Eutelsat Communications Group

Société anonyme with a capital of 220 113 982 euros
Registered office: 70, rue Balard 75 015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2011

CONSOLIDATED BALANCE SHEET

(In thousands of euros)

ASSETS	Note	30 June 2010	30 June 2011
Non-current assets			
Goodwill	5	807 752	807 752
Intangible assets	5	709 195	671 044
Satellites and other property and equipment, net	6	1 797 588	1 950 206
Construction in progress	6	732 913	697 976
Investments in associates	7	232 928	188 422
Non-current financial assets	8,14	3 049	5 803
Deferred tax assets	21	52 624	19 374
TOTAL NON-CURRENT ASSETS		**4 336 049**	**4 340 577**
Current assets			
Inventories	9	1 372	1 211
Accounts receivable	10	298 816	244 060
Other current assets	11	13 510	19 306
Current tax receivable	21	2 867	1 582
Current financial assets	12,14	4 900	7 512
Cash and cash equivalents	13	59 519	136 946
TOTAL CURRENT ASSETS		**380 984**	**410 617**
TOTAL ASSETS		**4 717 033**	**4 751 194**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2010	30 June 2011
Shareholders' equity			
Share capital	15	220 114	220 114
Additional paid-in capital	15	497 128	453 214
Reserves and retained earnings		725 951	978 302
Non-controlling interests		69 112	77 123
TOTAL SHAREHOLDERS' EQUITY		**1 512 305**	**1 728 753**
Non-current liabilities			
Non-current financial debt	16	2 446 102	2 300 762
Other non-current financial liabilities	17,18	49 164	59 081
Other non-current debt	20	1 469	99
Non-current provisions	22	30 156	28 564
Deferred tax liabilities	21	289 501	308 124
TOTAL NON-CURRENT LIABILITIES		**2 816 392**	**2 696 630**
Current liabilities			
Current financial debt	16	32 866	19 970
Other current financial liabilities	17,18	160 661	85 343
Accounts payable		40 956	53 173
Fixed assets payable		30 424	22 162
Taxes payable		12 618	39 719
Other current payables	20	97 153	91 252
Current provisions	22	13 658	14 192
TOTAL CURRENT LIABILITIES		**388 336**	**325 811**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 717 033**	**4 751 194**

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	1 047 224	1 168 142
Revenues from operations		**1 047 224**	**1 168 142**
Operating costs		(80 877)	(88 659)
Selling, general and administrative expenses		(138 552)	(153 074)
Depreciation and amortisation	5,6	(313 419)	(280 459)
Other operating income	27.2	148	235 393
Other operating expenses	6,15.3	(5 973)	(236 145)
Operating income		**508 551**	**645 198**
Financial income		32 868	16 579
Financial expenses		(133 512)	(125 747)
Financial result	24	**(100 644)**	**(109 168)**
Income from associates	7	17 843	17 754
Net income before tax		**425 750**	**553 784**
Income tax expense	21	(143 239)	(199 041)
Net income		**282 511**	**354 743**
Attributable to the Group		269 501	338 474
Attributable to non-controlling interests		13 010	16 269
Earnings per share attributable to Eutelsat Communications' shareholders	25		
Basic earnings per share in €		1.224	1.539
Diluted earnings per share in €		1.224	1.539

COMPREHENSIVE INCOME STATEMENT
(In thousands of euros)

	Note	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Net income		**282 511**	**354 743**
Other items of gain or loss on comprehensive income			
Translation adjustment	21.2	3 813	(1 891)
Tax effect		(858)	164
Changes in fair value of cash-flow hedging instruments	15.4, 26.5	(24 663)	75 867
Tax effect	21.2	8 491	(26 023)
Total of other items of gain or loss on comprehensive income		**(13 217)**	**48 117**
Total comprehensive income statement		**269 294**	**402 860**
Attributable to the Group		255 760	386 296
Attributable to non-controlling interests		13 534	16 564

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		282 511	354 743
Income from equity investments	7	(17 844)	(17 754)
(Gain) / loss on disposal of assets		120	-
Other non-operating items		238 525	257 436
Depreciation, amortisation and provisions		321 824	282 477
Deferred taxes	21	15 428	26 509
Changes in accounts receivable		(19 274)	24 280
Changes in other assets		4 447	(6 820)
Changes in accounts payable		12 430	33 244
Changes in other debt		8 821	3 685
Taxes paid		(148 702)	(140 979)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**698 286**	**816 820**
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 disposal of assets		8	22
Insurance indemnities on property and equipment	27.2	-	235 096
Changes in non-current financial assets		(295)	(879)
Dividends received from associates		3 169	3 378
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(491 480)**	**(248 315)**
Cash flows from financing activities			
Changes in capital		-	-
Distributions		(156 196)	(177 125)
Movements in treasury shares	15.3	263	(13 650)
Increase in debt		843 472	-
Repayment of debt	16.1	(850 184)	(150 559)
Repayment in respect of performance incentives and long-term leases		(14 329)	(11 366)
Other loan-related expenses		(9 554)	(30)
Interest and other fees paid		(76 930)	(112 228)
Interest received		1 498	2 870
Premiums and termination indemnities paid for derivatives settled	26.2	(38 015)	(5 977)
Acquisition of non-controlling interests	15.3	(6 717)	(7 769)
Other changes		315	(2 261)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(306 377)**	**(478 094)**
Impact of exchange rate on cash and cash equivalents		(464)	684
Increase (decrease) in cash and cash equivalents		**(100 035)**	**91 095**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**141 372**	**41 337**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**41 337**	**132 432**
Cash reconciliation			
Cash	13	59 519	136 944
Overdraft included under debt [(1)]	16.2	(18 182)	(4 512)
Cash and cash equivalents per cash flow statement		**41 337**	**132 432**

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(In 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	**219 803 965**	**219 804**	**526 047**	**584 913**	**1 330 764**	**67 070**	**1 397 834**
Net income for the period				269 501	269 501	13 010	282 511
Other items of gain or loss on comprehensive income				(13 741)	(13 741)	524	(13 217)
Total comprehensive income statement				**255 760**	**255 760**	**13 534**	**269 294**
Transactions affecting the capital	310 017	310	(310)	-		-	-
Treasury stock				263	263	-	263
Transactions with non-controlling interests				(4 183)	(4 183)	(2 170)	(6 353)
Distributions			(28 609)	(116 636)	(145 245)	(10 951)	(156 196)
Benefits for employees upon exercising options and free shares granted				1 563	1 563	40	1 603
ABSA commitments				(1 002)	(1 002)	2 245	1 243
Liquidity offer				5 273	5 273	(656)	4 617
As of 30 June 2010	**220 113 982**	**220 114**	**497 128**	**725 951**	**1 443 193**	**69 112**	**1 512 305**
Net income for the period				338 474	338 474	16 269	354 743
Other items of gain or loss on comprehensive income				47 822	47 822	295	48 117
Total comprehensive income statement				**386 296**	**386 296**	**16 564**	**402 860**
Transactions affecting the capital				-	-	-	-
Treasury stock				(13 649)	(13 649)	-	(13 649)
Transactions with non-controlling interests				(3 929)	(3 929)	(3 792)	(7 721)
Distributions			(43 914)	(122 958)	(166 872)	(10 252)	(177 124)
Benefits for employees upon exercising options and free shares granted				4 031	4 031	150	4 181
ABSA commitments				2 249	2 249	1 739	3 988
Liquidity offer				311	311	3 602	3 913
As of 30 June 2011	**220 113 982**	**220 114**	**453 214**	**978 302**	**1 651 630**	**77 123**	**1 728 753**

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 an M Breeze M. Proton rocket. It has come into operational service on 31 May 2011.

NOTE 2: GENERAL OVERVIEW

2.1 – Incorporation

SatBirds was incorporated as a joint stock company (*société par actions simplifiée)* on 25 February 2005. It is registered in the Register of Commerce and Companies (*Registre du Commerce et des Sociétés*) and its listing will expire on 25 February 2104.

On 4 April 2005, the main direct and indirect shareholders of Eutelsat S.A. contributed and sold their Eutelsat S.A. shares to SatBirds S.A.S., hereinafter referred to as "the Group".

On 31 August 2005, SatBirds changed its corporate name to Eutelsat Communications S.A. Simultaneously, the Company changed its legal form and became a French *société anonyme*.

2.2 – Business

The Eutelsat Communications Group (Eutelsat S.A. and its subsidiaries) is a private telecommunications satellite operator involved in the design, establishment, operation and maintenance of satellite telecommunications systems covering a large geographical area (extended Europe – including North Africa, Russia and the Middle East – the east of North America, Latin America, sub-Saharan Africa and Asia).

Eutelsat S.A. itself derives from the transfer on 2 July 2001 of all of the operating activities, assets, liabilities and commitments of the EUTELSAT Intergovernmental Organisation (IGO). Since then, the assignment of frequencies for the use of the frequency spectrum resources and space orbits used by Eutelsat S.A. with regard to the operation of these satellites remain under the joint responsibility of the member countries of the IGO, and of the IGO.

As of 30 June 2011, the Group owns and operates, via Eutelsat S.A., 24 satellites in geostationary orbit to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for 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.

2.3 – Approval of accounts

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

They will be submitted to the approval of the Ordinary General Meeting of Shareholders to be held on 8 November 2011.

NOTE 3: BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

3.1 – Compliance with IFRSs

Pursuant to Regulation 1602-2002 of the European Union governing the application of international accounting standards, the Company elected, as from its creation, to issue its consolidated financial statements under the combined framework commonly referred to as IFRS.

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 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 effective as of 30 June 2011 are identical to those effective at 30 June 2010, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 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, as well as in-orbit insurance premiums for satellite in-orbit lives:

Selling, general and administrative expenses are mainly composed of costs for administrative and commercial staff, all marketing and publicity expenses and related general expenses.

3.5 – Significant judgements and estimates

Preparation of the Group’s consolidated accounts requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustments to the amounts that are recognised during a subsequent financial period because of the uncertainty that surrounds them.

Judgements

When preparing the consolidated financial statements for the period ended 30 June 2011, Management exercised its judgement, especially with regard to the dispute with Deutsche Telekom (see Note 27.4 - *Litigation)*

3.6 - Periods presented and comparatives

The financial year of Eutelsat Communications runs for 12 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 on consolidation.

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 prior to the end of a 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 acquired separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value at the acquisition date as part of the process of allocation of the acquisition cost of the entity. The fair value is determined by reference to the generally accepted methods, such as those based on revenues or market value.

Intangible assets consist of the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because its lifetime is indefinite, the "Eutelsat" brand is not amortised but is systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over 20 years.

This useful life was estimated on the basis of the average length of the contractual relationships existing at the date of acquisition of Eutelsat and taking into account anticipated contract renewal rates (see Note 4.8 – *Impairment of non-current assets*).

Research and development costs
Development costs are recorded as intangible assets if the capitalisation criteria defined under IAS 38 “Intangible Assets” are met. Otherwise, they are expensed in the period in which they are incurred. Research costs are recorded as incurred.

For the periods ended 30 June 2010 and 2011, no development costs were capitalised 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 making the asset ready for use, less accumulated depreciation and any impairment.

Borrowing costs related to the financing of tangible fixed 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 in bringing individual satellites into operational use, and comprise manufacturing, launch and attributable launch insurance costs, capitalised interest, performance incentives, and costs directly associated with the monitoring of the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has certain 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 elements 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 the satellite. The new value of the satellite is amortised on a prospective basis over the remaining useful life.

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

Depreciation and amortisation – This 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 takes account, as appropriate, of the residual value of each asset or group of assets, starting from the date each 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 performs 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 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 the acquisition of satellites are also capitalised.

Assets under finance leases – Agreements whereby the Group uses capacity on all or part of the transponders of a satellite are recognised in accordance with IAS 17 "Leases". Under this standard, leases that transfer substantially all risks and rewards incidental to ownership to the Group are recognised as finance leases and accounted for by recognising the asset, and the corresponding obligation as a liability, in the balance sheet. 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 Eutelsat brand, are systematically tested annually for impairment in December, or more frequently when an event or circumstance occurs indicating a potential decline in its value.

For tangible fixed assets and intangible assets with finite useful lives, such as the "Customer Contracts & Relationships" asset, an impairment test is performed when there is an external or internal indication that their recoverable values may be lower than their carrying amounts (for example, the loss of a major customer or a technical incident affecting a satellite).

An impairment test consists of assessing the recoverable amount of an asset, which is the higher of its fair value net of selling costs and its value in use. If it is not practicable 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 selling costs and its value in use. If either of these amounts is greater than the carrying amount of the asset, its value has not been impaired and it is not necessary 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, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. 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 selling 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 deal.

Impairment losses and reversals of impairment losses are recognised respectively within the income statement items "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 of the satellites, i.e. 28 as of 30 June 2011
- investment in the Hispasat group
- each of the four assets related to "Customer Contracts and Relationships"

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 measured at fair value through the income statement, including trading financial assets and derivative instruments, are initially recorded at fair value. Other financial assets and liabilities are recorded at their cost, which corresponds to 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 their 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 derivative instruments 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 held 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 under 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 accounted for under the equity method of accounting, 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 their fair value, with the gains and losses resulting from the changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment loss is recognised, the cumulative gains and losses previously included under shareholders' equity are recognised 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 measured initially at their nominal value, on account of the immaterial 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 method.

4.10.2 – Financial liabilities

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

4.10.3 – Derivative instruments

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

Where a derivative instrument 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 is impaired. Examples of target impairment indicators include the following: breach of contract involving default in payment terms, significant financial difficulty of the lender or borrower, a likelihood of bankruptcy or a significant decline, other than temporary, in stock market capitalisation 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, within "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied so that a percentage amount recoverable can be determined based on the age of the relevant receivables.

Impairment of investments in equity securities that do not have a quoted market price in an active market and are valued at cost, and of investments in equity instruments classified as held-for-sale financial assets measured at fair value, cannot be reversed.

4.10.5 – Hedging transactions

Hedging transactions are carried out using derivatives. Changes in the fair value of the derivative instrument are used to offset the exposure of the hedged item to changes in fair value.

Derivative instruments 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 reported income; (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 derivative instruments designated as cash flow hedging instruments.

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 into the income statement when the hedged item 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 financing exposures.

Where a hedging relationship is put in place with a derivative instrument that has a non-zero fair value (for example, where a new debt is issued that is 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 as of the date the hedging relationship is put in place is amortised over the remaining life of the instrument concerned.

Where the anticipated transaction leads to the recognition of a non-financial asset or liability, the cumulative changes in the fair value of the hedging instrument previously recognised in shareholders’ equity are incorporated into the initial measurement of the asset or liability concerned.

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 quoted 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 consist mainly 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 released daily and for which the risk of a change in value is insignificant.

4.12 – Shareholders’ equity

Treasury stock
Treasury stock is recognised by reducing shareholders’ equity on the basis of the acquisition cost. When the shares are sold, any gains and losses are recognised directly in consolidated reserves net of tax and are not included under income for the year.

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

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

Similarly, in accordance with IFRS 2 "*Share-based payment*", benefits granted to employees in the form of offers are measured at the date the offers are granted. They constitute additional compensation, which is recorded during the period as an expense recognised as and when the corresponding rights are acquired by the employees.

4.13 – Revenue recognition

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

These contracts generally 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 service 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 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 temporary differences arising between the tax base of an asset or liability and its carrying amount. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

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

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

- where the deferred tax liability arises from undistributed profits from investments in subsidiaries, associated companies or joint ventures for which the Group is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur 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 profit will be available against which the deductible temporary differences can be utilised. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

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 balance sheet date.

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

4.15 – Earnings per share

Earnings per share are 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 buy back 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 Company's 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 in 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 to employees at year-end, using the projected unit credit 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 present 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.

The present value of the obligation is assessed 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 present value of the defined benefit obligation at the balance sheet date;
- the fair value of plan assets at that date.

The pension cost for the period, consisting of service cost, is recognised within 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 within 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 as incurred.

4.17 – Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat S.A. This defined-benefit pension scheme was closed and the vested pension rights 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 recognised when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of past events, (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.

Where the effect of the time value of money is material, the amount of the provision recognised corresponds to the discounted value of anticipated cash flows expected to be necessary to settle the obligation. This 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 due to the passage of time and the unwinding of the discount are recognised as financial expenses in the income statement.

NOTE 5: GOODWILL AND OTHER INTANGIBLES

The "Goodwill and Other Intangibles" item breaks down as follows:

Changes in gross assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
30 June 2009	**807 752**	**889 000**	**40 800**	**30 018**	**1 767 570**
Separate acquisitions	-	-	-	6 430	6 430
Disposals	-	-	-	-	-
Transfers	-	-	-	584	584
30 June 2010	**807 752**	**889 000**	**40 800**	**37 032**	**1 774 584**
Separate acquisitions	-	-	-	8 165	8 165
Disposals	-	-	-	-	-
Transfers	-	-	-	4 233	4 233
30 June 2011	**807 752**	**889 000**	**40 800**	**49 430**	**1 786 982**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation at 30 June 2009	**-**	**(188 913)**	**-**	**(19 421)**	**(208 334)**
Annual allowance	-	(44 450)	-	(4 853)	(49 303)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2010	**-**	**(233 363)**	**-**	**(24 274)**	**(257 637)**
Annual allowance	-	(44 450)	-	(6 099)	(50 549)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2011	**-**	**(277 813)**	**-**	**(30 373)**	**(308 186)**

Net assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value at 30 June 2009	**807 752**	**700 087**	**40 800**	**10 597**	**1 559 236**
Net value at 30 June 2010	**807 752**	**655 637**	**40 800**	**12 758**	**1 516 947**
Net value at 30 June 2011	**807 752**	**611 187**	**40 800**	**19 057**	**1 478 796**

The economic conditions observed as prevailing at 30 June 2011 did not lead Management to review the annual impairment test of the goodwill, carried out at 31 December 2010. At that date, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this Company's debt) compared with / corroborated by the latest private transactions involving Eutelsat S.A. shares, did not call into question the amount shown on the balance sheet.

As market capitalisation has substantially increased with respect to the figure used for the latest impairment test, the Group's Management took the view that the current context did not alter the assumptions made at 31 December 2010.

A drop in the share price on the stock-exchange of at least 80% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

NOTE 6: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

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

Changes in gross assets

(In thousands of euros)	Satellites [1]	Other property and equipment	Construction in progress	Total
Gross value at 30 June 2009	**2 843 781**	**135 287**	**543 717**	**3 522 785**
Change in gross value	(916)	-	-	(916)
Acquisitions	-	27 600	451 390	478 990
Disposals and scrapping of assets	(68 269)	(883)	-	(69 152)
Transfers	254 080	7 530	(262 194)	(584)
Gross value at 30 June 2010	**3 028 676**	**169 534**	**732 913**	**3 931 123**
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	**3 340 026**	**231 095**	**697 976**	**4 269 097**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites [1]	Other property and equipment	Construction in progress	Total
Accumulated depreciation at 30 June 2009	**(1 124 242)**	**(74 307)**	**-**	**(1 198 549)**
Annual allowance	(242 077)	(22 040)	-	(264 117)
Reversals	68 269	799	-	69 068
Impairment	(7 024)	-	-	(7 024)
Accumulated depreciation at 30 June 2010	**(1 305 074)**	**(95 548)**	**-**	**(1 400 622)**
Annual allowance	(207 529)	(22 332)	-	(229 861)
Reversals	-	9 568	-	9 568
Impairment	-	-	-	-
Accumulated depreciation at 30 June 2011	**(1 512 603)**	**(108 312)**	**-**	**(1 620 915)**

Net assets

(In thousands of euros)	Satellites [1]	Other property and equipment	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**	**73 986**	**732 913**	**2 530 501**
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	93 031
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 being therefore recognised as assets:

	Gross value	Net value		
SESAT 2 (1)	59 959	25 767	12 transponders	Contract dated March 2004 covering the satellite's remaining useful life
Telstar 12 (1)	15 068	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

(1) Gross value corresponding to the fair value of the satellites as of 4 April 2005, at the date of acquisition of Eutelsat S.A. by Eutelsat Communications.

Satellite-related 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.

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 foreseen. 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, "Investments in associates" are 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 founded 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 is able to distribute television, video and radio services, as well as bidirectional 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 of

the loss and quantification of the claim, and a request for payment of an insurance indemnity amounting to the total value of the asset. Due to the anomaly, the value of the S-band capacity was fully impaired as of 30 June 2009. In view of the facts available to it, the Company considered that the criteria were met to recognise an item of accrued income as of the same date, covering the full amount of the harm sustained.
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, the Solaris Company reduced its capital by €120 million. The Group received its share, i.e. €60 million.

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 equity investment, 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, 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 equity investment, beginning of period	**144 625**	**161 848**
Share of income	18 642	20 713
Impact of Income and expenses recognised directly under equity	(1 419)	(2 260)
Value of equity investment, 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 useful lives of the other identified intangible assets have 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	2 592	5 771
Total	**3 049**	**5 803**

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

- **Non-consolidated equity investments**

Non-consolidated investments are mainly made up of an investment in Sitcom Spa representing an 11.56% ownership interest. This investment was acquired by Eutelsat Services und Beteiligungen GmbH and had a net value of €370 thousand as of 31 March 2005. These investments are not listed on any active market and available information is not such as to allow a reliable fair value to be determined. The relevant amounts, therefore, continue to be recognised on a historical-cost basis.

Based on the information provided, the investments were fully impaired as of 30 June 2011.

- **Long-term loans and advances**

Long-term loans and advances mainly consist of loans to social welfare bodies for €1.0 million, rental guarantee deposits for Eutelsat S.A.'s Paris premises of €0.4 million and the "cash account" for the liquidity agreement relating to treasury stock, (first set up by Eutelsat Communications during the 2005-2006 financial period) amounting to €3.4 million.

NOTE 9: INVENTORIES

Gross and net inventories amount to €3 484 thousand and €1 372 thousand as of 30 June 2010 and €3 510 thousand and €1 211 thousand as of 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 the person responsible for a debit customer balance that is being carried by the Group will not honour that debt 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 certain customers in debit. Depending on the assessment made 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 carrying value of these accounts receivable was €298 816 thousand and the corresponding impairment charge was €20 496 thousand.

As of 30 June 2011, the net value of these receivables was €244 060 thousand. The corresponding impairment charge was €22 669 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 individually accounts for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, deposits and credit insurance.

Despite the challenging 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 as of 30 June 2010 and 2011 respectively. Furthermore, the Group considers that recoverable debt poses no particular risk, except for the possibility of risk due to customers in geographical areas that are 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	**19 011**
Annual allowance	15 769
Reversals (used)	(1 812)
Reversals (unused)	(12 471)
Translation adjustments and other movements	-
Value at 30 June 2010	**20 496**
Annual allowance	12 715
Reversals (used)	(1 052)
Reversals (unused)	(9 490)
Translation adjustments and other movements	-
Value at 30 June 2011	**22 669**

10.2 – Analysis of accounts receivable (matured and unmatured)

(In thousands of euros)	30 June 2010	30 June 2011
Unmatured receivables	**203 825**	**182 050**
Unimpaired 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	**29 155**	**28 964**
Between 0 and 30 days	*349*	*-*
Between 30 and 90 days	*11 286*	*12 076*
More than 90 days	*17 519*	*16 888*
Impairment	**(20 496)**	**(22 669)**
Total	**298 816**	**244 060**

10.3 – Guarantees and commitments received, which reduce the credit risk

(In thousands of euros)	30 June 2010		30 June 2011	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of 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	3 826	6 606
Tax and employee-related receivable	9 684	12 700
Total	**13 510**	**19 306**

NOTE 12: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2010	30 June 2011
Hedging instruments[1]	24	2 120
Other receivables	4 876	5 392
Total	**4 900**	**7 512**

(1) see Note 26.5 – *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	53 481	63 378
Accrued interest	-	2
Cash equivalents	6 038	73 566
Total	**59 519**	**136 946**

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

NOTE 14: FINANCIAL ASSETS

The following table gives a breakdown of each balance sheet item that corresponds to financial instruments by category, and indicates its fair value. This applies 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**					**Fair value at 30 June 2010**
		Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through income statement	
Assets							
Non-current financial assets							
Unconsolidated investments	*Available for sale*	457	-	457	-	-	457
Long-term loans and advances	*Receivables*	2 592	2 592	-	-	-	2 592
Current financial assets							
Accounts receivable	*Receivables*	298 816	298 816	-	-	-	298 816
Other receivables	*Receivables*	4 876	4 876	-	-	-	4 876
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*	53 481	53 481	-	-	-	53 481
UCITS (2)	*Fair value option*	-	-	-	-	-	-
Other cash equivalents	*Receivables*	6 038	6 038	-	-	-	6 038

(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 income statement	
Assets							
Non-current financial assets							
Unconsolidated investments	*Available for sale*	32	-	32	-	-	32
Long-term loans and advances	*Receivables*	5 771	5 771	-	-	-	5 771
Current financial assets							
Accounts receivable	*Receivables*	244 060	244 060	-	-	-	244 060
Other receivables	*Receivables*	5 392	5 392	-	-	-	5 392
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*	63 378	63 378	-	-	-	63 378
UCITS [2]	*Fair value option*	66 187	66 187	-	-	-	66 187
Other cash equivalents	*Receivables*	7 379	7 379	-	-	-	7 379

(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 of Eutelsat Communications S.A. comprised 220 113 982 ordinary shares with a par value of €1 per share. As of the same date, in terms of treasury stock, the Group holds 44 516 treasury shares amounting to €1 348 thousand under a liquidity agreement. As of 30 June 2010, the Group was holding 52 762 such shares corresponding to a total amount of €1 462 thousand. Furthermore, under the free share allocation plan (see below), the Group bought back 500 000 shares amounting to €13.9 million. The aggregate amount of treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2010 are presented hereafter:

Definitive date of each operation	Operations	Number of shares issued/ cancelled	Nominal capital increase/reduction (in thousands of euros)	Additional paid-in capital (in thousands of euros)	Nominal share capital after each operation (in thousands of euros)	Cumulative number of shares	Par value of shares (in euros)
30/06/2010		-	-	497 128	220 114	220 113 982	1
09/11/2010	Distribution of dividends (GM of 09/11/10)	-	-	(43 914)	220 114	220 113 982	1
30/06/2011		-	-	453 214	220 114	220 113 982	1

15.2 – Dividends

On 9 November 2010, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.76 per share, i.e. a total of €166 872 289.52, taken from "Additional paid-in capital" for a total of €43 913 760.40 and from net income as per 30 June 2010 for a total of €122 958 529.12.

The amount distributed for the financial year ended 30 June 2011, which is being proposed to the General Meeting of 8 November 2011, is €197 653 thousand, i.e. €0.90 per share.

15.3 – Share-based compensation

Free allotment of shares

On 25 July 2007, the Board of Directors decided to introduce a plan for the allocation of free shares to all employees of the Group, including the directors and corporate officers, representing a total of 474 831 free shares. These free shares were to be acquired definitively by the beneficiaries provided they stayed with the Group for two years after this date, and were to be available only after a further period of two years after the effective date of acquisition. It should be noted that, under this plan, definitive acquisition of the free shares was subject to the achievement of certain objectives over a two-year period, including an objective in terms of annual EBITDA (50% of the relevant portion) and an objective linked to the Company's share price at the end of the two-year period (the remaining 50%). The annual performance condition was reached on 30 June 2008 for the first year and on 30 June 2009 for the second year. Nevertheless, the target linked to the share price was not reached at the maturity of the plan.

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 using Monte Carlo simulations based on the previous criteria, a risk-free rate of 4.43% and share price volatility of 20.77%.

The value of the benefit granted under this plan was estimated at €5.0 million spread over the two-year vesting period. The expense recognised for the financial period ended 30 June 2010, with a double entry to shareholders' equity, was €178 thousand respectively.

On the anniversary date of the plan, i.e. 25 July 2009, 310 017 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 439 beneficiaries. The subsequent capital increase of 310 017 euros was taken from "Additional paid-in capital".

On 1 February 2010, the Board of Directors approved a new plan for the allocation of free shares to all employees of the Group, including the directors and corporate officers (i.e. 554 beneficiaries, including 553 employees), representing a maximum of 700 000 shares and decided that the allocation plan should be implemented through the distribution of previously repurchased shares. The allocation of free share 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 employed 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 368 200 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 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 using Monte Carlo simulations based on the previous criteria, a risk-free rate of 1.637% and a share price volatility of 26.27%.

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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 x (1 – corporate income tax) / (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).

The value of the benefit, which was initially estimated at €10.5 million, was increased to €11.9 million during the financial period to take into account the reassessed allocation of shares. The amount was spread over the three-year vesting period. The expense recognised for the period ended 30 June 2010 and 30 June 2011, with a double entry to shareholders' equity, was €1 425 thousand and €4 181 thousand respectively.

It should be noted that at 30 June 2011, 500 000 shares were bought back for €13.9 million, and that in accordance with IAS 32 "*Financial Instruments: Presentation*", the acquisition cost of shares bought back by the Group under the above free share allocation plan was recorded as a reduction of the Group's share of shareholders' equity.

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

Plans taken as a whole have generated a total expense, with a double entry to shareholders' equity, of €1 603 and €4 181 thousand at 30 June 2010 and 30 June 2011 respectively.

Description of Eutelsat S.A. stock-option plans

The information contained in this Note only concerns the Eutelsat S.A. sub-Group and the governing bodies of that sub-Group.

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

	Shares reserved for future grants	Stock options outstanding	Weighted average exercise 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

	Granted	Exercised	Cancelled	Balance	Exercise price (in euros)
Plans					
30/06/10					
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**	-

	Granted	Exercised	Cancelled	Balance	Exercise price (in euros)
Plans					
30/06/11					
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)**		-

-

Assumptions used to determine the fair value of the 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 performed when the options were issued and has not been modified by the acquisition of Eutelsat S.A.

During the periods ended 30 June 2010 and 2011 respectively, 193 841 options and 23 987 options were exercised. These capital increases generated a loss of dilution of €68 thousand and €8 thousand respectively, recognised under "Other operating costs".

Commitments to buy and to sell Eutelsat S.A. shares

In August 2005, the Group entered into commitments with certain key managers and directors and corporate officers of Eutelsat S.A. for the purchase and sale of Eutelsat S.A. shares derived from the exercise of the stock options granted by Eutelsat S.A. before the acquisition under the various "Managers" plans (i.e. a total of nearly 18.3 million Eutelsat S.A shares, and in return issued ABSAs to the managers concerned.

In accordance with IFRS 2 "*Share-based payment*", the Company's liquidity obligation has been recognised as a forward repayment of a shareholders' equity instrument. The obligation measured at €19 553 thousand as of the date of the operation was recognised as debt, offset by an equivalent reduction in shareholders' equity. The debt measured at present value as of 30 June 2010 on the basis of the timetable for purchase of the securities and exercise of the stock options was €3 988 thousand. As of 30 June 2011, all shares outstanding with respect to the liquidity obligation were repurchased.

The above resulted in the Group acquiring 460 256 Eutelsat S.A. shares representing 0.04% of the latter's share capital for an amount of €1 243 thousand during the financial year ended 30 June 2010.

During the financial year ended 30 June 2011, the Group acquired 1 453 432 Eutelsat S.A. shares representing 0.1435% of the latter's share capital for an amount of €3 925 thousand.

Liquidity offer for employees of the Group who are shareholders in Eutelsat S.A.

In similar fashion to the liquidity obligation described above, the Board of Directors decided at its meeting on 28 June 2006 to introduce a liquidity offer for employees of the Group who are shareholders in Eutelsat S.A. in the form of an offer to purchase their Eutelsat S.A. shares for cash.

The liquidity offer provides for a purchase price determined with reference to the Eutelsat Communications' share price and takes account of all net bank debt of the companies in the Group that are not included in the Eutelsat S.A. sub-group.

In similar fashion to the operation described above, the liquidity obligation has been treated as a change to the initial plans and recognised as a forward repayment of a shareholders' equity instrument. The obligation was measured as of 30 June 2006 and recognised as debt, offset by an equivalent reduction in shareholders' equity for an amount of €22.0 million. The amount recognised at 30 June 2010 and 30 June 2011 with respect to a reassessment of the repurchase value of the debt was an item of expense of €4 126 thousand and €1 064 thousand respectively. As of 30 June 2010 and 30 June 2011, the debt measured at present value to take account of the offers made and the options exercised amounted to €12 478 thousand and €9 628 thousand respectively.

In this context, it should be noted that share purchase offers to the Group's employees during the financial year ended 30 June 2010 resulted in the purchase of 862 868 Eutelsat S.A. shares representing 0.09% of the latter's share capital for an amount of €5 475 thousand. Also, during the financial year ended 30 June 2011, the Group acquired 535 576 Eutelsat S.A. shares representing 0.05% of the latter's share capital for an amount of €3 844 thousand.

15.4 – Change in the revaluation surplus of financial instruments

All financial instruments that have an impact upon the revaluation surplus are cash-flow hedges for the effective portion.

(In thousands of euros)	**Total**
Balance at 30 June 2010	**(125 038)**
Changes in fair value within equity	27 390
Transfer into the income statement [(1)]	48 477
Balance at 30 June 2011	**(49 171)**

[(1)] Including €42.8 million corresponding to coupons due and matured on the swap and €5.6 million corresponding to the share of the swap for which hedging relationships were interrupted (see Note 26.2 – *Interest rate risk*).

15.5 – Information on equity management

With a view to maintaining or adjusting its capital structure, the Group may buy back existing shares, issue new shares or issue securities giving access to its capital. The objectives of such share buy-back programmes may be to:

- make shares available so that the Group can honour its obligations with respect to securities convertible into shares;
- make shares available for transfer to the Group's senior managers and employees, or to those of related companies, under stock-purchase plans and operations for the free allocation of existing shares as provided for in Articles L. 225-197-1 to L. 225-197-3;
- make shares available to a provider of investment services for purposes of animating the market or the liquidity of the share under a liquidity agreement complying with the charter of professional ethics recognised by the *Autorité des marchés financiers:*
- keep the shares so as to be able to use them as a means of payment or exchange in relation to external growth operations;

- cancel the shares.

In addition, the objective of the Group is to distribute between 50% and 75% of the Group share of consolidated net income each year.

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.

At 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. (the Group’s subsidiary) 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, used to the tune of €200 million.

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 during the financial period ended 30 June 2010.

Since 30 June 2010, the Group’s debt structure has changed.

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

- A syndicated credit facility entered into by Eutelsat Communications on 8 June 2006 for a period of seven years, initially amounting to €1 915 million and reduced to €1 765 million during the financial period. The facility breaks down in two parts:

  - Tranche A: a long-life term loan for €1 615 million, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below), partially reimbursed for €150 million during June 2011, resulting in the term loan now amounting to €1 465 million. The partial reimbursement being accounted for as an extinguishment of liability within the meaning of IAS 39, a portion of the residual amount of trailing commissions associated with these credit agreements totalling €502 thousand was fully amortised over the financial period.

  - Tranche B: a revolving credit facility for €300 million. Amounts are drawn down for a maximum period of 6 months and bear interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below). A fee for non-use representing 30% to 35% of the margin mentioned above is payable.

The agreement of 8 June 2006 includes neither a guarantee by Eutelsat Communications’ subsidiaries nor the pledging of assets to the lenders.

This credit agreement includes 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 merger, acquisition, asset disposal, 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 agreement allows each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. The Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire term of the loan. The 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.

The credit facilities are linked to the following financial covenants, calculated on the basis of the Group's consolidated financial statements presented in accordance with IFRS:

- Leverage Ratio: consolidated net debt/consolidated EBITDA less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006; this ratio is then gradually reduced to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.50 at 31 December 2011.
- Interest Cover Ratio: Consolidated EBITDA/interest payable (due and matured) greater than or equal to 2.75 (if Leverage Ratio above 3.5).

In addition, interest rate hedging is required for a minimum period of three years to limit exposure to interest rate risk for no less than 50% of the amounts drawn under the term loan facility.

To this end, Eutelsat Communications had acquired an interest rate hedge put in place for the previous loan from its SatBirds Finance subsidiary on 19 June 2006.

Eutelsat Communications has also put in place a new instrument for the period 2010 – 2013 (see Note 26 – *Financial Instruments*):

The interest periods for the Eutelsat Communications term loan are periods of 6 months beginning 29 April and 29 October each calendar year, except for the final period which runs from 29 April 2013 to 8 June 2013:

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

- a revolving credit facility for €450 million (unused as of 30 June 2011) entered into by its subsidiary 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 (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.

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 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 Communications (other than control acquisition by the Group'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.

As of 30 June 2011, the Group is in compliance with these ratios.

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

The non-current portion of the Group's financial debt 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)	1 615 000	1 615 000	1 465 000	1 465 000
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)	**2 458 214**	**2 465 214**	**2 324 432**	**2 315 000**
Loan set-up fees and premiums*		(19 111)		(14 238)
Total		**2 446 103**		**2 300 762**

* inclusive of refinancing cost and bond issue premium.

The weighted average rate of interest on amounts drawn under this revolving credit facility for the period ended 30 June 2011 was 2.21%.

The effective interest rate on the €1 465 million term loan was 3.75% and 4.64% after taking into account the effects of hedging activities. 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**
Eutelsat Communications term loan	1 465 000	1 465 000	8 June 2013
Eutelsat Communications revolving credit facility	300 000	-	8 June 2013
Eutelsat S.A. revolving credit facility	450 000	-	24 March 2015
Eurobond	850 000	850 000	27 March 2017
Wins Ltd. fixed rate loan	64	64	31 December 2011
Total	**3 065 064**	**2 315 064**	

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

(In thousands of euros)	30 June 2010	Maturity within one year	Maturity between 1 and 5 years	Maturity over 5 years
Eutelsat Communications term loan	1 465 000	-	1 465 000	-
Eurobond	850 000	-	-	850 000
Wins Ltd. fixed rate loan	64	64	-	-
Total	**2 315 064**	**64**	**1 465 000**	**850 000**

16.2 – Current portion

Current financial debt includes accrued interest not yet due on the debt described in Note 16.1 at 30 June 2011. Current financial debt is as follows:

(In thousands of euros)	30 June 2010	30 June 2011
Bank overdrafts	18 182	4 512
Accrued interest not yet due	14 275	15 394
Portion of the loans due within one year (excluding revolving credit)	409	64
Total	**32 866**	**19 970**

NOTE 17: OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(In thousands of euros)	**30 June 2010**	**30 June 2011**
Financial instruments [(1)]	129 781	55 189
Performance incentives [(2)]	26 955	18 198
Finance leases [(3)]	90	15 384
Other liabilities	52 999	55 653
Total	**209 825**	**144 424**
- current part	*160 661*	*85 343*
- non-current part	*49 164*	*59 081*

[(1)] see Note 26 – *Financial instruments*

[(2)] Including interest on "Performance incentives" of €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

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						
Financial debt						
Credit lines	*At amortised cost*	1 606 844	1 606 844	-	-	1 606 844
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*	18 182	18 182	-	-	18 182
Other financial liabilities						
Non-current	*At amortised cost*	49 164	49 164	-	-	49 164
Current	*At amortised cost*	30 880	30 880	-	-	30 880
Financial Instruments [1]						
Qualified as hedges		129 781	-	129 781	-	129 781
Qualified as trading instruments		-	-	-	-	-
Accounts payable	*At amortised cost*	40 956	40 956	-	-	40 956
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						
Financial debt						
Credit lines	*At amortised cost*	1 460 092	1 460 092	-	-	1 460 092
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 hedges		55 189	-	55 189	-	-
Qualified as trading instruments		-	-	-	-	-
Accounts payable	*At amortised cost*	53 173	53 173	-	-	53 173
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	45 732	44 058
Tax liabilities	11 696	11 883
Liabilities for social contributions[(1)]	39 725	35 311
Total	**97 153**	**91 252**

[(1)] Including the liability related to the ABSA commitment for an amount of €3 988 thousand at 30 June 2010 and the liability related to the liquidity offer for an amount of €12 478 thousand at 30 June 2010 and €9 628 thousand at 30 June 2011. (see Note 15.3 – Share-based compensation).

NOTE 21: CURRENT AND DEFERRED TAX

Since 1 July 2008, 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. and Eutelsat Communications Finance S.A.S. Since 1 July 2009, Fransat S.A. company has joined the tax consolidation group.

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	(127 811)	(169 372)
Deferred tax expense (income)	(15 428)	(29 669)
Total income tax expense	**(143 239)**	**(199 041)**

The theoretical income tax expense, based on application to the pre-tax result (excluding the share of net income from equity investments) of the standard French corporate income 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	407 907	536 030
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(140 442)	(184 555)
Permanent differences and other items	(2 797)	(14 486)
Corporate income tax expense in the income statement	**(143 239)**	**(199 041)**
Actual corporate income tax rate	*35%*	*37%*

At 30 June 2011, the tax expense was 37%. The tax rate distortion is mainly explained by losses of foreign subsidiaries which were not recognised as active 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				
Financial instruments	41 861	(157)	(25 364)[1]	16 340
Provisions for impairment of assets	13 965	(2 161)	-	11 804
Capitalisation of losses carried forward	11 391	(11 391)	-	-
Bad-debt provisions	17 998	2 056	-	20 054
Financial guarantee granted to the pension fund	7 550	(2 377)	-	5 173
Capitalised salaries and performance incentives	2 774	(2 392)	-	382
Provisions for risks and expenses	1 792	853	-	2 645
Accrued liabilities	4 176	1 137	-	5 313
Pension provision	2 299	353	-	2 652
Sub-total (a)	***103 806***	***(14 079)***	***(25 364)***	***64 363***
Basis of deferred tax liabilities				
Intangible assets	(239 784)	15 305	-	(224 479)
Exceptional depreciation	(92 033)	(27 481)	-	(119 514)
Capitalised interest	(3 663)	529	-	(3 134)
Finance leases	(1 055)	(182)	-	(1 237)
Other	(4 148)	(601)	-	(4 749)
Sub-total (b)	***(340 683)***	***(12 430)***	***-***	***(353 113)***
Total = (a)+(b)	***(236 877)***	***(26 509)[3]***	***(25 364)[2]***	***(288 750)***
Reflected as follows in the financial statements:				
Deferred tax assets	52 625			19 374
Deferred tax liabilities	(289 502)			(308 124)
Total	***(236 877)***			***(288 750)***

(1) This figure does not include the change due to the companies accounted for via the equity method. This amounts 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	-	(15 885)
Due after one year	19 374	(292 239)
Total	**19 374**	**(308 124)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by the accounting treatment at fair value of "Customer contracts and relationships" and of the Eutelsat brand, valued at €929 800 thousand (see Note 5: *Goodwill and other intangibles*), giving rise on the occasion of the business combination to a deferred tax liability of €320 130 thousand. The amortisation of customer contracts over 20 years, amounting to €44 450 thousand, generates deferred tax income of €15 304 thousand.

NOTE 22: PROVISIONS

(In thousands of euros)	30 June 2010	Allowance	Reversal		30 June 2011
			Used	Unused	
Financial guarantee granted to a pension fund	21 927	1 306	(4 106)	-	19 127
Retirement indemnities	6 634	890	(75)	-	7 449
Post-employment benefits(1)	1 595	501	(108)	-	1 988
Total post-employment benefits	**30 156**	**2 697**	**(4 289)**	**-**	**28 564**
Litigation(2)	11 517	4 558	(1 998)	(3 753)	10 324
Other	2 141	3 157	(1 430)	-	3 868
Total provisions	**43 814**	**10 412**	**(7 717)**	**(3 753)**	**42 756**
- non-current part	**30 156**	**2 697**	**(4 289)**	**-**	**28 564**
- current part	**13 658**	**7 715**	**(3 428)**	**(3 753)**	**14 192**

(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 period-end corresponds to business and employee-related 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 upon in the amount of €8 211 thousand. This 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 to the tune of €4 105.5 thousand at 30 June 2011 and 2012.

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

The actuarial valuation performed at 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	16 860	40 729	36 524	9 595	23 615
Net (asset)/liability recognised in the balance sheet	**31 294**	**28 318**	**22 723**	**21 927**	**19 127**

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 and other 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 of the period	-	-
Finance cost	7 302	7 316
Expected return on plan assets	(5 862)	(6 010)
Actuarial (gains)/losses	(2 235)	-
Net expense (net gains) recognised in the income statement	**(796)**	**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	**22 723**	**21 927**
Net expense (net gains) recognised in the income statement	(796)	1 306
Contributions paid	-	(4 106)
Provisions at end of period	**21 927**	**19 127**

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 with respect to 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 financed.

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)	Turnover 2010	Turnover 2011
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 and other gains/(losses) - amortised	610	(1 588)	(2 186)	(2 401)	(1 541)
Liability recognised in 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 of the period	457	513
Finance cost	387	357
Actuarial 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 of 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 in 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 with respect to the value of the obligations: (gains)/losses	(312)
Impact of changes in assumptions	(464)
	(776)

b) Supplementary schemes

The Group also has a defined-contribution funded plan for its employees working 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 amount to €1 529 thousand and €1 401 thousand at 30 June 2010 and 2011 respectively.

Some directors and corporate officers of Eutelsat Communications S.A. and 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 for this purpose were €5 911 thousand and €6 153 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 amortisation and depreciation, excluding impairment of assets, other operating income and charges), dilution profit (losses) and launch indemnities, 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 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, the 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	**264 668**	**336 989**
Income from equity investments	17 843	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**

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	145 259	13.9	154 356	13.2
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	33.0
Americas	116 790	11.2	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	**1 047 224**	**100.0**	**1 168 142**	**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 is made up as follows:

(In thousands of euros)	Twelve-month period ended 30 June 2010	Twelve-month period ended 30 June 2011
Interest expense (banks)(1)	(79 962)	(114 279)
Other interest expense (2)	13 258	27 013
Loan set-up fees	(8 209)	(4 296)
Commitment fees and other similar charges	(2 247)	(3 004)
Changes in financial instruments(3)	(43 947)	(3 778)
Provisions for risks and expenses	-	(1 306)
Provision on financial assets	-	(431)
Foreign-exchange losses(4)	(12 405)	(25 666)
Financial expenses	**(133 512)**	**(125 747)**
Change in financial instruments(3)	792	819
Interest income	1 527	3 119
Reversal of provisions for risks and expenses	796	-
Foreign-exchange gains(4)	29 753	12 641
Financial income	**32 868**	**16 579**
Financial result	**(100 644)**	**(109 168)**

(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 years ended 30 June 2010 and 2011 by €37.6 million and €42.8 million respectively.

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

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

The interest rates used to determine the amount of interest expense eligible for capitalisation were 3.6% for the financial years ended 30 June 2010 and 4.4% for the year ended 30 June 2011. "Other interest expense" also includes interest related to in-orbit satellite performance incentives, and financial expenses attributable to satellite finance lease agreements, representing a net increase in expenses 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 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 hedges are put in place with the objective of hedging 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 instruments 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 instruments). Changes in the intrinsic value of hedging instruments 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)	(42 322)	(71 454)
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	282 511	354 742
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(13 044)	(16 001)
Net earnings used to compute basic earnings per share	**269 466**	**338 741**

	30 June 2010	30 June 2011
Net income	282 511	354 742
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	(13 050)	(16 001)
Net earnings used to compute diluted earnings per share	**269 461**	**338 741**

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 basic earnings per share	220 092 748	220 113 982
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	-	-
Restated weighted average number of shares used to compute diluted earnings per share (1)	**220 092 748**	**220 113 982**

(1) At 30 June 2010, only the subsidiary 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 its subsidiary Eutelsat S.A. is not listed, Management estimated the average market price based on the latest evaluations performed 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 rates. 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 cannot be quantified at their outset; in other words, 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 reference currency is the euro and the Group is therefore principally 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 satellite construction contracts and 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 (foreign exchange hedging)	(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 Eutelsat Communications Term Loan facility (due to mature in June 2013):

- A swap (pay fixed rate/receive floating rate) and a cap both with deferred start dates in April 2008, for two years (ending in April 2010) and for a notional amount of €807.5 million.

- A swap (pay fixed rate/receive floating rate) put in place in September 2006 with a deferred start date in April 2010 (ending in June 2013) for a notional amount of €1 615 million. This amount was reduced in June 2011 to €1 465 million so as to represent the term loan's exact amount (see below). A termination indemnity amounting to €6.2 million was paid as a result of the partial termination.

For each of these instruments, the interest periods are of six months beginning 29 April and 29 October each calendar year, except for the final period of the swap with start dates in April 2010, which runs from 29 April 2013 to 8 June 2013.

Following the early reimbursement of the amount of €150 million (see Note 16 – *Financial debt*), the second swap was partially disqualified, resulting in the recognition of €5.6 million expense, previously accumulated under equity (see Note 15.4 - *Change in the revaluation surplus of financial instruments*).

In addition, at Eutelsat S.A. sub-group level, the following corresponding derivatives had been put in place to hedge the syndicated credit facility entered into in November 2004 for a notional amount of €1 300 million:
In respect of the €650 million term loan facility:

- 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 term loan), terminated on 1 April 2010.

The selected interest periods are 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 by the Eutelsat S.A. sub-group, out of which amounts have been drawn down for €200 million at refinancing date:

- 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 to the tune of €26 million in the income statement for the financial year ended 30 June 2010.

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 unused revolver entered into in March 2010 at Eutelsat S.A. sub-group level, 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 base points (+ 0.10%) over the EURIBOR interest rate would not affect interest charges in the income statement. It would involve a €2 938 thousand positive change in shareholders' equity, related to the change in the effective fair values of hedging instruments qualified as cash flow hedges.

26.3 – Financial counterpart risk

Counterpart 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 risk and its exposure to execution and credit risk by acquiring financial products from first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

The Eutelsat Communications banking syndicate is made up of 39 lenders as of 30 June 2011. The Eutelsat S.A. banking syndicate consists of 4.

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

If any counterpart defaults on the revolving part of a credit facility, the amount obtained may be less than the total amount requested. In this case, the Group has the possibility of drawing one or more additional amounts from the other counterparts in order to obtain the extra sums needed to make up the total amount required.

The Group does not expect any loss resulting from a failure by its counterparts to meet their obligations as per the agreements.

26.4 – Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account 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, revolver lines of credit from banks, bond loans and satellite lease agreements.

63% of the Group's debt matures in June 2013 and 37% 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
Term loan Eutelsat Com.	(1 615 000)	(1 700 369)	(28 456)	(28 456)	(1 643 75 456)	-	-	-
Term loan Eutelsat S.A.	(850 000)	(1 086 672)	(35 063)	(35 063)	(35 063)	(35 063)	(35 063)	(911 359)
Eutelsat S.A. revolver loan	-	-	-	-	-	-	-	-
Wins Ltd. Loan	(623)	(623)	(409)	(214)	-	-	-	-
Eutelsat S.A. foreign exchange derivatives *	(10 372)	(10 372)	(10 372)	-	-	-	-	-
Qualifying Eutelsat Communications interest rate derivatives *	(119 410)	(119 410)	(34 047)	(37 939)	(47 424)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Bank overdrafts	(18 182)	(18 182)	(18 182)	-	-	-	-	-
Total financial debt	**(2 613 587)**	**(2 935 628)**	**(126 529)**	**(101 672)**	**(1 725 943)**	**(35 063)**	**(35 063)**	**(911 357)**
Other financial liabilities	(80 044)	(83 213)	(31 103)	(6 988)	(5 596)	(3 980)	(2 765)	(32 781)
Total financial liabilities	**(2 693 631)**	**(3 018 841)**	**(157 632)**	**(108 660)**	**(1 731 539)**	**(39 043)**	**(37 828)**	**(944 138)**
Non-qualifying Eutelsat S.A. interest rate derivatives*	24	24	24	-	-	-	-	-
Financial assets	7 949	7 949	4 900	-	-	-	-	3 049
Cash	53 481	53 481	53 481	-	-	-	-	-
UCITS	-	-	-	-	-	-	-	-
Other cash equivalents	6 038	6 038	6 038	-	-	-	-	-
Total financial assets	**67 492**	**67 492**	**64 443**	**-**	**-**	**-**	**-**	**3 049**
Net position	**(2 626 139)**	**(2 951 349)**	**(93 189)**	**(108 660)**	**(1 731 539)**	**(39 043)**	**(37 828)**	**(941 089)**

* 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
Term loan Eutelsat Com.	(1 465 000)	(1 538 192)	(36 596)	(1 501 596)	-	-	-	-
Eurobond Eutelsat S.A.	(850 000)	(1 051 612)	(35 063)	(35 063)	(35 063)	(35 063)	(35 063)	(876 297)
Eutelsat S.A. revolver loan	-	-	-	-	-	-	-	-
Wins Ltd. Loan	(64)	(64)	(64)	-	-	-	-	-
Eutelsat S.A. foreign exchange derivatives*	(5)	(5)	(5)	-	-	-	-	-
Qualifying Eutelsat Communications interest rate derivatives*	(55 184)	(55 184)	(29 781)	(25 403)	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
Bank overdrafts	(4 512)	(4 512)	(4 512)	-	-	-	-	-
Total financial debt	**(2 374 765)**	**(2 649 569)**	**(106 021)**	**(1 562 062)**	**(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	**(2 464 000)**	**(2 742 373)**	**(136 186)**	**(1 572 268)**	**(43 582)**	**(42 042)**	**(36 171)**	**(912 124)**
Eutelsat S.A. foreign exchange derivatives*	1 693	1 693	1 693	-	-	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	427	427	275	143	9	-	-	-
Financial assets	11 196	11 196	5 393	-	-	-	-	5 803
Cash	63 378	63 378	63 378	-	-	-	-	-
UCITS	66 187	66 187	66 187	-	-	-	-	-
Other cash equivalents	7 379	7 379	7 379	-	-	-	-	-
Total financial assets	**150 259**	**150 259**	**144 304**	**143**	**9**	**-**	**-**	**5 803**
Net position	**(2 313 741)**	**(2 592 114)**	**8 118**	**(1 572 125)**	**(43 573)**	**(42 042)**	**(36 171)**	**(906 321)**

* 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 as of 30 June 2010 and 30 June 2011 by type of contract. The instruments are valued by the Group's banking counterparts, and this valuation is verified/validated by an independent expert.

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(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 foreign exchange derivatives	***154 837***	***(10 371)***	***(10 086)***	***75***	***(10 161)***
Swap (Eutelsat Communications)	807 500	-	14 811	*(8 243)*	*23 055*
Forward swap (Eutelsat Communications)	1 615 000	(119 410)	(71 926)	*(8 174)*	*(63 753)*
Purchased cap (Eutelsat Communications)	807 500	-	-	*(218)*	*218*
Swap (Eutelsat S.A.)*[(1)]	650 000	Disposal	(895)	*(21 834)*	*20 939*
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		***(119 386)***	***(57 723)***	***(43 230)***	***(14 493)***
Total derivatives		**(129 757)**	**(67 809)**	**(43 155)**	**(24 654)**
Equity method companies					(10)
Total					**(24 663)**

* 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 foreign exchange derivatives	***107 244***	***1 687***	***12 059***	***54***	***12 005***
Swap (Eutelsat Communications) [(1)]	1 465 000	(55 184)	58 035	*(3 629)*	*61 664*
Cap (Eutelsat S.A.)	200 000	-	(24)	*(24)*	-
Collar (Eutelsat S.A.)	100 000	427	102	*102*	-
Total interest rate derivatives		***(54 757)***	***58 113***	***(3 551)***	***61 664***
Total derivatives		**(53 070)**	**70 172**	**(3 497)**	**73 669**
Equity method companies					2 199
Total					**75 868**

(1) Including termination indemnities settled for €6 190 thousand, deducted from variance over the financial period, including €538 thousand recognized under "interest charges" (see Note 24 – *Financial result*).

At 30 June 2011, the cumulative fair value of financial instruments is negative at €53 070 thousand. This is composed of €2 120 thousand recognised under "Current financial assets" (see Note 12 – *Current financial assets*) and €55 189 thousand recognised under "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 €43 155 thousand and €3 497 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 foreign exchange derivatives	***154 837***	***(10 371)***	***(10 086)***	***75***	***(10 161)***
Swap (Eutelsat Communications)	807 500	-	14 811	*(8 243)*	*23 055*
Forward swap (Eutelsat Communications)	1 615 000	(119 410)	(71 926)	*(8 174)*	*(63 753)*
Purchased cap (Eutelsat Communications)	807 500	-	-	*(218)*	*218*
Swap (Eutelsat S.A.)*[2]	650 000	Disposal	(895)	*(21 834)*	*20 939*
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		***(119 398)***	***(58 066)***	***(43 573)***	***(14 493)***
Total derivatives		**(129 769)**	**(68 152)**	**(43 498)**	**(24 654)**
Equity method companies					(10)
Total					**(24 663)**

* 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 foreign exchange derivatives	***107 244***	***1 687***	***12 059***	***54***	***12 005***
Forward swap (Eutelsat Communications)	1 465 000	(55 184)	58 035	*(3 629)*	*61 664*
Total interest rate derivatives		***(55 184)***	***58 035***	***(3 629)***	***61 664***
Total derivatives		**(53 497)**	**70 094**	***(3 575)***	**73 669**
Equity method companies					2 199
Total					**75 868**

[1] The ineffective portion of the hedges was not significant and has not been isolated.
[2] Including €6 190 thousand termination indemnities settled, deducted from variance over the financial period, including €538 thousand recognized under "interest charges" (see Note 24 – *Financial result*)

Impact on income statement and equity

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	-	-	-	-	-
- Interest-rate risk hedges	(49 581)	(28 899)	(20 682)	-	-	-	-
Net total at 30 June 2010*	**(47 894)**	**(27 212)**	**(20 682)**	**-**	**-**	**-**	**-**

* 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 position 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 for satellite monitoring and control.

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	80	-
2012	21	60
2013	16	23
2014	13	20
2015 and thereafter (*)	47	18
2016 and thereafter	-	69
Total	**177**	**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 party transactions*).

The Group may receive penalties 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+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

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 (see Note 6 – *Satellites and other property and equipment*).

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 party transactions consist of the direct and indirect shareholders who have 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), 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 concept of "principal senior managers" as applied to Eutelsat's governance includes members of the administrative and management bodies, namely the Chairman and 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 within current assets and liabilities as of 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
Gross receivables including unbilled revenues [1]	12 890	10 062
Liabilities including accrued invoices	628	224

[1] Including €2 860 thousand and €1 042 thousand for entities accounted for via the equity method as of 30 June 2010 and 30 June 2011 respectively.

Related party transactions 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]	43 263	43 797
Operating costs, selling, general and administrative expenses	2 243	784
Financial result	(76)	(24)

[1] Including €9 928 thousand and €8 485 thousand for entities accounted for via the equity method as of 30 June 2010 and 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 its equity interest in Hispasat.

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	2 580	1 495
Short-term benefits: employer's charges	883	464
Total short-term benefits	**3 463**	**1 959**
Post-employment benefits[1]	12% of annual salary at end of career	12% of annual salary at end of career
Other long-term benefits (indemnity payment in the event of unintended termination of appointment)	0	0
Share-based payment	See below	See below

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

Share-based payment

The Board of Directors, acting under delegations of authority granted by the Ordinary and Extraordinary General Meeting of 6 October 2005, made a free allotment of 102 422 new shares in Eutelsat Communications on 25 July 2007 to the members of the Group's administrative and management bodies. The offer requires that beneficiaries are still employed within the Group two years after the grant date and that they hold those shares for a further period of two years after the effective date of acquisition. In addition, the allocation is subject to the achievement of certain performance objectives over a two-year period (see Note 15.3 – *Share-based compensation*).

The value of the benefit was estimated at €1 031 thousand, spread over the vesting period. The expense recognised for the period ended 30 June 2010, with a double entry to shareholders' equity, was €41 thousand.

On the anniversary date of the plan, i.e.25 July 2009, 51 212 shares with a par value of 1 euro each were issued and definitively vested to the benefit of the members of the Group's administrative and management bodies.

During its meeting of 1st February 2010, the Board of Directors approved a new free share allocation plan (see Note 15.3 – *Share-based compensation*) and decided on a free allotment of 103 074 new shares in Eutelsat Communications to the members of the 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 corporate officers.

The value of the benefit granted, which was initially estimated at €1 289 thousand, was increased to €1 893 thousand, and is spread over a three-year vesting period. The expense recognised for the financial year ended 30 June 2010 and 2011, with a double entry to shareholders' equity, was €175 thousand and €715 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	30 849	36 231
Selling, general and administrative expenses	51 190	53 690
Total[(1)]	**82 039**	**89 921**

[(1)] Including €1 603 thousand and €4 181 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 (including employer's contributions) paid to directors and corporate officers of Eutelsat Communications employed by the Group amounts to €1 959 thousand for the financial year ended 30 June 2011. Board members received €734 thousand as attendance fees during the financial year.
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 its subsidiary Eutelsat S.A., the Group has an employee incentive scheme (*accord d'intéressement*), which was set up for a three-year period. The incentive scheme is based on objectives renewable each year.

NOTE 30: COMPANIES INCLUDED IN THE CONSOLIDATION

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

Company	Country	Consolidation method	% voting rights as of 30 June 2011	% interest as of 30 June 2011
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	96.30%	96.30%
Eutelsat S.A. Sub-Group				
- Eutelsat VAS S.A.S.	France	FC	100.00%	96.30%
- Tooway Management S.A.S.	France	FC	100.00%	96.30%
- Tooway S.N.C [2]	France	FC	100.00%	96.67%
- Fransat S.A.S	France	FC	100.00%	96.30%
- Eutelsat do Brasil S.A. [1]	Brazil	FC	100.00%	96.30%
- Eutelsat Italia S.r.l	Italy	FC	100.00%	96.30%
- Skylogic Italia S.p.A.	Italy	FC	100.00%	96.30%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.30%
- Eutelsat visAvision GmbH	Germany	FC	100.00%	96.30%
- Eutelsat Inc.	United States	FC	100.00%	96.30%
- Eutelsat America Corp.	United States	FC	100.00%	96.30%
- Eutelsat Broadband Corp.	United States	FC	100.00%	96.30%
- Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.30%
- Eutelsat Polska spZoo	Poland	FC	100.00%	96.30%
- Skylogic Polska spZoo	Poland	FC	100.00%	96.30%
- Skylogic Finland Oy	Finland	FC	100.00%	96.30%
- Skylogic France SAS	France	FC	100.00%	96.30%
- Skylogic Germany GmbH	Germany	FC	100.00%	96.30%
- Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.30%
- Irish Space Gateways	Irish	FC	100.00%	96.30%
- CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.30%
- Skylogic Eurasia	Turkey	FC	100.00%	96.30%
- Skylogic Espana S.A.U.	Spain	FC	100.00%	96.30%
- Eutelsat do Madeira Unipessoal Lda	Madeira	FC	100.00%	96.30%
- Wins Ltd [1]	Malta	FC	70.00%	67.41%
- Hispasat S.A. [1]	Spain	EM	27.69%	26.67%
- Solaris Mobile Ltd [1]	Ireland	EM	50.00%	48.15%

FC: Full consolidation
EM: Equity method
[1] Companies whose financial year-ends on 31 December.
[2] Company 90% owned by Eutelsat S.A. and 10% by Eutelsat Communications Finance S.A.S.
NB: The other companies' financial year ends on 30 June.

Consolidation of these subsidiaries under the full consolidation method was performed 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 communications	199	21%	324	25%	209	42%	271	38%
Other subsidiaries	484	51%	433	33%	290	58%	234	33%
Other due care and services directly linked to the statutory audit task								
Eutelsat communications	-	-	-	-	-	-	-	-
Other subsidiaries	156	16%	483	37%	-	-	205	29%
Sub-total	839	88%	1 240	94%	498	100%	710	100%
Other services, when appropriate								
Legal, tax, social	112	12%	81	6%	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-
Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-	-	-	-	-
Sub-total	112	12%	81	6%	-	-	-	-
TOTAL	951	100%	1 321	100%	498	100%	710	100%