EUTELSAT S.A. Group

***Société anonyme* with a capital of 658,555,372.80 euros**
Registered office: 70 rue Balard 75 015 Paris
422 551 176 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2011

Eutelsat S.A.

CONSOLIDATED BALANCE SHEET

(In thousands of euros)

ASSETS	Note	30 June 2010	30 June 2011
Non-current assets			
Intangible assets	5	12 758	19 057
Satellites and other property and equipment, net	6	1 797 588	1 950 206
Construction work in progress	6	732 913	697 976
Investments in associates	7	232 928	188 422
Non-current financial assets	8,14	2 169	2 369
Deferred tax assets	21	2 912	2 302
TOTAL NON-CURRENT ASSETS		**2 781 268**	**2 860 332**
Current assets			
Inventories	9	1 372	1 211
Accounts receivable	10	299 212	244 529
Other current assets	11	13 029	18 742
Current tax receivable	21	2 867	1 582
Current financial assets	12,14	4 840	7 481
Cash and cash equivalents	13	58 618	135 792
TOTAL CURRENT ASSETS		**379 938**	**409 337**
TOTAL ASSETS		**3 161 206**	**3 269 669**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2010	30 June 2011
Shareholders' equity			
Share capital	15	658 540	658 555
Additional paid-in capital	15	366 319	366 343
Reserves and retained earnings		554 545	755 183
Non-controlling interests		(20)	228
TOTAL SHAREHOLDERS' EQUITY		**1 579 384**	**1 780 309**
Non-current liabilities			
Non-current financial debt	16	1 222 759	1 072 570
Other non-current financial liabilities	17,18	49 164	59 081
Other non-current debt	20	1 469	98
Non-current provisions	22	13 391	11 799
Deferred tax liabilities	21	55 490	89 417
TOTAL NON-CURRENT LIABILITIES		**1 342 273**	**1 232 965**
Current liabilities			
Current financial debt	16	28 374	13 975
Other current financial liabilities	17,18	41 251	30 160
Accounts payable		37 362	49 806
Fixed assets payable		30 424	22 162
Taxes payable		8 563	45 238
Other current payables	20	80 014	80 876
Current provisions	22	13 561	14 178
TOTAL CURRENT LIABILITIES		**239 549**	**256 395**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3 161 206**	**3 269 669**

CONSOLIDATED INCOME STATEMENT
(In thousands of euros, except per share data)

	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Revenues	23	1 048 702	1 169 944
Revenues from operations		**1 048 702**	**1 169 944**
Operating costs		(80 808)	(89 004)
Selling, general and administrative expenses		(132 597)	(148 548)
Depreciation and amortisation	5,6	(268 969)	(236 009)
Other operating income	27.2	148	235 393
Other operating charges	6	(5 905)	(236 137)
Operating income		**560 571**	**695 639**
Financial income		32 062	16 554
Financial expenses		(75 705)	(48 498)
Financial result	24	**(43 643)**	**(31 944)**
Income from associates	7	17 844	17 754
Net income before tax		**534 772**	**681 449**
Income tax expense	21	(180 363)	(228 568)
Net income		**354 409**	**452 881**
Attributable to the Group		353 629	452 633
Attributable to non-controlling interests		780	248
Earnings per share attributable to Eutelsat shareholders	25		
Basic earnings per share in €		0.349	0.447
Diluted earnings per share in €		0.349	0.447

COMPREHENSIVE INCOME STATEMENT

(In thousands of euros)

	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Net income		**354 409**	**452 881**
Other items of gain or loss on comprehensive income			
Translation adjustment		3 815	(1 725)
Tax effect		(858)	98
Changes in fair value of cash-flow hedging instruments	15.4, 26.5	19 425	14 203
Tax effect	21.2	(6 688)	(4 890)
Total of other items of gain or loss on comprehensive income		**15 694**	**7 686**
Total comprehensive income statement		**370 103**	**460 567**
Attributable to the Group		369 323	460 319
Attributable to non-controlling interests		780	248

Eutelsat S.A.

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of euros)

	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Cash flow from operating activities			
Net income		354 409	452 881
Income from equity investments	7	(17 844)	(17 754)
(Gain) / loss on disposal of assets		120	-
Other non-operating items		225 183	206 164
Depreciation, amortisation and provisions		279 461	238 110
Deferred taxes	21	30 465	30 404
Changes in accounts receivable		(18 962)	24 206
Changes in other assets		4 404	(6 765)
Changes in accounts payable		11 532	33 471
Changes in other debt		(13 767)	3 611
Taxes paid		(172 373)	(156 926)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**682 628**	**807 402**
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(494 362)	(545 933)
Movements in equity investments	7.1	-	60 000
Proceeds from sale of assets		8	22
Insurance indemnities on property and equipment	27.2	-	235 096
Changes in other non-current financial assets		(8)	(626)
Dividends received from associates		3 169	3 378
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(491 193)**	**(248 062)**
Cash flows from financing activities			
Changes in capital		315	39
Distributions		(273 495)	(263 416)
Increase in debt		926 972	-
Repayment of debt		(850 184)	(152 158)
Repayment in respect of performance incentives and long-term leases		(14 329)	
Other debt-related expenses		(9 554)	(30)
Interest and other fees paid		(31 689)	(44 814)
Interest received		1 490	2 845
Premiums and termination indemnities paid for derivatives settled	26.2	(38 015)	(325)
Acquisition of non-controlling interests		(20)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(288 509)**	**(469 225)**
Impact of exchange rate on cash and cash equivalents		(464)	684
Increase (decrease) in cash and cash equivalents		**(97 538)**	**90 799**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**138 017**	**40 479**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**40 479**	**131 278**
Cash reconciliation			
Cash	13	58 618	135 790
Overdraft included under debt [1]	16.2	(18 139)	(4 512)
Cash and cash equivalents per cash flow statement		**40 479**	**131 278**

[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 part of "Current bank debt" within "Current liabilities" on the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of euros, except share data)

	Common stock			Reserves and retained earnings	Share-holders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additional paid-in capital				
As of 30 June 2009	**1 012 944 284**	**658 414**	**366 100**	**457 455**	**1 481 969**	**(800)**	**1 481 169**
Net income for the period				353 629	353 629	780	354 409
Other items of gain or loss on comprehensive income				15 694	15 694	-	15 694
Total comprehensive income statement				**369 323**	**369 323**	**780**	**370 103**
Transactions affecting the capital	193 841	126	219	(48)	297	-	297
Transactions with non-controlling interests	-	-	-	-	-	-	-
Distributions				(273 496)	(273 496)		(273 496)
Benefits for employees upon exercising options and free shares granted				1 311	1 311	-	1 311
As of 30 June 2010	**1 013 138 125**	**658 540**	**366 319**	**554 545**	**1 579 404**	**(20)**	**1 579 384**
Net income for the period				452 633	452 633	248	452 881
Other items of gain or loss on comprehensive income				7 686	7 686	-	7 686
Total comprehensive income statement				**460 319**	**460 319**	**248**	**460 567**
Transactions affecting the capital	23 987	15	24	-	39	-	39
Transactions with non-controlling interests				-	-	-	-
Distributions				(263 416)	(263 416)	-	(263 416)
Benefits for employees upon exercising options and free shares granted				3 735	3 735	-	3 735
As of 30 June 2011	**1 013 162 112**	**658 555**	**366 343**	**755 183**	**1 780 081**	**228**	**1 780 309**

NOTE 1: KEY EVENTS DURING THE FINANCIAL YEAR

- On the night of 28 to 29 October 2010, the W3B satellite was launched by an Ariane 5 launch vehicle. Following separation from the rocket, a failure was observed on the satellite's propulsion sub-system, preventing it from being placed into geostationary orbit. Consequently, the Group declared the total loss of the W3B and filed an insurance claim on the spacecraft.
(see Note 6 - *Satellites and other property and equipment* and Note 27.2 - *In-orbit insurance and launch insurance*).

- On 26 December 2010, the Ka-Sat satellite was successfully launched by a Proton M/Breeze-M rocket. It has come into operational service on 31 May 2011.

NOTE 2: GENERAL OVERVIEW

2.1 – *Business description*

EUTELSAT S.A. ("EUTELSAT" or "the Group") is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems covering many geographical areas (extended Europe – including North Africa, Russia and the Middle East – the east of North America, South America, sub-Saharan Africa and Asia).

EUTELSAT owns and operates 24 satellites in geostationary orbit to provide (allocating and making available) capacity to major international telecommunications operators and broadcasting companies, for analogue and digital television and radio broadcasting services, business telecommunications services, multimedia applications and messaging and positioning services. Furthermore, the Group uses additional capacity on four satellites belonging to third parties or to related parties.

Six more satellites (W3C, ATLANTIC BIRD™7, W5A, W6A, EUROBIRD™2A and W3D) are currently under construction. The first two satellites are expected to be launched in 2011/2012 and the last four in 2012/2013.

2.2 – Formation and transfer of IGO activities

On 2 July 2001, EUTELSAT IGO (the "IGO"), an Intergovernmental Organisation set up to provide the space segment required for public international telecommunications services in Europe, transferred all its operational activities, assets, liabilities and commitments to a shell company, EUTELSAT, S.A. (the Company) a joint stock company (*société anonyme*) incorporated according to French law with a Management Board and a Supervisory Board with Head Offices in Paris (France). The number of shares issued by EUTELSAT as a consideration for the transfer was based on the estimated net assets of the IGO as of 1 July 2001. Immediately after the transfer of activity, the IGO distributed 100% of the shares to its Signatories (namely the national telecommunications entities of the countries that are members of the IGO). The *Additional Paid-in Capital* was increased by the difference between the actual and the estimated net assets.

The entire IGO branch of activity was transferred at net book value applying the French tax rule for spin-offs ("*régime des scissions*"). The main consequence of the transfer is that the IGO activities are now subject to the French legal, tax and social security regimes and those of the other countries.

The frequency allocations for the spectrum and orbital resources used by EUTELSAT upon the transfer of activity for its satellite operations remain under the joint responsibility of the member countries of the IGO, and of the IGO.

Further to a decision taken by the extraordinary session of the General Meeting of 24 September 2004, the legal structure of the Company's management framework was changed into a *société anonyme* with a Board of Directors.

Since 4 April 2005, more than 50% of EUTELSAT S.A. is held by the EUTELSAT Communications Company (formerly SATBIRDS SAS), which consolidates the accounts of EUTELSAT S.A. and its subsidiaries according to the full consolidation method at the level of the EUTELSAT Communications Group ("the Group").

2.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2011 were prepared under the responsibility of the Board of Directors, which adopted them at its meeting on 28 July 2011.

They will be submitted to the approval of the Ordinary General Meeting of Shareholders to be held on 7 November 2011.

NOTE 3: BASIS FOR THE PREPARATION OF FINANCIAL INFORMATION

3.1 – Compliance with IFRSs

In accordance with the EU rule 1602-2002 governing the application of international accounting standards, the Company elected to issue its consolidated financial statements as from 30 June 2004 in compliance with IFRSs then applicable.

The consolidated accounts for the year ending 30 June 2004 were the first that the Company prepared according to IFRS standards for consolidated statements.

The consolidated financial statements have been prepared in accordance with the accounting principles defined by the "International Financial Reporting Standards" (IFRS), and in particular, IFRS 1 "First Adoption of International Financial Reporting Standards". The general principle is retrospective application on the opening balance sheet (1 July 2003) of the standards used in preparing the consolidated financial statements. The impact of the resulting adjustments is reported in shareholders' equity at the beginning of the period. However, IFRS 1 offers "first-time users" a number of exceptions to the principles for total retroactive adoption when applying the IFRSs. The following options have been applied by the Company in preparing its consolidated financial statements according to IFRSs

Business combinations – The Company has chosen not to apply IFRS 3 "Business Combinations" retrospectively to business combinations formed prior to 1 July 2003. In particular the transfer in 2001 for the formation of EUTELSAT SA has not been restated.

Translation adjustments – The Company has not opted to adjust to zero the translation adjustments relating to the conversion of foreign subsidiaries' accounts as of 1 July 2003. The amount of the translation adjustments therefore remains unchanged as of this date.

Fair value measurement of certain tangible assets – The Company has chosen not to revalue tangible assets at their fair value on the date of transformation.

Employee benefits – The Company has chosen to book all cumulative actuarial gains/losses as of 1 July 2003 to shareholders' equity. Application of this option has no impact on the method used by the Company for subsequent reporting of actuarial gains/losses in terms of retirement and post-employment benefits.

Payments in shares and similar – The Company has chosen to apply IFRS 2 "Share-based Payments " to equity instruments granted after 7 November 2002 for which rights have not yet vested as of 1 January 2005.

The Company has chosen to apply IAS 32 "Financial Instruments: Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement" at 1 July 2003.

The financial statements at 30 June 2011 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_en.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.

3.2 – Accounting Policies

Newly applicable standards and interpretations for financial periods beginning on or after 1 July 2010:

The standards and interpretations applicable at 30 June 2011 are identical to those applicable at 30 June 2010, except for the following texts which are required to be applied for all financial periods beginning on or after 1 July 2010.

- Amendment to IFRS 2 "Cash-settled Share-based Payments of Intra-group Transactions". This amendment clarifies the accounting for group cash-settled share-based payment transactions. It did not have any impact on the financial position of the Group

- Improvements to IFRSs released in April 2009 for amendments which are required to be applied for financial periods beginning on or after 1 January 2010; these amendments primarily concern the following standards:

  - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" clarifies the nature of disclosures required in respect of groups of assets classified as "held for sale".

  - IFRS 8 "Operating Segments" removes the requirement to report information about segment assets when this information is not regularly provided to the chief operating decision maker (the same applies to the equivalent requirement on segment liabilities).

  - IAS 1 "Presentation of Financial Statements" clarifies that the possibility for a holder to convert a convertible debt instrument into an equity instrument within 12 months does not affect its classification as current/non-current.

  - IAS 7 "Statements of Cash Flows" clarifies that only expenditures that result in a recognised asset in the balance sheet are eligible for classification as cash flows from investing activities.

  - IAS 17 "Leases" provides guidance on classification of land as a lease.

  - IAS 18 "Revenue Recognition" introduces criteria for determining whether an entity is acting as a principal or as an agent in a business transaction.

  - IAS 36 "Impairment of Assets" clarifies that the largest unit permitted for allocating goodwill is the operating segment defined in IFRS 8 before business combination.

  - IAS 39 "Financial instruments: Recognition and Measurement" clarifies the accounting treatment for contracts to purchase / sell a business and the event that subsequently results in the reclassification to profit and loss in a cash flow hedging relationship.

- Amendment to IAS 32 “Classification of Rights Issues” effective for financial years beginning on or after 1 February 2010. Subject to certain conditions, foreign currency rights issues (and certain warrants and options) can be classified as equity instruments. Prior to the amendment, these rights were classified as derivatives. The Group did not issue such instruments and therefore was not impacted by the amendment.

- IFRIC 17 “Distributions of Non-cash Assets to Owners” addresses the accounting when an entity distributes non-cash assets as dividends to its shareholders. It has no impact on the Group’s accounts.

- IFRIC 18 “Transfers of assets from customers”.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”, released in November 2009 and effective for financial years beginning on or after 1 July 2010. The interpretation clarifies the accounting treatment when an entity renegotiates the terms of its debt with the result that the liability is extinguished, in whole or in part, by the entity issuing its own equity instruments to the lender(s). The interpretation does not address the accounting by the lender.

- Improvements to IFRSs released in May 2010, for Amendments effective for financial years beginning on or after 1 July 2010:

    - IFRS 3R Amendment limits the fair value option when measuring non-controlling interests in a business combination; furthermore, it addresses the application of the existing IFRS 3 for earn-outs (adjustments to consideration) from business combinations recognised under IFRS 3; it also clarifies the accounting treatment for un-replaced and voluntarily replaced share-based payment transactions.

None of these texts has had an impact on previous financial periods or on the consolidated financial statements as of 30 June 2011.

Furthermore, no standard or interpretation has been applied in advance, whether they were endorsed by the EU or not, and the Group is currently analysing the practical consequences of the new standards and the effects of applying them in the accounts. This concerns:

- IAS 24 revised “Related Party Disclosures”, effective for financial years beginning on or after 1 January 2011, and endorsed by the European Union on 20 July 2010;

- Amendment to IFRIC 14 “Prepayments of a Minimum Funding Requirement” effective for financial years beginning on or after 1 January 2011 and endorsed by the European Union on 24 July 2010;

- IFRS 9 “Financial Instruments”, effective as of 1 January 2013, as yet not endorsed by the European Union;

- Improvements to IFRSs released in May 2010, as yet not endorsed by the European Union for amendments effective as of 1 January 2011 and endorsed by the European Union on 19 February 2011;.

- IFRS 7 “Disclosures about Transfers of Financial Assets” released in October 2010 and effective as of 1 July 2011, as yet not endorsed by the European Union;

- IAS 12 "Income Taxes”, released in December 2010 on the assessment of deferred tax assets for assets for which the entity expects to recover the carrying amount by using or selling the asset items. The amendment was not adopted by the European Union;

- IAS 1 "Presentation of Financial Statements", released in June 2011;

- IFRS 10 “Consolidated Financial Statements”; the standard supersedes IAS 27 and SIC Interpretation 12, IFRS 11 “Joint Arrangements” superseding IAS 31 “Interests in Joint Ventures” which eliminates the proportionate consolidation method for recognising interests in joint ventures; and IFRS 12 “Disclosure of Interests in Other Entities”. The three standards were issued in May 2011, but they have not yet been endorsed by the European Union;

- Amendment to IAS 27 “Consolidated and Separate Financial Statements”, issued in May 2011, as yet not endorsed by the European Union. This standard follows up on the release of IFRS 10;

- Amendment to IAS 28 “Investments in Associates”, released in May 2011, as yet not endorsed by the European Union. This standard follows up on the release of IFRS 10;

- IFRS 13 "Fair Value Measurement”, issued in May 2011, as yet not endorsed by the European Union. The standard provides guidance on fair value measurement where its use is required by the current standards. It does not introduce any new fair value measurement requirements.

- IAS 19 “Employee Benefits”, released in June 2011, as yet not endorsed by the European Union.

3.3 - Accounting procedures applied by the Group in the absence of specific accounting standards

The "*Cotisation sur la Valeur Ajoutée des Entreprises*" or CVAE (Business contribution on the added value) was considered by the Group as an operating expense that does not meet the criteria laid down in IAS 12 "Income taxes" and therefore does not give rise to deferred taxes.

3.4 – Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites in addition to satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

3.5 – Significant 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 constantly updates its estimates and assessments using past experience in addition to other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustment to the amounts that are recognised during a subsequent financial period because of the uncertainty attached to them.

Judgements

In preparing the financial statements at 30 June 2011, Management has exercised its judgement, particularly with regard to the litigation with Deutsche Telekom (See Note 27.4 – *Litigation*)

3.6 – Periods presented and comparatives

The financial year of EUTELSAT S.A. is twelve months and ends on 30 June.

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

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

4.1 – Consolidation method

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are consolidated using the full consolidation method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The determination of control takes into account the existence of potential voting rights, provided that these are immediately exercisable or convertible.

Companies over which the Group exercises joint control with a limited number of partners under a contractual agreement are consolidated using the equity method of accounting.

Associates over which the Group exerts significant influence (generally between 20% and 50% of voting rights), are accounted for using the equity method. Significant influence is defined as the power to participate in the financial and operational policies of the investee without having joint or sole control over them.

Companies are consolidated as of the date when control, joint control or significant influence is transferred to the Group. The Group’s share in the earnings of these companies subsequent to acquisition is recorded in its income statement as of the same date. Similarly, the changes in their reserves following the acquisition that are not related to operations that had an impact on the income statement are recorded in the consolidated reserves up to the limit of the Group’s share. Companies cease to be consolidated as of the date when the Group transfers control, joint control or significant influence.

Intra-group balances and transactions are eliminated when consolidating.

4.2 – Accounting treatment for business combinations

After standard revision in 2008

Since 1 July 2009, business combinations are recognised using the acquisition method, in accordance with the revised IFRS 3. Under this method, the various components of an acquisition are recognised at their fair values with some exceptions, namely:

- The consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity depending on their nature, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income.

- Costs directly attributable to the acquisition are expensed in the year during which they are incurred.

- In case of partial disposal, non-controlling interests (formerly known as "minority interests") are measured on the option determined for each combination, either at fair value, or as their proportionate share of the acquired assets and assumed liabilities (similar method used under IFRS 3).

- In a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period.

The identifiable assets, liabilities and contingent liabilities of the acquired entity which meet the criteria defined under IFRS are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made within the twelve-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted following the end of the twelve-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill, except where these adjustments correspond to corrections of errors.

Prior to standard revision in 2008

Under IFRS 3, business combinations were also recognised using the acquisition method. The main differences with the revised IFRS 3 are as follows:

- Transaction costs formed a part of the acquisition price;

- Price adjustments were also part of the cost if payment was probable and could be measured reliably and therefore any subsequent changes in the value were treated as an adjustment to the initial cost of the business combination and recorded against goodwill;

- Minority interests (non-controlling interests) could only be recognised on the basis of the fair value of the net assets acquired.

4.3 - Acquisition/disposal of non-controlling interests

Since 1 July 2009, changes in ownership interests in subsidiaries without loss of control are accounted for as equity transactions and recognised directly in equity. Before the standard was applied and failing any specific provision in the IFRSs, the difference between the price paid (for acquisitions) or received (for disposals) and the carrying amount of the minority interests (non-controlling interests) acquired/transferred was recognised by the Group against goodwill (for acquisitions) or in the income statement (for disposals).

4.4 – Foreign currency transactions

Transactions in foreign currencies
Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.
Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the income statement for the period.

Conversely, foreign exchange gains and losses arising from the translation of capitalisable advances made to foreign subsidiaries and forming part of the net investment in the consolidated subsidiary are recognised directly as "Cumulative translation adjustment" within shareholders' equity.

The principal foreign currency used is the U.S. dollar. The closing exchange rate used is $1.45 USD per euro and the average exchange rate used for the period is $1.36 USD per euro.

Translation of foreign subsidiaries' financial statements
Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using a weighted-average exchange rate for the period. The resulting translation difference is recorded under a separate component of shareholders' equity under "Translation adjustments".

4.5 – Intangible assets

Intangible assets purchased separately or acquired in the context of a business combination
Intangible assets purchased separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value on the acquisition date when allocating the acquisition cost of the entity. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value.

Research and development costs – Development costs are recorded in intangible assets if the capitalisation criteria defined by IAS 38, "Intangible Assets" are met. Otherwise, they are booked as an expense in the period in which they are incurred. Research costs are recorded as an item of expenditure.

For the periods ending 30 June 2010 and 2011, no development costs were incurred by the Group.

The Group spent €3.5 million on research and development during the financial period ended 30 June 2011.

Research expenses were mainly incurred for multimedia activities. They are recorded in the income statement under "Selling, general and administrative expenses".

4.6 – Goodwill

Goodwill is measured at cost at the date of the business combination, representing the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the net amount of identifiable assets acquired and liabilities assumed.

Goodwill arising from the acquisition of a subsidiary is separately identified in the consolidated balance sheet under "Goodwill". Goodwill arising from the acquisition of an associated company is included within the book value of the investment within the line item "Investments in associates."

After initial recognition at cost, goodwill is measured at cost less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of the initial investment.

4.7 – Satellites and other property and equipment

Satellites and other property and equipment acquired separately ("*Tangible fixed assets*") are recognised at their acquisition cost, which includes all costs directly attributable to preparing the asset for use, less accumulated depreciation and possible impairment.

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

Satellites – Satellite costs include all expenses incurred for commissioning individual satellites and comprise manufacturing, launch and attributable launch insurance costs, capitalised interest, performance incentives and costs directly attributable to monitoring the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has a number of contracts with its satellite manufacturers that require the Group to make certain performance incentive payments upon the initial entry into operational service of the satellites and with respect to future periods of successful satellite operation in orbit. These items are part of the cost of the satellite and are recognised as an asset offsetting a liability equal to the net present value of the expected payments. Any subsequent change in the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment to the cost of a satellite. The new value of the satellite is amortised on a prospective basis over the remaining useful life.

Ground equipment – This item comprises the monitoring and control equipment at various European locations and equipment at Group headquarters, including technical installations, office furniture and computer equipment.

Depreciation and amortisation – Amortisation is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation includes, where appropriate, the residual value of each asset or group of assets, starting from the date when the asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	10 – 17 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold improvements	3 – 10 years

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When a significant change occurs, depreciation is charged for the years to come by taking into account the asset's new remaining useful life.

Construction in progress – The "Construction in progress" primarily consist of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch-insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with satellite acquisition are also capitalised.

Assets under finance leases – Agreements whereby the Group uses capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability in accordance with IAS 17 "Leases" when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially all risks and rewards incidental to ownership to the Group. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8 – Impairment of non-current assets

Goodwill and other intangible assets with an indefinite useful life, such as the brand, are systematically tested annually for impairment in December, or more frequently when an event or circumstance occurs indicating a potential loss in value.

For tangible and intangible fixed assets with finite useful lives, an impairment test is performed only when there is an external or internal indication that their recoverable values may be lower than their net book values (for example, a technical incident affecting a satellite).

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.

It is not always necessary to estimate both the fair value of an asset net of disposal costs and its value in use. If either of these amounts is greater than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of the estimated future pre-tax cash flows to be generated by an asset or CGU during its useful life and are based upon the medium-term plan approved by Management. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs and also satellite operation and control costs directly attributable to the satellites tested. Beyond a maximum five-year period, cash flows are estimated on the basis of stable rates of growth or decline.

Future cash flows are discounted using the long-term pre-tax interest rates that, in the opinion of the Group, best reflect the time value of money and the specific risks associated with the related assets or CGU.

The fair value net of disposal costs is equal to the amount that could be received from the sale of the asset (or of one CGU) in the course of an arm’s length transaction between knowledgeable, willing parties, less the costs relating to the transaction.

Impairment losses and their reversals are recognised respectively on the income statement under the headings “Other operating costs” and “Other operating income”. An impairment of goodwill cannot be reversed.

As of 30 June 2010 and 2011, the following CGUs have been identified for the purpose of impairment tests:

- each satellite, i.e. 28 as of 30 June 2011
- investment in the Hispasat Group

4.9 – Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The calculation is at cost. The cost is calculated on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated selling costs.

4.10 – Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including trading financial assets and derivatives, are initially recorded at fair value. Other financial assets and liabilities are recorded at cost, which is their fair value plus costs directly attributable to the transaction.

In accordance with IAS 39 “*Financial Instruments*: *Recognition and Measurement*", IAS 32 “*Financial Instruments*: *Presentation*" and IFRS 7 "*Financial Instruments*: *Disclosures*”, the Group has adopted the following classification for financial assets and liabilities, which is based upon the objectives determined by Management at the time of purchase. The designation and classification of these instruments are determined at initial recognition.

4.10.1 – Financial assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement
Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivatives unless they are designated as hedges, and UCITS (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

These financial assets are recognised at fair value. Realised or unrealised gains and losses arising from changes in the fair value of these assets are recorded as financial income or expense.

Assets available for sale
Available-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified in the "Financial assets measured at fair value through the income statement", "Assets held to maturity" or "Loans and receivables" categories. Available-for-sale financial assets include investments other than investments in companies recognised and consolidated as equity investments, which management intends to hold for an indefinite period of time. These investments are classified as financial assets under "Non-current financial assets."

They are subsequently revalued at fair value, with the gains and losses resulting from the changes in fair value being recognised under shareholders' equity. When they are sold or in the event of impairment, the cumulative gains and losses previously entered under shareholders' equity are recorded in the financial result.

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at their acquisition cost.

Loans and receivables
Loans and receivables are mainly composed of employee loans, guarantee deposits and accounts receivable, which generally have a maturity of less than 12 months.

Accounts receivable are recorded initially at their nominal value, on account of the insignificant impact of discounting. Accounts receivable are subsequently recognised at cost less provisions for bad debts, as appropriate, booked as a result of the irrecoverable nature of the amounts in question.

Other loans and receivables are measured at amortised cost, using the effective interest rate method.

4.10.2 – Financial liabilities

Financial liabilities comprise bank loan and other debt instruments. They are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. They are subsequently measured at amortised cost, using the effective interest rate method. Any differences between initial capital amounts (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest rate method.

4.10.3 – Derivative instruments

Derivatives that are not designated as hedging instruments are recognised at fair value, and any subsequent changes in fair value are posted to the financial result.

Where a derivative can be qualified as a hedging instrument, it is valued and recorded in accordance with the hedge accounting rules in IAS 39 "*Financial Instruments*": *Recognition and Measurement*". (see Note 4.10.5 – *Hedging transactions*)

4.10.4 – Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine whether there is an indication of impairment. Impairment is recognised in the income statement where there is objective evidence that the asset has depreciated. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial hardship of the lender or borrower, a likelihood of bankruptcy or an extended or significant decline in the price of the listed shares.

Impairment losses, other than those related to accounts receivable and other debit operator balances, are recorded as financial expenses.

The Group's customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash-flows, under the heading "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied to determine a recoverable percentage based on how long the receivables have been on our books.

The impairment of equity investments that do not have a list price on an active market that are valued at cost, and of investments in equity instruments classified as available-for-sale financial assets measured at fair value, cannot be reversed.

4.10.5 – Hedging transactions

Hedging transactions involve the use of derivatives. Changes in the fair value of a derivative are used to offset the exposure of the hedged item to changes in fair value.

Derivatives are designated as hedging instruments and recorded according to hedge accounting rules when the following conditions are met by the Group: (a) at the inception of the hedge, there is a formal designation and documentation of the hedging relationship and of Management's risk management objective and strategy for undertaking the hedge; (b) Management expects the hedge to be highly effective in offsetting risk; (c) for hedges of forecast transactions, the forecast transaction must be highly probable and must present an exposure to variations in cash flows that could ultimately affect the income statement; (d) the effectiveness of the hedge should be capable of reliable measurement; and (e) the effectiveness of the hedge is assessed on an ongoing basis and determined to be highly effective throughout the period for which the hedge was designated.

These criteria are applied where the Group uses derivatives designated as cash flow hedges.

Cash-flow hedging

Cash flow hedging involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Changes in the fair value of a hedging instrument relating to the effective portion of a hedge are recognised in shareholders' equity. Changes in fair value relating to the ineffective portion of a hedge are recognised in the income statement under "Other operating income" or under "Other operating costs" in the case of cash flow hedges of operational exposures and under "Financial result" in the case of cash flow hedges of investment and financing exposures.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under "Other operating income" or "Other operating costs" in the case of cash flow hedges of operational exposures and under "Financial Result" in the case of cash flow hedges of investment and financing exposures.

Where a hedging relationship is put in place with a derivative that has a non-zero fair value (for example, where a new debt is issued and hedged by an interest-rate swap contracted before the date the new debt is issued), the non-zero fair value of the hedging instrument measured on the date the hedging relationship is put in place is amortised over the remaining life of the instrument concerned.

When the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedge previously recognised in shareholders' equity are added to the initial measurement of the asset or liability in question.

4.10.6 – Fair value of financial instruments

Fair value is the amount for which a financial asset could be exchanged, or an extinguished liability, between knowledgeable, willing parties in an arm's length transaction.

The fair value of financial assets and liabilities traded on an active market (such as with some equity investments, marketable securities and derivatives) is determined on the basis of the list price or the market value on year end closing.

The fair value of other financial instruments, assets or liabilities, not listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at year end closing.

4.10.7 – Firm or conditional commitments to purchase non-controlling interests

Under the revised IAS 27 "*Consolidated and Separate Financial Statements*" and IAS 32 "*Financial Instruments*: *Presentation*", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is considered as an adjustment affecting the income statement.

4.11 – Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also UCITS that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant.

4.12 – Shareholders' equity

Costs for capital increases
External costs directly related to increases in capital, reduction of capital and treasury stock buy-backs are allocated to additional paid-in capital, net of taxes when an income tax saving is generated.

Grant of stock options
Rewards granted to employees under stock-option plans are measured on the date the options are granted and represent additional employee compensation. This is recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

4.13 – Revenue recognition

The Group's revenues are mainly attributable to the allotment of space segment capacity on the basis of terms and conditions set out in the lease contracts.

These contracts usually cover periods ranging from one year to the end of life of the satellite. Contracts usually provide for the right to free-of-charge time in cases of interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two years with a one-year notice period and, depending on the type of lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

Revenues are recognised over the contractual period during which services are rendered, provided that a contract exists and the price is fixed or determinable, and provided that, as of the date it is recorded in the accounts, it is probable that the amount receivable will be recovered.

Deferred revenues include unearned balances of amounts for a period of less than one year received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder leases or of the services provided.

4.14 – Deferred taxes

Deferred taxes are the result of timing differences arising between the tax base of an asset or liability and its book value. Deferred taxes are calculated for all fiscal entities and are booked in respect of all timing differences, using the balance sheet liability method unless there are exceptions.

Thus, deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred tax liability arises from a non tax deductible goodwill amortisation or from the initial recognition of an asset or liability other than in a transaction that is not a business combination and which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and

- when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures unless the Group is able to control the timing of the reversal of the difference and it is probable that the timing difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible timing differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible timing difference generated by the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, does not affect the accounting or the taxable income or the tax loss.

The book value of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to avail oneself of part or all of the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the closing date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.15 – Earnings per share

EPS is calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated using the share repurchase method, based on the assumptions (i) that all potentially dilutive instruments are converted (i.e. assuming the exercise of all outstanding options and the conversion of any financial instruments giving access to the share capital, after taking into account the theoretical impact of these transactions on net income) and (ii) that the expected proceeds from these instruments are received when ordinary shares are issued at the average market rate for ordinary shares during the period.

4.16 – Post-employment benefits

The Group's retirement schemes and other post-employment benefits consist of defined contribution plans and defined benefit plans.

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits, is entered as a liability on the basis of an actuarial valuation of the obligations toward employees at year-end, using the projected credit unit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The value of expected future payments is determined on the basis of demographic and financial assumptions such as mortality, staff turnover, salary growth, and age at retirement. The rate used to discount estimated cash flows is determined by reference to long term market yields on high quality corporate bonds.

A complete assessment of the discounted present value of the benefit is conducted each year and reviewed at intervening periods to identify any significant changes.

When actuarial gains and losses arising as a result of changes in actuarial assumptions exceed by more than 10% the greater of the following amounts, the relevant net gains or losses are amortised over the expected average remaining working lives of the employees benefiting from these plans.

- the discounted value of the defined benefit obligation at the balance sheet closing date;
- the fair value of plan assets at that date.

The pension cost for the period, consisting of service cost, is recognised in operating income. The net expense (income) corresponds to the interest expense (on unwinding the discount) less the expected return on plan assets, and is fully recognised in the financial result.

Management of the defined contribution plans is performed by an independent entity to which the Group has the obligation to make regular contributions. All payments made by the Group with respect to these plans are recognised in operating costs for the period.

4.17 – Financial guarantee granted to a pension fund

The Group is now the guarantor for the pension scheme for which commitments had been outsourced prior to the transfer when EUTELSAT was formed. This defined-benefit pension scheme has been closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.16 - *Post-employment benefits*, despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.18 – Provisions

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii) it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation. The discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

NOTE 5: INTANGIBLE ASSETS

The intangible assets item is as follows:

Changes in gross assets

(In thousands of euros)	Intangible assets	Total
30 June 2009	**46 994**	**46 994**
Separate acquisitions	6 429	6 429
Disposals	-	-
Transfers	584	584
30 June 2010	**54 007**	**54 007**
Separate acquisitions	8 092	8 092
Disposals	-	-
Transfers	4 233	4 233
30 June 2011	**66 332**	**66 332**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Intangible assets	Total
Accumulated depreciation at 30 June 2009	**(36 397)**	**(36 397)**
Annual allowance	(4 852)	(4 852)
Reversals	-	-
Impairment	-	-
Accumulated depreciation at 30 June 2010	**(41 249)**	**(41 249)**
Annual allowance	(6 026)	(6 026)
Reversals	-	-
Impairment	-	-
Accumulated depreciation at 30 June 2011	**(47 275)**	**(47 275)**

Net assets

(In thousands of euros)	Intangible assets	Total
Net value at 30 June 2009	**10 597**	**10 597**
Net value at 30 June 2010	**12 758**	**12 758**
Net value at 30 June 2011	**19 057**	**19 057**

NOTE 6: 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

(In thousands of euros)	Satellites [1]	Other tangibles	Construction in progress	Total
Gross value at 30 June 2009	**3 536 574**	**177 153**	**543 717**	**4 257 444**
Change in gross value	(916)	-	-	(916)
Acquisitions	-	27 600	451 390	478 990
Disposals and scrapping of assets	(121 089)	(882)	-	(121 971)
Transfers	254 080	7 530	(262 194)	(584)
Gross value at 30 June 2010	**3 668 649**	**211 401**	**732 913**	**4 612 963**
Acquisitions	15 379	40 672	531 956	588 007
Disposals and scrapping of assets	-	(9 936)	(235 864)	(245 800)
Transfers	295 971	30 825	(331 029)	(4 233)
Gross value at 30 June 2011	**3 979 999**	**272 962**	**697 976**	**4 950 937**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites [1]	Other tangibles	Construction in progress	Total
Accumulated depreciation at 30 June 2009	**(1 817 035)**	**(116 173)**	**-**	**(1 933 208)**
Annual allowance	(242 077)	(22 040)	-	(264 117)
Reversals	121 089	799	-	121 888
Impairment	(7 024)	-	-	(7 024)
Accumulated depreciation at 30 June 2010	**(1 945 047)**	**(137 414)**	**-**	**(2 082 461)**
Annual allowance	(207 529)	(22 333)	-	(229 862)
Reversals	-	9 568	-	9 568
Impairment	-	-	-	-
Accumulated depreciation at 30 June 2011	**(2 152 576)**	**(150 179)**	**-**	**(2 302 755)**

Net assets

(In thousands of euros)	Satellites [1]	Other tangibles	Construction in progress	Total
Net value at 30 June 2009	**1 719 539**	**60 980**	**543 717**	**2 324 236**
Net value at 30 June 2010	**1 723 602**	**73 987**	**732 913**	**2 530 502**
Net value at 30 June 2011	**1 827 423**	**122 783**	**697 976**	**2 648 182**

[1] including satellites subject to finance leases:

(In thousands of euros)	
Gross value	107 382
Net value at 30 June 2011	**42 924**

In particular, this item refers to three satellites for which capacity is leased, with the relevant agreements being considered as finance leases and thus being recognised as assets.

	Gross value	Net value		
SESAT 2	65 670	25 767	12 transponders	Contract dated March 2004 covering the satellite’s remaining useful life
Telstar 12	23 446	1 108	4 transponders	Agreement dated June 1999 covering the satellite’s remaining useful life
EUTELSAT 3A	16 766	16 049	10 transponders	Agreement dated December 2010 covering the satellite’s remaining useful life

Satellite-related acquisitions and transfers at 30 June 2010 correspond to the delivery into geostationary orbit of the W7 satellite launched during the financial year.

Satellite-related transfers at 30 June 2011 correspond to the entry into operational service of the KA-SAT satellite launched during the financial year.

Transfers related to “Other Property and Equipment” correspond to the entry into service of the on-ground infrastructure dedicated to the Tooway™ service.

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The TELECOM 2C and W2 satellites were fully depreciated and de-orbited during the financial year ended 30 June 2010.

W3B satellite

Following its launch on 28 October 2010, the W3B satellite suffered an anomaly related to its propulsion sub-system, precluding any possible entry into commercial service of the satellite. On 17 November 2010, the Group filed an insurance claim for the total loss of the spacecraft (see Note 27.2 - *In-orbit insurance and launch insurance*). This incident had no impact on the continuity of service provided to the Group's customers, but it resulted in Eutelsat recognising the impairment caused by the loss of the satellite under "Other operating expenses". As of 30 June 2011, Eutelsat has received the indemnity in full.

W75 satellite

At 30 June 2010, the medium-term plan was updated and it became apparent that future revenue flows generated by the W75 satellite were lower than initially expected. This led to the performance of an impairment test. An impairment loss of €5.5 million was recognised under "Other operating costs", based on revised and discounted future cash flows, using a discount rate of 7.5%.

Construction in progress

As of 30 June 2011, the "Construction in progress" item mainly included the W3C, ATLANTIC BIRD™ 7, W5A, W6A, EUROBIRD ™ 2A and W3D satellites.

NOTE 7: INVESTMENTS IN ASSOCIATES

At 30 June 2010 and 30 June 2011, the "Investments in associates" item is as follows:

(In thousands of euros)	30 June 2010	30 June 2011
Solaris Mobile	71 080	8 121
Hispasat	161 848	180 301
Total	**232 928**	**188 422**

7.1 – Solaris Mobile Ltd

During the 2007/2008 financial year, the Group set up a company in partnership with SES Astra called Solaris Mobile Ltd. (Solaris) in Dublin (Ireland) to provide services in the S band.

This frequency band can distribute television, video and radio services, as well as two way communications for portable mobile equipment such as telephones, computers and multimedia readers.

On 14 May 2009, the European Commission announced that Solaris Mobile Ltd was being awarded 15 MHz of S-band frequency spectrum in Europe, with the other 15 MHz of frequency spectrum in Europe being awarded to Inmarsat.

On 22 June 2009, after definitively observing that its S-band payload on Eutelsat's W2A satellite was suffering from an anomaly, Solaris sent a submission to the insurers with proof and quantification of the claim, and a request for an insurance indemnity to be paid amounting to the total value of the asset. Owing to the anomaly, the value of the S-band capacity was fully impaired as of 30 June 2009. Given the elements at its disposal, the Company considered that it had the evidence required to recognise an item of accrued income as of the same date, covering the full amount of the losses suffered. During the first half of the financial year ended 30 June 2010, the S band was fully refunded for the amount insured.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission.

Solaris is 50% held by Eutelsat, which has joint control with its partner.

During the period ended 30 June 2011, Solaris reduced its capital by €120 million. The Group received its share, i.e. €60 million.

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Change in the carrying amount of the equity investment in the balance sheet:

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Value of the equity investment at beginning of period	**71 878**	**71 080**
Capital reduction	-	(60 000)
Share of income	(798)	(2 959)
Impact of Income and expenses recognised directly under equity	-	-
Value of the equity investment at end of period	**71 080**	**8 121**

The following table shows the half-year accounts of Solaris:

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Non-current assets	3 840	3 988
Current assets	139 538	13 987
Non-current liabilities	-	-
Current liabilities	1 218	1 732
Total net assets	**142 160**	**16 243**
Operating income	-	-
Net income	(1 596)	(5 918)

7.2 – Hispasat Group

At 30 June 2010 and 2011, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, a private unlisted Spanish satellite operator.

Change in the carrying amount of the equity investment in the balance sheet

(In thousands of euros)	30 June 2010	30 June 2011
Value of the equity investment at beginning of period	**144 625**	**161 848**
Share of income	18 642	20 713
Impact of income and expenses directly recognised under equity	(1 419)	(2 260)
Value of the equity investment at end of period	**161 848**	**180 301**

The following amounts represent the Group's share of the assets, liabilities and income of the Hispasat Group:

(In millions of euros)	30 June 2010	30 June 2011
Intangible rights (1)	27.7	27.7
Service contract (2)	1.2	1.0
Investment in Hisdesat	5.0	5.0
Sub-total	**33.9**	**33.7**
Hispasat net assets	127.9	146.6
Total	**161.8**	**180.3**

(1) These relate to rights to the use of frequencies at the 30°West orbital position, together with long-term contractual relationships with customers. The useful life of this intangible asset is considered indefinite, given the high probability of renewal of the administrative authorisations for the use of frequencies (which are given for a period of 75 years) and the specific nature of existing customer contracts. An impairment test is performed by the Company each year.

(2) The depreciation life of the other identified intangible assets has been estimated at 15 years.

The following table presents the annual accounts of the Hispasat Group:

(In thousands of euros)	31 December 2009	31 December 2010
Non-current assets	744 222	818 325
Current assets	96 520	166 835
Non-current liabilities	242 054	323 769
Current liabilities	140 537	120 841
Total net assets	**458 151**	**540 551**
Operating income	147 925	174 809
Net income	71 469	72 669

At 30 June 2010 and 2011, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:

- Hispasat, after amortisation of the identified intangible assets;
- Solaris Mobile Ltd.

NOTE 8: NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of:

(In thousands of euros)	30 June 2010	30 June 2011
Non-consolidated equity investments (1)	457	32
Long-term loans and advances	1 712	2 337
Total	**2 169**	**2 369**

(1) Non-listed investments valued at cost less impairment

- **Non-consolidated equity investments**

The non consolidated equity investments mainly comprise Sitcom Spa common stock with an 11.56% investment with a gross value of €6 000 thousand and a investment of 4.63% of TV Files' common stock with a gross value of 2 321 thousand euros. These shares are not listed on an active market and no reliable fair value can be obtained on the basis of information currently available. The relevant amounts, therefore, continue to be recognised on a historical-cost basis.

At 30 June 2010, depreciations amount to €7 951 thousand, namely a net value of €370 thousand. Based on the information provided, a supplementary impairment amounting to €370 thousand was recognised on these investments as of 30 June 2011.

- **Long-term loans and advances**

Long term loans and advances mainly represent loans to unions for a total of €1.0 million at 30 June 2010 and 2011, in addition to guarantee deposits paid for the renting of EUTELSAT S.A. premises in Paris for a total of €0.4 million at 30 June 2010 and 2011.

NOTE 9: INVENTORIES

Gross and net inventories amount to €3 484 thousand and €1 372 thousand at 30 June 2010 and €3 510 thousand and €1 211 thousand at 30 June 2011. They mainly comprise receive antennas and modems.

The allowance for stock depletion was €2 112 thousand and €2 299 thousand respectively for the financial periods ended 30 June 2010 and 30 June 2011.

NOTE 10: ACCOUNTS RECEIVABLE

Credit risk is the risk that a debtor of the Group will not pay when the debt matures. This is a risk that mainly affects the "accounts receivable" category and is followed up for each entity under the supervision of the financial personnel responsible. In the most important cases, the relevant financial personnel are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of a number of debtors. Depending on the assessment conducted by the financial staff, the entities concerned may, after validation by the Group, be asked to hedge the credit risk by taking out credit insurance or obtaining guarantees compatible with the evaluation of the risk.

Customers are mainly international telecommunications operators, broadcasters and other users of commercial satellite communications.

At 30 June 2010, the net book value of these accounts receivable amounted to €299 213 thousand and the corresponding impairment charge was €24 424 thousand.

As of 30 June 2011, the net book value of these receivables was €244 529 thousand and the corresponding impairment charge was €26 599 thousand.

Accounts receivable at 30 June 2010 and 2011 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2011 and the fact that no legal entity billed by the Group accounts individually for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, by deposits and credit insurance.

Despite the volatile environment, the Group has not so far observed any significant deterioration in payment times, and the amount of bad debt represents €1 398 thousand and €1 052 thousand at 30 June 2010 and 30 June 2011 respectively. The temporary and isolated increase observed at 30 June 2010 does not reflect any particular risk with respect to degradation of the balance of payments. The Group considers that recoverable debt represents no particular risk, except for the risk attached to customers in geographical areas deemed to be potentially the most exposed to the effects of the financial crisis. This risk is estimated at approximately 1.35% of the value of accounts receivable at 30 June 2011.

10.1 – Evolution of the allowance for bad debt

(In thousands of euros)	Group total
Value at 30 June 2009	**24 129**
Annual allowance	15 769
Reversals (used)	(3 001)
Reversals (unused)	(12 471)
Translation adjustments and other movements	-
Value at 30 June 2010	**24 426**
Annual allowance	12 715
Reversals (used)	(1 052)
Reversals (unused)	(9 490)
Translation adjustments and other movements	-
Value at 30 June 2011	**26 599**

10.2 – Analysis of accounts receivable (matured and non-matured)

(In thousands of euros)	30 June 2010	30 June 2011
Non-matured receivables	**204 222**	**182 519**
Unimpaired matured receivables	**86 330**	**55 715**
Between 0 and 30 days	*66 402*	*34 435*
Between 30 and 90 days	*6 143*	*5 043*
More than 90 days	*13 785*	*16 237*
Matured and impaired receivables	**33 085**	**32 894**
Between 0 and 30 days	*349*	*-*
Between 30 and 90 days	*11 286*	*12 076*
More than 90 days	*21 450*	*20 818*
Impairment	(24 426)	(26 599)
Total	**299 212**	**244 529**

10.3 – Guarantees and commitments received, which mitigate credit risk

(In thousands of euros)	30 June 2010		30 June 2011	
	Value of accounts receivable	Value of the guarantee	Value of accounts receivable	Value of the guarantee
Guarantee deposits	83 098	29 559	93 767	42 312
Bank guarantees	55 673	46 888	72 689	51 968
Guarantees from the parent company	33 635	33 635	37 654	37 654
Total	**172 406**	**110 081**	**204 110**	**131 934**

NOTE 11: OTHER CURRENT ASSETS

Other current assets are as follows:

(In thousands of euros)	30 June 2010	30 June 2011
Prepaid expenses	3 671	6 355
Tax and employee-related receivable	9 358	12 387
Total	**13 029**	**18 742**

NOTE 12: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2010	30 June 2011
Hedging instruments[1]	24	2 120
Other receivables	4 816	5 361
Total	**4 840**	**7 481**

(1) see Note 26 – *Financial instruments*

NOTE 13: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2010	30 June 2011
Cash	53 380	62 924
Accrued interest	-	2
Cash equivalents	5 238	72 866
Total	**58 618**	**135 792**

Cash equivalents are mainly composed of deposit certificates, the great majority of which mature less than one month on the date of acquisition, and mutual fund investments (UCITS) qualifying as “cash equivalents” (see Note 4.11 – *Cash and cash equivalents*).

NOTE 14: FINANCIAL ASSETS

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicates its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared.

(In thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2010					
		Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through the income statement	**Fair value at 30 June 2010**
Assets							
Non-current financial assets							
Unconsolidated investments	*Available for sale*	457	-	457	-	-	457
Long-term loans and advances	*Receivables*	1 712	1 712	-	-	-	1 712
Current financial assets							
Accounts receivable	*Receivables*	299 212	299 212	-	-	-	299 212
Other receivables	*Receivables*	4 816	4 816	-	-	-	4 816
Financial instruments (1)							
Qualified as cash-flow hedges	*N/A*	-	-	-	-	-	-
Qualified as trading instruments	*Held for trading purposes*	24	-	-	-	24	24
Cash and cash equivalents							
Cash	*N/A*	53 380	53 380	-	-	-	53 380
UCITS (2)	*Fair value option*	-	-	-	-	-	-
Cash equivalents	*Receivables*	5 238	5 238	-	-	-	5 238

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
(2) Fair value hierarchy: level 1 (reflecting quoted prices).

(In thousands of euros)	*Category of financial instruments*	**Net carrying amount at 30 June 2011**					**Fair value at 30 June 2011**
		Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through the income statement	
Assets							
Non-current financial assets							
Unconsolidated investments	*Available for sale*	32	-	32	-	-	32
Long-term loans and advances	*Receivables*	2 337	2 337	-	-	-	2 337
Current financial assets							
Accounts receivable	*Receivables*	244 529	244 529	-	-	-	244 529
Other receivables	*Receivables*	5 361	5 361	-	-	-	5 361
Financial instruments [(1)]							
Qualified as cash-flow hedges	*N/A*	1 693	-	-	1 693	-	1 693
Qualified as trading instruments	*Held for trading purposes*	427	-	-	-	427	427
Cash and cash equivalents							
Cash	*N/A*	62 924	62 924	-	-	-	62 924
UCITS [(2)]	*Fair value option*	66 187	66 187	-	-	-	66 187
Cash equivalents	*Receivables*	6 679	6 679	-	-	-	6 679

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(2) Fair value hierarchy: level 1 (reflecting quoted prices).

NOTE 15: SHAREHOLDERS' EQUITY

15.1 – Shareholders' equity

As of 30 June 2011, the share capital comprised 1 013 162 112 ordinary shares with a face value of €0.65 per share.

Movements since 30 June 2010 refer to the exercise of options by employees for a total of 23 987 shares under the "Managers IV" plan. There were no outstanding stock options as of 30 June 2011.

15.2 – Dividends

On 8 November 2010, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.26 per share, i.e. a total amount of €263 416 thousand, taken from net income for €257 563 thousand and from "Retained earnings" for €5 853 thousand.

The pay-out proposed to the General Meeting on 7 November 2011 for the financial year ended 30 June 2011, is €344 475 thousand, i.e. €0.34 per share.

15.3 – Share-based compensation

Stock-option plans

a) Summary of movements in respect of the stock-option plans

	Shares reserved for future grants	**Stock options outstanding**	**Weighted average strike price (In euros) after distribution**
Balance at 1 July 2010	-	23 988	1.64
Authorised	-	-	-
Granted	-	-	-
Exercised	-	23 987	1.64
Cancelled	-	1	1.64
Balance at 30 June 2011	**-**	-	-

b) Changes in the stock-option plans

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in euros)
Position on 30 June 2010					
Partners	4 389 963	(4 121 688)	(268 275)	-	1.00
Managers I	2 665 914	(2 612 083)	(53 831)	-	1.48
Managers II					
- 13/12/02	4 198 094	(4 198 094)	-	-	1.33
- 24/02/03	75 175	(75 175)	-	-	1.33
Managers III					
- 17/12/03	10 782 178	(10 782 178)	-	-	1.26
- 08/04/04	1 476 126	(1 411 359)	(64 767)	-	1.26
- 28/06/04	437 374	(437 374)	-	-	1.48
Managers IV	4 028 215	(3 963 853)	(40 374)	23 988	1.64
Total	**28 053 039**	**(27 601 804)**	**(427 247)**	**23 988**	-

Plans	Granted	Exercised	Cancelled	Balance	Strike price (in euros)
Position on 30 June 2011					
Partners	4 389 963	(4 121 688)	(268 275)	-	1.00
Managers I	2 665 914	(2 612 083)	(53 831)	-	1.48
Managers II					
- 13/12/02	4 198 094	(4 198 094)	-	-	1.33
- 24/02/03	75 175	(75 175)	-	-	1.33
Managers III					
- 17/12/03	10 782 178	(10 782 178)	-	-	1.26
- 08/04/04	1 476 126	(1 411 359)	(64 767)	-	1.26
- 28/06/04	437 374	(437 374)	-	-	1.48
Managers IV	4 028 215	(3 987 840)	(40 375)	-	1.64
Total	**28 053 039**	**(27 625 791)**	**(427 248)**	-	-

c) Assumptions used to determine the fair value of stock-option plans

EUTELSAT S.A. uses the Black & Scholes method for measuring the fair value of options, based on the following data:

- calculated volatility of 26.30%
- a risk-free rate of 2.98%
- a cancellation rate estimated at 37.5% over 3 years
- a weighted average unit cost of €1.68 per option

This valuation was done on the date the options were allotted.

Free allocation of EUTELSAT Communications shares

On 1 February 2010, the Board of Directors of the EUTELSAT Communications company (holding more than 50% of EUTELSAT S.A.) approved a new plan for the allocation of free shares to all employees of the EUTELSAT Communications Group, including directors and corporate officers, and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. As regards the EUTELSAT S.A. Group, a total of 633 048 shares was granted to 553 beneficiaries. The allocation of free shares is subject to the condition that the beneficiaries are still employed within the Group three years as from the above mentioned date and that they hold the shares for a further two-year period starting on the shares' vesting date. The plan breaks down in two parts:

- on the one part, the grant of 600 shares per beneficiary, conditional upon the attainment of performance objectives over three financial years ending 30 June 2012, including one objective linked to cumulative EBITDA[1] (50% of the relevant portion) and another objective linked to average ROCE[2] (the remaining 50%);

- on the other part, the grant of 301 248 shares to directors and corporate officers and managers, conditional upon the achievement, over the same three financial periods, of one objective based on cumulative EBITDA[1], one objective based on average ROCE[2], one objective linked to cumulative EPS[3] and one TSR[4]-linked objective, all four objectives being equally weighted.

The above-mentioned performance objectives are those of the EUTELSAT Communications Group.

In accordance with IFRS 2 "Share-based Payments" and IFRIC interpretation 11 IFRS 2 "Group and Treasury Share Transactions", a free share allocation plan implemented by a parent company for employees of its subsidiaries must be recognised by the subsidiaries as a contribution in equity from the shareholder with the corresponding expense representing services rendered by the beneficiaries.

The fair value of the equity instrument took into account the market price of the share at the grant date, market expectations of the dividend distribution at the valuation date, staff turnover of 5% and a non-transferability cost of 1.5%, and was in part approximated by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 1.637% and a share price volatility of 26.27%.

The value of the benefit granted under the plan, initially estimated at €9.6 million, was increased to €10.6 million during the reporting period to take into account a reassessment of the free share allocation. The amount is spread over the three-year vesting period. The

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1 EBITDA is defined as the operating result before depreciation and amortisation, excluding impairment of assets, other operating income and charges.

2 ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill).

3 EPS is defined as the Group's net earnings per share.

4 TSR is Total Shareholder Return. Rate of return on a share over a given period, including the dividends received and the capital gain earned (i.e. variation in the share price).

expense recognised for the periods ended 30 June 2010 and 30 June 2011, with a double entry to shareholders' equity, was €1.3 million and €3.7 million respectively.

Furthermore, within the framework of the free share allocation plan and the associated share buy back programme, Eutelsat Communications has signed a chargeback agreement with all its subsidiaries concerned by the free share plan.

15.4 – Change in the revaluation reserves of financial instruments

All financial instruments that have an impact upon the revaluation reserve are cash-flow hedges for the effective portion (see Note 26 – *Financial instruments*).

(In thousands of euros)	**Total**
Balance at 30 June 2010	**(14 081)**
Changes in fair value within equity	14 203
Transfer to the income statement	-
Balance at 30 June 2011	**122**

15.5 – Information on equity management

In order to maintain or adjust share capital structure, the Group can decide to issue new common stock that future issuances of investment securities will give access to when issued by the Company that has either directly or indirectly more than half of the share capital of EUTELSAT S.A. or one of the companies of which the Group owns more than half of the share capital either directly or indirectly.

15.6 – Nature and purpose of the other reserves

"Translation adjustment" is used to record the foreign exchange gains and losses arising from translation into euros of the financial statements of the foreign subsidiaries.

NOTE 16: FINANCIAL DEBT

16.1 – Non-current portion

At 30 June 2010 and 2011, all debt was denominated in euros.

Since 30 June 2010, the structure of the Group's debt has changed as a result of the refinancing in March 2010 of Eutelsat S.A. debt which was due to mature in November 2011. On 26 March 2010, Eutelsat S.A. issued a 7-year €850 million inaugural eurobond on the Luxembourg Stock Exchange regulated market. The proceeds of the bonds were used by Eutelsat S.A. for early reimbursement of the following credit lines:

- a €650 million term loan repayable at maturity
- a €650 million revolving credit facility, of which €200 million were used.

As a result, the credit facilities entered into in November 2004 for an amount of €1 300 million and a period of seven years with maturity in November 2011 were cancelled early in March 2010. As this transaction is accounted for as an extinguishment of liability within the meaning of IAS 39 "Financial instruments: Recognition and Measurement", the residual amount of trailing commissions associated with these credit agreements totalled €518 thousand and was recognised in this financial year using the accelerated amortisation method as of 30 June 2010.

Since 30 June 2010, the Group's debt structure has remained unchanged.

At 30 June 2011, the Group has access to the following credit facilities:

- a 7-year €850 million Eurobond with a coupon of 4.125 percent per annum, issued at 99.232 percent by Eutelsat S.A., and redeemable at maturity at 100 per cent of their principal amount;

- a revolving credit facility for €450 million (unused as of 30 June 2011) entered into by Eutelsat S.A. on 24 March 2010 for a 5-year period.

The amounts drawn on this credit facility bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 0.75% and 2.50% depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. A fee for non-use representing 40% of the margin mentioned above is payable. Under the agreement, a 0.25% fee for use is charged if more than 50% of the revolving credit facility is used, and it is only applied to the portion exceeding 50% of the aggregate amount of this credit line.

In addition, under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to *annualised* EBITDA[5] (as these terms are defined contractually) ratio less than or equal to 3.75 to 1 and this ratio is tested on 30 June and 31 December each year.

At 30 June 2011, the Group is in compliance with these ratios

The credit agreement and the bond issue include neither a guarantee by Eutelsat Communications' subsidiaries nor the pledging of assets to the lenders. They include restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, in particular to:

grant security interests or guarantees;

enter into agreements resulting in additional liabilities;

grant loans and carry out certain types of investments;

enter into mergers, acquisitions, asset disposals, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);

modify the nature of the business of the Company or its subsidiaries.

The eurobond issue and the credit facility allow each lender to request early repayment of all sums due in case of unregulated downgrading at the end of a period of 120 days or 180 days as appropriate, of Eutelsat S.A. or bonds issued by Eutelsat S.A. respectively as a result of a change of control of Eutelsat S.A. or a change of control of Eutelsat

[5] EBITDA is defined as the operating result before depreciation and amortisation, excluding impairment of assets, other operating income and charges.

Communications (other than control acquisition by this company's reference shareholders). This provision does not apply in case of Group restructuring.

The credit agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13° East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

- An intra-group cash agreement. A cash agreement has been created in order to facilitate and optimise the management of cash surpluses. It was put in place in 2005. The agreement is a permanent one and defines the terms and conditions of cash advances and loans between the entities of the "Group of Companies" including EUTELSAT S.A., EUTELSAT S.A. subsidiaries, EUTELSAT Communications Finance and EUTELSAT Communications.

  The conditions governing the interest rates of the intra-group loans are aligned with those for drawing on the revolving credit facility.

- A fixed rate loan amounting to €900 000 signed in 2005 by Wins, a subsidiary

- *Financial information at 30 June 2010 and 2011:*

The non-current portion of the Group's financial liabilities at 30 June 2010 and 2011 breaks down as follows:

(In thousands of euros)	**30 June 2010**		**30 June 2011**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Eutelsat Communications term loan (variable rate)	383 500	383 500	231 900	231 900
Eurobond	843 000	850 000	859 432	850 000
Fixed rate loan (Wins Ltd.)	64	64	-	-
Variable rate loan (Wins Ltd.)	150	150	-	-
Sub-total of debt (non-current portion)	**1 226 714**	**1 233 714**	**1 091 332**	**1 081 900**
Loan set-up fees and premiums(*)		(10 955)		(9 330)
Total		**1 222 759**		**1 072 570**

(*) inclusive of refinancing cost and bond issue premium.

The weighted average interest rate on amounts drawn under the revolving credit facility and intra-group loans for the period ended 30 June 2011 was 2.21% and 2.23% respectively.

The effective interest rate on the €850 million bond was 4.35%.

At 30 June 2011, the Group has access to the following main credit facilities:

(In thousands of euros)	Amount granted	Amount used	Maturity
Intra-group loans	231 900	231 900	
EUTELSAT S.A. revolving credit facility	450 000	-	24 March 2015
EUTELSAT S.A. term loan	850 000	850 000	27 March 2017
Wins Ltd. fixed rate loan	64	64	31 December 2011
Total	**1 531 964**	**1 081 964**	

At 30 June 2011, the debt maturity analysis is as follows:

(In thousands of euros)	30 June 2011	Maturity within one year	Maturity between 1 and 5 years	Maturity over 5 years
Intra-group loans	231 900	231 900	-	-
Eurobond	850 000	-	-	850 000
Wins Ltd. fixed rate loan	64	64	-	-
Total	**1 081 964**	**231 964**	**-**	**850 000**

16.2 – Current portion

Current debts include accrued interest not yet due on debts described in Note 16.1 - Current debts as follows:

(In thousands of euros)	30 June 2010	30 June 2011
Bank overdrafts	18 139	4 512
Accrued interest not yet due	9 826	9 399
Portion of the loans due within one year (excluding revolving credit)	409	64
Total	**28 374**	**13 975**

NOTE 17: OTHER FINANCIAL LIABILITIES

Other financial liabilities are as follows:

(In thousands of euros)

	30 June 2010	**30 June 2011**
Financial instruments (1)	10 371	5
Performance incentives (2)	26 955	18 198
Finance leases (3)	90	15 384
Other liabilities	52 999	55 653
Total	**90 415**	**89 240**
Incl. current portion	*41 251*	*30 159*
Incl. non-current portion	*49 164*	*59 081*

(1) See Note 26.5 – *Financial instruments*

(2) Including interest on "Performance incentives" amounting to €8 054 thousand at 30 June 2010 and €5 917 thousand at 30 June 2011.

(3) Including interest on finance leases of €99 thousand at 30 June 2011. At 30 June 2010, amounts of interest on finance leases were not material.

"Other liabilities" comprise advance payments and deposits from clients.

NOTE 18: FINANCIAL LIABILITIES

18.1 – Breakdown by category

(In thousands of euros)	*Category of financial instruments*	**Net carrying amount at 30 June 2010**				**Fair value at 30 June 2010**
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
Liabilities						
Short term and long-term debt						
Intra-group loans		383 500	383 500	-	-	383 500
Bond loan	*At amortised cost*	839 045	839 045	-	-	843 000
Fixed rate loans	*At amortised cost*	191	191	-	-	191
Floating rate loans	*At amortised cost*	432	432	-	-	432
Bank overdrafts	*N/A*	18 137	18 137	-	-	18 137
Other financial liabilities						
Non-current	*At amortised cost*	49 164	49 164	-	-	49 164
Current	*At amortised cost*	30 879	30 879	-	-	30 879
Financial instruments (1)						
Qualified as cash-flow hedges		10 371	-	10 371	-	10 371
Qualified as trading instruments		-	-	-	-	-
Accounts payable	*At amortised cost*	37 362	37 362	-	-	37 362
Fixed assets payable	*At amortised cost*	30 424	30 424	-	-	30 424

(1) Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(In thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2011				Fair value at 30 June 2011
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
Liabilities						
Short term and long-term debt						
Intra-group loans		231 900	231 900	-	-	231 900
Bond loan	*At amortised cost*	840 670	840 670	-	-	850 102
Fixed rate loans	*At amortised cost*	64	64	-	-	64
Floating rate loans	*At amortised cost*	-	-	-	-	-
Bank overdrafts	*N/A*	4 512	4 512	-	-	4 512
Other financial liabilities						
Non-current	*At amortised cost*	59 081	59 081	-	-	59 081
Current	*At amortised cost*	30 154	30 154	-	-	30 154
Financial instruments [1]						
Qualified as cash-flow hedges		5	-	5	-	5
Qualified as trading instruments		-	-	-	-	-
Accounts payable	*At amortised cost*	49 806	49 806	-	-	49 806
Fixed assets payable	*At amortised cost*	22 162	22 162	-	-	22 162

[1] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

NOTE 19: OPERATING AND FINANCE LEASES

19.1 – Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance on 25 November 2009 for a nine year-period starting on 1 August 2009 with contractual maturity date at 31 July 2018 and a fixed term of six years and five months. Rent expense amounted to €3 750 thousand and €3 757 thousand for the periods ended 30 June 2010 and 2011 respectively. Future lease payments are shown in the following table:

(In thousands of euros)	**Total**	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**
Future payments for operating leases	**18 096**	4 021	14 075	

19.2 – Finance leases

The Group operates four satellites under finance leases. None of the finance leases contains a purchase option at the expiry of the lease term.

The last finance lease contract expires in 2016.

At 30 June 2011, three of the four finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to €27 thousand at 30 June 2010 and €122 thousand at 30 June 2011.

NOTE 20: OTHER PAYABLES AND DEFERRED REVENUES

20.1 – Non-current portion

Other non-current debts only comprise deferred revenue.

20.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2010 and 2011:

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Deferred revenues	45 733	44 058
Tax liabilities	11 621	11 757
Social security and payroll liabilities	22 660	25 061
Total	**80 014**	**80 876**

NOTE 21: CURRENT AND DEFERRED TAX

Since 1 July 2006, EUTELSAT S.A. had opted for a tax consolidation system with SatBirds 2 SAS as head of Group. According to the tax consolidation agreement, the subsidiary companies had to bear company tax, a social contribution and a annual lump sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it was the Company at the head of the tax consolidation group that would bear or benefit from any additional tax expense or tax savings resulting from the application of such a system.

The tax consolidation group headed by SatBirds 2 S.A.S. joined the tax consolidation group headed by EUTELSAT Communications S.A. from 1 July 2007 onwards. The tax consolidation arrangements for this group are identical to the one described above.

Since 1 July 2009, the scope of the tax consolidation for the Group headed by EUTELSAT Communications includes the following subsidiaries: EUTELSAT S.A., EUTELSAT VAS S.A.S., EUTELSAT Communications Finance S.A.S. and Fransat S.A.

With a view to ensuring financial comparability, the claim or the debt in respect of the Company head of Group for tax consolidation is recorded under “Current tax receivable” or “Taxes payable” on the consolidated balance sheet.

21.1 – Income-statement tax balances

"Income tax expense" comprises current and deferred tax expenses of consolidated entities.

The Group's income tax expense is as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Current tax expense	(149 898)	(195 007)
Deferred tax expense (income)	(30 465)	(33 561)
Total income tax expense	**(180 363)**	**(228 568)**

The theoretical income tax expense, based on application to the profit before tax (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

(In thousands of euros)	30 June 2010	30 June 2011
Income before tax and income from equity investments	516 928	663 695
Standard French corporate tax rate	*34,43%*	*34,43%*
Theoretical income-tax expense	(177 978)	(228 510)
Permanent differences and other items	(2 385)	(58)
Corporate tax expense in the income statement	**(180 363)**	**(228 568)**
Actual corporate tax rate	*35%*	*34%*

As of 30 June 2010, the tax rate amounted to 35%. The discrepancy between the tax rates is mainly due to corporate losses which do not generate any deferred taxes.

21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2010 and 30 June 2011 were as follows:

(In thousands of euros)	30 June 2010	Net income for the period	Recognised in equity	30 June 2011
Basis of deferred tax assets				
Provisions for impairment of assets	13 965	(2 157)	-	11 808
Bad-debt provisions	17 980	2 072	-	20 052
Financial guarantee granted to the pension fund	1 776	(2 377)	-	(601)
Capitalised salaries and performance incentives	2 774	(2 392)	-	382
Provisions for risks and liabilities	1 788	853	-	2 641
Accrued liabilities	4 176	1 137	-	5 313
Pension provision	2 300	352	-	2 652
Sub-total (a)	***44 759***	***(2 512)***	***-***	***42 247***
Basis of deferred tax liabilities				
Exceptional depreciation	(92 033)	(27 481)	-	(119 514)
Financial instruments	3 562	(157)	(4 133)(1)	(728)
Capitalised interest	(3 663)	529	-	(3 134)
Finance leases	(1 055)	(182)	-	(1 237)
Other	(4 148)	(601)	-	(4 749)
Sub-total (b)	***(97 337)***	***(27 892)***	***(4 133)***	***(129 362)***
Total = (a)+(b)	***(52 578)***	***(30 404)***(3)	***(4 133)***(2)***)***	***(87 115)***
Reflected as follows in the financial statements:				
Deferred tax assets	2 912			2 302
Deferred tax liabilities	(55 490)			(89 417)
Total	***(52 578)***			***(87 115)***

(1) This amount does not include the changes in respect of equity investments amounting to €659 thousand for the period.
(2) This amount does not include the change in shareholders' equity of equity investments with regard to translation adjustments amounting to €164 thousand.
(3) Excluding provisions for risks for an amount of €3.2 million at 30 June 2011

Deferred tax assets and liabilities break down as follows:

(In thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	-	(581)
Due after one year	2 302	(88 836)
Total	**2 302**	**(89 417)**

NOTE 22: PROVISIONS

(In thousands of euros)	**30 June 2010**	**Allowance**	**Reversal**		**30 June 2011**
			Used	Unused	
Financial guarantee granted to a pension fund	5 161	1 306	(4 106)	-	2 361
Retirement indemnities	6 634	890	(75)	-	7 449
Post-employment benefits(1)	1 596	501	(108)	-	1 989
Total post-employment benefits	***13 391***	***2 697***	***(4 289)***	***-***	***11 799***
Litigation(2)	11 517	4 558	(1 998)	(3 753)	10 324
Other	2 044	3 157	(1 347)	-	3 854
Total provisions	**26 952**	**10 412**	**(7 634)**	**(3 753)**	**25 977**
Incl. non-current portion	**13 391**	**2 697**	**(4 289)**	**-**	**11 799**
Incl. current portion	**13 561**	**7 715**	**(3 345)**	**(3 753)**	**14 178**

(1) The other post-employment benefits relate to end-of-contract indemnity payments within various subsidiaries and also to the balance of a provision entered in respect of a fixed contractual contribution to the health-insurance “mutuelle” for former employees of the IGO who had taken pension as of the date the business was transferred to EUTELSAT S.A.

(2) Litigation recorded at end of period comprises business and employee litigation.

22.1. – Financial guarantee granted to a pension fund

EUTELSAT S.A., as a result of the transfer by the IGO of its operational business as of 2 July 2001, granted its financial guarantee to the Trust managing the pension fund established by the IGO. Before this date, the pension fund was closed and the accrued rights frozen.

This guarantee can be called under certain conditions to compensate for future under-funding of the plan. During the year ended 30 June 2011, as a result of the significant decline in long-term interest rates, the guarantee was called for an amount of €8 221 thousand. This amount was valued on the basis of the Trust’s projections of future market developments. In February 2011, an agreement was reached with the Trust to spread payment of the amount called as follows: €4 105.5 thousand at 30 June 2011 and 30 June 2012.

At 30 June 2011, the first payment amounting to €4 105.5 thousand was made.

The actuarial valuation performed on 30 June 2010 and 2011 used the following assumptions:

	30 June 2010	**30 June 2011**
Discount rate	4,50%	5,00%
Expected rate of return on assets	4,00%	4,00%
Rate for pension increases	2,50%	2,50%
Inflation rate	2,00%	2,00%
Overall expenses (as a % of assets)	0,58%	0,58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	age 61	age 61

As of 30 June 2010 and 2011, the position was as follows:

Comparative summary:

(In thousands of euros)	30 June				
	2007	**2008**	**2009**	**2010**	**2011**
Present value of benefit obligations wholly or partly funded	152 792	133 436	134 182	163 947	151 669
Fair value of plan assets	(138 358)	(145 847)	(147 983)	(151 615)	(156 157)
Net financing	**14 434**	**(12 411)**	**(13 801)**	**12 332**	**(4 488)**
Actuarial differences and other gains/(losses) - amortised	(3 937)	20 070	17 834	(7 171)	6 849
Net (asset)/liability recognised in the balance sheet	**10 497**	**7 659**	**4 033**	**5 161**	**2 361**

Reconciliation between the present value of the obligations at beginning and end of period

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Present value of the obligations at beginning of period	**134 182**	**163 947**
Service cost of the period	-	-
Finance cost	7 302	7 316
Actuarial differences: (gains)/losses	27 515	(16 460)
Benefits paid	(5 052)	(3 134)
Present value of the obligations at end of period	**163 947**	**151 669**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

Reconciliation between the fair value of plan assets at beginning and end of period:

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Fair value of plan assets at beginning of period	**147 983**	**151 615**
Expected return on plan assets	5 862	6 010
Actuarial differences : gains/(losses)	2 822	(2 440)
Contributions paid	-	4 106
Benefits paid	(5 052)	(3 134)
Fair value of plan assets at end of period	**151 615**	**156 157**

The fair value of plan assets includes no amounts relating to any financial instruments issued by EUTELSAT S.A. nor any property occupied by, or other assets used by, EUTELSAT S.A.

The actual return on the plan's assets was €8.7 million and €3.6 million at 30 June 2010 and 2011 respectively.

Net expense (net gains) recognised in the income statement:

(In thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Service cost for the period	-	-
Finance cost	7 302	7 316
Expected return on plan assets	(5 862)	(6 010)
Actuarial (gains)/losses	(312)	-
Net expense (net gains) recognised in the income statement	**1 128**	**1 306**

Reconciliation of assets and obligations recognised in the balance sheet:

(In thousands of euros)	30 June 2010	30 June 2011
Provision at beginning of period	**4 033**	**5 161**
Net expense (net gains) recognised in the income statement	1 128	1 306
Contributions paid	-	(4 106)
Provisions at end of period	**5 161**	**2 361**

History of experience and changes in assumptions:

(In thousands of euros)	30 June 2011
Gain/loss between expected return and actual return on plan assets	**2 440**
History of experience regarding the value of the obligations: (gains)/losses	(1 582)
Impact of changes in assumptions	(14 878)
	16 460

22.2 – Post-employment benefits

a) Retirement indemnities

French law requires payment of a lump sum retirement indemnity, where appropriate. This indemnity is paid to employees based upon years of service and compensation at retirement. Benefits only vest when an employee retires from EUTELSAT. This scheme is not funded.

The actuarial valuations performed at 30 June 2010 and 2011 were based on the following assumptions:

	30 June 2010	30 June 2011
Discount rate	4.50%	5.00%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH04-06	TF/TH04-06
Retirement age	age 65	age 65
Type of retirement	Voluntary retirement	Voluntary retirement
Rate for employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A. and is reviewed every three years.

Age (years)	**2010 Turnover**	**2011 Turnover**
25	11.02	10.72
30	7.41	7.21
35	5.36	5.21
40	4.08	3.97
45	3.23	3.14
50	2.29	2.23
55	0.00	0.00
60	0.00	0.00

As of 30 June 2010 and 2011, the position was as follows:

Comparative summary:

(In thousands of euros)	**30 June**				
	2007	**2008**	**2009**	**2010**	**2011**
Present value of obligations not financed	**3 876**	**6 390**	**7 125**	**7 940**	**7 959**
Past-service cost (amortised)	1 290	1 225	1 160	1 095	1 031
Actuarial differences and other gains/(losses) amortised	610	(1 588)	(2 186)	(2 401)	(1 541)
Liability recognised on the balance sheet	**5 776**	**6 027**	**6 099**	**6 634**	**7 449**

Reconciliation between the present value of the obligations at beginning and end of period:

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Present value of the obligations at beginning of period	**7 125**	**7 940**
Service cost for the period	457	513
Finance cost	387	357
Actuarial differences and other (gains)/losses	291	(776)
Benefits paid	(320)	(75)
Present value of the obligations at end of period	**7 940**	**7 959**

Net expense recognised in the income statement:

(In thousands of euros)	**Twelve-month period ended 30 June 2010**	**Twelve-month period ended 30 June 2011**
Service cost for the period	457	513
Finance cost	387	357
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	76	85
Net expense recognised in the income statement	**855**	**890**

Reconciliation between the amount recognised on the balance sheet at beginning and end of period:

(In thousands of euros)	30 June 2010	30 June 2011
Provision, beginning of period	**6 099**	**6 634**
Net expense recognised in the income statement	855	890
Benefits paid	(320)	(75)
Provision, end of period	**6 634**	**7 449**

History of experience and changes in assumptions:

(In thousands of euros)	30 June 2011
History of experience regarding the value of the obligations: (gains)/losses	(312)
Impact of changes in assumptions	(464)
	(776)

b) Supplementary schemes

The Group also has a supplementary defined-contribution funded plan for its employees in France (excluding directors and corporate officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. The employer's contributions paid for this purpose were €1 384 thousand and €1 401 thousand at 30 June 2010 and 2011 respectively.

The directors and corporate officers of EUTELSAT S.A. have a supplementary defined-benefits plan, which is financed by quarterly contributions to the fund managers. The present value of the obligations at 30 June 2010 and 2011 respectively was €424 thousand and €654 thousand, and the fair value of the assets was €361 thousand and €450 thousand. At 30 June 2011, the Group was recognising a liability of €203 thousand.

c) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid during the course of the year were €5 843 thousand and €6 104 thousand at 30 June 2010 and 2011 respectively.

NOTE 23: SEGMENT INFORMATION

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.

The information presented below is intended for the Managing Director, the Deputy Managing Director and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its consolidated financial statements as described in the Notes to the financial statements.

The performance indicators that are monitored by the decision-making body include turnover, EBITDA (EBITDA is defined as the operating result before depreciation and amortisation, excluding impairment of assets, other operating income and charges), financial expense, cash flow for investment in tangibles and equity interests and Group consolidated net debt (net debt includes all financial debt and all liabilities from long-term agreements, less cash and cash equivalents and marketable securities (less bank credit balances).

Internal reporting is a presentation of the Group's consolidated income statement at the parent entity level, i.e. EUTELSAT Communications, according to a different breakdown of items than the one used in the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts, such as the operating result, net result, share attributable to non-controlling interests and the share attributable to the Group.

23.1 – Segment reporting

(In thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Revenues	**1 047 224**	**1 168 142**
Total operating costs	**(219 429)**	**(241 733)**
EBITDA	**827 795**	**926 409**
Depreciation and amortisation:	(313 419)	(280 459)
Other non-operating income (expenses), net	(5 825)	(752)
Operating income	**508 551**	**645 198**
Total interest	(118 892)	(94 526)
Income tax expense	(143 239)	(199 041)
Other financial expenses	18 248	(14 642)
Net income before revenue from equity investments and non-controlling interests	**264 667**	**336 989**
Income from equity investments	17 844	17 754
Net income	**282 511**	**354 743**
Non-controlling interests	(13 010)	(16 269)
Group share of net income	**269 501**	**338 474**
Tangible investments and equity investments (cash flow)	**494 362**	**250 838**
Net debt (including finance leases)	**2 424 372**	**2 197 917**

	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
<u>Net income reconciliation</u>		
Net result for Eutelsat Communications Group	**282 511**	**354 743**
Holding contribution, net	74 743	102 706
Intra-group transactions, net	(2 845)	(4 568)
Net result for Eutelsat SA Group	**354 409**	**452 881**
<u>Net debt reconciliation</u>		
Net debt for Eutelsat Communications Group	**2 424 372**	**2 197 917**
Holding contribution to group net debt	(1 614 142)	(1 463 846)
Intra-group loan	383 500	231 900
Net debt for Eutelsat SA Group	**1 193 730**	**965 971**

23.2 – Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2010 and 2011 are as follows:

(In thousands of euros and as a percentage)	**Twelve-month period ended 30 June 2010**		**Twelve-month period ended 30 June 2011**	
Region	**Amount**	**%**	**Amount**	**%**
France	146 737	14.0	156 158	13.3
Italy	170 118	16.2	183 348	15.7
United Kingdom	87 874	8.4	83 677	7.1
Europe (other)	360 406	34.4	385 335	32.9
Americas	116 790	11.1	147 234	12.6
Middle East	101 623	9.7	122 377	10.5
Africa	62 345	5.9	74 693	6.4
Other (*)	2 809	0.3	17 122	1.5
Total	**1 048 702**	**100.0**	**1 169 944**	**100.0**

(*) Including €4.0 million and €4.7 million in indemnity payments for late delivery for the period ended 30 June 2010 and 30 June 2011 respectively.

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

NOTE 24: FINANCIAL RESULT

The financial result breaks down as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Interest expense (banks)(1)	(36 736)	(36 496)
Other interest expense (2)	12 479	19 275
Loan set-up fees	(5 432)	(866)
Commitment fees and other similar charges	(1 563)	(2 320)
Changes in financial instruments(3)	(30 921)	(688)
Provisions for risks and liabilities	(1 128)	(1 306)
Provision on financial assets	-	(431)
Foreign-exchange losses(4)	(12 404)	(25 666)
Financial expenses	**(75 705)**	**(48 498)**
Changes in financial instruments(3)	792	819
Interest income	1 518	3 094
Reversal of provisions on financial assets	-	-
Reversal of provisions for risks and expenses	-	-
Foreign-exchange gains(4)	29 752	12 641
Financial income	**32 062**	**16 554**
Financial result	**(43 643)**	**(31 944)**

(1) Interest expense (banks) includes the effects of the interest-rate risk hedging instruments employed. Coupons due and matured on the swaps and caps that are qualified as interest-rate risk hedges have affected the interest expense for the year 2009/2010 by €15.7 million. No effect was found for interest rate hedges during the financial period ended 2011.

(2) The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. During the period, the capitalised costs amounted to €18.5 million at 30 June 2010 and €30.0 million at 30 June 2011. They are highly dependant on the progress and number of satellite construction programmes during the financial year.

The portion of the capitalised interest expense paid is included within financing expenses in the consolidated cash-flow statement under the heading “Interest and other fees paid”.

Interest rates used to determine the amount of interest expense eligible for capitalisation were 3.6% and 4.4% for the financial years ended 30 June 2010 and 30 June 2011 respectively. “Other interest expense” also includes interest related to in-orbit satellite performance incentives, representing an expense amounting to €0.7 million and €1.2 million for the periods ended 30 June 2010 and 30 June 2011 respectively.

(3) Gains or losses in the fair value of the financial instruments mainly include changes in the fair value of the non-qualifying derivative instruments in a hedging relationship and the ineffective portion of qualifying derivatives in a hedging relationship for the periods ended 30 June 2010 and 30 June 2011 and disqualifications/transfers of hedging instruments (see Note 26.2 – *Interest rate risks*).

(4) Foreign-exchange options’ contracts are put in place to hedge future sales in dollars. Changes in the time value of these instruments (excluded from the hedging relationship) have a direct effect on the result. The

intrinsic value of options exercised during the year, taking into account that the hedged item has also affected the result for the year, has similarly been recognised directly under income or expense (no net change in equity due to these options). Changes in the intrinsic value of options where the hedged item has not yet affected the result have been recognised within equity and have not affected the result for the year.

Results on financial instruments per accounting category:

(In thousands of euros)	**Twelve-month period ended 30 June 2010**	**Twelve-month period ended 30 June 2011**
Net result on instruments measured at fair value per result on the option (cash equivalents)	75	54
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	343	78
Financial income on assets valued at amortised cost (loans and long term advance payments and other receivables)	-	-
Interest expense on loans (excluding hedging effect)	(21 079)	(36 496)
Reversals and (depreciation) of financial assets (accounts receivable)	918	(2 173)

NOTE 25: EARNINGS PER SHARE

The following two tables show the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted):

	30 June 2010	30 June 2011
Net income	354 409	452 881
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(780)	(248)
Net earnings used to compute basic earnings per share	**353 629**	**452 633**

	30 June 2010	30 June 2011
Net income	354 409	452 881
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	(780)	(248)
Net earnings used to compute diluted earnings per share	**353 629**	**452 633**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2010 and 2011 respectively:

	30 June 2010	30 June 2011
Restated weighted average number of shares used to compute non-diluted basic earnings per share	1 013 028 074	1 013 148 041
Number of additional shares that would result from the exercise of outstanding stock options (1)	18 759	-
Restated weighted average number of shares used to compute diluted earnings per share (1)	**1 013 046 833**	**1 013 148 041**

(1) At 30 June 2010, only EUTELSAT S.A. had issued dilutive instruments. (See Note 15.3 – *Share-based compensation).* The incremental number of additional shares which could be issued upon the exercise of outstanding stock options is computed using the average market price during the related period.

As EUTELSAT S.A. is not listed, Management estimated the average market price based on the latest valuations and the latest transactions between shareholders.

NOTE 26: FINANCIAL INSTRUMENTS

The Group has exposure to market risks, particularly with regard to foreign exchange and interest rate risk. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to manage such exposure. The Group does not engage in financial transactions whose associated risk can be quantified at their outset, i.e. the Group never sells assets it does not possess or does not know it will subsequently possess.

26.1 – Foreign-exchange risk

The Group's functional currency is the euro and the Group is therefore primarily exposed to fluctuations in the value of the U.S. dollar. As a means of preserving the value of assets, commitments and forecast transactions, the Group consequently enters into contracts whose value fluctuates in line with changes in the euro/dollar exchange rate. In particular, the Group hedges a number of future U.S. dollar revenues by means of financial instruments such as options contracts, forward currency transactions and foreign currency deposits. These instruments are traded over-the-counter with first-rate banking counterparts.

Purchase commitments relate to construction contracts for satellites and to launch contracts. They generally mature after three years and payments are made according to a pre-determined payment schedule. Commitments to sell relate to contracts denominated in US dollars.

During the financial year ended 30 June 2011, the Group only sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2011 is as follows:

(In thousands of euros)

Assets	133 056
Liabilities	28 214
Net position before risk management	**104 842**
Off-balance-sheet position (forward plus knock-in option (Europe))	(107 244)
Net position after risk management	**(2 402)**

Considering its exposure to foreign-currency risk, the Group believes that a 10% decrease in the euro/US dollar exchange rate would have no impact on Group income and it would result in a negative change amounting to €11 893 thousand in Group equity

26.2 – Interest rate risk

Interest rate risk management

The Group's exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Group has implemented the following interest rate hedging instruments:

For hedging the €650 million Term Loan facility entered into in November 2004:

- A pay fixed/receive floating interest rate swap put in place in November 2004 for a notional amount of €650 million over seven years (i.e. until maturity of the facility), terminated on 1 April 2010.

  The selected interest periods were three-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year.

- An interest rate swap (pay EURIBOR 3 month/ receive EURIBOR 1 month "Basis swap") put in place in November 2007 for a period of six months up until 30 June 2008. This interest rate swap pay EURIBOR 3 month/ receive EURIBOR 1 month has been used three times.

    - 11 June 2008 for a 6-month period until 31 December 2008,
    - 21 November 2008 for a 6-month period until 30 June 2009,
    - 15 May 2009 for a one-year period until 30 June 2010

These three basis swap transactions are combined with the pay fixed rate swap designed to hedge the €650 million Term Loan.

In respect of the €650 million revolver arranged in November 2004, of which amounts have been drawn down for €200 million and reimbursed on the refinancing date (see Note 16 - *Financial debt*).

- A pay fixed/receive floating interest rate swap put in place in February 2007 for a notional amount of €250 million over four years until maturity of the revolver (€650 million), terminated on 1 April 2010.

- Purchase of a cap in March 2007 in return for the payment of a €2 million premium for a notional amount of €200 million over four years until maturity of the €650 million revolving credit facility.

For each instrument, the interest periods are three-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Refinancing the syndicated credit facility on 26 March 2010 (see Note 16 – *Financial debt*) resulted in the hedging relationship of financial instruments being interrupted. The financial instruments became entirely ineffective as a result of the extinction of the financial liability with respect to IAS 39 "Financial Instruments: Recognition and

Measurement". Consequently, changes in fair value within equity were recognised in the income statement during the financial year ended 30 June 2010 for €29.6 million.

Furthermore, on 1 April 2010, both pay fixed/receive floating interest rate swaps were terminated in return for the settlement of a termination indemnity of €25 443 thousand for the swap covering the €650 million term loan and a termination indemnity of €12 572 thousand for the swap covering the €250 million drawn down out of the €650 million revolving credit facility.

Lastly, in respect of the partial hedging of the €450 million revolver entered into in March 2010 at Eutelsat S.A. sub-group level and unused as of 30 June 2011, the following derivative instrument was put in place in August 2010:

- A collar (purchase of a cap and sale of a floor) for a notional amount of €100 million over 3 years.

The selected interest periods are one-month periods beginning 30 September, 31 October, 30 November, 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July and 31 August each calendar year.

Sensitivity to interest rate risk

Considering the full range of financial instruments available to the Group at 30 June 2011, an increase of ten basis points (+ 0.10%) over EURIBOR would not affect interest expense in the income statement. It would result in a positive change amounting to €2 938 thousand in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

26.3 – Counterparty risk

Counterparty risk includes issuer risk, execution risk in connection with derivatives or monetary instruments and credit risk related to liquidity and forward investments. The Group minimises its exposure to issuer, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

At 30 June 2011, EUTELSAT S.A.'s banking syndicate comprised 4 lenders.

If any of the lenders default on the term loan part of the credit facilities, the Group retains the amounts initially allocated in full.

In the event of a counterparty default, the amount obtained could be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts on the other counterparties in order to obtain the extra sums needed to make up the total amount required.

The Group does not foresee any loss resulting from a failure by its counterparties to respect their commitments under the agreements it has concluded.

26.4 – Liquidity risk

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurring requirements and liquidity needs. This tool accounts for the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group’s objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, loans with the parent company, revolver lines of credit from banks, bond loans and satellite lease agreements.

79% of the Group’s debt matures in March 2017.

Breakdown of net financial liabilities by maturity (in thousands of euros):

30 June 2010	Balance-sheet value	Total contractual cash flows	06/2011	06/2012	06/2013	06/2014	06/2015	More than 5 years
Intra-group loans	(383 878)	(385 675)	(385 675)	-	-	-	-	-
Bond	(850 000)	(1 086 672)	(35 063)	(35 063)	(35 063)	(35 063)	(35 063)	(911 357)
Wins Ltd. Loan	(623)	(623)	(409)	(214)	-	-	-	-
Eutelsat S.A. foreign exchange derivatives*	(10 372)	(10 372)	(10 372)	-	-	-	-	-
Qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Bank overdrafts	(18 139)	(18 139)	(18 139)	-	-	-	-	-
Total financial debt	**(1 263 012)**	**(1 501 481)**	**(449 658)**	**(35 277)**	**(35 063)**	**(35 063)**	**(35 063)**	**(911 357)**
Other financial liabilities	(80 043)	(83 212)	(31 103)	(6 988)	(5 596)	(3 980)	(2 765)	(32 780)
Total financial liabilities	**(1 343 055)**	**(1 584 693)**	**(480 761)**	**(42 265)**	**(40 659)**	**(39 043)**	**(37 828)**	**(944 137)**
Qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	24	24	24	-	-	-	-	-
Financial assets	7 009	7 009	4 840	-	-	-	-	2 169
Cash	53 380	53 380	53 380	-	-	-	-	-
UCITS	-	-	-	-	-	-	-	-
Cash equivalents	5 238	5 238	5 238	-	-	-	-	-
Total financial assets	**65 651**	**65 651**	**63 482**	**-**	**-**	**-**	**-**	**2 169**
Net position	**(1 277 404)**	**(1 519 042)**	**(417 279)**	**(42 265)**	**(40 659)**	**(39 043)**	**(37 828)**	**(941 968)**

* The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

30 June 2011	Balance-sheet value	Total contractual cash flows	06/2012	06/2013	06/2014	06/2015	06/2016	More than 5 years
Intra-group loans	(231 900)	(233 506)	(233 506)	-	-	-	-	-
Bond	(850 000)	(1 051 612)	(35 063)	(35 063)	(35 063)	(35 063)	(35 063)	(876 297)
Wins Ltd. Loan	(64)	(64)	(64)	-	-	-	-	-
Eutelsat S.A. foreign exchange derivatives*	(5)	(5)	(5)	-	-	-	-	-
Qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Bank overdrafts	(4 512)	(4 512)	(4 512)	-	-	-	-	-
Total financial debt	**(1 086 481)**	**(1 289 699)**	**(273 150)**	**(35 063)**	**(35 063)**	**(35 063)**	**(35 063)**	**(876 297)**
Other financial liabilities	(89 235)	(92 804)	(30 165)	(10 206)	(8 519)	(6 979)	(1 108)	(35 827)
Total financial liabilities	**(1 175 716)**	**(1 382 503)**	**(303 315)**	**(45 269)**	**(43 582)**	**(42 042)**	**(36 171)**	**(912 124)**
Eutelsat S.A. interest rate derivatives*	1 693	1 693	1 693	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	427	427	275	143	9	-	-	-
Financial assets	7 730	7 730	5 361	-	-	-	-	2 369
Cash	62 924	62 924	62 924	-	-	-	-	-
UCITS	66 187	66 187	66 187	-	-	-	-	-
Cash equivalents	6 679	6 679	6 679	-	-	-	-	-
Total financial assets	**145 640**	**145 640**	**143 119**	**143**	**9**	**-**	**-**	**2 369**
Net position	**(1 030 076)**	**(1 236 863)**	**(160 196)**	**(45 126)**	**(43 573)**	**(42 042)**	**(36 171)**	**(909 755)**

* The amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

26.5 – Key figures at 30 June 2011

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2010 and 30 June 2011. The instruments are valued by the Group's bank counterparties, and the valuation is verified/validated by an independent expert.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2010**	**Change in fair value during the period**	***Impact on income (excluding coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (EUTELSAT S.A.)	154 837	(10 371)	(10 086)	*75*	*(10 161)*
Total forex derivatives	***154 837***	***(10 371)***	***(10 086)***	***75***	***(10 161)***
Swap (EUTELSAT S.A.)* (1)	650 000	Disposal	(895)	*(25 443)*	*24 548*
Swap (EUTELSAT S.A.)*	650 000	-	(225)	-	*(225)*
Swap (EUTELSAT S.A.) **(1)	250 000	Disposal	870	*(4 403)*	*5 273*
Cap (EUTELSAT S.A.)(*)	200 000	24	(358)	*(358)*	-
Total interest rate derivatives		**24**	**(608)**	***(30 204)***	***29 596***
Total derivatives		**(10 347)**	**(10 694)**	**(30 129)**	**19 435**
Equity interests					(10)
Total					**19 425**

* Combined swaps, unqualified since 26 March 2010.
** Swap qualifying as a hedge for €100 million since 1 April 2008, unqualified since 26 March 2010.
(*) CAP qualifying as a hedge for €100 million since 1 January 2009, unqualified since 26 March 2010.
(1) Including termination indemnities settled.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2011**	**Change in fair value during the period**	***Impact on income (excluding coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (EUTELSAT S.A.)	107 244	1 687	12 059	*54*	*12 005*
Total fore derivatives	***107 244***	***1 687***	12 059	***54***	12 005
Cap (EUTELSAT S.A.)	200 000	-	(24)	*(24)*	-
Collar (EUTELSAT S.A.)	100 000	427	102	*102*	-
Total interest rate derivatives		*427*	*78*	*78*	-
Total derivatives		**2 114**	**12 137**	**132**	**12 005**
Equity interests					2 199
Total					**14 204**

At 30 June 2011, the cumulative fair value of financial instruments is positive at €2 114 thousand. This figure includes €2 120 thousand recognised under "Current financial assets" (see Note 12 – *Current financial assets*) and €5 thousand recognised within "Other current financial liabilities" (see Note 17 – *Other financial liabilities*).

At 30 June 2010 and 2011, the changes in fair value recognised within financial result in respect of financial instruments amounted to a net expense of €30 129 thousand and a net income of €132 thousand respectively.

Breakdown of financial instruments qualifying for hedge accounting as of 30 June 2010 and 30 June 2011:

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2010**	**Change in fair value during the period**	***Impact on income (excluding coupons)*** [1]	***Impact on equity***
Synthetic forward transaction with knock-in option (EUTELSAT S.A.)	154 837	(10 371)	(10 086)	*75*	*(10 161)*
Total forex derivatives	***154 837***	***(10 371)***	***(10 086)***	***75***	***(10 161)***
Swap (EUTELSAT S.A.)* [2]	650 000	Disposal	(895)	*(25 443)*	*24 548*
Swap (EUTELSAT S.A.)*	650 000	-	(225)	-	*(225)*
Swap (EUTELSAT S.A.) **[2]	100 000	Disposal	348	*(4 925)*	*5 273*
Cap (EUTELSAT S.A.)[*]	100 000	12	(179)	*(179)*	-
Total interest rate derivatives		***12***	***(951)***	***(30 547)***	***29 596***
Total derivatives		**(10 359)**	**(11 037)**	**(30 472)**	**19 435**
Equity interests					(10)
Total					**19 425**

[*] Combined swaps, unqualified since 26 March 2010.
** Swap qualifying as a hedge for €100 million since 1 April 2008, unqualified since 26 March 2010.
[(*)] CAP qualifying as a hedge for €100 million since 1 January 2009, unqualified since 26 March 2010.
[(1)] The ineffective portion of the hedges was not significant and has not been isolated.
[(2)] Including termination indemnities settled.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2011**	**Change in fair value during the period**	***Impact on income (excluding coupons)*** [1]	***Impact on equity***
Synthetic forward transaction with knock-in option (EUTELSAT S.A.)	107 244	1 687	12 059	*54*	*12 005*
Total interest rate derivatives	***107 244***	***1 687***	***12 059***	54	12 005
Total derivatives	**106 897**	**1 687**	**12 059**	**54**	**12 005**
Equity interests					2 199
Total					**14 204**

[(1)] The ineffective portion of the hedges was not significant and has not been isolated.

<u>Impact on income statement and equity</u>

The impact on the income statement and equity of changes in fair value of derivatives qualified as interest rate hedges on future cash flows is as follows:

- The coupons on swaps that qualify as cash flow hedges are directly recognised under income; changes recognised in equity for such swaps correspond to changes in fair value excluding coupons (“clean fair value”).

- The coupon on the purchased cap (when the cap is active) is directly recognised under income and the same applies to changes in the time value of the cap (not included in the hedging relationship). The items recognised in equity correspond to changes in the intrinsic value not including the accrued coupon of the cap.

Cash-flow hedges – Fair value recognised in equity and to be reclassified to income

	Fair value recognised in equity and to be reclassified to income						
	Total	**One year at most**	**One to two years**	**Two to three years**	**Three to four years**	**Four to five years**	**More than 5 years**
- Foreign-exchange-risk hedges	1 687	1 687	-	-	-	-	-
Net total at 30 June 2011*	**1 687**	**1 687**	-	-	-	-	-

* Excluding equity investments for a negative amount of €1 277 thousand.

NOTE 27: OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2011, 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 standing with the exception of the following items:

27.1 – Purchase commitments

At 30 June 2011, future payments under satellite construction contracts amounted to €255 million, and future payments under launch agreements amounted to €265 million. These commitments are spread over 5 years.

The Group also has commitments with suppliers for the acquisition of assets and provision of services related to monitoring and control of its satellites.

Future payments in respect of such acquisition of assets and provision of services at 30 June 2010 and 30 June 2011 are scheduled as follows:

(In millions of euros)	**30 June 2010**	**30 June 2011**
2011	79	-
2012	21	60
2013	16	23
2014	13	20
2015 and thereafter(*)	47	18
2016 and thereafter	-	69
Total	**176**	**190**

(*) for the period reported in respect of the financial year ended 30 June 2010

The above total includes €1 million for purchase commitments entered into with related parties (see Note 28 "*Related parties*").

The Group may receive penalty payments related to incidents affecting the performance of its operational satellites.

27.2 – In-orbit insurance and launch insurance

As of 30 June 2011, the Group's existing in-orbit and L+1 (launch + 1 year) insurance policies have been taken out with insurance syndicates of 24 insurers, generally with ratings of between AA- and A+. Counterparty 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.

a) In-orbit insurance

Since 1 July 2010, the Group has been covered by a new 12-month programme designed to minimise, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. This programme comes in two parts (French"*Tranches"*): one covers losses in excess of €80 million up to a maximum of €500 million and the other covers losses ranging from €50 million to €80 million. These insurance policies were underwritten by 24 and 4 insurance companies respectively. The programme covers 15 of the satellites belonging to the Group (excluding EUROBIRD™4A (former W1), EUROBIRD™16 (former ATLANTIC BIRD™4, former HOT BIRD™4), ATLANTIC BIRD™1, W75 (former EUROBIRD™4), W5, W2M, SESAT 1 and W48 (former HOT BIRD™2).

The general insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 15 satellites insured, up to a ceiling of €223 million per satellite, subject to a total maximum claim or claims each year of €500 million. The Group's satellites covered under this policy are insured for their net book value.

The policy was replaced by a new in-orbit insurance programme taken out for 12 months starting on 1 July 2011. The programme design is now composed of a single part covering losses in excess of €50 million up to a maximum of €600 million. These insurance policies were underwritten by 22 insurance companies. The programme covers 15 of the satellites belonging to the Group (excluding EUROBIRD™4A (former W1), EUROBIRD™16 (former ATLANTIC BIRD™4, former HOT BIRD™4), ATLANTIC BIRD™1, W75 (former EUROBIRD™4), W5, W2M, SESAT 1, W48 (former HOT BIRD™2) and W6 (former W3)). The amount of insurance cover per satellite was increased from €223 million to €235 million.

b) Launch insurance

In October 2010, the Group took out L+1 (launch + 1 year) insurance for losses amounting to a maximum of €225 million per satellite, covering the seven satellites under construction (W3C, ATLANTIC BIRD™7, W6A, W5A, EUROBIRD™2A).

This policy is valid for a period of three years, i.e. until November 2013, and provides the required flexibility to assign any type of launcher to any of the five satellites covered.

On 28 October 2010, the Company suffered the loss of the W3B satellite just after its launch (see Note 6 - *Satellites and other property and equipment*). On 17 November 2010, a submission was sent to the insurers with proof of the loss and quantification of the claim. The loss was treated as a constructive total loss by all insurers of the programme. Consequently, a €235.1 million indemnity covering the full amount of the loss insured was paid to Eutelsat during the financial period ended 30 June 2011 and recorded under "Other operating income".

Reminder:

On 22 January 2009, the W2M satellite suffered a major anomaly. On 27 February 2009, a submission was sent to the insurers with proof of the loss and quantification of the claim.
The loss was treated as a constructive total loss by all insurers of the programme. An insurance indemnity of €120.5 million representing the full amount of the loss insured was therefore paid to Eutelsat in June 2009 and recognised under "Other operating income".
The agreement with the insurers also provides for the fact that if, after all, the satellite could be brought into commercial service at some time in the future, part of the revenues (10% or 28.75% as the case may be) would be returned to the insurers, subject to a total repayment ceiling of €30 million.
Any revenues would be recognised annually from 1 July 2009 but the first annual payment of the insurers' portion would not be paid to them before August 2012, under the suspensive condition of it still being possible to operate the satellite commercially as of 1 July 2012.

27.3 – Commitments received

See Note 10 – *Accounts receivable*.

27.4 – Litigation

The Group is involved in certain cases of litigation in the normal course of its business. In respect of the expected costs of such litigation, regarded as probable by the Company and its advisers, the Company has held provisions considered to be sufficient enough to cover the risks incurred.

Eutelsat initiated a request for arbitration on 6 April 2011 with the International Chamber of Commerce against Deutsche Telekom and Media Broadcast to enforce its rights at the orbital position 28.5 degrees East. The rights to certain frequencies at this orbital position are currently exploited by Eutelsat within the context of an agreement dating from June 1999 between Eutelsat and Deutsche Telekom (which has since transferred its satellite activity to Media Broadcast). At this stage, the Group does not expect any significant impact on its financial position.

NOTE 28: RELATED-PARTY TRANSACTIONS

Related parties consist of the direct and indirect shareholders who have control or exercise significant influence, which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of an entity of the Group, over the companies in which the Group has an equity interest that it consolidates by using the equity method, and the "principal senior managers".
The Group considers that the notion of "principal senior managers" in the context of the governance of EUTELSAT covers the members of the administrative and management bodies, namely the Chairman, the CEO, the Deputy CEO and the other members of the Board of Directors.

28.1 – Related parties that are not "principal senior managers"

Amounts due by or owed to related parties and included on the balance sheet as of 30 June 2010 and 2011 within current assets and liabilities are as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2010**	**Twelve-month period ended 30 June 2011**
Gross receivables (including unbilled revenues) (1)	13 300	10 532
Liabilities (including accrued invoices)	628	570
Liabilities for social contributions (2)	383 878	231 900

(1) Including €2 860 thousand and €1 042 thousand for equity interests as of 30 June 2010 and 30 June 2011 respectively.
(2) See Note 16 – *Financial debt.*

Transactions with related parties included in the income statements for the periods ended 30 June 2010 and 2011 are as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2010**	**Twelve-month period ended 30 June 2011**
Revenues (1)	44 741	45 599
Operating costs, selling, general and administrative expenses	3 131	3 258
Financial result	(4 990)	(8 846)

(1) Including €9 928 thousand and €8 485 thousand for equity interests as of 30 June 2010 and 30 June 2011 respectively.

For the year ended 30 June 2011, no related party transaction accounts individually for more than 10% of revenues.

In addition, the Group entered into transactions with certain shareholders for the provision of services related to the monitoring and control of its satellites.

Furthermore, the Group holds a put option vis-à-vis a related party, with no limited validity, exercisable twice a year with respect to the equity interest concerned.

28.2 – Compensation paid to the "principal senior managers"

(In thousands of euros)	**Twelve-month period ended 30 June 2010**	**Twelve-month period ended 30 June 2011**
Compensation excluding employer's charges	1 152	779
Short-term benefits: Employer's charges	450	258
Total short-term benefits	**1 602**	**1 037**
Post-employment benefits(1)	12% of annual salary at end of career	12% of annual salary at end of career
Share-based payment	See below	See below

(1) See Note 22.2 – *Post-employment benefits, b) Supplementary schemes.*

Share-based payment

During its meeting of 1st February 2010, the Board of Directors of EUTELSAT Communications approved a new free share allocation plan (see Note 15.3 – *Share-based compensation*) and decided on a free allotment of 36 122 shares in Eutelsat Communications to the members of the EUTELSAT S.A. Group's administrative and management bodies under the conditions set out in the plan. It also decided to define a 50% holding rate for all fully vested shares during the terms of office of the company's directors and officers.

The value of the benefit, which was initially estimated at €454 thousand, was increased to €599 thousand, and is spread over a three-year vesting period. The expense recognised for the financial years ended 30 June 2010 and 30 June 2011, with a double entry to shareholders' equity, was €61 thousand and €220 thousand respectively.

NOTE 29: STAFF COSTS

Staff costs (including mandatory employee profit-sharing and employee-related fiscal charges) are as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2010**	**Twelve-month period ended 30 June 2011**
Operating costs	30 780	36 576
Selling, general and administrative expenses	49 000	51 951
Total (1)	**79 780**	**88 527**

(1) Including €1 311 thousand and €3 735 thousand at 30 June 2010 and 30 June 2011 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	Twelve-month period ended 30 June 2010	**Twelve-month period ended 30 June 2011**
Operations	253	296
Selling, general and administrative	386	394
Total	**639**	**690**

As of 30 June 2011, the Group has 723 employees, against 661 as of 30 June 2010.

Compensation paid to the directors and corporate officers of EUTELSAT S.A. employed by the Group amounts to €1 063 thousand for the financial year ended 30 June 2011. Board members do not receive any attendance fees.
The Group has a corporate savings plan (*plan d'épargne d'entreprise* or *PEE*) reserved for EUTELSAT S.A. employees with more than three months of service, funded through voluntary contributions by employees.

Via EUTELSAT S.A., the Group has an employee incentive scheme (*accord d'intéressement*), which was set up for a three-year period and is based on objectives renewable each year.

NOTE 30: SCOPE OF CONSOLIDATION

The list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% voting rights as of 30 June 2010	% interest as of 30 June 2011
- EUTELSAT VAS S.A.S.	France	FC	100.00%	100.00%
- Tooway Management S.A.S.	France	FC	100.00%	100.00%
- Tooway S.N.C	France	FC	90.00%	90.00%
- Fransat S.A.	France	FC	100.00%	100.00%
- EUTELSAT do Brasil S.A. (1)	Brazil	FC	100.00%	100.00%
- EUTELSAT Italia S.r.l.	Italy	FC	100.00%	100.00%
- Skylogic Italia S.p.a.	Italy	FC	100.00%	100.00%
- EUTELSAT Services und Beteiligungen GmbH	Germany	FC	100.00%	100.00%
- EUTELSAT VisAvision GmbH	Germany	FC	100.00%	100.00%
- EUTELSAT Inc.	United States	FC	100.00%	100.00%
- EUTELSAT America Corp.	United States	FC	100.00%	100.00%
- EUTELSAT UK Ltd	United Kingdom	FC	100.00%	100.00%
- Eutelsat Polska spZoo	Poland	FC	100.00%	100.00%
- Skylogic Polska spZoo	Poland	FC	100.00%	100.00%
- Skylogic Finland Oy	Finland	FC	100.00%	100.00%
- Skylogic France	France	FC	100.00%	100.00%
- Skylogic Germany GmbH	Germany	FC	100.00%	100.00%
- Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	100.00%
- Irish Space Gateways	Ireland	FC	100.00%	100.00%
- CSG Cyprus Space Gateways	Cyprus	FC	100.00%	100.00%
- Skylogic Eurasia	Turkey	FC	100.00%	100.00%
- Skylogic Espana S.A.U.	Spain	FC	100.00%	100.00%
- Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	100.00%
- Wins Ltd (1)	Malta	FC	70.00%	70.00%
- Hispasat S.A. (1)	Spain	EM	27.69%	27.69%
- Solaris Mobile Ltd (1)	Ireland	EM	50.00%	50.00%

FC: Full consolidation
EM: Equity method
(1) Companies with financial years ending on 31 December.
NB: The other companies' financial year ends on 30 June.

These subsidiaries were fully consolidated using financial statements as of 30 June 2011.

NOTE 31: EVENTS AFTER THE BALANCE-SHEET DATE

None

NOTE 32: STATUTORY AUDITORS' FEES

(In thousands of euros)	ERNST & YOUNG				MAZARS			
	Amount N	**%**	**Amount N-1**	**%**	**Amount N**	**%**	**Amount N-1**	**%**
Statutory audit								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat SA	313	43%	222	23%	278	96%	222	51%
Other subsidiaries	150	21%	185	19%	12	2%	12	2%
Other due care and services directly linked to the statutory audit task								
Eutelsat SA	12	2%	232	24%	-	-	205	47%
Other subsidiaries	144	20%	251	26%	-	-	-	-
Sub-total	620	85%	890	92%	290	100%	439	100%
Other services, when appropriate								
Legal, tax, social	112	15%	81	8%	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-
Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-	-	-	-	-
Sub-total	112	15%	81	8%	-	-	-	-
TOTAL	732	100%	971	100%	290	100%	439	100%