ILIAD GROUP
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2006

CONTENTS

CONSOLIDATED INTERIM INCOME STATEMENT

(in € thousands)	Note	Six months to June 30, 2006	Six months to June 30, 2005
Revenues		**447,938**	**337,832**
Purchases used in production		(233,807)	(187,632)
Payroll costs		(18,444)	(14,673)
External charges		(29,440)	(30,947)
Taxes other than on income		(4,165)	(2,740)
Additions to provisions		(2,215)	(3,729)
Other income and expenses from operations, net		(6,915)	(3,195)
Earnings before interest, tax, depreciation and amortization (EBITDA)		***152,952***	**94,916**
Depreciation and amortization		(63,424)	(55,706)
Profit from ordinary activities		**89,528**	**39,210**
Other operating income and expense, net		0	0
Operating profit		**89,528**	**39,210**
Income from cash and cash equivalents		181	32
Finance costs, gross		(1,492)	(698)
Finance costs, net		**(1,311)**	**(666)**
Other financial income and expense, net		1,159	(1,612)
Corporate income tax		(30,772)	(12,805)
Profit for the period before results of discontinued operations/operations held for sale		**58,604**	**24,127**
Profit for the period, net of taxes, from discontinued operations/operations held for sale		**0**	**0**
PROFIT FOR THE PERIOD		**58,604**	**24,127**
▪ *Attributable to equity holders of the parent*		*58,604*	*24,127*
▪ *Minority interests*		*0*	*0*
. Basic earnings per share for profit from continuing operations (in €)	*10*	***1.08***	***0.45***
. Diluted earnings per share for profit from continuing operations (in €)	*10*	***1.06***	***0.44***
. Basic earnings per share for profit from discontinued operations (in €)	*10*	***0***	***0***
. Diluted earnings per share for profit from discontinued operations (in €)	*10*	***0***	***0***
. Basic earnings per share (in €)	*10*	***1.08***	***0.45***
. Diluted earnings per share (in €)	*10*	***1.06***	***0.44***

CONSOLIDATED INTERIM BALANCE SHEET – ASSETS

(in € thousands)		At June 30, 2006	At Dec. 31, 2005
Goodwill	5	11,436	60,504
Intangible assets	5	55,799	1,326
Property, plant and equipment	5	436,251	357,244
Other long-term financial assets		4,308	4,639
Deferred income tax assets		2,232	2,232
TOTAL NON-CURRENT ASSETS		**510,026**	**425,945**
Inventories		1,534	5,965
Trade and other receivables		113,608	100,455
Other short-term financial assets		344	329
Cash and cash equivalents		366,441	51,089
TOTAL CURRENT ASSETS		**481,927**	**157,838**
TOTAL ASSETS		**991,953**	**583,783**

CONSOLIDATED INTERIM BALANCE SHEET – EQUITY AND LIABILITIES

(in € thousands)		At June 30, 2006	At Dec. 31, 2005
Share capital	6	12,000	12,000
Additional paid-in capital		86,722	86,722
Retained earnings and other reserves		220,939	149,853
TOTAL EQUITY		**319,661**	**248,575**
. Attributable to equity holders of the parent		*319,660*	*248,574*
. Minority interests		*1*	*1*
Long-term provisions		642	595
Long-term financial liabilities	7	296,297	66,023
Deferred income tax liabilities		12,461	746
Other non-current liabilities		10,911	9,798
NON-CURRENT LIABILITIES		**320,311**	**77,162**
Short-term provisions		837	738
Taxes payable		14,510	22,352
Trade and other payables		261,146	211,379
Short-term financial liabilities	7	75,488	23,577
CURRENT LIABILITIES		**351,981**	**258,046**
TOTAL EQUITY AND LIABILITIES		**991,953**	**583,783**

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(in € thousands)	Share capital	Additional paid-in capital	Own shares held	Reserves	Retained earnings	Total equity
At January 1, 2005	**10,000**	**83,763**	**(39)**	**375**	**84,378**	**178,477**
Movements in first-half 2005						
▪ Issuance of shares	131	2,958				3,089
▪ Dividends paid by Iliad SA					(2,165)	(2,165)
▪ Profit for the period					24,127	24,127
▪ Impact of own shares held			(166)			(166)
▪ Impact of stock options				137		137
At June 30, 2005	**10,131**	**86,721**	**(205)**	**512**	**106,340**	**203,499**
At January 1, 2006	**12,000**	**86,722**	**(30)**	**1,542**	**148,341**	**248,575**
Movements in first-half 2006						
▪ Issuance of shares						
▪ Dividends paid by Iliad SA					(10,830)	(10,830)
▪ Dividends paid by subsidiaries					(79)	(79)
▪ Profit for the period					58,604	58,604
▪ Impact of own shares held			168			168
▪ Impact of stock options				907		907
▪ Equity component of convertible bonds				22,310		22,310
▪ Other				6		6
At June 30, 2006	**12,000**	**86,722**	**138**	**24,765**	**196,036**	**319,661**

CONSOLIDATED INTERIM CASH FLOW STATEMENT

(in € thousands)	Note	Six months to June 30, 2006	Six months to June 30, 2005
Profit for the period (including minority interests)		**58,604**	**24,127**
+/- Depreciation, amortization and provisions (excluding provisions against current assets)	4	63,770	55,359
-/+ Unrealized gains and losses on changes in fair value		0	0
+/- Income and expenses related to stock options and other share-based payments		907	137
-/+ Other income and expenses, net		0	1
-/+ Gains and losses on disposals of assets		(1,626)	(2,808)
-/+ Gains and losses from dilution		0	0
+/- Income from companies accounted for by the equity method		0	0
- Dividends (investments in non-consolidated undertakings)		0	0
Cash flows from operations after finance costs, net, and income tax		121,655	76,816
+ Finance costs, net		1,311	666
+/- Income tax expense (including deferred taxes)		30,772	12,805
Cash flows from operations before finance costs, net, and income tax (A)		**153,738**	**90,287**
- *Income tax paid* **(B)**		(38,613)	(11,014)
+/- Change in operating working capital requirement (including employee benefit obligations) **(C)**		9,247	17,549
= NET CASH GENERATED FROM OPERATING ACTIVITIES (D) = (A + B + C)		**124,372**	**96,822**
- Acquisitions of property, plant and equipment and intangible assets	4	(125,288)	(131,784)
+ Disposals of property, plant and equipment and intangible assets		3,490	4,424
- Acquisitions of investments in non-consolidated undertakings		0	0
+ Disposals of investments in non-consolidated undertakings		0	0
+/- Effect of changes in Group structure – acquisitions		(2,375)	(1,357)
+/- Effect of changes in Group structure – disposals		250	0
+ Dividends received from companies accounted for by the equity method and non-consolidated undertakings		0	0
+/- Change in outstanding loans and advances		117	277
+ Investment grants received		0	0
+/- Other		0	0
= NET CASH USED IN INVESTING ACTIVITIES (E)		**(123,806)**	**(128,440)**
+ Proceeds from capital increases:			
. Paid by shareholders of the parent company		0	3,089
. Paid by minority shareholders of consolidated companies		0	0
+ Proceeds received on the exercise of stock options		0	0
-/+ Own-share transactions		168	(165)
- Dividends paid during the period:			
. Dividends paid to parent company shareholders	6	0	(2,165)
. Dividends paid to minority shareholders of consolidated companies		0	(1)
+ Proceeds from new borrowings	4	326,421	35,014
- Repayment of borrowings (including finance leases)	7	(14,693)	(14,469)
- Net interest paid (including on finance leases)		(1,311)	(666)
= NET CASH GENERATED FROM FINANCING ACTIVITIES (F)		**310,585**	**20,637**
+/- Effect of exchange-rate movements on cash and cash equivalents (G)		(1)	0
= NET CHANGE IN CASH AND CASH EQUIVALENTS (D + E + F + G)		**311,150**	**(10,981)**
Cash and cash equivalents at beginning of period	4	**49,416**	**23,093**
Cash and cash equivalents at period-end	4	**360,566**	**12,112**

NOTE 1: SIGNIFICANT EVENTS IN FIRST-HALF 2006

1-1. Scope of consolidation at June 30, 2006

The only significant change in Group structure in first-half 2006 was the formation on April 20, 2006 of the wholly-owned company IRE, which was fully consolidated at June 30, 2006.

IRE's main corporate purpose is to acquire assets or rights to be used by the Group's Broadband segment.

1-2. Bonds convertible into new shares and/or exchangeable for existing shares (OCEANE)

On June 21, 2006, the Group issued 3,265,190 OCEANE bonds with a total face value of €287.5 million and bearing interest at a rate of 2.20%. After the full exercise of the greenshoe option granted to the financial institutions which guaranteed the issue, at June 29, 2006 the number of OCEANE bonds issued amounted to 3,754,968 representing a total value of €330.6 million.

The bonds mature on January 1, 2012 and are redeemable at their face value, i.e. €88.05 per bond.

1-3. Business review

The following factors impacted the Iliad Group's operations and revenue during the first half of 2006:

- A strong increase in revenues reported by the Broadband segment, particularly from internet access services and optional value-added services available through the Freebox. This rise more than offset the downturn in business generated by traditional telephony operations.

- The launch of the HD Freebox on April 20, 2006.
  This new Freebox – which is the fruit of two years of research and development work – integrates state-of-the-art technologies including ADSL 2+, high-definition television, WiFi MIMO, a DTT tuner and mobile telephony over WiFi.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (IFRS)

2-1. GENERAL INFORMATION

Iliad SA is a French joint stock company (*société anonyme*) registered in France and listed on the Eurolist market of Euronext Paris under the symbol ''ILD''. The Company's registered office is located at 8 rue de la Ville l'Evêque, 75008 Paris, France.

The Iliad Group is a leading operator in the French internet access and telecommunications markets. Its activities are carried out by Free (a broadband operator), One Tel and Iliad Telecom (fixed telephony operators), and Kertel (specialized in prepaid telephone cards).

The consolidated financial information for the six months ended June 30, 2006 was approved on September 6, 2006.

2.2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended June 30, 2006 has been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended December 31, 2005.

2.3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2005, as described in the annual financial statements for the year ended December 31, 2005.

The following new standards, amendments to existing standards, and interpretations are mandatory for the financial year ending December 31, 2006 but do not have any impact on the Group's financial statements:

- **Amendment to IAS 19 – Actuarial Gains and Losses, Group Plans and Disclosures,** effective for annual periods beginning on or after January 1, 2006. The additional options and requirements introduced by this amendment are not relevant for the Group.

- **Amendment to IAS 39 – Amendment to "The Fair Value Option"**, effective for annual periods beginning on or after January 1, 2006. This amendment does not have any impact on the classification and valuation of the Group's financial instruments classified as at fair value through profit or loss prior to January 1, 2006 as the Group is able to comply with the amended criteria for the designation of financial instruments at fair value through profit or loss.

- **Amendment to IAS 21 – "Net Investment in a Foreign Operation" Amendment**, effective for annual periods beginning on or after January 1, 2006. This amendment is not relevant for the Group.

- **Amendment to IAS 39 – "Cash Flow Hedge Accounting of Forecast Intragroup Transactions" Amendment**, effective for annual periods beginning on or after January 1, 2006. This amendment is not relevant for the Group.

- **Amendment to IAS 39 and IFRS 4 – "Financial Guarantee Contracts" Amendment**, effective for annual periods beginning on or after January 1, 2006. This amendment is not relevant for the Group.

- **IFRS 6, Exploration for and Evaluation of Mineral Resources**, effective for annual periods beginning on or after January 1, 2006. This standard is not relevant for the Group.

- **IFRIC 4, Determining whether an Arrangement Contains a Lease,** effective for annual periods beginning on or after January 1, 2006. After reviewing its contracts, the Group considers that this interpretation has no significant impact on its accounting treatment of leases.

- **IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds,** effective for annual periods beginning on or after January 1, 2006. This interpretation is not relevant for the Group.

- **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment**, effective for annual periods beginning on or after December 1, 2005. This interpretation is not relevant to the Group's operations.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

- **IFRIC 7, Applying the Restatement Approach under IAS 29 *Financial Reporting in Hyperinflationary Economies,*** effective for annual periods beginning on or after March 1, 2006. Management does not expect this interpretation to be relevant for the Group's operations.

- **IFRIC 8, Scope of IFRS 2,** effective for annual periods beginning on or after May 1, 2006. Management is currently assessing the impact of IFRIC 8 on the Group's operations.

- **IFRIC 9, Reassessment of Embedded Derivatives,** effective for annual periods beginning on or after June 1, 2006. Management believes that this interpretation should not have a significant impact for the Group.

- **IFRS 7, Financial Instruments: Disclosures**, effective for annual periods beginning on or after January 1, 2007. **Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures**, effective for annual periods beginning on or after January 1, 2007. Management is currently assessing the impact of IFRIC 7 and the amendment to IAS 1, which it will apply from January 1, 2007.

NOTE 3: SEGMENT INFORMATION

The Group's operations were reorganized in the first half of 2006 and are now made up of two business segments:

- The **Broadband** segment, which includes Internet service provider operations (under Free and related brands), hosting services (the Online, BookMyName and Dedibox brands), call center operations (Centrapel and Total Call) and Wimax activities (operated by IFW).

- The **Traditional Telephony** segment, which includes switched fixed-line telephony (One.Tel and Iliad Télécom), prepaid phone cards (Kertel), the resale of minutes to operators (Kedra), directory services (mainly the ANNU reverse look-up directory accessible by Minitel, telephone, Internet and SMS text messaging) and e-commerce operations (Société.com and Assunet.com).

The former Internet segment has been renamed Broadband in order to reflect the dominant proportion of revenues generated by ADSL broadband and optional value-added services. All of the Group's other offerings – which now account for a much less significant proportion of revenues – have been brought together within the Traditional Telephony segment.

These segments may change in the future depending on operating criteria and the development of the Group's businesses.

Analysis of the consolidated interim income statement by business segment

Six months to June 30, 2006	Broadband	Traditional Telephony	Inter-segment	Total
Revenues				
External revenues	388,699	59,239		**447,938**
Inter-segment revenues	22,091	18,804	(40,895)	**0**
Total revenues	410,790	78,043	(40,895)	**447,938**
Earnings				
EBITDA	140,265	12,687	0	**152,952**
Depreciation and amortization	62,888	536	0	**63,424**
Profit from ordinary activities	77,377	12,151	0	**89,528**
Number of employees at period-end	1,307	69	0	**1,376**

Six months to June 30, 2005	Broadband	Traditional Telephony	Inter-segment	Total
Revenues				
External revenues	259,996	77,836		**337,832**
Inter-segment revenues	32,746	14,602	(47,348)	**0**
Total revenues	292,742	92,438	(47,348)	**337,832**
Earnings				
EBITDA	82,923	11,993	0	**94,916**
Depreciation and amortization	55,169	537	0	**55,706**
Profit from ordinary activities	27,754	11,456	0	**39,210**
Number of employees at period-end	855	86	0	**941**

NOTE 4: NOTES TO THE CASH FLOW STATEMENT

Net additions to depreciation, amortization and provisions break down as follows:

(in € thousands)	Note	Six months to June 30, 2006	Six months to June 30, 2005
Depreciation and amortization expense:			
▪ Amortization of intangible assets	5.2	501	384
▪ Depreciation of property, plant and equipment	5.3	62,923	55,323
Additions to provisions for contingencies and charges	8	482	32
Reversals of provisions for contingencies and charges:			
▪ Amounts utilized	8	(238)	(233)
▪ Surplus provisions	8	(98)	(102)
Additions to provisions for long-term investments		200	(45)
Recognized in cash flow statement		**63,770**	**55,359**

Acquisitions of non-current assets can be analyzed as follows:

(in € thousands)	Note	Six months to June 30, 2006	Six months to June 30, 2005
▪ Intangible assets	5.2	708	503
▪ Property, plant and equipment (excl. new finance leases)	5.3	143,762	121,564
▪ Suppliers of fixed assets (excl. VAT)			
. at beginning of period		56,660	67,098
. at period-end		(75,842)	(57,381)
Recognized in cash flow statement		**125,288**	**131,784**

Proceeds from new borrowings break down as follows:

(in € thousands)	Note	Six months to June 30, 2006	Six months to June 30, 2005
▪ Bond issue	7	326,254	0
▪ Other borrowings (excl. new finance leases)	7	167	35,014
Recognized in cash flow statement		**326,421**	**35,014**

Period-end cash and cash equivalents can be analyzed as follows:

(in € thousands)	Note	At June 30, 2006	At June 30, 2005
▪ Cash		24,759	5,052
▪ Marketable securities		341,682	16,241
▪ Short-term borrowings		(5,875)	(9,181)
Recognized in cash flow statement		**360,566**	**12,112**

NOTE 5: CAPITAL EXPENDITURE

5.1. GOODWILL

(in € thousands)	Six months to June 30, 2005
Net amount at January 1, 2005	**4,460**
Increase following acquisitions:	
. FREE	937
. FREEBOX	420
Net amount at June 30, 2005	**5,817**

(in € thousands)	Six months to June 30, 2006
Net amount at January 1, 2006	**60,504**
Increase following acquisitions:	
. FREE	4,774
. FREEBOX	424
Allocation of goodwill undergoing analysis at December 31, 2005	
. IFW	(54,266)
Net amount at June 30, 2006	**11,436**

In first-half 2006, Management continued to analyze the fair value of the identifiable assets, liabilities and contingent liabilities of Altitude Telecom, which was acquired in November 2005 and has since been renamed IFW.

Management believes that the amount recorded under goodwill which was pending allocation at December 31, 2005 corresponds to the fair value of IFW's 3.5 GHz Wimax license for mainland France which was included in the assets purchased on the acquisition of the company. Consequently this amount has been reclassified under intangible assets.

5.2. Intangible assets

(in € thousands)	Six months to June 30, 2005
Net amount at January 1, 2005	**975**
Acquisitions	503
Disposals	(3)
Amortization	(384)
Reclassifications	150
Net amount at June 30, 2005	**1,241**

(in € thousands)	Six months to June 30, 2006
Net amount at January 1, 2006	**1,326**
Acquisitions	708
Disposals	0
Amortization	(501)
Allocation of the fair value of IFW's Wimax license	54,266
Net amount at June 30, 2006	**55,799**

5.3. Property, plant and equipment

(in € thousands)	Six months to June 30, 2005
Net amount at January 1, 2005	**267,649**
Acquisitions	121,564
Disposals	(1,613)
Depreciation	(55,323)
Reclassifications	(150)
Net amount at June 30, 2005	**332,127**

(in € thousands)	Six months to June 30, 2006
Net amount at January 1, 2006	**357,244**
Acquisitions (1)	144,135
Disposals	(2,205)
Depreciation	(62,923)
Reclassifications	0
Net amount at June 30, 2006	**436,251**

(1) including assets acquired under finance leases, representing €373,000.

A substantial portion of the Group's acquisitions of property, plant and equipment in the first half of 2006 related to the launch of the new HD Freebox in April 2006.

5.4. IMPAIRMENT OF ASSETS

Non-financial assets that have an indefinite life are not subject to amortization but are tested for impairment annually at the year-end (December 31) or whenever there is any indication of impairment. At June 30, 2006, there was no indication that these assets were impaired.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No such events or changes in circumstances were identified at June 30, 2006.

NOTE 6: SHARE CAPITAL AND DIVIDENDS

6.1. Share capital

There were no changes in Iliad's share capital during the six months ended June 30, 2006.

6.2. Dividends

The Shareholders' Meeting of May 29, 2006 resolved to pay a dividend of €0.20 per share, representing a total of €10,830,000. This dividend will be paid as from July 10, 2006.

NOTE 7: BORROWINGS

	At June 30, 2006	At December 31, 2005
Long-term borrowings	296,297	66,023
Short-term borrowings	75,488	23,577
Total	**371,785**	**89,600**

Movements in borrowings can be analyzed as follows:

(in € thousands)	Six months to June 30, 2005
Borrowings at January 1, 2005	29,356
New borrowings	35,014
Repayments of borrowings	(14,469)
Other	1,819
Total borrowings at June 30, 2005	**51,720**

(in € thousands)	Six months to June 30, 2006
Borrowings at January 1, 2006	**89,600**
New borrowings (1)	448
Repayments of borrowings	(14,693)
Liability component of convertible bonds	292,228
Change in other bank borrowing facilities	4,202
Total borrowings at June 30, 2006	**371,785**

(1) including €281,000 in borrowings relating to finance leases.

Convertible/exchangeable bond issue

On June 29, 2006, the Group carried out an issue of OCEANE bonds which are convertible into new shares and/or exchangeable for existing shares. The details of this issue are described in paragraph 1.2 of Note 1.

The value of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component included in long-term borrowings was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in equity in other reserves, net of deferred tax.

The convertible bond issue recognized in the balance sheet is calculated as follows:

(in € thousands)	
Face value of the bonds issued on June 29, 2006	330,625
Issuance costs	(4,371)
Net impact on 2006 cash flow	**326,254**
Equity component (gross value)	(34,026)
Liability component at June 30, 2006	**292,228**

The impact of the bond issue on the Group's equity was as follows:

(in € thousands)	**At June 30, 2006**
Equity component (gross value)	34,026
Deferred tax impact	(11,716)
Net impact on equity	**22,310**

NOTE 8: PROVISIONS

Six months to June 30, 2005	**Provisions for claims and litigation**	**Provisions for restructuring costs**	**Other**	**Total**
Opening carrying amount at January 1, 2005	**788**	**194**	**510**	**1,492**
Additional provisions	12	0	20	**32**
Utilized during the period	(151)	(82)	0	**(233)**
Surplus provisions reversed	(102)	0	0	**(102)**
Closing carrying amount at June 30, 2005	**547**	**112**	**530**	**1,189**
o/w long-term provisions				*530*
o/w short-term provisions				*659*

Six months to June 30, 2006	**Provisions for claims and litigation**	**Provisions for restructuring costs**	**Other**	**Total**
Opening carrying amount at January 1, 2006	**707**	**30**	**596**	**1,333**
Additional provisions	394	0	88	**482**
Utilized during the period	(208)	(30)	0	**(238)**
Surplus provisions reversed	(98)	0	0	**(98)**
Closing carrying amount at June 30, 2006	**795**	**0**	**684**	**1,479**
o/w long-term provisions				*642*
o/w short-term provisions				*837*

NOTE 9: CORPORATE INCOME TAX

The corporate income tax expense is recognized based on Management's best estimate of the weighted average annual income tax rate expected for the full fiscal year. The estimated average annual tax rate used for 2006 is 34.43% (the estimated tax rate for the first half of 2005 was 34.93%). This decrease is due to changes in income tax rates in France.

The increase in deferred income tax liabilities is related to the accounting treatment of the Group's bond issue as described in Note 7.

NOTE 10: EARNINGS PER SHARE

Earnings per share attributable to equity holders of the Company arise from continuing and discontinued operations as follows:

	Six months to June 30, 2006 (€ per share)	**Six months to June 30, 2005 (€ per share)**
Earnings per share for profit from continuing operations		
. basic	1.08	0.45
. diluted	1.06	0.44
Earnings per share for profit from discontinued operations		
. basic	0	0
. diluted	0	0

NOTE 11: COMMITMENTS

In April 2006, the Group signed an agreement subscribing to France Telecom's subscriber connection node service which involves leasing dark optical fibers specially dedicated to unbundling operators.

Under this open-ended agreement, the Group can request France Telecom to provide it with one or more dark optical fiber links between (i) one of France Telecom's subscriber connection nodes where the Group is present and one of Free's POPs[1]; or (ii) between two France Telecom subscriber connection nodes where the Group is present, subject to availability. The Group pays an annual fee for this service.

The Group may decide whether to lease these optical fiber links either for a period of three or fifteen years. In May 2006, the Group issued its first batch of requests (feasibility studies) for dark optical fiber links for a period of fifteen years.

[1] A POP (Point of Presence) is an operator’s physical site from which the operator can use an interconnection link to connect to the interconnect point of another operator.

NOTE 12: EVENTS AFTER THE BALANCE SHEET DATE

On August 2, 2006 Iliad sold its entire interest in Société SA (Société.com). Formed in 1999, Société SA provides legal and financial information on companies, as well as brand data, via both free and paying services on its website, www.societe.com. Société SA was part of the Group's Traditional Telephony segment.

The divestment of the company had no significant impact on the financial information provided in this report as it accounted for less than 0.25% of total consolidated revenues and operating profit for the period. Out of the total €7,840,000 sale price, €6,840,000 was paid on completion of the sale, with the balance of €1,000,000 payable in two equal installments on December 15, 2006 and June 15, 2007.

In July 2006, Iliad SA acquired PN, a company specialized in telecommunications and particularly the development and construction of optical fiber networks.