Eutelsat Communications Group
"Société anonyme" with a capital of 226,972,338 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2014

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	30 June 2014	31 December 2014
ASSETS			
Non-current assets			
Goodwill	4	1,103.9	1,138.4
Intangible assets	4	798.8	819.8
Satellites and other property and equipment	5	3,232.1	3,451.5
Construction in progress	5	847.8	836.2
Investments in associates	6	271.9	274.4
Non-current financial assets		14.9	7.1
Deferred tax assets		32.2	35.4
Total non-current assets		**6,301.6**	**6,562.8**
Current assets			
Inventories		1.4	0.9
Accounts receivable		323.3	324.7
Other current assets		15.9	27.2
Current tax receivable		37.8	1.0
Current financial assets		32.7	38.6
Cash and cash equivalents	7	293.2	469.2
Total current assets		**704.3**	**861.6**
Total assets		**7,005.9**	**7,424.4**

(in millions of euros)	Note	30 June 2014	31 December 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	8.1	220.1	227.0
Additional paid-in capital		453.2	594.0
Reserves and retained earnings		1,309.7	1,336.3
Non-controlling interests		47.7	48.8
Total shareholders' equity		**2,030.7**	**2,206.2**
Non-current liabilities			
Non-current financial debt	9	3,813.6	3,834.1
Other non-current financial liabilities	10	303.8	457.4
Non-current provisions		86.5	114.1
Deferred tax liabilities		338.0	296.7
Total non-current liabilities		**4,542.1**	**4,702.4**
Current liabilities			
Current financial debt		49.4	101.6
Other current financial liabilities	10	34.6	41.1
Accounts payable		75.9	57.2
Fixed assets payable		52.8	55.1
Taxes payable		1.7	45.5
Other current payables		202.5	199.8
Current provisions		16.2	15.6
Total current liabilities		**433.1**	**515.8**
Total liabilities and shareholders' equity		**7,005.9**	**7,424.4**

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per share data)	Note	31 December 2013	31 December 2014
Revenues from operations		**647.4**	**722.8**
Operating costs*		(43.6)	(49.7)
Selling, general and administrative expenses*		(102.6)	(113.4)
Depreciation and amortisation		(190.0)	(232.3)
Other operating income and expenses		8.4	(2.1)
Operating income		**319.7**	**325.2**
Cost of debt	13	(59.0)	(72.3)
Financial income	13	1.7	1.5
Other financial items	13	(7.5)	14.6
Financial result		**(64.8)**	**(56.2)**
Income from associates		7.3	7.7
Net income before tax		**262.3**	**276.6**
Income tax expense	11	(108.6)	(108.6)
Net income		**153.7**	**167.9**
Attributable to the Group		147.3	160.7
Attributable to non-controlling interests		6.4	7.2
Earnings per share attributable to Eutelsat Communications' shareholders			
Basic and diluted earnings per share in euro	14	0.670	0,729

(*):Analytical reallocations have been undertaken by the Group and comparative figures have been reclassified

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	31 December 2013	31 December 2014
Net income		**153.7**	**167.9**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	8.5	(11.9)	93.7
Tax effect			21.0
Changes in fair value of hedging instruments*	8.4	(8.1)	(6.8)
Tax effect		3.1	2.6
Other non-recyclable items of gain or loss on comprehensive income			
Changes in post-employment benefits (IAS 19R)	8.6	-	(27.7)
Tax effect		-	9.5
Total of other items of gain or loss on comprehensive income		**(16.9)**	**92.3**
Total comprehensive income		**136.7**	**260.2**
Attributable to the Group		130.8	249.8
Attributable to non-controlling interests		5.9	10.4

** Covers only cash-flow hedges. Hegdes of net investments in foreign operations are recorded as translation adjustments.*

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	31 December 2013	31 December 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		153.7	167.9
Income from equity investments	6	(7.3)	(7.7)
Tax and interest expense, other operating items		131.7	170.2
Depreciation, amortisation and provisions		202.1	259.0
Deferred taxes		(0.2)	(10.0)
Changes in accounts receivable		(6.2)	(7.2)
Changes in other assets		(8.2)	(5.8)
Changes in accounts payable		(3.2)	(17.9)
Changes in other debt		(16.9)	(7.9)
Taxes paid		(121.2)	(36.3)
Net cash flows from operating activities		**325.1**	**504.4**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets		(148.2)	(204.8)
Acquisition / sale of entities (net of cash acquired or paid)		(580.5)	1.9
Sale of Solaris		16.0	-
Dividends received from associates and other items		2.6	-
Net cash flows from investing activities		**(710.1)**	**(202.7)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(249.5)	(87.4)
Movements in treasury shares		(0.7)	(0.2)
Increase in debt		930.0	0.3
Repayment of debt		(0.1)	(2.8)
Repayment in respect of performance incentives and long-term leases		(5.6)	(10.7)
Loan set-up fees		(9.6)	-
Interest and other fees paid		(24.0)	(32.2)
Interest received		2.2	2.2
Other changes		(0,4)	(0,1)
Net cash flows from financing activities		**642.3**	**(130.9)**
Impact of exchange rate on cash and cash equivalents		(0.2)	5.6
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**257.1**	**176.2**
Cash and cash equivalents, beginning of period		**247.9**	**293.0**
Cash and cash equivalents, end of period	7	**505.0**	**469.1**
Cash reconciliation			
Cash		505.0	469.3
Overdraft included under debt [1]		-	(0.2)
Cash and cash equivalents per cash flow statement		**505.0**	**469.1**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash-flow statement as they are repayable on demand and form an integral part of the Group's cash-flow management. They are shown as "Current financial debt" under "Current liabilities" on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of euros, except per share data)	Common stock Number	Common stock Amount	Additional paid in capital	Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
As of 30 June 2013*	**220,113,982**	**220.1**	**453.2**	**1,231.0**	**1,904.3**	**46.5**	**1,950.8**
Net income for the period				147.3	147.3	6.4	153.7
Other items of gain or loss on comprehensive income				(16.5)	(16.5)	(0.4)	(16.9)
Total comprehensive income				130.8	130.8	5.9	136.7
Treasury stock				(0.7)	(0.7)	-	(0.7)
Distributions				(237.2)	(237.2)	(12.2)	(249.5)
Benefits for employees upon exercising options and free shares granted				(1.0)	(1.0)	-	(1.0)
Liquidity offer and others				(0.2)	(0.2)	-	(0.2)
As of 31 December 2013	**220,113,982**	**220.1**	**453.2**	**1,122.8**	**1,796.1**	**40.1**	**1,836.2**
As of 30 June 2014	**220,113,982**	**220.1**	**453.2**	**1,309.7**	**1,983.0**	**47.7**	**2,030.7**
Net income for the period				160.7	160.7	7.2	167.9
Other items of gain or loss on comprehensive income				89.1	89.1	3.2	92.3
Total comprehensive income				249.8	249.8	10.4	260.2
Treasury stock				1.7	1.7	-	1.7
Distributions	6,858,356	6.9	140.8	(226.7)	(79.0)	(9.3)	(88.3)
Benefits for employees upon exercising options and free shares granted				1.0	1.0	-	1.0
Liquidity offer and others				0.9	0.9	-	0.9
As of 31 December 2014	**226,972,338**	**227.0**	**594.0**	**1,336.3**	**2,157.3**	**48.8**	**2,206.2**

* Restated from impact of IAS19R

NOTE 1. KEY EVENTS DURING THE FINANCIAL PERIOD

- Following its successful launch on 15 March 2014, the EXPRESS AT2 satellite went into operational service in early July 2014.
- Following its successful launch on 26 May 2014, the EUTELSAT 3B satellite went into operational service in early July 2014.
- Signed on 20 May 2014, the sale of the Eutelsat VisAvision GmbH Company was closed by the Group in July 2014. Provisions had already been made as of 30 June 2014 to cover all effects of the sale (see Note 3.8.3. of the consolidated financial statements for the year ended 30 June 2014).

NOTE 2. APPROVAL OF THE ACCOUNTS

The condensed consolidated half-year accounts of Eutelsat Communications as of 31 December 2014 have been reviewed by the Board of Directors held on 11 February 2015.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

> 3.1. COMPLIANCE WITH IFRSs

The financial statements at 31 December 2014 have been prepared in accordance with the IFRSs as adopted by the European Union and effective as of that date. The relevant texts are available for consultation on the following website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 "Interim Financial Reporting" in a condensed format. The accounts as presented do not therefore contain all the information and Notes required under IFRSs for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2014.

> 3.2. PUBLISHED STANDARDS AND INTERPRETATIONS

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2014, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2014.

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities": none of these texts has had any impact on the Group's consolidated accounts.
- 2010 amendments to IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint-Ventures";
- IAS 32 "Offsetting Financial Assets and Financial Liabilities";
- IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting";
- IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets";
- Improvements to IFRSs (2011-2013 cycle);
- IFRIC 21 "Levies".

Furthermore, none of the following standards, interpretations or amendments has been applied in advance. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- Amendments to IAS 19R "Defined Benefit Plans: Employee contributions";
- Improvements to IFRSs (2010-2012 cycle).

> 3.3. PERIODS PRESENTED AND COMPARATIVES

The six-month period extends from 1 July to 31 December 2014.

The reference currency and the presentation currency used to issue the financial statements are the euro.

3.4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The eventual outcome of operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment to amounts recognised in a subsequent financial period.

Judgements

In preparing the financial statements for the period ended 31 December 2014, Management has exercised its judgement especially with regard to contingent liabilities and provisions.

3.5. TAXES

The interim income tax expense is calculated by applying the average effective rate estimated for the financial year to earnings before taxes for the period (see Note 11 - *Income tax*).

NOTE 4. GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

Changes in gross assets, depreciation and amortisation

(in millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
GROSS ASSETS					
30 June 2014	1,103.9	1,070.3	40.8	170.3	2,385.3
31 December 2014	1,138.4	1,074.5	40.8	224.6	2,478.3
DEPRECIATION AND AMORTISATION					
Accumulated depreciation as of 30 June 2014	-	(421.2)	-	(61.4)	(482.6)
Accumulated depreciation as of 31 December 2014	-	(433.6)	-	(86.6)	(520.2)
Net value as of 30 June 2014	1,103.9	649.1	40.8	108.9	1,902.7
Net value as of 31 December 2014	**1,138.4**	**640.9**	**40.8**	**138.0**	**1,958.1**

The change over the period ended 31 December 2014 mainly relates to:

- The change in goodwill arising from the acquisition of Satmex (denominated in US dollars);
- The amortisation of customer contracts and relationships.

As of 31 December 2014, goodwill was tested annually for impairment, which did not challenge the amount shown on the balance sheet. The recoverable amount was approximated using the fair value, derived from the market value of Eutelsat Communications S.A. A minimum 64% decline in the stock-exchange value would be necessary for the fair value to fall below the book value. Should such an event occur, a test would be carried out based on the value in use.

NOTE 5. SATELLITES AND OTHER PROPERTY AND EQUIPMENT

"Satellites and other property and equipment" is broken down as follows (including assets acquired under finance leases):

Changes in gross assets, depreciation and amortisation

(in millions of euros)	Satellites	Other tangibles	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2014	**4,968.4**	**339.8**	**847.8**	**6,156.0**
Change in scope of consolidation	-	-	-	-
Acquisitions	132.0	10.5	201.8	344.3
Disposals and scrapping of assets	(152.3)	(2.2)	(14.5)	(169.0)
Foreign-exchange variation	59.7	1.0	42.7	103.4
Transfers	219.6	1.1	(241.6)	(20.9)
Gross value as of 31 December 2014	**5,227.5**	**350.2**	**836.2**	**6,413.8**
DEPRECIATION AND AMORTISATION				
Accumulated depreciation as of 30 June 2014	**(1,868.7)**	**(207.5)**	**-**	**(2,076.1)**
Allowance	(175.2)	(19.8)	-	(195.0)
Reversals (disposals and scrapping of assets)	149.9	2.0	-	151.9
Reclassification	(6,4)	6,4	-	-
Foreign-exchange variation	(6.9)	(0.1)	-	(7.1)
Accumulated depreciation as of 31 December 2014	**(1,907.2)**	**(219.0)**	**-**	**(2,126.1)**
Net value as of 30 June 2014	3,099.8	132.3	847.8	4,079.9
Net value as of 31 December 2014	**3,320.3**	**131.3**	**836.2**	**4,287.7**

During the half-year ended 31 December 2014, the Eutelsat 3B and EXPRESS AT2 satellites were brought into service by the Group for 219.4 million euros and 93.5 million euros respectively and the Eutelsat 48C and Eutelsat 3A satellites were scrapped.

> SATELLITES UNDER CONSTRUCTION

The satellites listed as below are currently under construction and are expected to be brought into service during the financial years as indicated:

Projects	Expected year of commissioning
EUTELSAT 9B, EUTELSAT 115WB, EUTELSAT 65WA, EUTELSAT 8WB and EUTELSAT 36C	2015-2016
EUTELSAT 117WB	2016-2017
EUTELSAT 172B	2017-2018

NOTE 6. INVESTMENTS IN ASSOCIATES

As of 31 December 2014, investments in associates consist in equity investments in the Hispasat Group, and income from equity investments in the consolidated income statement corresponds to the Group's share of income from Hispasat.

As a reminder, the Group transferred its stake in the Solaris Company on 12 December 2013.

NOTE 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2014	31 December 2014
Cash	225.5	245.0
Cash equivalents	67.7	224.2
Total	**293.2**	**469.2**

Cash equivalents are mainly composed of deposit warrants maturing within less than three months after the date of acquisition, and UCITS qualifying as "cash equivalents".

NOTE 8. SHAREHORDERS' EQUITY

> 8.1. SHAREHORDERS' EQUITY

As of 31 December 2014, the share capital of Eutelsat Communications S.A. comprised 226,972,338 ordinary shares with a par value of €1 per share. As of the same date, the Group held 76,500 treasury shares amounting to 2.0 million euros under a liquidity agreement. Furthermore, under the free share allocation plans (see below), the Group holds 151,792 equity shares amounting to 3.3 million euros. The aggregate amount of treasury stock is deducted from shareholders' equity.

> 8.2. DIVIDENDS

On 07 November 2014, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of 1.03 euro per share, i.e. a total of 226.5 million euros, partly settled through the issuance of new shares.

The dividend distribution resulted in:

- The issuance of 6,858,356 new shares (increasing the number of shares from 220,113,982 to 226,972,338) with a par value of 1 euro per share, with the following impact on equity:
    - Increase in the share capital from 220.1 million euros to 227.0 million euros;
    - Increase in the legal reserve by 0.7 million euros, from 22.0 million euros to 22.7 million euros;
    - Increase in the share premium account from 560.7 million euros to 419.9 million euros.
- Cash settlements totalling 77.9 million euros.

As a reminder, during the previous financial period, the Group distributed an aggregate amount of 237.7 million euros, which represents a gross amount of 1.08 euro per share, entirely settled in cash.

> 8.3. SHARE-BASED COMPENSATION

There are currently three such plans implemented by the Group in July 2011, November 2012 and February 2014.

Under the three plans, the expense (excluding employer's contribution) recognised for the half-year period ended 31 December 2014 was 1.7 million euros.

Conditions	July 2011 Plan	November 2012 Plan	February 2014 Plan
Vesting period	July 2011-July 2014 (1)	Nov 2012- Nov 2015 (2)	Feb 2014-June 2016
Settled in	Shares	Shares	Cash
Lock-up period	July 2014-July 2016 (3)	Nov 2015- Nov 2017 (3)	Not applicable
Total number of attributable shares at inception	700,000	347,530	448,585
Expense/(income) over the period (in millions of euros) (4)	1.3	(0.3)	0.7
Aggregate valuation of plan as of 31/12/2014 (in millions of euros) (4)	4.1	0.3	4.2

(1) For foreign subsidiaries, the grant period covers July 2011 to July 2015.
(2) For foreign subsidiaries, the grant period covers November 2012 to November 2016.
(3) There is no lock-up period for foreign subsidiaries.
(4) Excluding employer's contribution

In accordance with IAS 32 "Financial Instruments: Presentation", the acquisition cost of shares bought back by the Group under the free share allocation plan will be recorded as a reduction to the Group's share of shareholders' equity.

> 8.4. CHANGE IN THE REVALUATION SURPLUS OF FINANCIAL INSTRUMENTS

All financial instruments that have an impact on the revaluation reserve are hedges for their effective portion.

(in millions of euros)	Total
Balance at 30 June 2014	**0.1**
Changes in fair value within equity that can be reclassified to income	(10.3)
Transfer to income statement (1)	3.3
Balance as of 31 December 2014	**(6.9)**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments.

> 8.5. TRANSLATION RESERVE

(in millions of euros)	Total
Balance at 30 June 2014	**5.3**
Change over the period	95.2
Balance as of 31 December 2014	**100.5**

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (1.5) million euros.

> 8.6 – ACTUARIAL GAINS AND LOSSES

These provisions were revised upwards as a result of two declines of approximately 60 and 90 base points recorded since 30 June 2014 in reference interest rates used to determine the discounted value of the guarantee granted to a pension fund and of our retirement obligations.

The net impact on provisions represented a 27.6 million euro increase. After recognising a differed tax asset of 9.5 million euros, the net impact on actuarial gains and losses stood at 18.1 million euros.

NOTE 9. FINANCIAL DEBT

As of 30 June 2014 and 31 December 2014, the aggregate amount of bank debt is denominated in euros and US dollars.

> FINANCIAL INFORMATION AS OF 30 JUNE 2014 AND 31 DECEMBER 2014

(in millions of euros)	Rate	30 June 2014	31 December 2014	Maturity
Term loan 2016	Variable	800.0	800.0	06 December 2016
Bond 2017 (1)	4.125%	850.0	850.0	27 March 2017
Bond 2019 (1)	5.000%	800.0	800.0	14 January 2019
Bond 2022 (1)	3.125%	300.0	300.0	10 October 2022
Bond 2020 (1)	2.625%	930.0	930.0	13 January 2020
US EXIM export credit	1.710%	43.0	38.7	15 November 2021
ONDD-guaranteed export credit	Variable	131.7	151.7	31 August 2024
Other	Variable	-	0.3	30 June 2018
Sub-total of debt (non-current portion)		**3,854.7**	**3,870.7**	
Loan set-up fees and premiums		(41.1)	(36.6)	
Total of debt (non-current portion)		**3,813.6**	**3,834.1**	
US EXIM export credit			6.4	
Bank overdrafts		-	0.2	
Accrued interest not yet due		49.4	94.9	
Total of debt (current portion)		**49.4**	**101.5**	

(1) Fair values are detailed below:

(in millions of euros)	30 June 2014	31 December 2014
Bond 2017	915.4	917.7
Bond 2019	929.8	935.3
Bond 2022	323.1	342.9
Bond 2020	982.5	1,005.5

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

No amount was drawn on the revolving credit facility during the financial period ended 31 December 2014.

The Group also has 650.0 million euros available under its various active lines of undrawn revolving credit as of 31 December 2014.

> DEBT MATURITY ANALYSIS

At 31 December 2014, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Term loan	800.0	-	800.0	-
US EXIM export credit	45.1	6.4	25.8	12.9
ONDD-guaranteed export credit	151.7	-	67.5	84.2
Bond 2022	300.0	-	-	300.0
Bond 2017	850.0	-	850.0	-
Bond 2020	930.0	-	-	930.0
Bond 2019	800.0	-	800.0	-
Other	0.3	-	0.3	-
Total	**3,877.1**	**6.4**	**2,543.6**	**1,327.1**

> COMPLIANCE WITH BANKING COVENANTS

The banking covenants on financing facilities as of 31 December 2014 have not changed since their inception. As of 31 December 2014, the Group was in compliance with all banking covenants under its credit facilities.

NOTE 10. OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(in millions of euros)	30 June 2014	31 December 2014
Financial instruments [1]	9.8	62.6
Performance incentives	4.2	2.3
Finance leases	221.2	331.6
Other liabilities	103.2	102.1
Total	**338.4**	**498.6**
Incl. current portion	*34.6*	*41.1*
Incl. non-current portion	*303.8*	*457.5*

(1) See Note 15 - Financial instruments.

The financial instruments are measured at fair value (Level 2), and the other liabilities at amortized cost. For information, the amortized cost of other financial liabilities represents a reasonable approximation of fair value.

As of 31 December 2014, finance leases mainly include liabilities recognised under payload lease agreements on the EXPRESS AT1 and EXPRESS AT2 satellites, the latter having entered commercial service in July 2014.

Amounts shown for finance leases include accrued interest totalling 0.7 million euros as of 31 December 2014 (1.1 million euros as of 30 June 2014).

"Other liabilities" mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

NOTE 11. INCOME TAX

"Income tax" shows current tax and deferred tax expenses for consolidated entities.

As of 31 December 2014, the Group's effective income tax rate amounted to 40.4%. This rate is mainly explained by the 2014 Finance Act which provides for an increase to 10.7% of the 5% exceptional contribution to the corporate income tax, the standard income tax rate standing now at 38%. Previous Finance Acts which introduced an additional 3% contribution on cash-settled dividends and capped the deductibility of financial expenses at 75% resulted in a significant rise in the effective corporate tax.

NOTE 12. SEGMENT INFORMATION

Over the period ended 31 December 2014, there was no change in the Group's organisation which could affect the nature of and method used for reporting financial information and business performance data to the Group's chief operating decision maker.

Therefore, as with the period ended 30 June 2014, the Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 31 December 2013 and 2014 are as follows:

(in millions of euros and as a percentage)	31 December 2013		31 December 2014	
Regions	**Amount**	**%**	**Amount**	**%**
France	73.8	11.4	72.1	10.0
Italy	101.6	15.7	97.7	13.5
United Kingdom	52.7	8.1	54.1	7.5
Europe (other)	201.9	31.2	213.5	29.5
Americas	81.1	12.5	143.1	19.8
Middle East	84.3	13.0	87.5	12.1
Africa	36.2	5.6	37.2	5.1
Asia	13.4	2.1	17.5	2.4
Other (1)	2.5	0.4	0.1	-
Total	**647.4**	**100.0**	**722.8**	**100.0**

(*) Including 0.5 million euros in indemnity payments for late delivery of satellites during the period ended 31 December 2013.

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France, Italy and Mexico.

Net debt breaks downs as follows:

(in millions of euros)	30 June 2014	31 December 2014
Credits in fine	800.0	800.0
Bonds	2,880.0	2,880.0
Export credit	174.7	197.1
"Change" portion of the cross-currency swap	(2.9)	68.1
Finance leases	220.1	330.9
Cash and cash equivalents	(293.0)	(469.1)
Total	**3,779.0**	**3,807.0**

NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in millions of euros)	6-month period ended 31 June 2013	6-month period ended 31 December 2014
Interest expense after hedging (1)	(59.7)	(76.1)
Loan set-up fees and commissions (2)	(6.5)	(6.1)
Capitalised interest (3)	7.2	9.9
Cost of gross debt	**(59.0)**	**(72.3)**
Financial income	1.7	1.5
Cost of net debt	**(57.3)**	**(70.8)**
Changes in financial instruments (4)	(2.5)	-
Foreign-exchange gains and losses	(3.5)	15.3
Other	(1.6)	(0.6)
Financial result	**(64.8)**	**(56.2)**

(1) The interest expense was impacted by instruments qualified as interest-rate hedges for 3.3 million euros and 3.4 million euros during the financial periods ended 31 December 2013 and 2014 respectively.

(2) Issuing costs include amortisation of all loan issuing costs and premiums.

(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned.

The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 3.7% as of 31 December 2013 and 3.95% as of 31 December 2014.

(4) Changes in fair value of financial instruments mainly include:

- changes in fair value of derivatives not qualified as hedges;

- the ineffective portion of qualifying derivatives in a hedging relationship.

NOTE 14. EARNINGS PER SHARE

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted). There were no dilutive instruments as of 31 December 2013 and 2014.

(in millions of euros)	31 December 2013	31 December 2014
Net income	**153.7**	**167.9**
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(6.4)	(7.2)
Net earnings used to compute diluted earnings per share	**147.3**	**160.7**

NOTE 15. FINANCIAL INSTRUMENTS

> 15.1. FOREIGN-EXCHANGE RISK

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly US dollars.

Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

Given its exposure to foreign-currency risk, the Group believes that a 10% increase in the US dollar/euro exchange rate would have a 7.8 millions euros impact on Group income and would result in a positive change of 142.2 million euros in the Group translation reserve and a negative change in the Group translation reserve amounting to 63.6 million euros related to the cross currency swap.

> 15.2. INTEREST-RATE RISK

Considering the full range of financial instruments available to the Group as of 31 December 2014, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. This would be reflected in a 3.6 million euro positive variation in equity related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

> 15.3. FINANCIAL INFORMATION AT 30 JUNE AND 31 DECEMBER 2014

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2014 and 31 December 2014 by type of contract. The instruments are valued by an independent expert and this valuation is verified/validated by the banking counterparts.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity
	30 June 2014	31 Dec 2014	30 June 2014	31 Dec 2014			
Cross currency swap	500.0	500.0	9.3	(55.2)	(64.5)	-	(64.5)
Total forex derivatives	**500.0**	**500.0**	**9.3**	**(55.2)**	**(64.5)**	**-**	**(64.5)**
Future Swaps	350.0	350.0	(5.8)	(4.3)	1.5	-	1.5
Collars	350.0	350.0	(4.0)	(3.1)	0.9	-	0.9
Caps	100.0	100.0	-	-	-	-	-
Collar	-	-	-	-	-	-	-
Total interest rate derivatives	**800.0**	**800.0**	**(9.8)**	**(7.4)**	**2.4**	**-**	**2.4**
Total derivatives			**(0.5)**	**(62.6)**	**(62.1)**	**-**	**(62.1)**
Equity interests							-
Total							**(62.1)**

As of 31 December 2014, the cumulative fair value of financial instruments was negative at 62.6 million euros.

NOTE 16. OTHER COMMITMENTS AND CONTINGENCIES

As of 31 December 2014, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

> 16.1. PURCHASE COMMITMENTS

As of 31 December 2014, future payments under satellite construction, launch and financing contracts amounted to 1,076 million euros (including 454 million euros with related parties). These future payments are spread over 17 years.

The Group has also made commitments with other suppliers for service provisions and acquisitions of fixed assets relating to the monitoring and control of satellites.

Future payments in respect of such acquisitions of assets and provisions of services as of 31 December 2014 are scheduled as follows:

(in millions of euros)	As of 31 December 2014
2015	76
2016	39
2017	33
2018	26
2019 and beyond	153
Total	**328**

> 16.2. FLEET INSURANCE

As of 30 June 2014, the Group's existing "Launch + 1 year" and in-orbit insurance policies have been taken out with insurance syndicates generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2014. This programme has been designed with a view to minimising, at an acceptable cost, the impact of one or several satellite losses on the balance sheet and the income statement. Satellites covered under this policy are insured for their net book value.

> 16.3. COMMITMENTS RECEIVED

The Group holds a put option vis-à-vis a related party, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

> 16.3. LITIGATION

In the course of its business activities, the Group has been involved in legal actions and commercial disputes. Consequently, the Group exercised its judgement to assess the risks incurred on a case-by-case basis, and a provision was recorded to cover an expected outflow of resources. In cases viewed as unsubstantiated or insufficiently argued, no provision was recognised.

Following a significant violation by ViaSat Brasil, the Group cancelled the agreement signed with Viasat Brasil for the use of the Ka-band payload on the EUTELSAT 3B satellite. Capacity on this satellite was taken over by another client.

ViaSat Brasil claimed compensation from Eutelsat before the Rio de Janeiro commercial court. Eutelsat has strongly challenged the claim.

At this stage, the Group has not recorded any provision, as it is confident in the legitimacy of its position.

NOTE 17. SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors.