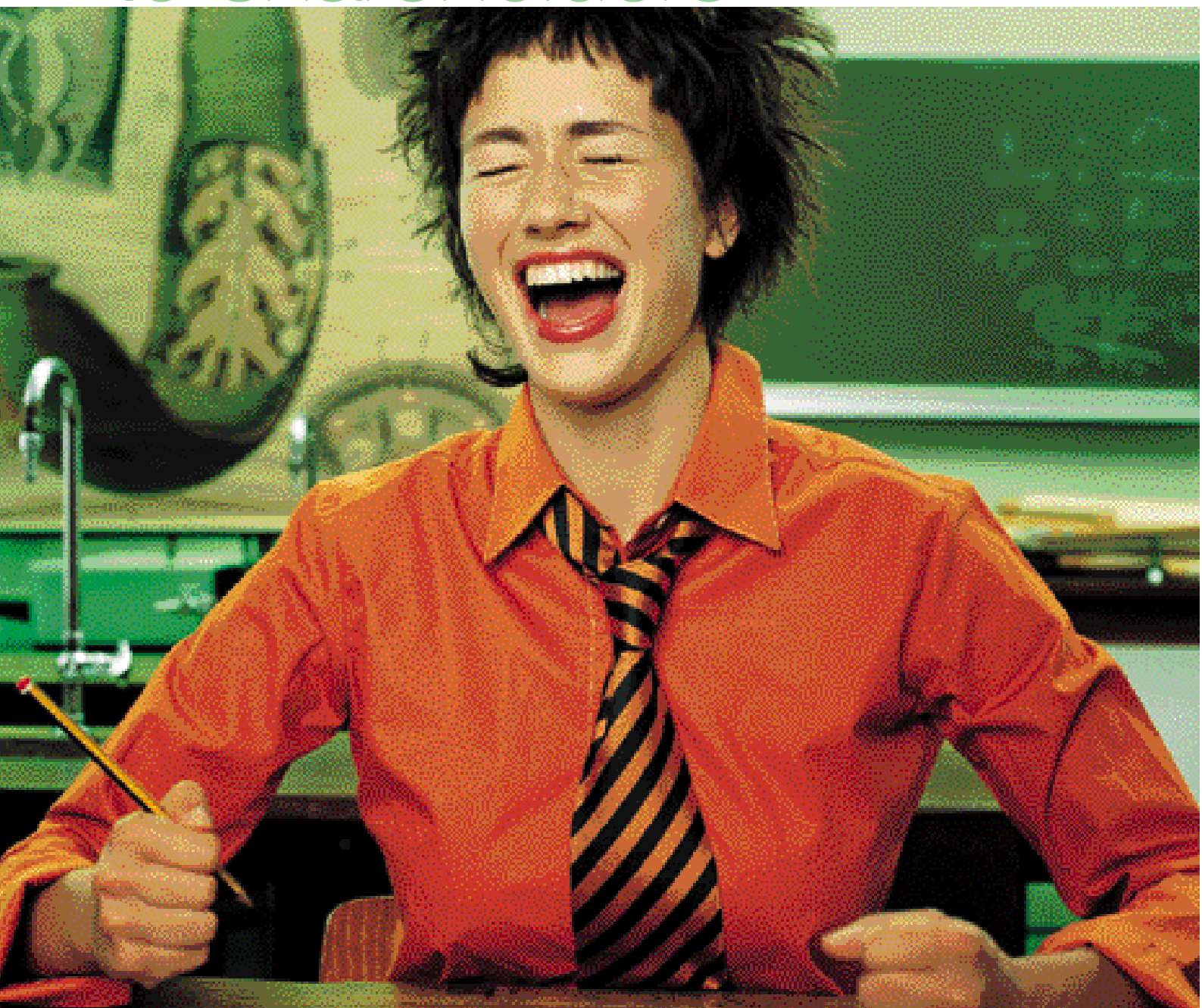
Belonging to this leading mobile telecommunications player in Europe is, for Mobistar and all of its shareholders, another opportunity to remain at the leading edge. It is also a great opportunity to find synergies for the launch of the "life services" that will be provided via technologies such as GPRS and UMTS.



BERNARD GHILLEBAERT
General Manager



to shareholders



Management and Control



Bernard Ghillebaert
Head of Mobistar Group

THE BOARD OF DIRECTORS

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Martial Caratti
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Benoît Eymard
Francis Gelibter
Bernard Ghillebaert
Michel Huet
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Jean-Marie Laurent-Josi
Brian Mackay
Jan Steyaert
Wilfried Verstraete
Sparaxis N.V./S.A.
S.R.I.B./G.I.M.B.
Telindus Group

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Bernard Ghillebaert
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Jan Steyaert

AUDIT COMMITTEE

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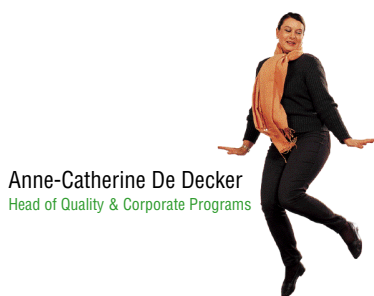
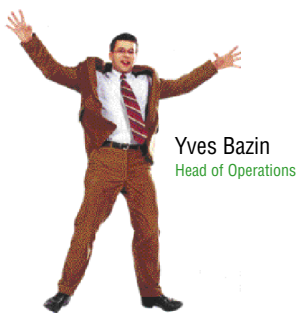
REMUNERATION COMMITTEE

Michael Latimer
Jean-François Pontal (until 22 November 2001)
John Cordier (†)
Philippe de Vicq
Bernard Ghillebaert
Sparaxis S.A. represented by Louis Tordeurs (Sparaxis S.A./N.V.)

MANAGEMENT COMMITTEE

Bernard Ghillebaert, Head of Mobistar Group
Yves Bazin, Head of Operations
Yves Cochet, Head of Customer & Partner Services
Anne-Catherine De Decker,
Head of Quality & Corporate Programs
Reggy-Charles Degen, Head of Human Resources & Hotelling Services
Jacques Recourdon, Head of Marketing
Jacques Robert, Head of Information Systems
Hans Swaeb, Head of BU Personal Solutions
Pol Vanbiervliet, Head of BU Professional & Corporate Solutions
Martine Verluyten, Head of Finance & Legal

Management Committee



On 27 August 2001, Mobistar celebrated its first five years of trading in the Belgian market. Five years during which Mobistar made its mark on the life of Belgians, to the point where today it is one of the best known and most appreciated brand names. The impressive figures testify to this: with 68,000 customers at the end of 1996, after only four months in operation, Mobistar had grown to 2,547,000 customers by 31 December 2001.

The Mobistar

Mobistar values

This spectacular performance is largely due to the values promoted by Mobistar. They are **straightforward, optimistic, reliable, honest, dynamic, refreshing** and **friendly** and they guide the company towards a future where everyone will communicate and have free access to all conceivable information where, when and how they want it. With this in mind, in order to become the preferred telecommunications operator in Belgium, Mobistar's ambition is to provide products and services that allow individuals to develop themselves, to live more intensively and to share this with others.



way

Ask more of life

Get more out of life

In order to communicate these values, in the spring of 2001 Mobistar launched a completely new concept expressing personal fulfilment, liberty and happiness. "Get more out of life, get more out of Mobistar". All Mobistar communication is currently based on this concept: people jump in the air and by jumping express their fulfilment. Close-up faces show expressions that are straightforward, optimistic, reliable, honest, dynamic, refreshing and friendly.

What use is technology if it doesn't make women and men freer, happier and more fulfilled? None at all, responds Mobistar. This is why every one of the services developed by Mobistar has just one mission: to help people to develop themselves, to fulfil their talents and their desires, to express themselves more fully, to discover the world around them and to live more intensively.

In terms of effectiveness, this new communication campaign obtained excellent results: Mobistar's reputation reached new heights and the association of Mobistar with each of its values increased significantly.

These values are identical to those of the Orange Group. Sharing the same values is an important barrier that Mobistar has crossed, aware of the importance of belonging to this leading player in the world of mobile telecommunications.

The number of Team Members at Mobistar rose from 1,555 at the end of December 2000 to 1,867 at the end of December 2001. Nineteen different nationalities are represented amongst the Team Members, the average age is 30 years and the ratio of men to women is 63%-37%.

A veritable hotel

Just like the customers, Team Members are pampered at Mobistar. Since 2000, they have at their disposal a reception counter called "Human Resources and Hotelling Services" (HR/HS to those on the inside) and an Intranet called K-Village (Knowledge Village) on which they can find the answers to their questions and have access to several training modules. Just like a real hotel, staff are offered a whole range of services, from laundry to activities for children during school holidays. Any question submitted to the HR/HS department is assured of a rapid response. Everyone at Mobistar has a contact person.

The figures show that staff appreciate this care: on average the HR/HS service receives 300 to 400 calls a week. They also increasingly appreciate taking part in the Mobistar adventure: at the end of 1999, 77% were happy to be working in the company, but the latest internal staff satisfaction survey reveals that this figure has risen to 83%.

Mobistar has always placed great importance on training and development for its Team Members. In 2001, the Mobistar Human Resources division invested almost 5 million euros in staff training.



Management principles

- Open communication
- Integrity and equal opportunities
- Participation
- Continuous improvement of people and organisations
- Empowered individuals

Mobistar@Future

The Mobistar@Future programme was set up in mid-2001 with the aim of ensuring long-term profitability for Mobistar; it also forecasts trends in the market. The mobile telephone market is now entering a more mature phase to which we have to find a suitable response. This programme concerns all departments at Mobistar. It is supervised by the Mobistar Management Committee.

The programme coordinates and structures all the initiatives that Mobistar will undertake in 2002 to become profitable and to respect its commitment to shareholders, whilst at the same time maintaining its position as the leader in terms of quality and services for its customers.

resource



At the end of 2001, almost 554 million mobile phone users were registered throughout the world. Some forecasts predict that the number of mobile phone users will rise to one billion by the end of this decade, outstripping the number for fixed line users.

Evolution of

In Belgium, mobile telephony also continued to grow in 2001. The figures supplied by operators show that 7,690,000 SIM cards were active at the end of 2001, a rise of 36.5% compared with 31 December 2000 with penetration of around 75%.

Rising market share

Rising market share

On 31 December 2001 Mobistar had a total of 2,547,000 customers compared with 1,800,000 in December 2000. At the end of the year, Tempo customers represented 70% of the active customer base. Mobistar benefited from a favourable context with growth of 41.5%, above the market average, boosting its market share, which now exceeds 33%. For the first time since the launch of Mobistar, net earnings from mobile operations went into profit, with net positive earnings of 0.5 million euros in 2001 compared with a loss of 38.8 million euros in 2000.

A memorable year

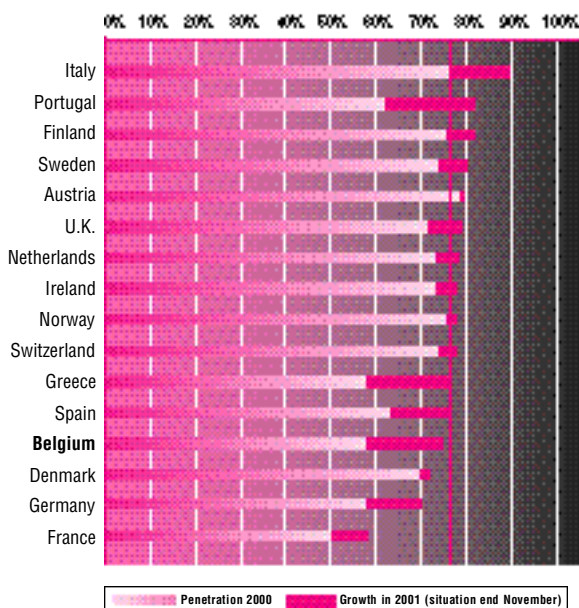
2001 was a memorable year for Mobistar. It saw the launch of the Flexo formula in June and Tempo AfterSchool in September. GPRS confirmed Mobistar's position as an innovator with the creation of Pocket Office and Office Access in May. This makes Mobistar the first Belgian operator, and one of the first in Europe, to put GPRS applications on the market.

Text messaging is still growing fast

Text messaging has also experienced remarkable growth. Note that Belgium is one of the most advanced countries in Europe in the field of SMS billing. In addition to the normal billing for sending a text message, "reverse charging", or billing the receiver, is also possible, for example to allow users to take part in interactive games. Mobistar is also the market leader in this field. These added value text messages currently represent 1% of the volume and more than 4% of the total turnover for text messages sent over the Mobistar network.

A record number of more than 4 million text messages in 4 hours was set on 1 January 2002. The daily average for messages sent by Mobistar customers exceeded 2 million in December 2001, compared with a little over 1 million a year earlier. The percentage of active Mobistar customers regularly using text messages rose over one year from 50 to 62% with each of them sending 20% more text messages than a year earlier. On average, each SMS user sent 48 messages a month.

GSM PENETRATION RATE IN EUROPE





the telecom market



A series of innovations within everyone's reach ...

In more ways than one, 2001 was the beginning of a new century. For the mobile telephone market, and for Mobistar in particular, it was certainly a year of major change.

After focusing for five years on the acquisition of new customers, today it has become more important for Mobistar to retain good customers and place the emphasis on value.

After almost five years in business devoted almost exclusively to voice services, data transmission services are beginning to earn a more important place in the portfolio of

Mobistar products. They also have an impact on revenues, because mobile data transmission represents 8.5% of the mobile turnover at Mobistar!

In the corporate and professional markets, where Mobistar is determined to increase its market share, the competition has stiffened, leading Mobistar to review the strategy of Mobistar Corporate Solutions. Thanks to its capacity for innovation and dynamism, Mobistar has successfully adapted to these fundamental changes and even profited from them.

PrOducts



Flexo, a new very simple tariff plan

At the end of May 2001, Mobistar launched Flexo, a contract formula under which the user only pays for what he uses, with no subscription or activation charge. The price of Flexo communications is completely independent of the time and destination of the call. Flexo users also benefit from a whole range of services offered to Mobistar subscribers: per-second billing after the first minute, free voice mail consultation, an excellent Dual Band network that covers 99% of the Belgian population, roaming agreements with more than 191 partners in more than 94 countries ...

"World-roaming" for Tempo customers

On the eve of the first summer holiday departures, Mobistar offered "world-roaming" to Tempo customers thanks to agreements concluded with 120 operators in 78 destinations. At the same time, Mobistar allowed Tempo customers to send text messages, recharge their cards and consult their call credit from these same destinations. Mobistar is always trying to conclude new agreements with other countries and will continue along this path in 2002.

Tempo AfterSchool, a new formula for half-price calls after school hours

Continuing its stream of innovations, last August Mobistar introduced the AfterSchool formula. This formula allows students to make half-price calls after school hours, with further savings of 50% from Mobistar to Mobistar.

At the same time, Mobistar launched a new method for recharging Tempo cards, providing greater flexibility and convenience: using a bank direct debit, parents can recharge their child's Tempo card every month.



services

Pocket Office for enterprises, access to Microsoft Outlook via mobile phone

On 1 May 2001, Mobistar launched its two first GPRS applications. With Pocket Office and Office Access, Mobistar was the first Belgian operator – and one of the first in Europe – to bring its customers the benefits of this technology: permanent connection and fast data transmission.

Pocket Office gives users with a mobile phone, or a PDA (Personal Digital Assistant) fitted with a GSM modem, access to the company Intranet and key applications such as e-mail, agenda, address books, task lists, etc.

Office Access, mobile Internet or Intranet access from a portable PC

Office Access enables staff to consult and update company databases, transfer files, surf the web and download documents from their portable PC, anywhere and at any time. Simply connect the portable PC to a GPRS mobile phone or use a GPRS PC card.

With the introduction of GPRS, WAP and other applications, mobile Internet access can look forward to another boom...




Multimedia Services

Mobistar opens the way to new technologies...

Since the commercial opening of its GSM network,

Mobistar has always been determined to make mobile communication available to the greatest number of users.

With the launch of -world, Mobistar can now provide

a complete and varied range of information services

accessible via the Web or via a mobile telephone (WAP

or SMS). Knowing that, in order to take off, mobile

multimedia needs a wide range of applications and quality

content, Mobistar also actively supports the mobile

applications industry. A revenue sharing model has

already been developed for SMS and WAP.

Mobistar and Banksys unite for mobile commerce

In June 2001, Mobistar and Banksys launched the first mobile application based on the banSAFE concept, which allows Mobistar Tempo customers, via a special menu on the SIM card, to recharge their call credit using a transfer from their bank account to their Tempo account.

Since mobility is increasingly an asset, Mobistar decided to make the banSAFE secure payment module one of the components of the Multimedia Services offered to its customers. In the future, secure payment by mobile phone could extend to other applications: e-commerce in real and virtual stores, via Internet, or even "mobile banking" (secure access to banking services such as account consultation, transfer from one account to another or equity portfolio management).

Games, a new application for SMS and WAP

In September 2001, Mobistar launched "Who wants to be a millionaire?", a mobile version of the television programme that has met with huge success in many countries. Players can play via SMS or WAP. There is no money at stake, but each month, the winner – the one who gets furthest with answers to questions taking the least time – wins a millionaire weekend for two.

Mobistar already offers various WAP-based games such as "Airlock" and "Hangman". Two other SMS games on the theme of the film "Lord of the Rings" have been developed where participants can exchange messages.

Mobistar has also created "SMS Story", in partnership with the magazine Clickx: this is an interactive "soap" in which participants can change the course of the story and develop the characters by sending their vote via text message.

Launching new games fits perfectly with Mobistar's strategy of regularly providing new mobile applications that extend beyond telephony.





The changes now taking place in the mobile telephone market have clearly had a considerable impact on distribution. Mobile telephony is gradually becoming a market where it is necessary to retain customers and where stimulating consumption is more important than simply acquiring new customers as in the early years.

In 2001, Mobistar's strategy of increasing the weight of exclusive distribution channels whilst maintaining its market share in non-exclusive channels was highly successful. A telling fact is that Mobistar was the preferred Belgian operator during the last three quarters of the year. On 31 December 2001, Mobistar's market share stood at 33.1% compared with 32% at the end of 2000.

Mobistar Centers

The Mobistar Center network – with more than 100 stores opened in less than three years – has become the cornerstone of Mobistar distribution. More than ever, Mobistar Centers will continue to play a key role in the Mobistar strategy, both for acquiring new customers and for attracting existing customers and encouraging them to make greater use of our products and services. The hundredth Mobistar Center was opened at the beginning of 2001 at Marche-en-Famenne. Mobistar Centers have been opening at a furious pace. Mobistar Centers target individual customers and freelance workers. These stores specialise in Mobistar products and services and also supply a wide range of mobile phones and accessories. Recently, Mobistar Centers have also been offering Internet products developed by Wanadoo, such as high speed ADSL Internet access.

These Mobistar Centers provide Mobistar with a presence in every town in Belgium, always on highly visible and accessible sites. In Brussels, Mobistar has already opened no less than sixteen Mobistar Centers. These Mobistar Centers are mainly managed by independent agents who work in close collaboration with Mobistar, a vital factor in the dynamism and success of the Mobistar Center chain. The Mobistar Centers are the most important link in the specialised mobile telephone distribution chain in Belgium.

debitel Belgium

In the spring of 2001, Mobistar bought all of the stock of debitel Belgium, the last service provider still operating in Belgium. This enabled Mobistar to further strengthen its position in the Belgian mobile phone market. By buying its shares, Mobistar took over the customer base held by debitel Belgium and rapidly set about seeking synergies, given the similar interests and services provided and the commercial complementarity of debitel Belgium and Mobistar. The trading name of debitel Belgium was changed to Mobistar Affiliate and former debitel customers were offered a Mobistar contract.

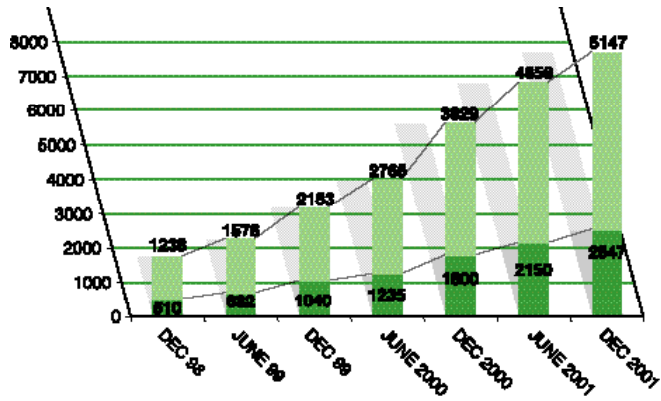
and



distribution



MOBISTAR'S MARKET SHARE EVOLUTION



Mobistar Corporate Solutions

Mobistar Corporate Solutions was created in 1999 in response to the specific telecommunications needs of 1,300 major companies and institutions in Belgium.

Mobistar Corporate Solutions provides its customers with a full range of telecoms solutions, mobile and fixed, for both voice and data in a national and international context.



Encouraging results

After two and a half years, the results are more than encouraging. Market share is rising and a number of major names in the business world have put their faith in Mobistar Corporate Solutions. The majority of these customers chose Mobistar for both mobile and fixed telephony. Constant efforts to improve service and quality have led to growing satisfaction on the part of our customers. To date, more than 400 companies have chosen Mobistar Corporate Solutions, more than 100 of which have opted for fixed telephony and data transmission. In 2002, Mobistar aims to increase its revenues by 40% and to continue to increase its market share in this promising segment.

'Mobile Data' and convergence

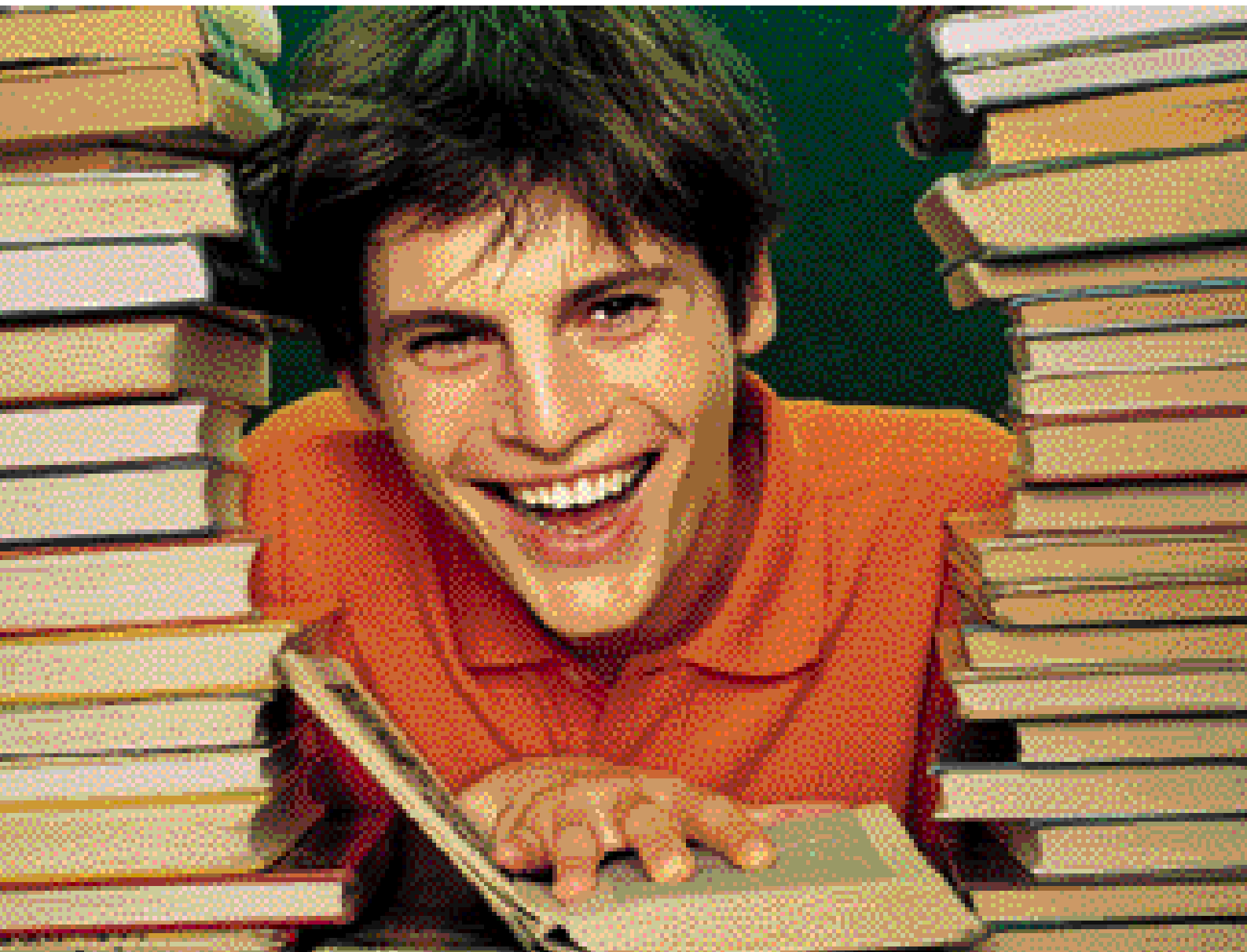
Naturally, the Mobistar Corporate Solutions strategy focuses on mobile communication. Mobile voice remains by far the main source of income. In parallel, mobile data transmission, where Mobistar is the market leader, is seen as a development of priority. In May 2001, Mobistar was the first Belgian operator, and one of the first in Europe, to launch GPRS applications aimed at enterprises – 'Pocket Office' and 'Office Access'. The interest shown by companies in these applications and other mobile data transmission products has prompted Mobistar to focus its development efforts in this field.

Convergence between fixed and mobile communications is also perceived by the majority of large companies as extremely important. It therefore constitutes one of the foundations of the commercial strategy of Mobistar Corporate Solutions. In the field of voice telephony, this development is clearly illustrated by the 'Office Zone' application, launched by Mobistar in 2000.

Commercial success

Moreover, with this new strategy, focusing on mobile business and convergence, 2001 was marked by many encouraging commercial successes. Major names such as Deloitte & Touche, Agfa-Gevaert, Unilever, Banksys and GlaxoSmithKline have become Mobistar customers.

In May 2001, Mobistar organised a huge event to present its first GPRS applications. More than 1,000 customers and prospects attended and heard that Mobistar was the first Belgian operator to offer real applications based on GPRS through a network providing 99% coverage of the population. The first customers to take up this technology soon emerged. Companies such as Meurice-Merloni, Andersen, Unisys and Telenet incorporated Mobistar GPRS into the solutions provided for their employees.



Innovative products

'Office Zone' also met with huge success. 'Office Zone' allows Mobistar customers to provide their staff with the benefits of mobile telephony at the price of fixed telephony within their company, which means that they no longer have to choose between two telephones, and can even eliminate fixed telephones altogether. For the customer, the results are tangible and immediate in the form of greater convenience and lower bills. Today, more than a hundred companies are using the Mobistar 'Office Zone' application.

In 2001, Mobistar offered its professional customers a vast range of data solutions. Based on MPLS technology from Cisco (Cisco Systems also granted Mobistar certification as a "Cisco Powered Network"), the Mobistar IP VPN (IP Virtual Private Network) solution enables enterprises to create a link between their different sites, teleworkers and mobile staff via a secure end-to-end network based on IP standards.

In April, Mobistar became the main supplier for BELNET (one of the largest Internet access providers in Belgium) providing quality Internet access to the 30,000 researchers and 140,000 members of Belgian universities that pass through BELNET to connect to the worldwide web.

More recently, the French-speaking community in Belgium chose Mobistar following a call for tenders to appoint a new telecom operator for all fixed and mobile communications.



The Network

Targeted improvements to coverage

In 2001, the number of Mobistar customers grew considerably and mobile telephone use was more intensive. Throughout the year, Mobistar continued to pursue its strategy of densification of its GSM network, which already covers 99% of the Belgian population. The number of cells deployed in Belgium rose from 4,821 on 31 December 2000 to 5,874 on 31 December 2001. Particular efforts were made in the field of network targeted improvements, especially along main roads. In 2001, Mobistar continued to roll out a joint GSM 900 and DCS 1800 network: this additional frequency enables Mobistar to provide its customers with higher quality and extra capacity in particularly strategic locations.

Excellent perception

This deployment effort has already been fruitful. Customer satisfaction surveys show a constant improvement in the results of Mobistar over several years: our customers have an excellent perception of our coverage and this perception is one of our major assets in relation to the competition. This perception is also crucial to the Mobistar strategy of encouraging customers to make more use of mobile services.

Text messaging and GPRS

Mobistar has made major efforts to support the spectacular growth in the use of SMS (Short Message Service). 2001 was also the year in which GPRS technology was rolled out on the entire Mobistar network. In the month of May, Mobistar was the first Belgian operator, and one of the first in Europe, to offer its customers applications supported by this technology.

Building permission

This deployment effort was not always easy in 2001: the procedures for issuing building permits, which are vital to the continuing development of the Mobistar network, became increasingly onerous. Once again this year, Mobistar spared no effort to inform and explain the situation to the federal, regional and local authorities. More than one hundred information sessions were organised in 2001 throughout Belgium.

Finding themselves in a situation of virtual blockage, Mobistar and the two other operators, which meet occasionally at the GOF ("GSM Operators' Forum"), decided in November 2001 to serve notice on the federal and regional authorities to force them to clarify the process for issuing building permissions and to obtain decisions for pending permits.

This concerted action, announced at a press conference, was intended to raise awareness amongst the general public and politicians of the consequences of blocking network development, in particular delaying the deployment of third generation networks.



Site sharing

Mobistar continued to encourage site sharing with other operators in the deployment of its network. Cooperation of this type, which is stipulated in Belgian legislation, resulted in major savings in deployment costs. Today, 20% of the total number of sites operated by Mobistar are multi-operator; in 2001 alone, more than half of the sites set up by Mobistar involved two or more operators. Mobistar intends to maximise the use of existing sites for the deployment of its UMTS third generation network.

A high capacity network

Mobistar also continued to roll out its high capacity fixed network. This backbone allowed Mobistar to minimise interconnection costs and to provide better service for its major customers at a moderate cost: apart from its huge capacity, the Mobistar fixed network provides excellent service levels, reliable and flexible access and integrates the latest technologies.

In 2001, Mobistar completed its urban networks (MAN 'Metropolitan Area Networks'), which now have more than 300 kilometres of fibreoptic cable in Brussels, Antwerp, Ghent, Namur, Liège and other major urban centres. Mobistar also pursued the integration of this national network into the pan-European EBN (European Backbone Network) belonging to the France Télécom Group, which links 200 major European cities.

Pampering its customers

Pampering its customers

2,547,000 customers; the figures speak for themselves. The entire Mobistar end-of-year advertising campaign in December 2001 revolved around the theme: "When you join Mobistar, you are pampered. And once you join Mobistar, you continue to be pampered. Day after day... after day... after day... after day...". A loyalty campaign combined with an end-of-year promotion, a major first: a pampered customer is a loyal customer and a loyal customer is a customer with whom Mobistar can extend the use of its products and services. A loyal customer is a satisfied customer and a satisfied customer is the best advertising for Mobistar. By pampering its customers, Mobistar laid the foundations for its new strategy: to persuade its customers to make more use of its products and services.

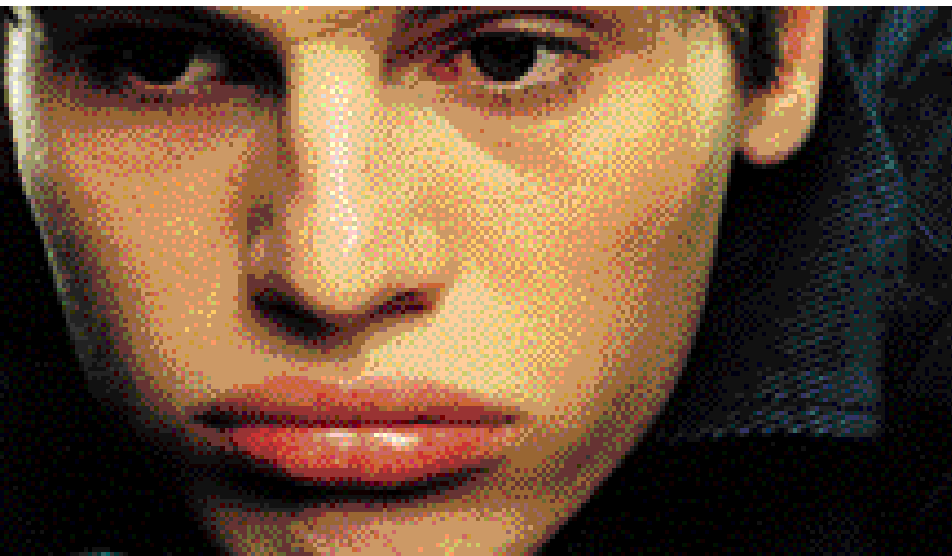
Mobistar after sales service is clearly a key element in persuading customers: from call-center to back-office, from connection to Telechannel, from support to retention, from invoicing to the loyalty team... in 2001, as at all times, all points of contact between Mobistar and its customers were the focus of attention. Customer Service did their utmost to reply rapidly, effectively and commercially to the 4.000.000 calls received in 2001. All of the indicators used to measure customer satisfaction show that Mobistar is on the right track.

Mobistar also extended its Top Star Bonus loyalty programme to all Optimum and Flexo customers. This programme allows customers to collect points and later exchange them for gifts, call time or text messages.

Customer

Well-trained staff

After sales service staff receive a minimum of three weeks of training before taking up their jobs. Subsequently, their knowledge is regularly updated by specific training courses. They therefore receive all of the necessary support to understand Mobistar's products and services, as well as communication techniques that help them to deal effectively with customers.



Satisfaction



Environment



Mobile telephone and health

Mobistar has always pursued a policy of openness in the deployment of its network, which involves trying to deal with the concerns of those living nearby and users. In

2001, more than one hundred information meetings on the deployment of GSM networks and health were organised by Mobistar, aimed at the regional and local authorities or the general population.

The effects of electromagnetic radiation from antennas are well known. Independent scientific research indicates that they present no danger to the population. Mobistar is aware of public fears and takes great care to keep abreast of current knowledge on the propagation of electromagnetic waves. This rigorous approach ensures that Mobistar installations conform to the standards in force in Belgium.

In December 2000, Mobistar noted the decision of the federal government and the regional ministers to approve the introduction of a standard governing exposure to GSM antennas. Even though at the time Mobistar regretted that the Belgian authorities had not adopted the WHO (World Health Organization) recommendations, preferring to apply a precautionary factor four times greater, the Belgian standard had the merit of creating a framework of reference for all electromagnetic emissions.

However, this framework did not always alleviate the procedure for obtaining development permits. On the contrary, because the authorities refused to shoulder their responsibilities, there was total blockage in a number of regions. This situation prompted the Belgian operators, meeting under the auspices of the GOF ('GSM Operators' Forum'), to deal with the situation, serving notice on the regional and federal authorities to force them to clarify the process for granting permits and to obtain decisions for the blocked permits.

Health



Urban development

Urban development and the visual impact of GSM antennas are also sensitive points that Mobistar gives special consideration. The law of 2 January 2001 now governs the principle of site sharing. This law, introduced by the federal government, was intended to facilitate the optimisation of the existing infrastructure.

Mobistar and the other Belgian operators complied with these legal obligations:

- To maximise site sharing
- To create a database containing all sites
- To undertake broad consultation for each new request

Mobistar has always given preference to existing infrastructure (towers, water towers, pylons belonging to service providers such as Electrabel, the SNCB or the Belgian army, etc.). For third generation network deployment, Mobistar will give priority to the reutilisation of sites already used for the GSM network.

In this way, Mobistar hopes to respond to the growing needs of its customers, offering them a reliable, high quality network, as well as to the demands of the Belgian authorities to develop an information society worthy of the name in Belgium.



The legal and

As in 2000, the legal and regulatory environment in which

Mobistar operates did not fundamentally change. Today,

liberalisation is a fact of life. The Minister of Telecom-

munications retains full authority over the regulatory body,

the IBPT (Institut Belge des services Postaux et des Télé-

communications), as well as over the incumbent operator...

Significant Market Player

In October 2000, Belgacom Mobile was declared an SMP (Significant Market Player) in both the mobile telephony market and the interconnection market by the IBPT (Institut Belge des services Postaux et des Télécommunications). Belgacom Mobile has therefore had to review its tariffs in order to satisfy the principles of non-discrimination and transparency (mobile telephony) and cost-orientation (interconnection). This has had an impact on fixed-to-mobile tariffs.

Mobistar was also declared an SMP by the IBPT. This new status, which was announced in February 2002, means that Mobistar is a Significant Market Player in the mobile telephone market but not in the interconnection market. Mobistar has therefore begun discussions with the regulator to define the practical consequences of this decision by the IBPT.

Interconnection

In 2001, Mobistar focused its efforts on interconnection costs between mobile networks, at both Belgian and international level, within the Orange Group. In Belgium, direct interconnection has been successfully implemented between Mobistar and Belgacom Mobile on the one hand and KPN-Orange on the other. At international level, Mobistar has established direct interconnections with many subsidiaries of the Orange Group in order to reduce costs and achieve greater operational efficiency.

UMTS licence

In March 2001, following an auction, Mobistar obtained a UMTS (Universal Mobile Telecommunications System) licence for the sum of 150 million euros. This D licence, which Mobistar selected, will allow the development of third generation mobile services.

In February 2002, the Minister of Telecommunications and Public Enterprises, Rik Daems, together with some of his European colleagues, decided to delay by one year the UMTS roll-out process defined in the licence distributed in March 2001.



regulatory environment

The new schedule was fixed as follows:

- Commercial opening before 15 September 2003
- 30% coverage of the population before 1 March 2005
- 40% coverage of the population before 1 March 2006
- 50% coverage of the population before 1 March 2007

This decision was taken at the suggestion of the three Belgian operators that launched a debate with the authorities to examine the uncertainties associated with the launch of UMTS. These uncertainties related to the delays in the delivery of certain components of the UMTS infrastructure and the lack of availability and compatibility of certain terminals. The additional delay of one year is therefore excellent news in that it should allow the Belgian operators to launch UMTS under better conditions.

The changeover to the euro

2001 was also the year of preparation for the changeover to the euro, an exercise for which Mobistar had been preparing for more than two years. When the project was launched, dual pricing was gradually implemented in order to facilitate the technical migration of computer systems and to make the entire operation transparent for our customers and partners. In 2001, Mobistar customers received their detailed invoices in both Belgian francs and euros. As from February 2002, no external communication ever mentions the Belgian franc.

Portability of mobile numbers

2001 was also the year in which Mobistar prepared for the portability of mobile phone numbers. This service, introduced by the regulator in order to further stimulate competition between operators, should come into force as from September 2002. It will allow end users to change operators without changing their mobile phone number.

In the run-up to the operational introduction of portable mobile phone numbers, Mobistar introduced a "Changed Number Announcement" system on 1 January 2002. This service is targeted at customers that want to change operators: anyone calling their old number hears a message indicating the new number.



Quality

Since the launch of Mobistar in August 1996, the quest for operational quality and excellence has always been a primary objective.

The European Quality Award

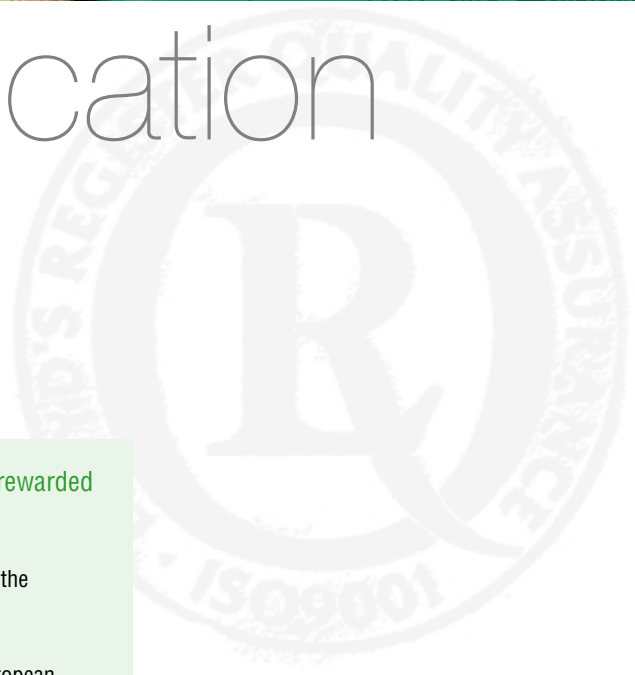
In 2001, Mobistar took part in the 'European Quality Award' organised by the EFQM ('European Foundation for Quality Management') and received a mention as 'Recognised for Excellence'. This distinction, which has only been awarded to a handful of European companies, crowns the constant efforts and commitment of Mobistar Team Members to achieve the ambitious quality objectives that it has defined. In the conclusions to its report, the jury highlighted Mobistar's expertise in 'Process Management' and 'People Management'.

Three years of ISO certification

Mobistar was granted ISO certification in 1998. In 2001, experts from Lloyds Register of Shipping renewed this certification. Mobistar passed this review successfully and had all of its procedures and its entire organisation certified under the Quality Management System Standard ISO 9001: 2000.

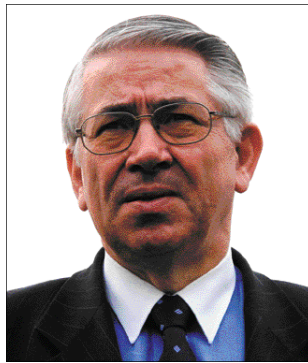


and Certification



In 2001, Mobistar's efforts in the field of quality were rewarded on several occasions:

- Mobistar was nominated by Arthur Andersen/Trends for the 'Customer Satisfaction Award' 2001
- Mobistar was 'Recognized for Excellence' under the 'European Quality Award' 2001



John Cordier

Mobistar is in mourning.

John Cordier, who launched Mobistar in 1995, died on 22 January 2002 at the age of 60.

In 1969, John Cordier founded the company Telindus, which became the European leader in the data transmission and network integration sector. Telindus was listed on the stock exchange in 1985 and currently has 62 offices in 17 countries. In 1995, John Cordier formed a partnership with France Télécom to obtain the second mobile telephone licence granted by the Belgian government. Mobistar started trading on 27 August 1996 and celebrated its fifth anniversary with more than 2.5 million customers.

In its annual report, the Board of Directors, the Management Committee and the Team Members of Mobistar would like to pay their last respects to the man who was their Chairman and Managing Director.

Annual report

2000

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Corporate Governance

1. Composition of the Board of Directors

The Board of Directors is made up of 18 directors, according to article 13 of the company's articles of association; its composition is regulated by Mobistar's shareholders' agreement of 17 September 1998. This agreement does not allow the appointment of independent directors. No age limit applies to the Board of Directors.

Name	Function	Main Function	End of mandate
C. Benmussa (1)	Director	Director Management Control (FT)	2002
A. Brabers	Director	Senior Investment Manager (GIMV)	2002
M. Caratti (1)	Director	Financial Director -International 2 (Orange)	2002
J. Cordier (+) (2) (3)	Chairman CEO	President (Telindus Group)	2002
G. de Maupéou (1)	Director	International Director (Wanadoo)	2002
Ph. de Vicq	Director	Director (Gevaert)	2002
B. Eymard (1)	Director	Director of Operations and Development (FT)	2002
F. Gelibter (1)	Director	Director of International Finance (Orange)	2002
B. Ghillebaert (1) (2)	Director	Managing Director (Mobistar)	2002
M. Huet (1)	Director	Director International External Relations (FT)	2002
M. Latimer (1)	Director	Executive Vice-President-International 2 (Orange)	2002
J.M. Laurent-Josi	Director	Director (COBEPA)	2002
B. Mackay (1)	Director	Director International Marketing Director (FT)	2002
Ph. Mc Allister (1)	Director	Legal Director (Orange)	2002
Sparaxis (4)	Director		2002
SRIB/GIMB (5)	Director		2002
J. Steyaert	Director	Director (Telindus Group)	2002
Telindus Group (6)	Director		2002
W. Verstraete	Director	Financial Director (Wanadoo)	2002
M. Allé (7)	Director		2001
J.F. Pontal (8)	Director		2001

(1) Directors representing the dominant shareholder (Wirefree Services Belgium, formerly France Télécom Participations Belgium).

(2) Directors responsible for day-to-day management.

(3) John Cordier died on 22 January 2002. The board co-opted Philippe Mc Allister to fill the vacancy as Director on a temporary basis. Norbert von Kunitzki will take over the position of Chairman of the Board of Directors. In accordance with article 519 of the Belgian Company Law, the final election will be on the agenda of the next Annual General Meeting of the Company.

(4) The Sparaxis company is connected with the SRIW and represented by Mr. Louis Tordeurs (Vice-President SRIW) or by Mr. Eric Bauche (Senior Advisor SRIW).

(5) The SRIB/GIMB (the Regional Investment Company of Brussels) is represented by Mr. Serge Vilain (President).

(6) The Telindus Group is represented by Mr. Norbert von Kunitzki.

(7) Mr. Michel Allé handed in his resignation at the Board of Directors meeting of 25 July 2001. The board co-opted Mr. Jean-Marie Laurent-Josi to fill the vacancy on a temporary basis. In accordance with article 519 of the Belgian Company Law, the final election will be on the agenda of the next Annual General Meeting of the Company.

(8) Mr. Jean-François Pontal handed in his resignation at the Board of Directors meeting of 22 November 2001. The board co-opted Mr. Michael Latimer to fill the vacancy on a temporary basis. In accordance with article 519 of the Belgian Company Law, the final election will be on the agenda of the next Annual General Meeting of the Company.

It should be noted that the shareholders' agreement of 17 September 1998 stipulates that "the parties undertake to refrain from nominating candidates for positions within the bodies and committees of the company if these persons already hold mandates that are incompatible with the mandate to be executed within the company". Apart from this principle, there are no other rules concerning the position of Director.

The mandate of Director is carried out without payment (unless otherwise decided by the general meeting). The company provided its Directors with no remuneration or benefits in kind related to the 2001 financial year.

An agreement does exist between France Télécom and the various companies in the group concerning the services of France Télécom staff (including Mr. Bernard Ghillebaert) to the benefit of the company. The company has also signed a management contract with the Telindus Group for the services of Messrs. John Cordier and Jan Steyaert for the benefit of the company. This contract was renewed on 20 September 2001 and comes to an end on 31 December 2002. A codicil to this contract is under discussion following the death of Mr. John Cordier.

2. Functioning of the Board of Directors

The Board must meet at least six times a year. The primary subjects discussed within the Board of Directors in 2001 were:

- Company strategy
- The budget and long-term financial planning
- The operational situation
- Participation in the UMTS licence auction
- Major projects.

The management of the company systematically provides the directors, before each board meeting, with a dossier containing all of the required information and details to deal with the items on the agenda (including the main points listed above).

Monitoring of the evolution of the Mobistar Corporate Solutions and Mobistar Affiliate subsidiaries is based on the complete integration of these companies into the organisation and reporting processes of Mobistar.

The articles of association stipulate that, in principle, the resolutions of the Board of Directors are to be taken by majority vote. However, the shareholders' agreement of 17 September 1998 states that certain decisions can only be approved if no more than one director votes against it; this agreement also includes additional rules concerning budget approval.

The Chairman of the Board (John Cordier) was also the CEO and had therefore been delegated the task of day-to-day management. However, a similar delegation has also been made to the General Manager who chairs the Management Committee and who, in this capacity, deals with normal business matters.

Since the death of Mr. John Cordier, the position of Chairman has been occupied by Mr. Norbert von Kunitzki (representative of the Telindus Group, Director). During the Board of Directors meeting of 20 February 2002, the Board decided to confirm the definitive appointment of Mr. Norbert von Kunitzki as Chairman of the Board of Directors. Mr. Bernard Ghillebaert was appointed Managing Director at the same meeting.

3. Committees created by the Board of Directors

a. The Executive Committee

The Board of Directors has established an Executive Committee. The extent of the powers and the functioning of the Executive Committee have been determined in a set of internal regulations. Certain important matters that are explicitly listed in these regulations (such as drafting the annual budget, decisions involving a major modification of the budget, the appointment of board members and other such matters) require the Executive Committee to seek prior consultation with the Board of Directors.

The members of the Executive Committee are: Messrs. Jan Steyaert (Chairman), Jean-Marie Laurent-Josi, Martial Caratti, John Cordier (†), Bernard Ghillebaert, Francis Gelibter and Benoît Eymard. The Executive Committee met five times in 2001.

During the Board of Directors meeting of 20 February 2002, the Board decided to appoint Mr. Louis Tordeurs (representative of Sparaxis, Director) as a member of the Executive Committee to replace Mr. John Cordier. The Board decided to appoint Mr. Jan Steyaert as Chairman of the Executive Committee.

b. The Audit Committee

The Audit Committee is made up of five directors: Messrs. Eric Bauche (Chairman), Martial Caratti, Claude Benmussa, Alex Brabers and Jan Steyaert. Its job is to assist the Board of Directors in its responsibilities concerning the integrity of the company's financial information and, in particular, the supervision of the financial reports, the internal audit, the external audit, the internal control and the financial relations between the company and its shareholders. In 2001, the Audit Committee met three times.

c. The Remuneration Committee

The Remuneration Committee is made up of six directors. The job of this committee is to help the Board of Directors in establishing the remuneration for company executives (Chairman, Executive Director, CEO and persons reporting directly to them). The members of the Remuneration Committee are Messrs. Michael Latimer, Jean-François Pontal (up to 22 November 2001), John Cordier (†), Philippe de Vicq, Bernard Ghillebaert and the company Sparaxis S.A. represented by Mr. Louis Tordeurs. The Remuneration Committee met once in 2001.

During its meeting on 20 February 2002, the Board of Directors decided to appoint Mr. Norbert von Kunitzki (Chairman) to replace Mr. John Cordier, and Mr. Wilfried Verstraete to replace Mr. Jean-François Pontal.

4. Day-to-day management

The day-to-day management of the company had been entrusted to Mr. John Cordier (Chairman of the Board of Directors and CEO) and to Mr. Bernard Ghillebaert (General Manager).

Since the death of Mr. John Cordier, day-to-day management has been in the hands of Mr. Bernard Ghillebaert. He was appointed as managing director on 20 February 2002.

There is also a Management Committee within the company, which normally meets each week, whose members have the power to legally commit the company, either by the signature of two of them, or by the signature of one of them together with that of a member of the board. With the exception of Mr. Bernard Ghillebaert (General Manager of the company), each member of the Management Committee is the head of one of the organisation's departments.

The members of the Management Committee are :

B. Ghillebaert	(Head of Mobistar Group)
Y. Bazin	(Head of Operations)
Y. Cochet	(Head of Customer and Partner Services)
A-C. De Decker	(Head of Quality & Corporate Programs)
R.-C. Degen	(Head of Human Resources & Hotelling Services)
J. Recourdon	(Head of Marketing)
J. Robert	(Head of Information Systems)
H. Swaeb	(Head of BU Personal Solutions)
P. Vanbiervliet	(Head of BU Professional & Corporate Solutions)
M. Verluyten	(Head of Finance & Legal)

In addition to the members of the Management Committee, certain company executives also have the power of signature for day-to-day commitments for their sector of responsibility according to the procedures published in the Moniteur belge.

5. Policy for allocation of profits

The company confirms that it intends to pursue a policy of attractive dividends while taking into account the company's financial requirements. It should, however, be pointed out that the company is subject to certain restrictions that affect its capacity to pay dividends within the framework of a credit agreement with a consortium of banks.

6. Relations with and between shareholders

The company's founders (Wirefree Services Belgium SA and the Telindus Group) concluded a contract before the company was constituted in order to define cooperation once the company was established (agreement of 26 May 1995 and codicil of 18 December 1995).

Furthermore, a shareholders' agreement was concluded on 31 July 1996, amended and complemented by the shareholders' agreement of 17 September 1998. There is also another agreement, dated 31 July 1996, in which certain private (minority) investors agreed to share the prerogatives granted to them in the first shareholders' agreement.

Management Report (non consolidated + consolidated)

1. 2001 key events

1. Evolution of the market

During 2001, the penetration level in the Belgian mobile telephony market reached 76.7%, compared with 56.3% at the end of the previous year. This growth of 36%, compared with annual growth levels of almost 80% during the two previous years, indicates that the market is maturing, a trend that should continue in 2002, reflecting the situation in other European markets.

Mobistar strengthened its competitive position with a market share of 33.1%, compared with 32% the previous year. The number of customers rose from 1,800,000 to 2,547,000, equivalent to a growth of 41.5%, ahead of the market as a whole. The number of inactive customers totalled 331,110, equal to 13% of the total customer base.

2. Development of products and services

Mobile products and services

Text messages

One of the most significant events in 2001 is undoubtedly the emergence of the text message phenomenon and the remarkable growth in its use. Whilst the daily average number of text messages sent by Mobistar customers in December 2000 was a little over one million, this average climbed above two million in December 2001, with a peak of more than 4 million text messages sent in four hours on 1 January 2002!

Prepaid products

Once again, Mobistar strengthened its position as leader in the market for prepaid cards with the launch of three new services:

- (1) Recharging from a bank account
 - (2) Extension of roaming services
 - (3) Tempo AfterSchool formula
- (1) Following a successful first collaboration in the field of recharging via automatic teller machines, Mobistar and Banksys linked up again for the launch of an innovative concept to allow Tempo customers to recharge their call credit by means of a transfer from their bank account to their Tempo account. The first SIM cards allowing this type of recharging were launched at the

end of the year and should go into general use in 2002. This is a first step towards secure payment via mobile.

- (2) Mobistar continued to extend the roaming services initiated in 2000 by concluding agreements with 120 operators in 78 destinations.
- (3) The new Tempo AfterSchool formula: this is a new tariff plan that allows young people to make half-price calls after school hours and save a further 50% from Mobistar to Mobistar.

Mobistar also launched different Tempo AfterSchool packs on the market that could be purchased online via the "Mobistar online shop", set up in partnership with Proxis. A new recharging process was also set up in parallel for young people: it allows parents to transfer pocket money to their children on a special account. All that is required is to choose the amount to be transferred each month to the card and call the Tempo customer service to change, suspend or cancel recharging.

Postpaid products

In parallel with prepaid formulas and Optimum subscriptions, Mobistar launched in the first half of the year a new tariff plan called Flexo. Flexo is a new subscription formula where the user only pays for what he consumes with no subscription or activation costs. With a price structure that gives priority to flexibility, transparency and simplicity, the price of communications is identical whatever the time or destination of the call. Flexo comes in two formulas, Flexo 1 (call provision of 15 euros and 0.35 euro per minute) and Flexo 2 (call provision of 25 euros and 0.25-0.35 euro per minute), depending on the rate of consumption. Flexo customers benefit from the same advantages as other subscribers.

Mobile data products

At the beginning of the year, Mobistar announced the first services using GPRS technology (General Packet Radio Services), Pocket Office and Office Access, targeted mainly at enterprises. Office Access provides mobile access to the Internet or an Intranet from a portable PC, enabling the user to transfer files, surf the Web, etc., anywhere and at any time. Pocket Office allows access to the company e-mail system and real-time consultation of professional e-mail and all of its functions. These two services have the advantage of a pricing structure based on the volume of data transferred and not on the connection time.

Mobistar launched the mobile version of the television programme 'Who wants to be a millionaire?' using both text messaging and WAP. There is no money at stake but the winner is awarded a luxury weekend with a value of around 5000 euros. 'Who wants to be a millionaire?' has been added to the list of games offered by Mobistar via WAP (Airlock, Hangman, etc.).

Launching new games forms part of the Mobistar strategy to provide new mobile applications other than conventional telephone services on a regular basis. All of these innovations are set against the background of the new communication concept of "Jumpology" aimed at repositioning the Mobistar brand based on the vision and values of the Orange Group.

over the financial year (2001)

Non-mobile products and services: fixed telephony and data transmission

In the fixed telephone market targeting the residential segment, 2001 saw a number of alternative operators skimming the market. Opening up the local loop to operators and the introduction of Carrier Pre-select led to substantial growth in this business segment within Mobistar.

In the field of data transmission, three factors prompted Mobistar to adapt its strategy:

1. The market for very fast access has still not been hit by real competition
2. The reorganisation of the France Télécom Group, focusing on its core businesses; mobile (Orange), Internet (Wanadoo), fixed/data (Equant) and fixed telephony
3. The non-alignment of the activities of Mobistar Corporate Solutions with those of Equant, with the latter concentrating on major international accounts.

The strategy now being pursued by Mobistar in this sector will focus on the development of convergence with mobile data systems.

3. Distribution

In less than three years, Mobistar has opened a network of more than a hundred Mobistar Centers in Belgium. Mobistar Centers remain the unchallenged strong point of the company's distribution strategy. The range of products and services was extended to Internet products developed by Wanadoo, such as ADSL fast Internet access. To celebrate the opening of 100 Mobistar Centers, Mobistar launched a programme called "100 days", a period during which points of sale offered exceptional promotions.

To consolidate its position in the Belgian distribution market, Mobistar bought all of the shares in debitel Belgium, a Mobistar service provider. Before this transaction, debitel Belgium was owned by the German group debitel AG (48%), SAIT Stento (32%) and Mobistar (20%). With this stock purchase, Mobistar was determined to secure the customer base held by debitel. Following this operation, the trading name of debitel was changed to Mobistar Affiliate, which will now focus on retaining the existing customer base.

The main strands of the distribution strategies in 2001 were:

- To increase the weight of exclusive distribution channels
- To increase and secure the 'sales share' in non-exclusive channels
- To redimension the distribution configuration and the number of points of sale
- To segment the distribution channels by performance and introduce action plans focusing on 'acquisition, retention and value' depending on the performance of each point of sale.

4. Development of the network

Faced with ever-increasing delays in obtaining building permits, the three mobile telephone operators announced that they would serve notice on the federal and regional governments in order to defend the right to deploy their networks. Despite these difficulties, Mobistar pursued its densification policy. The deployment plan

focused mainly on densification, axial traffic and quality. Mobistar also pursued its site sharing policy jointly with the two other operators: 80 antennas were set up on rival sites and 80 of our own sites were shared with competitors.

In March 2001, Mobistar obtained a UMTS licence for the price of 150 million euros. To finance this third generation mobile telephone project, Mobistar secured a credit line of 250 million euros from the Orange Group.

5. Important events after closure of the financial year

On 8 February 2002, the Minister of Telecommunications granted mobile telephone operators a further period for the deployment of their 3G infrastructure. The latest date for the commercial launch is now fixed for 15 September 2003, with 30% coverage required by March 2005.

For many reasons, this decision is very positive for the mobile telephony sector in Belgium and for Mobistar in particular. It makes it possible to defer certain investments whilst continuing to prime the market for mobile data exchange applications. This was very favourably received at Mobistar, which still has great faith in the development of mobile Internet and the role of mobile telephony in the development of an information society in Belgium.

2. Comments on the 2001 annual accounts

1. Income statement

Turnover for the 2001 financial year amounted to 829.2 million euros (33,448 million BEF), an increase of 41.8% compared with the previous year. This growth has to be seen in the light of the increase in the subscriber base, as well as the launch of new products and services, in particular Tempo AfterSchool and Flexo.

The success of text messages also contributed to the significant growth in turnover. In total, the income generated by mobile data transmission in 2001 represents 8.5% of mobile business turnover, which is ahead of forecasts.

Long-term investment, representing the costs of research and design for new sites for the UMTS network, totalled 0.8 million euros (34 million BEF).

Other operating income totalling 61.6 million euros (2,484 million BEF) represents income from rebilling, mainly for services provided by Mobistar as a "shared services centre" for its subsidiaries Mobistar Corporate Solutions and Mobistar Affiliate (formerly debitel Belgium)

Operating expenses totalled 852.3 million euros (34,381 million BEF), an increase of 34.4% compared with the previous year. These costs, which are growing more slowly than the income, can be broken down as follows:

- Purchases and supplies for an amount of 336.7 million euros (13,583 million BEF). These expenses cover mainly interconnection costs (55.6% of the total). The balance is largely made up of costs associated with technical operation of the network, leased lines, rent for sites and the cost of mobile phones and SIM card sales
- Miscellaneous goods and services for a total of 247.1 million euros (9,968 million BEF)
- Remuneration and social security costs for an amount of 120.6 million euros (4,864 million BEF)
- Depreciation and write-offs on formation expenses, intangible and tangible assets of 133.3 million euros (5,376 million BEF)
- Write-offs on receivables and stocks (12.8 million euros / 517 million BEF)
- Renewal of provisions to cover risks and charges (1.2 million euros / 48 million BEF)
- Other operating expenses totalling 3.0 million euros (121 million BEF).

Mobistar incurred a number of expenses associated with the development of UMTS. These costs were partly for the services rendered by Mobistar Team Members for a total of 0.8 million euros (34 million BEF).

The EBITDA of Mobistar SA amounted to 172.6 million euros (6,961 million BEF), equivalent to a growth of 88% compared with the previous year. The company's operating earnings rose from -9.5 million euros (-385 million BEF) to +39.3 million euros (1,585 million BEF).

For the first time this year, Mobistar incurred interim interest for a total amount of 3.5 million euros (140 million BEF), of which 3.2 million euros (130 million BEF) relates to previous financial years. The corresponding depreciations totalled 1.4 million euros (58 million BEF), including 1.0 million euros (42 million BEF) relating to previous financial years. The net impact of the previous financial years was therefore 2.2 million euros (88 million BEF).

The net result for the financial year shows a loss of 6.9 million euros (280 million BEF) for 2001, which means a reduction in losses of 87% in comparison with the loss for the previous year.

2. Balance sheet

The company balance sheet total amounts to 1,198.3 million euros (48,338 million BEF). Short-term assets represented 26% of the balance sheet total, the same proportion as the previous year.

The long-term assets are comprised of:

- Intangible assets amounting to 385.5 million euros (15,552 million BEF), mainly relating to GSM and UMTS operating licences and computer developments
- Tangible assets amounting to 424.8 million euros (17,138 million BEF) relating to network infrastructure, equipment and value added services
- Financial assets of 78.9 million euros (3,185 million BEF) relating mainly to the holdings and amounts receivable in Mobistar Corporate Solutions, a 100% subsidiary, and the holding in Mobistar Affiliate (formerly debitel Belgium), which rose from 20 to 100% during the financial year.

Amounts receivable of 210.7 million euros (8,500 million BEF) and short-term investments of 50.4 million euros (2,033 million BEF) represent 85% of current assets.

Balance sheet liabilities are comprised mainly of:

- Capital and reserves amounting to 3.7 million euros (150 million BEF), comprised of paid-up capital of 431.9 million euros (17,424 million BEF), accumulated losses of 428.9 million euros (17,300 million BEF), capital subsidies of 0.5 million euros (22 million BEF) and an issue premium of 0.1 million euros (4 million BEF). As a result of accumulated losses, the company remains under the application of article 633 of the Belgian Company Law. The procedure stipulated in this article has been followed.
- Long-term loans of 826.7 million euros (33,348 million BEF), an increase of 45% compared with the previous financial year.
- Short-term loans of 328.1 million euros (13,236 million BEF), representing an increase of 44% compared with the previous closure, comprised of:

- Short-term financing of 94.3 million euros (3,803 million BEF)
- Commercial debts of 197.9 million euros (7,985 million BEF), tax and social security debts of 35.5 million euros (1,432 million BEF), other debts of 0.4 million euros (15 million BEF) and adjustment accounts of 39.8 million euros (1,604 million BEF).

3. Lawsuits

The company is involved in a number of lawsuits concerning the introduction by a number of municipalities and two provinces of a tax on GSM pylons, antennas and/or masts. Mobistar has contested the legality of these taxes before the Council of State

and has also made a tax claim against each of these fiscal enrolments. In the light of the positive trend in the case dossiers, Mobistar has posted to the balance sheet assets the total of the taxes imposed in this context by the municipalities and provinces since the beginning of the dispute.

This entry allowed these enrolments, covered by provisions in previous financial years, to be posted as operating income, giving an amount of 3.6 million euros, including 1.2 million euros in the form of a provision for administrative disputes.

3. Comments on the consolidated accounts for the 2001 financial year

The consolidation scope encompasses the parent company (Mobistar SA), Mobistar Corporate Solutions, a 100% subsidiary, and, for the period from June to December 2001, Mobistar Affiliate (formerly debitel Belgium), following the acquisition by Mobistar of the 80% of the company stock that it did not already own.

The consolidated balance sheet total amounts to 1,167.2 million euros (47,086 million BEF). Long-term assets of 854.7 million euros (34,477 million BEF), represent 73.2% of total assets. The share of MCS in the long-term assets of 3.6% mainly relates to the deployment of MAN networks. The acquisition of 80% of Mobistar Affiliate stock generated goodwill of 14.3 million euros (576 million BEF), posted under consolidation differences and depreciated over a period of 10 years as from June 2001.

Current assets amounted to 312.6 million euros (12,609 million BEF) comprised mainly of receivable amounts of 203.8 million euros (8,222 million BEF) and short-term deposits of 50.4 million euros (2,033 million BEF).

The balance sheet liabilities are comprised of:

- Capital and reserves for a negative amount of 33.4 million euros (1,349 million BEF), comprised of capital of 431.9 million euros (17,424 million BEF), negative consolidated reserves of 466 million euros (18,799 million BEF), capital subsidies of 0.5 million euros (22 million BEF) and an issue premium of 0.1 million euros (4 million BEF).
- Long-term loans associated with financing amounting to 826.7 million euros (33,348 million BEF).
- Short-term loans amounting to 332.3 million euros (13,406 million BEF) and adjustment accounts of 41.6 million euros (1,680 million BEF).

The consolidated turnover amounted to 865.8 million euros (34,925 million BEF), an increase of 42% compared with the previous year. The consolidated turnover for the mobile business amounted to 811.3 million euros (32,726 million BEF), equivalent to 94% of total group turnover. It increased by 38%, broken down as follows:

Sales of subscriptions and traffic	743,4 million euros	(29.988 million BEF)
Sales of equipment	67,9 million euros	(2.738 million BEF)
Total	811,3 million euros	(32.726 million BEF)

Fixed/data business made up the balance of the turnover with a rise of 143%.

Mobistar Corporate Solutions was responsible for 4.6% of the total turnover.

Operating expenses amounted to 865.1 million euros (34,898 million BEF), an increase of 34% compared with the previous year.

The consolidated EBITDA amounted to 154.7 million euros (6,239 million BEF), an increase of 98% compared with the previous year.

The consolidated EBITDA for mobile business showed a particularly positive trend. In absolute terms it rose from 93.1 million euros (3,754 million BEF) in 2000 to 173.8 million euros (7,013 million BEF) in 2001, representing 23.4% of income generated by mobile customers (excluding sales of terminals), compared with 17.2% in 2000.

The EBITDA realised in other business areas amounted to -19.2 million euros (-774 million BEF), compared with -15.1 million euros (-610 million BEF) during the previous year.

Consolidated operating income rose from -25.5 million euros (-1,030 million BEF) in 2000 to +16.3 million euros (+658 million BEF) in 2001.

The net result for the group for the financial year amounted to -30.5 million euros (-1,229 million BEF), a reduction in losses of 46% compared with the previous year.

4. Justification of the application of the continuity accounting rules

In accordance with the provisions of article 96-6 of Belgian Company Law and as a result of the losses that resulted from the launch of the company, the Board of Directors must justify the application of the accounting principles based on the assumption of operational continuity. In this context, it should be noted that Mobistar has secured its

financing needs, without recourse to an increase in capital, by concluding various loan agreements with financial institutions and its shareholders, France Télécom and the Orange Group. On the basis of the company's financial position, its forecasts and funding possibilities, the Board of Directors believes that this application of the accounting principles is justified.

5. Applications of article 524 of the Belgian Company Law during the 2001 financial year

In accordance with article 524 of the Belgian Company Law, the conclusions of reports submitted by directors and experts chosen by the Board by virtue of this article, as well as a description of the decisions taken in the light of these reports, must be included in the management report.

1. Decision to participate in the auction of UMTS licences

The directors' report concluded that it would be advisable for the Board to agree to the UMTS auction procedure under reserve of responses concerning the financing mechanism and the precise limit to funding.

The independent expert's report highlighted two other considerations:

the first related to the interest of the company and its shareholders in investing in UMTS. In order to help the Board in its deliberations, the expert analysed the suitability of the parameters of the business plan prepared by the Management concerning UMTS investment. Given the risks that such an investment could run, the expert recommended limiting uncertainties by making an appropriate formulation of the auction offer. Balancing the risks with a reasonable offer, the expert believed that a favourable decision by the Board was acceptable. The second remark concerned the lack of direct or indirect advantage on the part

of one of the shareholders with notable or decisive influence on the appointment of directors. The expert described the benefits that France Télécom could draw from the granting of a 3G licence to Mobistar, but nevertheless pointed out the lack of any direct or indirect advantage on the part of this shareholder whilst drawing the attention of the Board to the fact that decisions and conditions of future contracts that might be concluded between France Télécom and Mobistar would still fall within the scope of article 524 of the Belgian Company Law.

During its meeting on 30 January 2001 and after the submission of the above-mentioned reports, the Board authorised Mobistar to compete in the 3G auction within a defined envelope. An increase in capital could then be initiated whilst a bridging loan would be set up by the shareholders to cover the needs of the company until the increase in capital.

As stated in point 4, paragraph 2, above, Mobistar then secured its financing needs without recourse to the initially planned increase in capital.

2. Conditions of the bridging loan with France Télécom relating to the financing of the UMTS licence

The Mobistar Board entrusted three directors with the task of verifying that the modalities of the subordinated loan that France Télécom would make available to Mobistar conformed to the tender and that this transaction would be in the interest of Mobistar. The directors were assisted by an independent expert in accordance with the law. Their conclusions established that the bridging loan offered did correspond to the tender conditions and was in the interests of the company.

6. Information on additional tasks entrusted to the company auditors

During the 2001 financial year, additional tasks to the value of 142,060.4 euros were carried out by companies

with which the company auditors have professional links.

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Mobistar S.A.

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**Report of the Statutory
Auditors**

Balance Sheet

Assets

	In thousand €	2001 In thousand BEF	In thousand €	2000 In thousand BEF
FIXED ASSETS	889 359	35 876 655	622 939	25 129 317
I Formation expenses ^(NOTE I)	38	1 528	1 427	57 561
II Intangible assets ^(NOTE II)	385 523	15 551 967	224 926	9 073 518
III Tangible assets ^(NOTE III)	424 835	17 137 780	367 131	14 810 014
A > Land and buildings	119 153	4 806 631	112 251	4 528 190
B > Plant, machinery and equipment	255 915	10 323 598	217 297	8 765 724
C > Furniture and vehicles	40 530	1 634 955	30 591	1 234 040
E > Other tangible assets	9 237	372 596	6 992	282 060
IV Financial assets ^(NOTE IV and V)	78 963	3 185 380	29 455	1 188 224
A > Affiliated enterprises	78 809	3 179 169	28 385	1 145 041
> 1 Participating interests	22 883	923 117	11 155	450 000
> 2 Amounts receivable	55 926	2 256 052	17 230	695 041
C > Other financial assets	154	6 211	1 070	43 183
> 1 Shares			919	37 092
> 2 Amounts receivable and cash guarantees	154	6 211	151	6 091
CURRENT ASSETS	308 908	12 461 313	219 727	8 863 763
VI Stocks and contracts in progress	19 385	781 973	22 190	895 130
A > Stocks	19 385	781 973	22 190	895 130
> 4 Goods purchased for resale	19 385	781 973	22 190	895 130
VII Amounts receivable within one year	222 148	8 961 425	172 922	6 975 668
A > Trade debtors	210 715	8 500 211	170 582	6 881 281
B > Other amounts receivable	11 433	461 214	2 340	94 387
VIII Investments ^(NOTE V and VI)	50 400	2 033 131	734	29 614
B > Other investments and deposits	50 400	2 033 131	734	29 614
IX Cash at bank and in hand	3 515	141 789	10 113	407 952
X Deferred charges and accrued income ^(NOTE VII)	13 460	542 995	13 768	555 399
TOTAL ASSETS	1 198 267	48 337 968	842 666	33 993 080

Liabilities

	In thousand €	2 0 0 1 In thousand BEF	In thousand €	2 0 0 0 In thousand BEF
CAPITAL AND RESERVES	3 729	150 428	9 928	400 528
I Capital ^(NOTE VIII)	431 939	17 424 369	431 007	17 386 780
A > Issued capital	431 939	17 424 369	431 007	17 386 780
II Share premium account	93	3 759		
V Loss carried forward	-428 847	-17 299 641	-421 910	-17 019 789
VI Investment grants	544	21 941	831	33 537
PROVISIONS AND DEFERRED TAXATION			1 190	48 000
VII A Provisions for liabilities and charges			1 190	48 000
> 4 Other liabilities and charges ^(NOTE IX)			1 190	48 000
CREDITORS	1 194 538	48 187 540	831 548	33 544 552
VIII Amounts payable after more than one year ^(NOTE X)	826 669	33 347 729	568 742	22 942 980
A > Financial debts	826 669	33 347 729	568 742	22 942 980
> 1 Subordinated loans	221 140	8 920 759	25 000	1 008 497
> 4 Credit institutions	305 529	12 325 000	368 742	14 875 000
> 5 Other loans	300 000	12 101 970	175 000	7 059 483
IX Amounts payable within one year ^(NOTE X)	328 118	13 236 227	228 073	9 200 427
A > Current portion of amounts payable after more than one year	63 213	2 550 000	31 606	1 275 000
B > Financial debts	31 072	1 253 423	44 621	1 800 000
> 1 Credit institutions	26 000	1 048 837	44 621	1 800 000
> 2 Other loans	5 072	204 586		
C > Trade debts	197 955	7 985 496	129 854	5 238 280
> 1 Suppliers	197 955	7 985 496	129 854	5 238 280
E > Taxes, remuneration and social security	35 507	1 432 327	21 247	857 109
> 1 Taxes	3 912	157 797	2 848	114 891
> 2 Remuneration and social security	31 595	1 274 530	18 399	742 218
F > Other amounts payable	371	14 981	745	30 038
X Accrued charges and deferred income ^(NOTE XI)	39 751	1 603 584	34 733	1 401 145
TOTAL LIABILITIES	1 198 267	48 337 968	842 666	33 993 080

Income Statement

Presentation in vertical form

	In thousand €	2 0 0 1 In thousand BEF	In thousand €	2 0 0 0 In thousand BEF
I Operating income	891 572	35 965 902	624 510	25 192 688
A > Turnover	829 160	33 448 235	584 788	23 590 296
C > Own construction capitalised	834	33 635		
D > Other operating income	61 578	2 484 032	39 722	1 602 392
II Operating charges	-852 286	-34 381 126	-634 055	-25 577 733
A > Raw materials, consumables and goods for resale	336 716	13 583 113	223 511	9 016 418
> 1 Purchases	331 916	13 389 472	242 267	9 773 032
> 2 Increase (-); Decrease (+) in stocks	4 800	193 641	-18 756	-756 614
B > Services and other goods	247 094	9 967 747	206 768	8 341 020
C > Remuneration, social security costs and pensions <small>(NOTE XII, C2)</small>	120 573	4 863 885	84 444	3 406 459
D > Depreciation and other amounts written off on formation expenses, intangible and tangible fixed assets	133 266	5 375 943	101 267	4 085 106
E > Increase (+); Decrease (-), in amounts written off on stocks, contracts in progress and trade debtors <small>(NOTE XII, D)</small>	12 820	517 155	11 440	461 475
F > Increase (+); Decrease (-) in provisions for liabilities and charges <small>(NOTE XII, E)</small>	-1 190	-48 000		
G > Other operating charges <small>(NOTE XII, F)</small>	3 007	121 283	6 625	267 255
III Operating profits (+)/Operating loss (-)	39 286	1 584 776	-9 545	-385 045
IV Financial income	3 987	160 850	4 739	191 155
B > Income from current assets	2 442	98 515	459	18 491
C > Other financial income <small>(NOTE XIII, A)</small>	1 545	62 335	4 280	172 664
V Financial charges	-49 499	-1 996 795	-35 527	-1 433 163
A > Interest and other debt charges	47 443	1 913 860	33 416	1 347 999
C > Other financial charges <small>(NOTE XIII, E)</small>	2 056	82 935	2 111	85 165
VI Loss on ordinary activities before taxes	-6 226	-251 169	-40 334	-1 627 053
VIII Extraordinary charges	-711	-28 683	-11 155	-450 000
B > Amounts written off financial fixed assets	711	28 683	11 155	450 000
IX Loss for the period before taxes	-6 937	-279 852	-51 489	-2 077 053
XI Loss for the period	-6 937	-279 852	-51 489	-2 077 053
XIII Loss for the period available for appropriation	-6 937	-279 852	-51 489	-2 077 053
APPROPRIATION ACCOUNT				
A > Loss to be appropriated	-428 847	-17 299 641	-421 910	-17 019 789
> 1 Loss for the period available for appropriation	-6 937	-279 852	-51 489	-2 077 053
> 2 Loss brought forward	-421 910	-17 019 789	-370 421	-14 942 736
D > Result to be carried forward				
> 2 Loss to be carried forward	428 847	17 299 641	421 910	17 019 789

Notes

2 0 0 1

In thousand BEF

I Statement of Formation Expenses (HEADING 20 OF ASSETS)

Net book value as at the end of the preceding period

Movements during the period:

- Depreciation (-)

- Other (-)

Net book value at the end of the period

detailing: - Expenses of formation or capital increase,
loan issue expenses and other formation expenses

57 561

-24368

-31665

1 528

1 528

2 0 0 1

In thousand BEF

II Statement of Intangible Assets (HEADING 21 OF ASSETS)

a | Acquisition costs

At the end of the preceding period

Movements during the period:

- Acquisitions, including produced fixed assets

- Transfers from one heading to another (+) (-)

At the end of the period

c | Depreciation and amounts written down

At the end of the preceding period

Movements during the period:

- Recorded

At the end of the period

d | Net book value at the end of the period (a) - (c)

CONCESSIONS, PATENTS,
LICENCES, A.O.

GOODWILL

13 484 213

100 436

8 182 627

31 665

21 698 505

100 436

4 410 695

100 436

1 735 843

6 146 538

100 436

15 551 967

Notes

2 0 0 1

In thousand BEF

III Statement of Tangible Fixed Asset (HEADINGS 22/27 OF ASSETS)

a | Acquisition cost

At the end of the preceding period

Movements during the period:

- Acquisitions including produced fixed assets

- Sales and disposals (-)

At the end of the period

c | Depreciation and amounts written down

At the end of the preceding period

Movements during the period:

- Recorded

- Written down after sales and disposals (-)

At the end of the period

d | Net book value at the end of the period (a) + (b) - (c)

LANDS AND BUILDINGS (HEADING 22)	PLANT, MACHINERY AND EQUIPMENT (HEADING 23)	FURNITURE AND VEHICLES (HEADING 24)	OTHER TANGIBLE ASSETS (HEADING 26)
6 974 872	12 786 999	2 107 226	524 917
1 195 913	3 487 162	1 164 863	152 757
-7 734	-79 544	-8 393	-98 266
8 163 051	16 194 617	3 263 696	579 408
2 446 682	4 021 275	873 186	242 858
910 845	1 889 713	759 628	55 545
-1 107	-39 969	-4 073	-91 591
3 356 420	5 871 019	1 628 741	206 812
4 806 631	10 323 598	1 634 955	372 596

2 0 0 1

In thousand BEF

IV Statement of Financial Fixed Assets (HEADING 28 OF ASSETS)

1 | Participating interests and shares

a | Acquisition cost

At the end of the preceding period

Movements during the period:

- Acquisitions

- Transfer from one heading to another (+) (-)

At the end of the period

c | Depreciation and amounts written down

At the end of the preceding period

Movements during the period:

- Recorded

At the end of the period

Net book value at the end of the period (a) + (b) - (c) - (d)

2 | Amounts receivable

Net book value at the end of the preceding period

Movements during the period:

- Additions

- Reimbursements (-)

Net book value at the end of the period

AFFILIATED ENTERPRISES (HEADING 280)	OTHER ENTERPRISES (HEADING 284)
900 000	37 092
501 799	464 707
1 401 799	-501 799
450 000	
28 682	
478 682	
923 117	
695 041	6 091
1 561 011	232
	-112
2 256 052	6 211

Notes

V | A Participating interests and other rights in other enterprises

Name, full address of the registered office and for an enterprise governed by Belgian law, the v.a.t. or national number	RIGHTS HELD		INFORMATION FROM THE MOST RECENT PERIOD FOR WHICH ANNUAL ACCOUNTS ARE AVAILABLE			
	NUMBER	IN %	ANNUAL ACCOUNTS	CURRENCY	CAPITAL AND RESERVES <i>In thousand BEF</i>	NET RESULT
<ul style="list-style-type: none"> • MOBISTAR AFFILIATE SA Rue Colonel Bourg 149 1140 Evere, Belgium BE 420.959.016 Ordinary registered shares 	64 301	100	31/12/01	BEF	24 709	-110 917
<ul style="list-style-type: none"> • MOBISTAR CORPORATE SOLUTIONS SA Rue Colonel Bourg, 149 1140 Evere, Belgium BE 465.098.568 Ordinary registered shares 	900 000	100	31/12/01	BEF	-1 148 138	-1 047 746

2 0 0 1

In thousand BEF

2 0 0 0

In thousand BEF

VI Investments : other investments and deposits (HEADING 51/53 OF THE ASSETS)

Term deposits with credit institutions:

- less or equal to one month

2 033 131

2 033 131

29 614

29 614

VII Deferred charges and accrued income

(ANALYSIS OF HEADING 490/1 OF ASSETS IF THE AMOUNT IS SIGNIFICANT)

- Prepaid expenses
- Accrued income
- Financial income
- Deferred charges

241 092

261 231

1 320

39 352

Notes

VIII Statement of Capital

A | Capital

1 > Capital souscrit (HEADING 100 OF LIABILITIES)

At the end of the preceding period

Changes during the period:

- Increase in capital

At the end of the period

2 > Structure of the capital

2.1 > Different categories of shares

- Ordinary shares

2.2 > Registered shares and bearer shares

- Registered
- Bearer

D | Commitments to issue shares

2 > Following the exercising of subscription rights

- Number of outstanding subscription rights
- Amount of capital to be issued
- Maximum number of shares to be issued

G | Shareholder structure of the company as 31.12.2001

Wirefree Services Belgium

Telindus Group

Other registered shareholders

Total of registered shares

GIMV

KBC Assurances

KBC Banque

Bruficom

Ortelius N.V.

Cobema

Cippar

Regio

Wallonie Télécommunications

Wirefree Services Belgium

Bearer shares held by the general public

Total bearer shares

Total shares

2001

<i>Amounts In thousand BEF</i>	<i>Number of shares</i>
17 386 780	
37 589	169 150
17 424 369	
17 424 369	62 518 269
	34 842 128
	27 676 141
	819 933
1 129 546	
	819 933

Number of shares	Percent
31 620 000	50,58%
3 221 182	5,15%
946	0,00%
34 842 128	55,73%
2 095 317	3,35%
967 069	1,55%
352 014	0,56%
2 539 182	4,06%
805 891	1,29%
2 498 262	4,00%
2 095 317	3,35%
824 587	1,32%
2 095 317	3,35%
133 100	0,21%
13 270 085	21,23%
27 676 141	44,27%
62 518 269	100,00%

Notes

2 0 0 1

In thousand BEF

X Statement of amounts payable

A| Analysis of current portions of amounts initially payable after more than one year

	AMOUNTS PAYABLE CURRENT PORTION NOT MORE THAN ONE YEAR (HEADING 42)	AMOUNTS PAYABLE CURRENT PORTION BETWEEN ONE AND FIVE YEARS (HEADING 17)	AMOUNTS PAYABLE CURRENT PORTION OVER FIVE YEARS (HEADING 17)
Financial debts	2 550 000	22 611 675	10 736 054
1 > Subordinated loans			8 920 759
4 > Credit institutions	2 550 000	12 325 000	
5 > Other loans		10 286 675	1 815 295
TOTAL	2 550 000	22 611 675	10 736 054

AMOUNT PAYABLE (OR THE PORTION THEREOF)
GUARANTEED BY REAL GUARANTEES
GIVEN OR IRREVOCABLY
PROMISED BY THE ENTERPRISE
ON ITS OWN ASSETS

B| Amounts payable

(HEADINGS 17 AND 42/48 OF LIABILITIES)

Financial debts

1 > Subordinated loans	8 920 759
4 > Credit institutions	14 875 000
5 > Other loans	12 101 970
TOTAL	35 897 729

C| Amounts payable for taxes, remuneration and social security

1 > Taxes (HEADING 450/3 OF LIABILITIES)	
b) Non expired taxes payable	157 797
2 > Remuneration and social security (HEADING 454/9 OF LIABILITIES)	
b) Other amounts payable for remuneration and social security	1 274 530

XI Accrued charges and deferred income

(ANALYSIS OF THE HEADING 492/3 OF LIABILITIES IF THE AMOUNT IS MATERIAL)

Interest to be paid	80 280
Deferred income	1 479 635
Other (mainly financial income to be carried forward)	43 669

Notes

XII Operating Results

C.1 | Employees recorded in the personnel register

- a) Total number at the closing date
- b) Average number of employees in full-time equivalents
- c) Number of actual working hours

	2 0 0 1	2 0 0 0
	1 761	1 569
	1 700	1 293
	2 728 791	2 122 023

In thousand BEF

In thousand BEF

C.2 | Personnel charges (HEADING 62)

- a) Remuneration and direct social benefits
- b) Employer's contribution for social security
- c) Employer's contribution for extra statutory insurance
- d) Other personnel charges

	3 512 757	2 426 692
	1 019 107	725 037
	136 440	92 230
	195 581	162 500

D | Amounts written off (HEADING 631/4)

- 1 > Stocks and contracts in progress
 - recorded
 - write back (-)
- 2 > Trade debtors
 - recorded

		26 637
	-80 483	
	597 638	434 838

E | Provisions for liabilities and charges (HEADING 635/7)

Decreases (-)

-48 000

F | Other operating charges (HEADING 640/8)

- Taxes related to operations
- Other charges

	39 715	18 731
	81 568	248 524

G | Temporary personnel and persons placed at the disposal of the enterprise

- 1 > Total number at the closing date
- 2 > Average number of employees in full-time equivalents
 - Number of actual working hours
 - charges to the company (In thousand BEF)

	492	343
	404	343
	396 070	382 274
	1 068 349	1 405 783

Notes

XIII Financial results

A | Other financial income (HEADING 752/9)

Amount of subsidies granted by public authorities, credited to income for the period

- Capital subsidies

Detail of other financial income classified under this heading, if material

- Other financial revenues
- Exchange differences

E | Other financial charges (HEADING 652/9)

Analysis of other charges under this heading, if material

- Bank charges
- Other financial charges
- Exchange losses

2 0 0 1

In thousand BEF

2 0 0 0

In thousand BEF

11 596

93 474

43 809

65 221

6 930

13 969

33 535

54 255

38 916

18 825

10 484

12 085

XV Income taxes

B | In so far as taxes of the current period are materially affected by differences between the profit before taxes and the estimated taxable profit

Most-deductible expenditure

D | Status of deferred taxes

1 > Beneficial deferred taxes

- Accumulated tax losses deductible from future taxable profits

96 899

16 497 919

16 497 919

XVI Value added tax and taxes borne by third parties

A | Value added tax charged during the period:

1 > to the enterprise (deductible)

2 > by the enterprise

B | Amounts retained on behalf of third parties for:

1 > ayroll withholding taxes

7 328 200

5 125 438

9 493 656

6 376 906

1 060 425

589 483

2 0 0 1

In thousand BEF

ASSECURITY PARTIES'
DEBTORS COMMITMENTS

61 781

100 000

18 000 000

XVII Rights and commitments not accrued in the balance sheet

Real guarantees, given or irrevocably promised by the enterprise

Mortgages:

- Book value of the immovable properties mortgaged
- Amount of the registration

Pledges of business

- Amount of the registration

Major disputes and other important commitments

- 1 | Bank guarantees issued on behalf of the company: BEF 314 million.
- 2 | Financial instruments: the contracts intended to protect the company from interest rate fluctuations associated with loans had a nominal capital of BEF 40,568 million on 31 December 2001.
- 3 | For the requirements of the financing project, the company has granted securities to the syndicated banks, in the form of:
 - a > a pledge on receivables and insurance policies,
 - b > a mortgage of BEF 100 million in principal plus interest on the building in Charleroi,
 - c > a mortgage order on the business for the amount of BEF 2,500 million,
 - d > un mandat hypothécaire, permettant aux bailleurs de fonds de prendre une hypothèque jusqu'à 110% de la valeur de marché sur les immeubles que la société pourrait acquérir,
 - e > a pledge on the business assets for the amount of BEF 15,500 million (minus early repayments made as part of the financing plan).

The companies in the France Télécom group, which provided long-term financing for the parent company, have obtained with equal ranking the same guarantees as the bank syndicate.
- 4 | The company is involved in a number of lawsuits concerning the introduction by a number of municipalities and two provinces of a tax on GSM pylons, antennas and/or masts. MOBISTAR has contested the legality of these taxes before the Council of State and has also made a tax claim against each of these fiscal enrolments. In the light of the positive trend in the case dossier, MOBISTAR has posted to the balance sheet assets the total of the taxes imposed in this context by the municipalities and provinces since the beginning of the dispute. This entry allowed these enrolments, covered by provisions in previous financial years, to be posted as operating income, giving an amount of 144 million BEF, including 48 million BEF in the form of a provision for administrative disputes.

A brief description of the supplement retirement or survivors' pension plan in favor of the personnel of the executives of the enterprise and of the measures taken by the enterprise to cover the resulting charges.

The group runs a retirement pension scheme based on a set contribution that provides a supplement to the statutory pension for employees. This pension scheme is covered and financed by an insurance company as required by Belgian law.

Notes

XVIII Relationships with affiliated enterprises linked by participating interests

1 | Financial fixed assets

- Investments
- Amounts receivable:
Other

2 | Amounts receivable

- Within one year

4 | Amounts payable

- After one year
- Within one year

7 | Financial results

- From current assets
- From interest and debts

	2 0 0 1 <i>In thousand BEF</i>	2 0 0 0 <i>In thousand BEF</i>
AFFILIATED ENTERPRISES		
	3 179 169	1 145 041
	923 117	450 000
	2 256 052	695 041
	1 299 223	891 649
	1 299 223	891 649
	22 008 111	8 721 909
	21 022 729	8 067 980
	985 382	653 929
	77 553	4 161
	844 476	216 025

Statement on consolidated accounts

A. Information to be disclosed by every enterprise that is subject to the provision of the Royal Decree of 6th March, 1990:

The enterprise has prepared and published consolidated accounts and a consolidated management report pursuant to the Royal Decree of March 6, 1990 relating to consolidated accounts of enterprises.

B. Information to be disclosed by the reporting enterprise being a subsidiary or a joint subsidiary:

PARENT COMPANY : France Télécom / 6 place d'Alleray / 75 505 Paris Cedex 15 - France

Prepares consolidated accounts at the highest level.

The consolidated accounts can be obtained at the following address:

France Télécom / 6 place d'Alleray / 75 505 Paris Cedex 15 - France

Social report

			2001	2000
	FULL-TIME	PART-TIME	TOTAL (T) OR TOTAL FULL-TIME EQUIVALENTS (FTE)	TOTAL (T) OR TOTAL FULL-TIME EQUIVALENTS (FTE)
I Statement of the persons employed				
A Employees recorded in the personnel register				
1 > During the financial period and preceding financial period				
Average number of employees	1 675.8	36.3	1700.5 (ETP)	1293.0 (ETP)
Number of actual working hours	2 696 116	32 675	2 728 791	2 122 023
Personnel charges (In thousand BEF)	4 816 423	47 462	4 863 885	3 406 459
2 > As at the closing date of the financial period				
a > Number of employees recorded in the personnel register				
	1 722	39	1 749.5	
b > By nature of the employment contract				
Contract of unlimited duration	1 698	38	1 724.9	
Contract of limited duration	24	1	24.6	
c > By sex				
Male	1 100	14	1 109.7	
Female	622	25	639.8	
d > By professional category				
Employees	1 721	39	1 748.5	
Other	1		1.0	

	TEMPORARY PERSONNEL	PERSONS PLACED AT THE DISPOSAL OF THE ENTERPRISE
B Temporary personnel and persons placed at the disposal of the enterprise		
During the financial period		
Average number of personnel employed	99	305
Number of actual working hours	191 428	204 642
Charges to the enterprise (In thousand BEF)	172 386	895 964

Social report

2001

II List of personnel movements during the financial period

A | Entrants

a > Number of employed persons recorded in the personnel register during the financial period

b > By nature of the employment contract

Contract of unlimited duration

Contract of limited duration

c > By sex and level of education

Male:

secondary education

higher non-university education

university education

Female:

secondary education

higher non-university education

university education

B | Leavers

a > Number of employed persons of which the date of termination of the contract has been recorded in the personnel register during the financial period

b > By nature of the employment contract

Contract of unlimited duration

Contract of limited duration

c > By sex and level of education

Male:

secondary education

higher non-university education

university education

Female:

secondary education

higher non-university education

university education

d > By reason of termination of contract

Dismissal

Other reason

	FULL-TIME	PART-TIME	TOTAL OF FULL-TIME EQUIVALENTS
a > Number of employed persons recorded in the personnel register during the financial period	422	7	426.9
b > By nature of the employment contract			
Contract of unlimited duration	387	6	391.2
Contract of limited duration	35	1	35.7
c > By sex and level of education			
Male:			
secondary education	63		63.0
higher non-university education	111	1	111.7
university education	89		89.0
Female:			
secondary education	38	2	39.5
higher non-university education	67	4	69.7
university education	54		54.0
B Leavers			
a > Number of employed persons of which the date of termination of the contract has been recorded in the personnel register during the financial period	230	7	234.3
b > By nature of the employment contract			
Contract of unlimited duration	209	7	213.3
Contract of limited duration	21		21.0
c > By sex and level of education			
Male:			
secondary education	34		34.0
higher non-university education	59	1	59.6
university education	48		48.0
Female:			
secondary education	21	2	22.2
higher non-university education	38	4	40.5
university education	30		30.0
d > By reason of termination of contract			
Dismissal	90	3	91.7
Other reason	140	4	142.6

Social report

III Statement concerning the implementation of measures stimulating employment during the financial period

Measures stimulating employment

1 | Measures generating financial profit ⁽¹⁾

- 1.9 > Full career interruption
- 1.10 > Reduction of job performance (part-time career interruption)

2 | Other measures

- 2.3 > Training period for junior employees
- 2.6 > Successive employment contracts of limited duration

Number of employees involved in one or more measures stimulating employment

- Total for the financial period
- Total for the previous financial period

NUMBER OF EMPLOYED PERSONS INVOLVED		FINANCIAL PROFIT In thousand BEF
NUMBER	INFULL-TIME EQUIVALENTS	
12	12.0	349
10	10.0	690
2	2.0	
88	85.7	
111	108.7	
84	82.1	

2 0 0 1

⁽¹⁾ Financial benefit to the employer regarding the incumbent or his substitute.

Accounting principles

1

Formation costs

The first formation costs and the costs related to increases in the issued capital are capitalised on the balance sheet at cost and amortised over five years, starting from the date of payment, on a linear basis. Exceptionally, 100% of the costs of the capital increase in the context of the stock market flotation in 1998 are borne in the 1998 financial year.

2

Intangible assets

The intangible assets are booked at cost value and are essentially comprised of the following capitalised costs and expenditures, including, if applicable, the fixed assets produced for use by the company: acquisition of the GSM network licence, acquisition of the UMTS licence, cost of the design and development of the network, permits, cost of licences, software development and goodwill.

The capitalised costs included in the intangible assets related to the acquisition of the GSM network licence are amortised on a linear basis over 15 years, the duration of the licence.

The UMTS licence also has a duration of 15 years and will be amortised on a linear basis over this period. The amortisation shall begin as from the commercial launch of the UMTS.

The other intangible assets are amortised on a linear basis over a period of three to five years, with the exception of the cost of the original design and the original development of the network, which has been entered in the results.

3

Tangible assets

The tangible assets are entered at cost value and are amortised on a linear basis pro rata temporis using the rates defined in the current Belgian tax law, which correspond to the life span of the assets concerned, as follows:

Constructions and installations on rented sites	10 to 20 years
Installations at site level	10 years
Mobile telephone equipment	3 to 8 years
Network equipment	8 years
Computer hardware	3 years
Other tangible equipment	3 to 15 years

The costs of regular maintenance and repairs are booked as expenses during the period in which they are incurred. Improvements to property are capitalised.

The loan costs relating to the purchase of fixed assets are activated and amortised according to the same pattern as the fixed assets in question.

This rule is applied this year for the first time. The impact of this change in the accounting principles on the accounts of the financial year is laid down in the annual report.

4

Financial assets

Shareholdings, stocks and shares are recorded at their acquisition value.

Receivables are valued at their nominal value. Reductions in value on shareholdings, stocks and shares are booked in the case of long-term losses in value or depreciations. Receivables are reduced in value if their payment when due is wholly or partly uncertain or compromised.

5

Receivables

Receivables are recorded at their nominal value. Reductions in value on doubtful receivables are assessed taking into account the potential risk of non-recovery.

6

Stocks

Stocks include goods purchased for resale. Stock movements are recorded using the FIFO (First In – First Out) method. Inventories are recorded at the “lower of cost or market” value.

7

Cash (and cash equivalents)

Liquid assets and equivalents include cash deposits and fixed deposits of less than three months. They are booked at their nominal value. Foreign currencies are converted at the closing rate and profits and losses are recorded as operating income and expenses.

8

Deferred charges and accrued income

The deferred charges for assets include the expenses to be carried forward and the accrued income. The deferred charges for liabilities include accrued expenses and income to be carried forward.

9

Pensions

The group runs a retirement pension scheme based on a set contribution that provides a supplement to the statutory pension for employees. This pension scheme is covered and financed by an insurance company as required by Belgian law.

10

Financial instruments

The group concludes contracts with a view to protecting itself against the risk associated with fluctuations in interest rates on its loans. The premiums paid or received and the related profits and losses are carried forward on the contract period and are registered as interest income and expenses.

11

Acknowledgement of income and expenses

Income and expenses are registered at the moment they are generated, regardless of their payment or collection.

Income derived from services is declared when it is acquired. Invoices for these services are issued on a monthly basis throughout the entire month. Revenues not invoiced in the invoicing cycle at the end of the month are estimated on the basis of traffic and recorded at the end of the month. Payments received in advance are carried forward and included on the balance sheet under deferred income.

12

Taxes on income

The company is subject to corporation tax in accordance with Belgian legislation governing income tax. Beneficial deferred taxes, which are the result of temporary differences in the declaration of income and expenses, are not acknowledged.

13

Foreign currency transactions

Foreign currency transactions are converted into BEF at the rates in force at the time of the transaction. Receivables and debts booked in foreign currencies on the date of the balance sheet are adjusted in order to reflect the exchange rates effective at this time. These adjustments are acknowledged in the profit and loss account to the extent that Belgian accounting laws permit.

Report of the joint Statutory Auditors

on the statutory accounts submitted to the general shareholders' meeting of Mobistar S.A.

Statutory accounts for the year ended December 31, 2001

In accordance with legal and statutory requirements, we are reporting to you on the completion of the mandate which you have entrusted to us.

We have audited the financial statements as of and for the year ended December 31, 2001 with a balance sheet total of BEF 48,337,967,416 and a loss for the year of BEF 279,851,831. These financial statements have been prepared under the responsibility of the Board of Directors of the Company. In addition we have carried out the specific additional audit procedures required by the Company law.

Unqualified audit opinion on the financial statements with explicative paragraph

We conducted our audit in accordance with the standards of the "Institut des Réviseurs d'Entreprises-Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with these standards we have considered the Company's administrative and accounting organisation as well as its internal control procedures. The Company's management have provided us with all explanations and information which we required for our audit. We examined, on a test basis, evidence supporting the amounts in the financial statements. We assessed the accounting policies used and significant accounting estimates made by the Company, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the prevailing legal and regulatory requirements, the financial statements present fairly the Company's net worth and financial position as of December 31, 2001 and the results of its operations for the year then ended and the disclosures made in the notes to the financial statements are adequate.

In spite of the losses incurred in the start up period, which have affected adversely the financial position of the company, the annual accounts have been prepared under going concern principles. This assumption is only justified if the company continues to receive the support of its shareholders or will have further access to other sources of finance. Without calling into question our unqualified opinion we would like to draw your attention to the directors' report in which the Board of Directors has, in accordance with Belgian laws, justified the application of the going concern principles. No adjustments have been made to the valuation and classification of certain captions of the balance sheet which would be necessary if the company was not able to pursue its activities.

Additional assertions

As required by generally accepted auditing standards the following additional assertions are provided. These assertions do not alter our audit opinion on the financial statements.

- The directors' report contains the information required by law and is consistent with the financial statements.
- The appropriation of results proposed to the general meeting complies with the legal and statutory provisions.
- There are no transactions undertaken or decisions taken in violation of the Company's statutes or Company Law which we have to report to you.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the applicable Belgian legal and regulatory requirements.

Brussels, March 28, 2002

THE JOINT STATUTORY AUDITORS :

Van Passel, Mazars & Guerard
Statutory Auditors

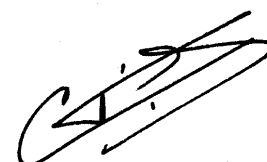
Klynveld Peat Marwick Goerdeler
Statutory Auditors

Ernst & Young
Statutory Auditors

represented by
Hugo Van Passel
Company Auditor

represented by
Patrick Camu
Company Auditor

represented by
Pol F. Fivez
Company Auditor



Consolidated accounts

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**Accounting principles
for the consolidated accounts**

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**The Statutory
Auditor's report
on the consolidated accounts**



Balance Consolidated Sheet

Assets

	In thousand €	2 0 0 1 In thousand BEF	In thousand €	2 0 0 0 In thousand BEF
FIXED ASSETS	854 669	34 477 275	611 384	24 663 171
I Formation expenses <small>(NOTE VII)</small>	2 763	111 464	5 159	208 113
II Intangible assets <small>(NOTE VIII)</small>	388 937	15 689 697	227 027	9 158 234
III Positive consolidation differences <small>(NOTE XII)</small>	13 557	546 890		
IV Tangible assets <small>(NOTE IX)</small>	449 246	18 122 537	378 118	15 253 230
A > Land and buildings	119 253	4 810 653	112 251	4 528 190
B > Plant, machinery and equipment	280 149	11 301 186	228 172	9 204 421
C > Furniture and vehicles	40 607	1 638 102	30 703	1 238 560
E > Other tangible assets	9 237	372 596	6 992	282 059
V Financial assets <small>(NOTE I (III IV and X))</small>	166	6 687	1 080	43 594
B > Other enterprises	166	6 687	1 080	43 594
> 1 Participating interests and shares			919	37 092
> 2 Amounts receivable	166	6 687	161	6 502
CURRENT ASSETS	312 568	12 608 937	223 983	9 035 444
VII Stocks and contracts in progress	19 385	781 973	22 190	895 130
A > Stocks	19 385	781 973	22 190	895 130
> 4 Goods purchased for resale	19 385	781 973	22 190	895 130
VIII Amounts receivable within one year	223 559	9 018 327	174 813	7 051 916
A > Trade debtors	203 838	8 222 818	167 503	6 757 030
B > Other amounts receivable	19 720	795 509	7 310	294 886
IX Investments	50 400	2 033 131	734	29 614
B > Other investments	50 400	2 033 131	734	29 614
X Cash at bank and in hand	4 313	173 981	10 680	430 832
XI Deferred charges and accrued income	14 911	601 525	15 566	627 951
TOTAL ASSETS	1 167 237	47 086 212	835 367	33 698 615

Liabilities

	In thousand €	2 0 0 1 In thousand BEF	In thousand €	2 0 0 0 In thousand BEF
CAPITAL AND RESERVES	-33 446	-1 349 228	-3 715	-149 864
I Capital	431 939	17 424 369	431 007	17 386 780
A > Issued capital	431 939	17 424 369	431 007	17 386 780
II Share premium account	93	3 759		
IV Consolidated reserves (NOTE XI)	-466 022	-18 799 297	-435 553	-17 570 181
VII Investment grants	544	21 941	831	33 537
PROVISIONS, DEFERRED TAX AND LATENT TAXATION LIABILITIES	47	1 897	1 190	48 000
IX A Provisions for liabilities and charges	47	1 897	1 190	48 000
> 4 Other liabilities and charges	47	1 897	1 190	48 000
CREDITORS	1 200 636	48 433 543	837 892	33 800 479
X Amounts payable after one year (NOTE XIII)	826 668	33 347 729	568 742	22 942 980
A > Financial debts	826 668	33 347 729	568 742	22 942 980
> 1 Subordinated loans	221 140	8 920 759	25 000	1 008 497
> 4 Credit institutions	305 528	12 325 000	368 742	14 875 000
> 5 Other loans	300 000	12 101 970	175 000	7 059 483
XI Amounts payable within one year (NOTE XIII)	332 326	13 405 997	234 407	9 455 963
A > Current portion of amounts payable after one year	63 213	2 550 000	31 606	1 275 000
B > Financial debts	26 000	1 048 837	44 621	1 800 000
> 1 Credit institutions	26 000	1 048 837	44 621	1 800 000
C > Trade debts	200 575	8 091 188	134 419	5 422 466
> 1 Suppliers	200 575	8 091 188	134 419	5 422 466
E > Amounts payable regarding taxes, remuneration and social securities	42 112	1 698 779	23 017	928 473
> 1 Taxes	4 567	184 213	3 103	125 155
> 2 Remuneration and social securities	37 545	1 514 566	19 914	803 318
F > Other amounts payable	426	17 193	744	30 024
XII Accrued charges and deferred income	41 642	1 679 817	34 743	1 401 536
TOTAL LIABILITIES	1 167 237	47 086 212	835 367	33 698 615

Consolidated income statement

Presentation
in vertical form

	In thousand €	2 0 0 1 In thousand BEF	In thousand €	2 0 0 0 In thousand BEF
I Operating income	881 400	35 555 559	620 693	25 038 702
A > Turnover <small>(NOTE XIV, A)</small>	865 774	34 925 230	610 297	24 619 306
C > Fixed assets - own construction	834	33 635		
D > Other operating income	14 792	596 694	10 397	419 396
II Operating charges	-865 088	-34 897 551	-646 219	-26 068 423
A > Raw materials, consumables and goods for resale	336 458	13 572 665	223 297	9 007 772
> 1 Purchases	330 233	13 321 558	242 053	9 764 386
> 2 Increase (-) and decrease (+), in stocks	6 225	251 107	-18 756	-756 614
B > Services and other goods	241 252	9 732 067	209 837	8 464 791
C > Remuneration, social security costs and pensions <small>(NOTE XIV, B)</small>	133 302	5 377 394	90 613	3 655 332
D > Depreciation and other amounts written off on formation expenses, intangible and tangible fixed assets	137 642	5 552 475	103 458	4 173 469
E > Increase (+); Decrease (-) in amounts written off on stocks, contracts in progress and charges	13 178	531 619	12 298	496 090
F > Increase (+); Decrease (-) in provisions for liabilities and charges	-1 190	-48 000		
G > Other operating charges	3 735	150 649	6 717	270 969
I > Amounts written down on positive consolidation differences	711	28 682		
III Operating profit (+)/Operating loss (-)	16 312	658 008	-25 526	-1 029 721
IV Financial income	2 097	84 559	4 647	187 445
B > Income from current assets	546	22 007	367	14 781
C > Other financial income	1 551	62 552	4 280	172 664
V Financial charges	-49 532	-1 998 121	-35 538	-1 433 605
A > Interest and other debt charges	47 324	1 909 064	33 424	1 348 306
D > Other financial charges	2 208	89 057	2 114	85 299
VI Loss on ordinary activities before taxation	-31 123	-1 255 554	-56 418	-2 275 881
IX Loss for the financial period before taxation	-31 123	-1 255 554	-56 418	-2 275 881
XI Income taxes	655	26 438		
B > Adjustment of income taxes and write-back of tax provisions	655	26 438		
XII Loss for the financial period	-30 468	-1 229 116	-56 418	-2 275 881
XIV Consolidated loss	-30 468	-1 229 116	-56 418	-2 275 881
B > Share of the group	-30 468	-1 229 116	-56 418	-2 275 881

Notes on the consolidated accounts

I List of the consolidated enterprises and enterprises included using the equity method

NAME, FULL ADDRESS OF REGISTERED OFFICE AND, FOR ENTERPRISES GOVERNED BY BELGIAN LAW, THE VAT NUMBER OR THE NATIONAL NUMBER

- Mobistar Corporate Solutions SA
Rue Colonel Bourg 149
1140 Evere - Belgium / BE 465.098.568

METHOD
USED*

F

PROPORTION OF
CAPITAL HELD (IN %)

100

- Mobistar Affiliate SA
Rue Colonel Bourg 149
1140 Evere - Belgium / BE 420.959.016

F (¹)

100

* F: Full consolidation

(¹) Variation in the percentage of the shareholding that resulted in a first consolidation.

V Consolidated criteria and changes in the consolidation scope

A > Information and the criteria governing the application of full consolidation, proportional consolidation and the equity method as well as those cases in which these criteria are departed from, and justification for such departures (by application of Article 69 I. of the Royal Decree of March 6, 1990).

1 > Criteria governing the implementation of the full consolidation method.

a > The participating interests in companies controlled by Mobistar directly or indirectly are subject to full consolidation.

b > Full consolidation is a method that consists in adding, item by item, the various components of the balance sheet and profit and loss accounts of the consolidated companies, after a contingent restatement aimed at standardising the accounting principles and booking methods and after the elimination of the reciprocal assets and liabilities and of results achieved within the group.

2 > Consolidation scope

The consolidation scope encompasses the parent company (MOBISTAR S.A.), MOBISTAR CORPORATE SOLUTIONS, à 100% subsidiary, and, for the period from June to December 2001, MOBISTAR AFFILIATE (formerly DEBITEL BELGIUM) following the acquisition by MOBISTAR S.A. of the 80% of the company stock that it did not already own.

VI Accounting principles and deferred taxes calculation method:

See page 74.

Notes on the consolidated accounts

2 0 0 1

In thousand BEF

VII Statement of formation expenses (HEADING 20 OF THEASSETS)

Net carrying values as at the end of the preceding period	208 113
Movements of the period:	
• Depreciation (-)	-64 984
• Other	-31 665
Net carrying value at the end of the period,	111 464
of which: - Expenses of formation or capital increase, loan issue expenses and other formation expenses	111 464

2 0 0 1

In thousand BEF

VIII Statement of intangible assets (HEADING 21 OF THEASSETS)

A | Acquisition costs

	RESEARCH AND DEVELOPMENT EXPENSES	CONCESSIONS, PATENTS, LICENCES, ETC.	GOODWILL
As at the end of the preceding period	95 163	13 487 706	100 436
Movements during the period:			
• Acquisitions, including fixed assets own production	84 103	8 184 219	
• Transfers from one heading to another		31 665	
At the end of the period	179 266	21 703 590	100 436

C | Depreciation and amounts written down

As at the end of the preceding period	13 193	4 411 442	100 436
Movements during the period:			
• Recorded	31 886	1 736 638	
At the end of the period	45 079	6 148 080	100 436

D | Net carrying value at the end of the period (a) - (c)

134 187 **15 555 510**

Notes on the consolidated accounts

2 0 0 1

In thousand BEF

IX Statement of tangible fixed assets (HEADING 22 A 27 OF THE ASSETS)

A | Acquisition costs

As at the end of the preceding period

Mutations de l'exercice:

- Acquisitions, including fixed assets, own construction

- Sales and disposals (-)

At the end of the period

C | Depreciation and amounts written down

As at the end of the preceding period

Movements during the period:

- Recorded

- Written down after sales and disposals (-)

At the end of the period

D | Net carrying value at the end of the period (a) - (c)

LAND AND BUILDINGS (HEADING 22)	PLANT, MACHINERY AND EQUIPMENT (HEADING 23)	FURNITURE AND VEHICLES (HEADING 24)	OTHER TANGIBLE ASSETS (HEADING 26)
6 974 872	13 264 361	2 111 972	524 917
1 200 177	4 126 135	1 166 400	152 757
-7 733	-79 544	-8 392	-98 266
8 167 316	17 310 952	3 269 980	579 408
2 446 682	4 059 940	873 412	242 858
911 087	1 989 795	762 539	55 546
-1 106	-39 969	-4 073	-91 592
3 356 663	6 009 766	1 631 878	206 812
4 810 653	11 301 186	1 638 102	372 596

X Statement of financial fixed assets (HEADING 28 OF THE ASSETS)

1 | Participating interests

a | Acquisition cost

As at the end of the preceding period

Movements during the period:

- Sales and disposals (-)

At the end of the period

2 | Amounts receivable

Net carrying value at the end of the preceding period

Movements during the period:

- Additions

- Reimbursements

Net carrying value at the end of the period

In thousand BEF

OTHER ENTERPRISES (HEADING 284)
37 092
-37 092

(HEADING 285/8)

6 502
2 233
-2 048
6 687

Notes on the consolidated accounts

	2 0 0 1 <i>In thousand BEF</i>	2 0 0 0 <i>In thousand BEF</i>
XI Statement of consolidated reserves (HEADING 9910 OF LIABILITIES)		
Consolidated reserves at the end of the preceding period	-17 570 181	-15 294 300
Movements during the period:		
• Shares of the group in the consolidated income (+) (-)	-1 229 116	-2 275 881
Consolidated reserves at the end of the financial period	-1 229 116	-2 275 881

	2 0 0 1 <i>In thousand BEF</i>
XII Statement of consolidation differences and differences resulting from the application of the equity method	
Net carrying value at the end of the preceding period	
Movements during the period:	
• Arising from an increase of the percentage held	575 572
• Write-downs (-)	-28 682
Net carrying value at the end of the period+	546 890

	NOT MORE THAN ONE YEAR (HEADING 42)	BETWEEN ONE AND FIVE YEARS (HEADING 17)	OVER FIVE YEARS (HEADING 17)
XIII Statement of amounts payable (HEADING 17 AND 42/48 OF LIABILITIES)			
A Analysis of the amounts originally payable after one year according to their residual term			
Financial debts	2 550 000	22 611 675	10 736 054
1 > Subordinated loans			8 920 759
4 > Credit institutions	2 550 000	12 325 000	
5 > Other loans		10 286 675	1 815 295
TOTAL	2 550 000	22 611 675	10 736 054

	<i>In thousand BEF</i>
B Amounts payable, or the portion thereof, which are guaranteed by real guarantees given or irrevocably promised on the assets of the enterprises included in the consolidation (HEADINGS 17 AND 42/48 OF THE LIABILITIES)	
Financial debts	35 897 729
1 > Subordinated loans	8 920 759
4 > Credit institutions	14 875 000
5 > Other loans	12 101 970
TOTAL	35 897 729

Notes on the consolidated accounts

XIV Result

		2 0 0 1	2 0 0 0	
A.2	Aggregate turnover of the group in Belgium (HEADING 70 OF THE INCOMESTATEMENT)	(In thousand BEF)	34 925 230	24 619 306
B.11	Average number of persons employed	(in units)	1 835	1 355
	• Employees		1 835	1 355
B.12	Personnel charges (HEADING 62 OF THE INCOME STATEMENT)	(In thousand BEF)	5 377 394	3 655 332
B.13	Average number of persons employed in Belgium by enterprises of the group	(in units)	1 835	1 355

XV Rights and commitments not reflected in the balance sheet

A.2 | Amount of real guarantees, given or irrevocably promised by the enterprises included in the consolidation on their own assets, as security for debts and commitments of enterprises included in the consolidation

2 0 0 1
<i>In thousand BEF</i>
18 161 781

C | Major lawsuits and other major commitments

- 1 | Bank guarantees issued on behalf of the company: BEF 314 million.
- 2 | Financial instruments: the contracts intended to protect the company from interest rate fluctuations associated with loans had a nominal capital of BEF 40,568 million on 31 December 2001.
- 3 | For the requirements of the financing project, the company has granted securities to the syndicated banks, in the form of:
 - a > a pledge on receivables and insurance policies,
 - b > a mortgage of BEF 100 million in principal plus interest on the building in Charleroi,
 - c > a mortgage order on the business for the amount of BEF 2,500 million,
 - d > a mortgage order for a maximum amount equal to 110% of the market value of any buildings that the company may acquire,
 - e > a pledge on the business assets for the amount of BEF 15,500 million (minus early repayments made as part of the financing plan).

The companies in the France Télécom group, which provided long-term financing for the parent company, have obtained with equal ranking the same guarantees as the syndicated banks.
- 4 | The company is involved in a number of lawsuits concerning the introduction by a number of municipalities and two provinces of a tax on GSM pylons, antennas and/or masts. MOBISTAR has contested the legality of these taxes before the Council of State and has also made a tax claim against each of these fiscal enrolments. In the light of the positive trend in the case dossiers, MOBISTAR has posted to the balance sheet assets the total of the taxes imposed in this context by the municipalities and provinces since the beginning of the dispute. This entry allowed these enrolments, covered by provisions in previous financial years, to be posted as operating income, giving an amount of 144 million BEF, including 48 million BEF in the form of a provision for administrative disputes.

Notes on the consolidated accounts

XVI Relationships with affiliated enterprises and enterprises linked by participating interests but not included in the consolidation

2 | Amounts receivable

- Within one year

4 | Amounts payable

- After one year
- Within one year

7 | Financial results

- Interest and other debt charges

2 0 0 1

In thousand BEF

2 0 0 0

In thousand BEF

388 367

388 367

21 825 712

21 022 729

802 982

844 476

844 476

501 038

501 038

8 721 909

8 067 980

653 929

216 025

216 025

Accounting principles for the consolidated accounts

1

Formation costs

The first formation costs and the costs related to increases in the issued capital are capitalised on the balance sheet at cost and amortised over five years, starting from the date of payment, on a linear basis. Exceptionally, 100% of the costs of the capital increase in the context of the stock market flotation in 1998 are borne in the 1998 financial year.

2

Intangible assets

The intangible assets are booked at cost value and are essentially comprised of the following capitalised costs and expenditures, including, if applicable, the fixed assets produced for use by the company: acquisition of the GSM network licence, acquisition of the UMTS licence, cost of the design and development of the network, permits, cost of licences, software development and goodwill.

The capitalised costs included in the intangible assets related to the acquisition of the GSM network licence are amortised on a linear basis over 15 years, the duration of the licence.

The UMTS licence also has a duration of 15 years and will be amortised on a linear basis over this period. The amortisation shall begin as from the commercial launch of the UMTS.

The other intangible assets are amortised on a linear basis over a period of three to five years, with the exception of the cost of the original design and the original development of the network, which has been entered in the results.

3

Tangible assets

The tangible assets are entered at cost value and are amortised on a linear basis pro rata temporis using the rates defined in the current Belgian tax law, which correspond to the life span of the assets concerned, as follows:

Constructions and installations on rented sites	10 to 20 years
Installations at site level	10 years
MAN infrastructure (cables)	15 years
MAN connections (boxes / cabling)	5 years
Customer premises equipment (Router / modem)	3 years
Mobile telephony equipment	3 to 8 years
Network equipment	8 years
Computer hardware	3 years
Other tangible equipment	3 to 15 years

The costs of regular maintenance and repairs are booked as expenses during the period in which they are incurred. Improvements to property are capitalised.

The loan costs relating to the purchase of fixed assets are activated and amortised according to the same pattern as the fixed assets in question.

This rule is applied this year for the first time. The impact of this change in the accounting principles on the accounts of the financial year is laid down in the annual report.

4

Consolidation differences

The consolidation difference resulting from the acquisition of the remaining 80% shareholding of Mobistar Affiliate is amortised on a linear basis over ten years.

5

Financial assets

Shareholdings, stocks and shares are recorded at their acquisition value.

Receivables are valued at their nominal value. Reductions in value on shareholdings, stocks and shares are booked in the case of long-term losses in value or depreciations. Receivables are reduced in value if their payment when due is wholly or partly uncertain or compromised.

6

Receivables

Receivables are recorded at their nominal value. Reductions in value on doubtful receivables are assessed taking into account the potential risk of non-recovery.

7

Stocks

Stocks include goods purchased for resale. Stock movements are recorded using the FIFO (First In – First Out) method. Inventories are recorded at the “lower of cost or market” value.

8

Cash (and cash equivalents)

Liquid assets and equivalents include cash deposits and fixed deposits of less than three months. They are booked at their nominal value. Foreign currencies are converted at the closing rate and profits and losses are recorded as operating income and expenses.

9

Deferred charges and accrued income

The deferred charges for assets include the expenses to be carried forward and the accrued income. The deferred charges for liabilities include accrued expenses and income to be carried forward.

10

Pensions

The group runs a retirement pension scheme based on a set contribution that provides a supplement to the statutory pension for employees. This pension scheme is covered and financed by an insurance company as required by Belgian law.

11

Financial instruments

The parent company concludes contracts with a view to protecting itself against the risk associated with fluctuations in interest rates on its loans. The premiums paid or received and the related profits and losses are carried forward on the contract period and are registered as interest income and expenses.

12

Acknowledgement of income and expenses

Income and expenses are registered at the moment they are generated, regardless of their payment or collection.

Income derived from services is declared when it is acquired. Invoices for these services are issued on a monthly basis throughout the entire month. Revenues not invoiced in the invoicing cycle at the end of the month are estimated on the basis of traffic and recorded at the end of the month. Payments received in advance are carried forward and included on the balance sheet under deferred income.

13

Taxes on income

Beneficial deferred taxes, which are the result of temporary differences in the declaration of income and expenses, are not acknowledged.

14

Foreign currency transactions

Foreign currency transactions are converted into BEF at the rates in force at the time of the transaction. Receivables and debts booked in foreign currencies on the date of the balance sheet are adjusted in order to reflect the exchange rates effective at this time. These adjustments are acknowledged in the profit and loss account to the extent that Belgian accounting laws permit.

Cash Flow Statement Mobistar Consolidated

(In thousand €)

	2001	2000	1999
CASH FROM OPERATIONS			
Operating income/loss for the period	16 312	-25 526	-63 705
Depreciation and amortisation	138 353	103 458	80 625
Change in working capital	45 403	-43 252	36 519
OPERATING CASH FLOW	200 068	34 680	53 439
CASH FROM INVESTING ACTIVITIES			
Capital expenditures	-368 994	-174 800	-134 102
Financial assets	-12 642	-40	-942
NET CASH FROM INVESTING ACTIVITIES	-381 637	-174 840	-135 044
CASH FROM FINANCING ACTIVITIES			
Increase in LT debt	289 533	144 844	39 663
Increase in ST debt		31 606	42 917
Capital increase	932	946	977
Share premium	93		
Financial income	2 096	4 647	2 821
Financing cash in	2 096	4 647	2 821
Subsidies	-287	831	
Decrease in LT debt			
Decrease in ST debt	-18 621		
Dividends paid			
Financial charges	-49 532	-35 538	-22 812
Financing cash out		-22 812	
NET CASH FROM FINANCING ACTIVITIES	224 214	147 336	63 566
CORPORATE TAXES	655		
CHANGE IN CASH AND CASH EQUIVALENTS			
Cash & Equivalents at the beginning of the period	11 413	4 238	22 278
Cash & Equivalents at the end of the period	54 713	11 413	4 339
NET CHANGE IN CASH & EQUIVALENTS	43 300	7 176	-18 039
TOTAL CASH FLOW FOR THE PERIOD	43 300	7 176	-18 039

Auditor's report

on the consolidated accounts
submitted to the general shareholders' meeting of Mobistar S.A.

Consolidated accounts for the year ended December 31, 2001

In accordance with legal and regulatory requirements, we are reporting to you on the completion of the mandate which you have entrusted to us.

We have audited the consolidated financial statements for the year ended December 31, 2001 with a balance sheet total of BEF 47,086,212,076 and a loss for the year of BEF 1,229,115,953. These consolidated financial statements have been prepared under the responsibility of the Board of Directors of the Company. In addition we have reviewed the consolidated directors' report.

Unqualified audit opinion on the consolidated financial statements, with explicative paragraphe

Our audit was performed in accordance with the standards of the Institut des Reviseurs d'Entreprises-Instituut der Bedrijfsrevisoren. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the Belgian legal and regulatory requirements relating to the consolidated financial statements.

In accordance with these standards we have considered the administrative and accounting organisation of the group as well as the system of internal control. The group's management have provided us with all explanations and information which we required for our audit. We have examined on a test basis, evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies used, the significant accounting estimates made by the Company and the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of Mobistar S.A. for the year ended December 31, 2001 present fairly the financial position of the group and the results of its operations, in conformity with the prevailing Belgian legal and regulatory requirements, and the disclosures made in the notes to the accounts are adequate.

In spite of the losses incurred in the start up period, which have affected adversely the financial position of the group, the consolidated accounts have been prepared under going concern principles. This assumption is only justified if the group continues to receive the support of its shareholders or will have further access to other sources of finance. Without calling into question our unqualified opinion we would like to draw your attention to the consolidated directors' report in which the Board of Directors has, in accordance with Belgian laws, justified the application of the going concern principles. No adjustments have been made to the valuation and classification of certain captions of the consolidated balance sheet which would be necessary if the group was not able to pursue its activities.

Additional assertions

As required by generally accepted auditing standards the following additional assertions are provided. These assertions do not alter our audit opinion on the consolidated financial statements.

- The consolidated directors' report contains the information required by law and is in accordance with the consolidated financial statements.

Brussels, March 28, 2002

THE JOINT STATUTORY AUDITORS :

Van Passel, Mazars & Guerard
Statutory Auditors

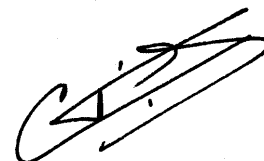
Klynveld Peat Marwick Goerdeler
Statutory Auditors

Ernst & Young
Statutory Auditors

represented by
Hugo Van Passel
Company Auditor

represented by
Patrick Camu
Company Auditor

represented by
Pol F. Fivez
Company Auditor



Notes

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