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 2010

CONSOLIDATED BALANCE SHEET

(In thousands of euros)

ASSETS	Note	30 June 2009	30 June 2010
Non-current assets			
Goodwill	5	807 752	807 752
Intangible assets	5	751 484	709 195
Satellites and other property and equipment, net	6	1 780 519	1 797 588
Construction in progress	6	543 717	732 913
Investments in associates	7	216 502	232 928
Non-current financial assets	8,14	2 561	3 049
Deferred tax assets	21	36 937	52 624
TOTAL NON-CURRENT ASSETS		**4 139 472**	**4 336 049**
Current assets			
Inventories	9	1 771	1 372
Accounts receivable	10	298 792	298 816
Other current assets	11	17 203	13 510
Current tax receivable	21	3 407	2 867
Current financial assets	12,14	5 053	4 900
Cash and cash equivalents	13	143 745	59 519
TOTAL CURRENT ASSETS		**469 971**	**380 984**
TOTAL ASSETS		**4 609 443**	**4 717 033**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2009	30 June 2010
Shareholders' equity			
Share capital	15	219 804	220 114
Additional paid-in capital		526 047	497 128
Reserves and retained earnings		584 913	725 951
Non-controlling interests		67 070	69 112
TOTAL SHAREHOLDERS' EQUITY		**1 397 834**	**1 512 305**
Non-current liabilities			
Non-current financial debt	16	2 454 678	2 446 102
Other non-current financial liabilities	17,18	51 775	49 164
Other non-current debt	20	20 332	1 469
Non-current provisions	22	30 095	30 156
Deferred tax liabilities	21	266 874	289 501
TOTAL NON-CURRENT LIABILITIES		**2 823 754**	**2 816 392**
Current liabilities			
Current financial debt	16	14 090	32 866
Other current financial liabilities	17,18	138 428	160 661
Accounts payable		41 508	40 956
Fixed assets payable		72 036	30 424
Taxes payable		33 638	12 618
Other current payables	20	77 318	97 153
Current provisions	22	10 837	13 658
TOTAL CURRENT LIABILITIES		**387 855**	**388 336**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 609 443**	**4 717 033**

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

	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Revenues	23	940 541	1 047 224
Revenues from operations		**940 541**	**1 047 224**
Operating costs		(72 104)	(80 877)
Selling, general and administrative expenses		(126 325)	(138 552)
Depreciation and amortisation	5,6	(294 271)	(313 419)
Other operating income	27.2,28.1	145 769	148
Other operating charges	6,15.3	(121 968)	(5 973)
Operating income		**471 642**	**508 551**
Financial income		29 938	32 868
Financial expenses		(129 562)	(133 512)
Financial result	24	**(99 624)**	**(100 644)**
Income from associates	7	15 954	17 843
Net income before tax		**387 972**	**425 750**
Income tax expense	21	(127 988)	(143 239)
Net income		**259 984**	**282 511**
Group share of net income (loss)		247 348	269 501
Portion attributable to non-controlling interests		12 636	13 010
Earnings per share attributable to Eutelsat shareholders	25		
Basic earnings per share in €		1.126	1.224
Diluted earnings per share in €		1.126	1.224

COMPREHENSIVE INCOME STATEMENT
(In thousands of euros)

	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Net income		**259 984**	**282 511**
Other items of gain or loss on comprehensive income			
Translation adjustment		(697)	3 813
Tax effect		-	(858)
Changes in fair value of cash-flow hedging instruments	15.4,26.5	(219 732)	(24 663)
Tax effect	21.2	75 694	8 491
Total of other items of gain or loss on comprehensive income		**(144 735)**	**(13 217)**
Total comprehensive income statement		**115 249**	**269 294**
Group share of net income (loss)		104 604	255 760
Portion attributable to non-controlling interests		10 645	13 534

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of euros)

	Note	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Cash flow from operating activities			
Net income		259 984	282 511
Income from equity investments	7	(15 954)	(17 844)
(Gain) / loss on disposal of assets		20	120
Other non-operating items		100 137	238 525
Depreciation, amortisation and provisions		411 335	321 824
Deferred taxes	21	(4 944)	15 428
Changes in accounts receivable		(73 851)	(19 274)
Changes in other assets		20 945	4 447
Changes in accounts payable		5 650	12 430
Changes in other debt		27 788	8 821
Taxes paid		(76 378)	(148 702)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**654 732**	**698 286**
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(386 802)	(494 362)
Acquisitions of equity investments	7.1	(29 750)	-
Proceeds from sale of assets		198	8
Insurance indemnities on property and equipment	27.2	120 545	-
Acquisition of non-controlling interests	5, 15.3	(7 458)	(6 737)
Changes in other non-current financial assets		(279)	(12)
Dividends received from associates		2 473	3 169
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(301 073)**	**(497 934)**
Cash flows from financing activities			
Changes in capital		-	-
Distributions		(141 737)	(156 196)
Increase in debt		39 843	843 472
Repayment of debt		-	(850 184)
Repayment in respect of performance incentives and long-term leases		(15 994)	(14 329)
Other loan-related expenses		-	(9 554)
Interest and other fees paid		(108 626)	(76 930)
Interest received		5 791	1 498
Termination indemnities on derivatives settled	26.2	-	(38 015)
Other changes		2 946	315
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(217 777)**	**(299 923)**
Impact of exchange rate on cash and cash equivalents		(619)	(464)
Increase (decrease) in cash and cash equivalents		**135 263**	**(100 035)**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**6 109**	**141 372**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**141 372**	**41 337**
Cash reconciliation			
Cash	13	143 745	59 519
Overdraft included under debt (1)	16.2	(2 373)	(18 182)
Cash and cash equivalents per cash flow statement		**141 372**	**41 337**

(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” in the balance sheet.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands of euros, except share data)

	Common stock					
	Number	Amount	Additional paid-in capital	Reserves and retained earnings	Non-controlling interests	Total
As of 30 June 2008	**219 641 955**	**219 642**	**662 566**	**469 511**	**65 525**	**1 417 244**
Net income for the period				247 348	12 636	259 984
Other items of gain or loss on comprehensive income				(142 744)	(1 991)	(144 735)
Total comprehensive income statement				**104 604**	**10 645**	**115 249**
Transactions affecting the capital [(1)]	162 010	162	(4 772)	4 610	-	-
Treasury stock				(215)	-	(215)
Transactions with non-controlling interests				(626)	(696)	(1 322)
Distributions			(131 747)	-	(9 990)	(141 737)
Benefits for employees upon exercising options and free shares granted				3 667	-	3 667
ABSA commitments				2 913	538	3 451
Liquidity offer				448	1 049	1 497
As of 30 June 2009	**219 803 965**	**219 804**	**526 047**	**584 913**	**67 070**	**1 397 834**
Net income for the period				269 501	13 010	282 511
Other items of gain or loss on comprehensive income				(13 741)	524	(13 217)
Total comprehensive income statement				**255 760**	**13 534**	**269 294**
Transactions affecting the capital	310 017	310	(310)	-	-	-
Treasury stock				263	-	263
Transactions with non-controlling interests				(4 183)	(2 170)	(6 353)
Distributions			(28 609)	(116 636)	(10 951)	(156 196)
Benefits for employees upon exercising options and free shares granted				1 563	40	1 603
ABSA commitments				(1 002)	2 245	1 243
Liquidity offer				5 273	(656)	4 617
As of 30 June 2010	**220 113 982**	**220 114**	**497 128**	**725 951**	**69 112**	**1 512 305**

[(1)] The amount shown as additional paid-in capital includes negative retained earnings of €4,610 thousand for this item at 30 June 2008.

NOTE 1: KEY EVENTS DURING THE FINANCIAL YEAR

- On 26 March 2010, Eutelsat S.A., which Eutelsat Communications owns directly and indirectly at 96.1%, finalised the refinancing of all its credit agreements that were due to mature in November 2011 for a total amount of €1.3 billion. The refinancing took place through:

  - the issuance of a 7 year senior unsecured bonds, with a coupon of 4.125 percent per annum for a total of €850 million;
  - the conclusion of a 5 year new senior unsecured revolving credit facility for a total of €450 million.

By end of March 2010, Eutelsat S.A.'s indebtness has been fully cancelled and reimbursed using the net proceeds of the bonds, and treated in the financial statements as an extinguishment.of debt.

(see Note 16 – *Financial debt*)

- The W7 satellite was successfully launched on 24 November 2009 by a Proton launch vehicle. It came into full operational service during the first week of January 2010.

- During the financial year, Solaris, an entity jointly held by SES Astra, was fully refunded for the amount of the indemnity in relation to the incident observed/reported in June 2009 on the W2A satellite. The loss of this asset recorded in Solaris' accounts at 30 June 2009 had no impact on the company's contribution to the Group's income, as the expected indemnity payment was recognised during the same accounting period.

(see Note 7.1 – *Solaris Mobile Ltd*.)

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 2010, the Group owns and operates, via Eutelsat S.A., 23 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 five satellites belonging to third parties or related parties.

Six more satellites (W3B, Ka-Sat, W3C, ATLANTIC BIRD™7, W5A and W6A) are currently under construction. The first two satellites are expected to be launched in 2010/2011, the third and fourth in 2011/2012 and the last two in 2012/2013.

2.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2010 have been prepared under the responsibility of the Board of Directors, which adopts them at its meeting of 29 July 2010.

They will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 9 November 2010.

NOTE 3: BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

3.1 – Compliance with IFRS

In accordance with regulation 1602-2002 of the European Union regarding 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 2010 have been prepared in accordance with the IFRS, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following Web site:

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

The standards and interpretations applicable at 30 June 2010 are identical to those applicable at 30 June 2009, except for the following texts which are required to be applied for all financial periods beginning on or after 1 July 2009.

- Revised IAS 1 "Presentation of Financial Statements"; the revised standard requires an entity to present a comprehensive income statement that includes net profit and other items of gain or loss on comprehensive income directly recognised to shareholder's equity. According to the revised IAS 1, the comprehensive income statement can be presented either as a single financial statement including the income statement or as two financial statements, namely an income statement and a comprehensive income statement. In the latter case, the comprehensive income statement is presented immediately after the income statement. This was the option that the Group has chosen.

- IFRS 8 "Operating Segments"; this standard which supersedes IAS 14 requires an entity to present information about its operating segments on the basis of the internal management data used by the Group's chief operating decision maker to assess performance and allocate resources. The new provisions had no impact on segment presentation. According to IFRS 8, the management data are reconciled with the consolidated accounts (see Note 23 – *Segment information*).

- Revised IAS 23 "Borrowing Costs"; the revised standard requires an entity to capitalise borrowing costs attributable to the construction or production of qualifying assets (thereby eliminating the option of recognising borrowing costs as an expense). This amendment has no impact on the Group's accounts as the accounting treatment is already applied by the Group.

- Amendment to IFRS 2 "Share-Based Payments: Vesting Conditions and Cancellations"; this amendment which clarifies the definition of vesting conditions and the treatment of cancelled awards has not impacted the financial situation and performance of the reporting period.

- Amendment to IAS 32 and IAS 1: Financial instruments redeemable at the holder's discretion and obligations arising on liquidation; both standards were amended to limit exceptions to the scope of redeemable instruments and they had no impact on the Group's accounts.

- Improvement of IFRS standards published in May 2008 including the amendment to IFRS 5 on an interpretation of the notion “HFS, held for sale” in the event of partial disposal of securities, applicable for financial years beginning on or after 1 July 2009; these texts had no impact on the Group's accounts.

- Revised IFRS 3 “Business combinations”, applicable to business combinations for which the date of acquisition occurs after the beginning of the first financial year starting on 1 July 2009.

- Revised IAS 27 “Consolidated and separate financial statements”, applicable on the same date as the revised IFRS 3.

Generally, the two standards (Revised IFRS 3 and Revised IAS 27) substantially change the way business combinations and changes in ownership interests in subsidiaries (with or without loss of control) are accounted for. The main changes in the accounting for business combinations relate to the valuation of non-controlling interests (formerly referred to as "minority interests"), the recognition of transaction costs, the initial and subsequent recognition of contingent consideration and step acquisitions. As regards the revised IAS 27, the main changes relate to the accounting treatment for loss of control and changes in ownership interests without loss of control. These amendments are detailed in Note 4.2 *"Business Combinations"* and 4.3 *"Acquisition/disposal of non-controlling interests"*.

The revised standards are to be applied prospectively. For this reason, they had no impact on the recognition of business combinations and changes in ownership interests having occurred before 1 July 2009, which followed accounting policies set out in IFRS 3 and IAS 27, as described in Note 4.2 et seq.

In addition, as a result of the changes introduced by the revised IAS 27 to be applied prospectively, a number of disclosures required under IAS 7 "Cash Flow Statements" and IAS 1 "Presentation of Financial Statements" (and more specifically the statement of changes in shareholders' equity) and which are impacted by these changes, are made retrospectively.

- Improvements to IFRSs released in April 2009 regarding the amendment to IAS 38 "Intangible Assets" on the measurement at fair value of an intangible asset acquired in a business combination; this amendment is linked to the revised IFRS 3 applicable for financial years beginning on or after 1 July 2009.

- Amendment to IFRS 7 aimed at improving the information reported in respect of financial instruments (fair value measurement and information on liquidity risk in relation to financial instruments (liabilities)).

- Amendments to IFRIC 9 and IAS 39 “Embedded derivatives”.

- Amendments to IAS 39 “Eligible hedged items”.

- IFRIC 16 “Hedging a net investment in a foreign operation”.

New standards and interpretations that have not been applied

On the other hand, the Group has not applied the following standards and interpretations that came into force on 1 July 2009 and which were only adopted by the European Union after that date:

- Improvement to IFRSs released in April 2009 and more specifically the amendments for which the date of application is after 1 July 2009.

- IFRIC 17 “Distributions of non-cash assets to owners” applicable for financial years starting as of 1 July 2009 with an entry into force in the European Union on 1 November 2009.

- IFRIC 18 “Transfers of assets from customers” applicable for financial years starting as of 1 July 2009 with an entry into force in the European Union on 1 November 2009.

Furthermore, no standard or interpretation has been applied in advance, whether they were endorsed by the European Union or not and the Group is currently carrying out an analysis of the practical consequences of the new texts and of the effects of applying them in the accounts, namely:

- The amendment to IAS 32 “Classification of Rights Issues” applicable as of 1 February 2010 and endorsed by the European Union.

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

- The revised IAS 24 “Related Party Disclosures”, applicable for financial years beginning on or after 1 January 2011, as yet not endorsed by the European Union.

- IAS 32 “Classification of Rights Issues” applicable for financial years beginning as of 1 February 2010 and endorsed by the European Union on 27 December 2009.

- The Amendment to IFRS 2 “Cash-settled share-based payment of intra-group transactions” applicable for financial years beginning on or after 1 January 2010, and endorsed by the European Union on 27 March 2010.

- The improvement to IFRSs released in April 2010, applicable for financial years beginning on or after 1 January 2010, as yet not endorsed by the European Union.

- IFRIC 19 “Extinguishing financial liabilities with equity instruments”, applicable for financial years beginning on or after 1 July 2010, as yet not endorsed by the European Union.

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

As of 30 June 2009, where no standard or interpretation was applicable to the situations described below, and pending application of the texts published by the IASB in January 2008 or clarifications on these matters, the Group’s Management used its judgment to define and apply the accounting procedures that were the most appropriate. These accounting procedures or options based on the judgment of the Group related to additional acquisitions of shares in entities it already controlled (see Note 4.3 – *Acquisition/disposal of non-controlling interests*) and firm or conditional commitments to purchase non-controlling interests (see Note 4.10.7 - *Firm or conditional commitments to purchase non-controlling interests*). As of 30 June 2010, the revised IFRS 3 and the revised IAS 27 were applied (see above-mentioned Notes).

Furthermore, the accounting treatment for the "*Cotisation sur la Valeur Ajoutée des Entreprises*" or CVAE (Business contribution on the added value) was considered by the Group 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 financial statements requires Management to make judgements and estimates that are likely to affect certain assets and liabilities, as well as the amounts shown for the corresponding income and expenses in these financial statements and their accompanying Notes. Eutelsat Communications constantly updates its estimates and assessments by using past experience and other relevant factors related to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment in a subsequent financial period to amounts recognised.

Judgements

When preparing the consolidated financial statements for the period ended 30 June 2010, Management exercised its judgement, especially with regard to the ability of the Sea Launch Company, to honour its contractual commitments towards the Eutelsat Group with respect to the two Sea Launch launchers. (see Note 6 - *Satellites and other property and equipment)*

Estimates

Key estimates relating to future occurrences, and the other main sources of uncertainty as of the balance-sheet date, are presented below:

- an assessment of the recoverability of accounts receivable (see Note 10 – *Accounts receivable*), exposure to credit risk, risk profile,
- provisions for risks and for employee benefits (see Note 22 – *Provisions*),
- the income tax expense and an assessment of the amounts corresponding to deferred tax assets (see Note 21 – *Current and deferred tax*),
- the possibility of an impairment of goodwill and other intangible assets (see Note 5 – *Goodwill and other intangibles*),
- assessment of satellites' useful lives and their impairment (see Note 6 – *Satellites and other property and equipment*).

3.6 - Periods presented and comparatives

The financial year of Eutelsat Communications runs for 12 months and ends on 30 June.

The functional currency, and the currency used in the presentation of the 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 direct financial and operational policies and is presumed to exist where the Group holds directly or indirectly more than 50% of the voting rights. 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.

Associated entities 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

Starting on 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

For annual periods beginning on or after 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 operations

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 1.23 USD per euro and the average exchange rate used for the period is 1.39 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 2009 and 2010, no development costs were capitalised by the Group.

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 onf 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 NPV of the expected payments. Any subsequent modification in the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment of 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 mainl 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 for the Group to use 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 2009 and 2010, the following CGUs have been identified for the purpose of impairment tests:

- each of the satellites, i.e. 26 as of 30 June 2010
- the 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" or "Assets held to maturity" 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 if 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 investment and 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 an extinguished 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 active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

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 hypotheses reflecting market conditions at the balance sheet date.

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 highly liquid investments or deposit warrants with original maturities of three months or less, and also UCITS that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and where the risk of a change in value is negligible.

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 constitute additional compensation awarded to employees. 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 leasing 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 reported 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 in respect of all temporary differences without exception are recognised for each fiscal entity, 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.

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

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

- the 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 3.19 - *Provisions*, 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 2008	**804 869**	**889 000**	**40 800**	**23 793**	**1 758 462**
Effect of the changes in the scope of consolidation	-	-	-	-	-
Separate acquisitions	2 883	-	-	4 517	7 400
Disposals	-	-	-	-	-
Transfers	-	-	-	1 708	1 708
30 June 2009	**807 752**	**889 000**	**40 800**	**30 018**	**1 767 570**
Effect of the changes in the scope of consolidation	-	-	-	-	-
Separate acquisitions	-	-	-	6 430	6 430
Disposals	-	-	-	-	-
Transfers	-	-	-	584	584
30 June 2010	**807 752**	**889 000**	**40 800**	**37 032**	**1 774 584**

During the year ended 30 June 2009, under liquidity offers and the Eutelsat S.A. stock purchase options (shares subscribed for by managers or directors and corporate officers) under the "Managers III" and "Manager IV" plans (see Note 15.3 – *Share-based compensation*), the Group acquired part of the Eutelsat S.A. shares, overall representing 0.25% of its share capital.

These acquisitions of non-controlling interests having occurred before the new requirements of the revised IAS 27, resulted in the recognition of goodwill (in accordance with Note 4.3 – *Acquisition of non-controlling interests*) totalling €2 883 thousand. The acquisition cost amounted to €7 458 thousand.

Changes in accumulated depreciation and impairment

(In thousands of euros)	Goodwill	Customer contracts and relation-ships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation at 30 June 2008	**-**	**(144 463)**	**-**	**(15 807)**	**(160 270)**
Annual allowance	-	(44 450)	-	(3 614)	(48 064)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
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)**

Net assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value at 30 June 2008	**804 869**	**744 537**	**40 800**	**7 986**	**1 598 192**
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**

The economic conditions observed as prevailing at 30 June 2010 did not lead Management to review the annual impairment test of the goodwill, carried out at 31 December 2009. 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 2009.

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 2008	**2 186 919**	**112 021**	**777 608**	**3 076 548**
Change in gross value	(10 632)	-	-	(10 632)
Effect of the changes in the scope of	-	-	-	-
Acquisitions	80 027	20 496	384 822	485 345
Disposals and scrapping of assets	(26 010)	(758)	-	(26 768)
Transfers	613 477	3 528	(618 713)	(1 708)
Gross value at 30 June 2009	**2 843 781**	**135 287**	**543 717**	**3 522 785**
Change in gross value	(916)	-	-	(916)
Effect of the changes in the scope of	-	-	-	-
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**

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 2008	**(803 689)**	**(53 500)**	**-**	**(871 189)**
Annual allowance	(225 063)	21 143	-	(246 206)
Reversals	26 010	336	-	26 346
Impairment	(121 500)	-	-	(121 500)
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)**

Net assets

(In thousands of euros)	Satellites [1]	Other property and equipment	Construction in progress	Total
Net value at 30 June 2008	**1 383 230**	**58 521**	**777 608**	**2 219 359**
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**

[1] including satellites subject to finance leases:

(In thousands of euros)	
Gross value	76 265
Net value at 30 June 2010	**34 580**

In particular, this item refers to two 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	31 238	12 transponders	Contract dated March 2004 related to the satellite's remaining useful life
Telstar 12 (1)	15 068	3 342	4 transponders	Agreement dated June 1999 related to the satellite's remaining useful life

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

Changes in satellite gross values at 30 June 2009 are the result of cancelling part of the satellite performance incentive payments for W5, following the incident in June 2008 (see below).

Satellite-related acquisitions and transfers at 30 June 2009 correspond to the delivery into geostationary orbit of the HOT BIRD™9, W2M, HOT BIRD™10 and W2A satellites, all launched during the financial year.

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

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

W5 satellite

During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system, compelling the Group to reduce the number of transponders in service by four. Following an inquiry into the anomaly with Thales Alenia Space, the satellite's remaining in-orbit life was reassessed and reduced by three years.

Following this incident, the Group had carried out an impairment test based on the present value of the future cash flows generated by this satellite, using a discount rate of 7.5%. This had shown no need to adjust the value recognised on the face of the balance sheet.

Corrective action was undertaken during the financial year ended 30 June 2009. This resulted in a new assessment of the satellite's remaining in-orbit life, which was now estimated as having been reduced by one year instead of three years.

The adjustment in gross value (see above) and the reduction in lifetime have been accounted for prospectively by modifying the depreciation charge.

W2M satellite

On 22 January 2009, the W2M satellite suffered a major anomaly which affected its electrical power-supply sub-system. As of the date of this document, this was continuing to make its commercial operation impossible. On 27 February 2009, a claim for the satellite's constructive total loss was sent to the insurers (see. Note 27.2 – *In-orbit insurance and launch insurance*). This event has not affected continuity of service for the Group's customers, but has resulted in Eutelsat recognising impairment corresponding to the full value of the satellite under "Other operating costs". Eutelsat has received the full indemnity as of 30 June 2009.

W75 satellite

At 30 June 20010, 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%.

As of 30 June 2010, the "Construction in progress" item mainly included six satellites and five launches compared to five satellites and four launches at 30 June 2009. Two of the five scheduled launches will be undertaken by Sea Launch Limited Partnership, a company that filed for Chapter 11 protection under the U.S. Bankruptcy Code on 22 June 2009. The advances on relevant launch costs already paid amount to €79.9 million. During the first half of the financial year, an initial refinancing plan approved by the courts enabled the company to stay in business, followed by a second refinancing plan approved by the courts during the second half of the financial year. On 27 July 2010, the courts approved Sea Launch Partnership's refinancing plan, enabling the company to be released from the provisions of Chapter 11 of the US Bankruptcy Code. On the basis of the information available at the time of drawing up the accounts, the Group considers that Sea Launch will be in a position to continue to fulfil its contractual commitments towards Eutelsat.

NOTE 7: INVESTMENTS IN ASSOCIATES

At 30 June 2009 and 30 June 2010, "Investments in associates" are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Solaris Mobile	71 878	71 080
Hispasat	144 625	161 848
Total	**216 502**	**232 928**

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 in Ireland to provide services in 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 sprectrum 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. Given the elements at its disposal, the Company considered that it had the evidence required to recognise an item of accrued income as of the same date, covering the full amount of the 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.

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

(In thousands of euros)	**30 June 2009**	**30 June 2010**
Value of equity investment, beginning of period	**45 007**	**71 878**
Participation in capital increases	29 750	-
Share of income	(2 879)	(798)
Impact of Income and expenses recognised directly under equity	-	-
Value of the equity investment, end of period	**71 878**	**71 080**

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

(In thousands of euros)	**30 June 2009**	**30 June 2010**
Non-current assets	3 581	3 840
Current assets	142 472	139 538
Non-current liabilities	-	-
Current liabilities	2 295	1 218
Total net assets	**143 756**	**142 160**
Operating income	-	-
Net income	(3 954)	(1 596)

7.2 – Hispasat group

At 30 June 2009 and 2010, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, a private unlisted Spanish satellite operator. At 30 June 2008, certain rights related to the stability of the shareholder base were attached to this equity investment. During the financial year ended 30 June 2009, these rights were transferred. (see Note 28 – *Related party transactions*)

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

(In thousands of euros)	**30 June 2009**	**30 June 2010**
Value of equity investment, beginning of period	**132 162**	**144 625**
Share of income	18 833	18 642
Impact of Income and expenses recognised directly under equity	(6 370)	(1 419)
Value of equity investment, end of period	**144 625**	**161 848**

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

(In millions of euros)	30 June 2009	30 June 2010
Intangible rights [(1)]	27.7	27.7
Service contract [(2)]	1.4	1.2
Investment in Hisdesat	5.0	5.0
Sub-total	**34.1**	**33.9**
Hispasat net assets	110.5	127.9
Total	**144.6**	**161.8**

[(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 accordance with applicable local standards:

(In thousands of euros)	31 December 2008	31 December 2009
Non-current assets	514 667	737 778
Current assets	207 930	102 964
Non-current liabilities	254 243	242 054
Current liabilities	77 792	140 537
Total net assets	**390 562**	**458 151**
Operating income	137 389	149 316
Net income	47 512	71 469

At 30 June 2009 and 2010, "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 2009	30 June 2010
Non-consolidated equity investments (1)	437	457
Long-term loans and advances	2 124	2 592
Total	**2 561**	**3 049**

(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.

No impairment has been recognised on these investments as of 30 June 2009 and 2010.

- **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 €0.9 million.

NOTE 9: INVENTORIES

Gross and net inventories amount to €3 867 thousand and €1 771 thousand as of 30 June 2009 and €3 484 thousand and €1 372 thousand as of 30 June 2010. They mainly comprise receive antennas and modems.

The allowance for stock depletion was €2 096 thousand and €2 112 thousand respectively for the financial periods ended 30 June 2009 and 2010.

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 2009, the net carrying value of these accounts receivable was €298 792 thousand and the corresponding impairment charge was €19 011 thousand.

As of 30 June 2010, the net value of these receivables was €298 816 thousand. The corresponding impairment charge was €20 496 thousand.

Accounts receivable at 30 June 2009 and 2010 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 2010 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 volatile environment, the Group has not so far observed any significant deterioration in payment times, and the amount of bad debt represents €213 thousand and € 1 398 thousand as of 30 June 2009 and 2010 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 1.9% of the value of accounts receivable at 30 June 2010.

10.1 – Evolution of the allowance for bad debt

(In thousands of euros)	**Group total**
Value at 30 June 2008	**16 766**
Annual allowance	10 861
Reversals (used)	1 146
Reversals (unused)	7 470
Translation adjustments and other movements	-
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**

10.2 – Analysis of accounts receivable (matured and unmatured)

(In thousands of euros)	**30 June 2009**	**30 June 2010**
Unmatured receivables	**218 605**	**203 825**
Unimpaired receivables	**72 837**	**86 330**
Between 0 and 30 days	*40 078*	*66 402*
Between 30 and 90 days	*19 870*	*6 143*
More than 90 days	*12 889*	*13 785*
Matured and impaired receivables	**26 359**	**29 155**
Between 0 and 30 days	*0*	*349*
Between 30 and 90 days	*9 712*	*11 286*
More than 90 days	*16 647*	*17 519*
Impairment	**(19 011)**	**(20 496)**
Total	**298 792**	**298 816**

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

(In thousands of euros)

	30 June 2009		**30 June 2010**	
	Value of accounts receivable	**Value of the guarantee**	**Value of accounts receivable**	**Value of the guarantee**
Guarantee deposits	52 976	18 895	83 098	29 559
Bank guarantees	36 471	36 471	55 673	46 888
Guarantees from the parent company	30 838	30 838	33 635	33 635
Total	**120 286**	**86 205**	**172 406**	**110 081**

NOTE 11: OTHER CURRENT ASSETS

Other current assets are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Prepaid expenses	9 024	3 826
Tax and employee-related receivable	8 179	9 684
Total	**17 203**	**13 510**

At 30 June 2009, prepaid expenses mainly comprised €2.6 million of prepaid satellite insurance and €0.8 million of satellite operating costs.

NOTE 12: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2009	30 June 2010
Hedging instruments[1]	382	24
Other receivables	4 671	4 876
Total	**5 053**	**4 900**

(1) see Note 26 – *Financial instruments*

NOTE 13: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Cash	41 529	53 481
Accrued interest	-	-
Cash equivalents	102 216	6 038
Total	**143 745**	**59 519**

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 meeting the qualification of "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 2009**					**Fair value at 30 June 2009**
		Total	Instruments measured at amortised cost	Instruments at cost	Fair value through equity	Instruments measured at fair value through the income statement	
Assets							
Non-current financial assets							
Unconsolidated	*Available for sale*	437	-	437	-	-	437
Long-term loans and advances	*Receivables*	2 124	2 124	-	-	-	2 124
Current financial assets							
Accounts receivable	*Receivables*	298 792	298 792	-	-	-	298 792
Other receivables	*Receivables*	4 671	4 671	-	-	-	4 671
Financial instruments (1)							
Qualified as cash-flow	*N/A*	191	-	-	191	-	191
Qualified as trading instruments	*Held for trading purposes*	191	-	-	-	191	191
Cash and cash equivalents							
Cash	*N/A*	41 529	41 529	-	-	-	41 529
UCITS(2)	*Fair value option*	95 277	-	-	-	95 277	95 277
Cash equivalents	*Receivables*	6 939	6 939	-	-	-	6 939

(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 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 the 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*						
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
Cash equivalents	*Receivables*	6 038	6 038	-	-	-	6 038

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

NOTE 15: SHAREHOLDERS' EQUITY

15.1 – Shareholders' equity

As of 30 June 2010, 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 52 762 shares amounting to €1 462 thousand under a liquidity agreement. As of 30 June 2009, the Group was holding 67 179 such shares corresponding to a total amount of €1 202 thousand. Treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2009 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)
30/06/2009		-	-	526 047	219 804	219 803 965	1
25/07/2009	Issue of capital (allocation of free shares - Decision of the Chairman of 25/07/09)	310 017	310	(310)	220 114	220 113 982	1
10/11/2009	Distribution of dividends (GM of 10/11/08)	-	-	(28 609)	220 114	220 113 982	1
30/06/2010		310 017	310	497 128	220 114	220 113 982	1

15.2 – Dividends

On 10 November 2009, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.66 per share, i.e. a total of €145 244 412.70, taken from "Additional paid-in capital" for a total of €28 608 747.96 and from net income as per 30 June 2009 for a total of €116 635 664.76.

The amount distributed for the financial year ended 30 June 2010, which is being proposed to the General Meeting of 9 November 2010, is €167 287 thousand, i.e. €0.76 per share.

15.3 – Share-based compensation

Free allotment of shares

During the financial year ended 30 June 2007, there was an allocation of free shares to the Group's employees as a result of a decision by the Board of Directors on 10 May 2007. The offer concerned 181 825 new shares. The vesting period for the final acquisition of the shares was fixed at two years after this date, with a requirement that the qualifying beneficiaries hold their shares for an additional period of two years after the vesting date.

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%.

The value of the benefit was estimated at €2.5 million spread over the two-year vesting period. The expense recognised for the period ended 30 June 2009, with a double entry to shareholders' equity, was €1 006 thousand.

On the anniversary date of the plan, i.e. 10 May 2009, 162 010 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 433 beneficiaries. The subsequent capital increase of 162 010 euros was taken from "Additional paid-in capital".

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 same criteria described above, and was in part approximated by 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 periods ended 30 June 2009 and 2010, with a double entry to shareholders' equity, was €2 677 thousand and €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 (50% of the relevant portion) and another objective linked to average ROCE (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 by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 1.637% and a share price volatility of 26.27%.

The value of the benefit was estimated at €10.5 million spread over the three-year vesting period. The expense recognised for the period ended 30 June 2010, with a double entry to shareholders' equity, was €1 425 thousand.

It should be noted 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 will be recorded as a reduction of the Group's share of shareholders' equity.

Furthermore, within the framework of the free share allocation plan and the associated share buy back programme, Eutelsat Communications has signed a chargeback agreement with all 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 €3 684 and €1 603 thousand at 30 June 2009 and 30 June 2010 respectively.

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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).

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 2009	-	312 409	1.46
Authorised	-	-	-
Granted	-	-	-
Exercised	-	193 841	1.53
Cancelled	-	94 580	1.27
Balance at 30 June 2010	**-**	**23 988**	**1.64**

b) Changes in the stock-option plans

	Granted	Exercised	Cancelled	Balance	Exercise price (in euros)
Plans					
30/06/09					
Partners	4 389 963	(4 121 688)	(277 526)	40 749	1.00
Managers I	2 665 914	(2 612 083)	-	53 831	1.48
Managers II					
- 13/12/02	4 198 094	(4 179 133)	-	18 961	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	(1 370 985)	(64 767)	40 374	1.26
- 28/06/04	437 374	(437 374)	-	-	1.48
Managers IV	4 028 215	(3 829 347)	(40 374)	158 494	1.64
Total	**28 053 039**	**(27 407 963)**	**(332 667)**	**312 409**	-

	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**	-

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

The remaining contractual life of options outstanding is 2.40 years.

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 2009 and 2010 respectively, 1 673 648 options and 193 841 options were exercised. These capital increases generated a loss of dilution of €468 thousand and €68 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 2009 and 30 June 2010 on the basis of the timetable for purchase of the securities and exercise of the stock options was €5 230 thousand and €3 988 thousand respectively.

The above resulted in the Group acquiring 2 200 328 Eutelsat S.A. shares during the financial year ended 30 June 2009 (see Note 5 – *Goodwill and other intangibles*).

During the financial year ended 30 June 2010, the Group acquired 460 256 Eutelsat S.A. shares representing 0.04% of the latter's share capital for an amount of €1 243 million.

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 2009 and 30 June 2010 with respect to the unwinding of discount (on the basis of buying all the shares in 2010) and a reassessment of the repurchase value of the debt was an item of incom of €304 thousand and an expense of €4 126 thousand respectively.

In this context, it should be noted that the offers to purchase the shares of the Group's employees during the financial year ended 30 June 2009 resulted in the purchase of 307 478 Eutelsat S.A. shares amounting to €1 517 thousand. (see Note 5 – *Goodwill and other intangibles*). Also, during the financial year ended 30 June 2010, the Group acquired 862 868 Eutelsat S.A. shares representing 0.09% of the latter's share capital for an amount of €5 475 million, which resulted in a €3 896 thousand reduction of the Group's share of shareholders' equity.

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 2009	**(100 375)**
Changes in fair value within equity	(88 290)
Transfer into the income statement [(1)]	63 627
Balance at 30 June 2010	**(125 038)**

[(1)] including €37.6 million corresponding to coupons due and matured on the swaps and caps and €26.0 million corresponding to instruments 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 services 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 2009 and 2010, all debt was denominated in euros.

Since 30 June 2009, 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, of which €200 million were used.

As a result, the credit facilities entered into in November 2004 for an amount of €1 300 million and a period of seven years with maturity in November 2011 were cancelled early in March 2010.

As this transaction is accounted for as an extinguishment of liability within the meaning of IAS 39 "Financial instruments: Recognition and Measurement", the residual amount of trailing commissions associated with these credit agreements totalled €518 thousand and was recognised in this financial year using the accelerated amortisation method.

At 30 June 2010, the Group has access to the following credit facilities:

- A syndicated credit facility for €1 915 million entered into by Eutelsat Communications on 8 June 2006 for a period of seven years and consisting of 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).

    - 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 duration 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 greater than 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.

On 19 June 2006, Eutelsat Communications therefore acquired from its SatBirds Finance subsidiary the interest rate hedge put in place for the previous loan.

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 their principal amount

- a revolving credit facility for €450 million (unused as of 30 June 2010) 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 2010, the Group is in compliance with these ratios.

- *Financial information at 30 June 2009 and 2010:*

The non-current portion of the Group's financial debt at 30 June 2009 and 2010 breaks down as follows:

(In thousands of euros)	30 June 2009		30 June 2010	
	Fair value	Carrying amount	Fair value	Carrying amount
Eutelsat Communications term loan (Variable rate)	1 615 000	1 615 000	1 615 000	1 615 000
Eutelsat S.A. revolving credit facility (Variable rate)	200 000	200 000	-	-
Eutelsat S.A. term loan (Variable rate)	650 000	650 000	-	-
Eurobond	-	-	843 000	850 000
Fixed rate loan (Wins Ltd.)	191	191	64	64
Variable rate loan (Wins Ltd.)	390	390	150	150
Sub-total of debt (non-current portion)	**2 465 581**	**2 465 581**	**2 458 214**	**2 465 214**
Loan set-up fees and premiums		(10 903)		(19 111)*
Total		**2 454 678**		**2 446 103**

* inclusive of refinancing cost and bond issue premium

The weighted average rate of interest on amounts drawn under these revolving credit facilities for the period ended 30 June 2010 was 1.48% and 5.33% after taking into account the effects of hedging activities.

The effective interest rate on the €1 615 million term loan was 3.48% 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 2010, the Group has access to the following main credit facilities:

(In thousands of euros)	Amount granted	Amount used	Maturity
Eutelsat Communications term loan	1 615 000	1 615 000	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	900	191	31 December 2011
Wins Ltd. variable rate loan	500	432	31 December 2011
Total	**3 216 400**	**2 465 623**	

At 30 June 2010, 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	1 615 000	-	1 615 000	-
Eutelsat S.A. revolving credit facility	-	-	-	-
Eurobond	850 000	-	-	850 000
Wins Ltd. fixed rate loan	191	127	64	-
Wins Ltd. variable rate loan	432	282	150	-
Total	**2 465 623**	**409**	**1 615 214**	**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 2010. Current financial debt is as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Bank overdrafts	2 373	18 182
Accrued interest not yet due	11 491	14 275
Portion of the loans due within one year (excluding revolving credit)	226	409
Total	**14 090**	**32 866**

NOTE 17: OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(In thousands of euros)	**30 June 2009**	**30 June 2010**
Financial instruments [(1)]	100 345	129 781
Performance incentives [(2)]	39 729	26 955
Finance leases [(3)]	2 093	90
Other liabilities	48 036	52 999
Total	**190 203**	**209 825**
- current part	*138 428*	*160 661*
- non-current part	*51 775*	*49 164*

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

[(2)] Including interest related to "Performance incentives" of €13 053 thousand at 30 June 2009 and €8 054 thousand at 30 June 2010.

[(3)] At 30 June 2009 and 30 June 2010, amounts of interest related to the 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 2009				**Fair value at 30 June 2009**
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
Liabilities						
Financial debt						
Lines of credit	*At amortised cost*	2 254 097	2 254 097	-	-	2 254 097
Revolving credit	*At amortised cost*	200 000	200 000	-	-	200 000
Fixed rate loans	*At amortised cost*	318	318	-	-	318
Variable rate loans	*At amortised cost*	489	489	-	-	489
Bank overdrafts	*N/A*	2 373	2 373	-	-	2 373
Other financial liabilities						
Non-current	*At amortised cost*	51 775	51 775	-	-	51 775
Current	*At amortised cost*	38 083	38 083	-	-	38 083
Financial Instruments (1)						
Qualified as hedges		92 280	-	92 280	-	92 280
No hedging		8 065	-	-	8 065	8 065
Accounts payable	*At amortised cost*	41 508	41 508	-	-	41 508
Fixed assets payable	*At amortised cost*	72 036	72 036	-	-	72 036

(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 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						
Lines of credit	*At amortised cost*	1 606 844	1 606 844	-	-	1 606 844
Bond	*At amortised cost*	839 045	839 045	-	-	843 000
Revolving credit	*At amortised cost*	-	-	-	-	
Fixed rate loans	*At amortised cost*	191	191	-	-	191
Variable rate loans	*At amortised cost*	432	432	-	-	432
Bank overdrafts	*N/A*					
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
No hedging		-	-	-	-	-
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).

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 €4 205 thousand and €3 750 thousand for the periods ended 30 June 2009 and 2010 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	**22 044**	4 008	16 032	2 004

19.2 – Finance leases

The Group operates three 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 2010, the three finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to €53 thousand at 30 June 2009 and €27 thousand at 30 June 2010.

NOTE 20: OTHER PAYABLES AND DEFERRED REVENUES

20.1 – Non-current portion

Details of the non-current portion of other payables and deferred revenues as of 30 June 2009and 2010 are as follows:

(In thousands of euros)	30 June 2009	30 June 2010
Deferred revenues	3 440	1 469
Liabilities for social contributions[1]	16 892	-
Total	**20 332**	**1 469**

[1] Including debt related to the ABSA liability (respectively €3 924 thousand and €0 thousand at 30 June 2009 and 2010) and the liquidity offer (respectively €12 968 thousand and €0 thousand at 30 June 2009 and 2010) – (See Note 15.3 – *Share-based payment*).

20.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2009 and 2010:

(In thousands of euros)	30 June 2009	30 June 2010
Deferred revenues	34 177	45 732
Tax liabilities	19 916	11 696
Liabilities for social contributions[1]	23 225	39 725
Total	**77 318**	**97 153**

[1] Including the liability related to the ABSA commitment of €1 306 thousand at 30 June 2009 and €3 988 thousand at 30 June 2010 and the liquidity offer for a amount of €0 thousand at 30 June 2009 and €12 478 thousand at 30 June 2010. (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 2009**	**Twelve-month period ended 30 June 2010**
Current tax expense	(132 931)	(127 811)
Deferred tax expense (income)	4 944	(15 428)
Total income tax expense	**127 987**	**(143 239)**

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 2009**	**30 June 2010**
Income before tax and income from equity investments	372 017	407 907
Standard French corporate income-tax rate	34.43%	*34.43%*
Theoretical income-tax expense	(128 085)	(140 442)
Permanent differences and other items	98	(2 797)
Corporate income tax expense in the income statement	**(127 987)**	**(143 239)**
Actual corporate income tax rate	34%	*35%*

At 30 June 2010, the tax expense was 35%. The discrepancy between the rates of tax is mainly explained by corporate losses which do not generate any deferred taxes.

21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2009 and 30 June 2010 were as follows:

(In thousands of euros)	**30 June 2009**	**Net income for the period**	**Recognised in equity**	**30 June 2010**
Basis of deferred tax assets				
Provisions for impairment of assets	15 155	(1 190)	-	13 965
Capitalisation of losses carried forward	11 394	(3)	-	11 391
Bad-debt provisions	16 466	1 532	-	17 998
Financial guarantee granted to the pension fund	7 824	(274)	-	7 550
Capitalised salaries and performance incentives	3 412	(638)	-	2 774
Provisions for risks and expenses	1 831	(39)	-	1 792
Accrued liabilities	4 100	76	-	4 176
Pension provision	2 077	222	-	2 299
Sub-total (a)	***62 259***	***(314)***	***-***	***61 945***
Basis of deferred tax liabilities				
Intangible assets	(255 088)	15 304	-	(239 784)
Exceptional depreciation	(64 346)	(27 687)	-	(92 033)
Financial instruments	35 691	(2 318)	8 488*	41 861
Capitalised interest	(4 224)	561	-	(3 663)
Finance leases	(1 224)	169	-	(1 055)
Other	(3 005)	(1 143)	-	(4 148)
Sub-total (b)	***(292 196)***	***(15 114)***	***8 488***	***(298 822)***
Total = (a)+(b)	***(229 937)***	***(15 428)***	***8 488*****	***(236 877)***
Reflected as follows in the financial statements:				
Deferred tax assets	36 937			52 625
Deferred tax liabilities	(266 874)			(289 502)
Total	***(229 937)***			***(236 877)***

* This figure does not include the change due to the companies accounted for via the equity method. This amounts to €3 thousand for the period.
** This amount does not include the change in shareholders' equity of equity investments with regard to translation adjustments amounting to €858 thousand

Deferred tax assets and liabilities break down as follows:

(In thousands of euros)	**Deferred tax assets**	**Deferred tax liabilities**
Due within one year	-	(11 741)
Due after one year	52 625	(277 761)
Total	**52 625**	**(289 502)**

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 €44 452 thousand, generates deferred tax income of €15 304 thousand.

NOTE 22: PROVISIONS

(In thousands of euros)	**30 June 2009**	**Allowance**	**Reversal**		**30 June 2010**
			Used	Unused	
Financial guarantee granted to a pension fund	22 723	-	(796)	-	21 927
Retirement indemnities	6 099	855	(320)	-	6 634
Post-employment benefits[(1)]	1 273	548	(226)	-	1 595
Total post-employment benefits	**30 095**	**1 403**	**(1 342)**	**-**	**30 156**
Litigation[(2)]	9 171	4 955	(235)	(2 374)	11 517
Other	1 666	1 429	(954)	-	2 141
Total provisions	**40 932**	**7 787**	**(2 531)**	**(2 374)**	**43 814**
- non-current part	**30 095**	**1 403**	**(1 342)**	**-**	**30 156**
- current part	**10 837**	**6 384**	**(1 189)**	**(2 374)**	**13 658**

(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 2005, as a result of the significant decline in long-term interest rates, the guarantee was called upon in an amount of €22.3 million. This amount was valued on the basis of the Trust's projections of future market developments. At 30 June 2005, no payments had yet been made.

In November 2005, an agreement was reached with the Trust to spread payment of the amount called as follows: €4.46 million when the agreement is signed, and a further €4.46 million at 30 June 2006, 2007, 2008 and 2009. It was agreed that the Trust would carry out a new valuation at 30 June 2007 and that, depending on the results of that valuation, subsequent contributions could be revised downwards or upwards. A valuation was subsequently made in November 2007, which confirmed the present level of contributions. At 30 June 2009, the last payment totalling €4.46 million was made.

The actuarial valuation performed at 30 June 2009 and 2010 used the following assumptions:

	30 June 2009	**30 June 2010**
Discount rate	5.50%	4.50%
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 2009 and 2010, the position was as follows:

Comparative summary:

(In thousands of euros)	**30 June**				
	2006	**2007**	**2008**	**2009**	**2010**
Present value of benefit obligations wholly or partly funded	140 889	152 792	133 436	134 182	163 947
Fair value of plan assets	(135 378)	(138 358)	(145 847)	147 983	(151 615)
Net financing	**5 511**	**14 434**	**(12 411)**	**(13 801)**	**12 332**
Actuarial and other gains / (losses) - amortised	30 423	16 860	40 729	36 523	9 595
Net (asset)/liability recognised in the balance sheet	**35 934**	**31 294**	**28 318**	**22 723**	**21 927**

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

(In thousands of euros)	**30 June 2009**	**30 June 2010**
Present value of the obligations at beginning of period	**133 436**	**134 182**
Service cost of the period	-	-
Finance cost	7 280	7 302
Actuarial and other (gains)/losses	(3 450)	27 515
Benefits paid	(3 084)	(5 052)
Present value of the obligations at end of period	134 182	163 947

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 2009	30 June 2010
Fair value of plan assets at beginning of period	**145 847**	**147 983**
Expected return on plan assets	5 923	5 862
Actuarial and other gains/(losses)	(5 163)	2 822
Contributions paid	4 460	-
Benefits paid	(3 084)	(5 052)
Fair value of plan assets at end of period	**147 983**	151 615

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 €0.8 million and €8.7 million at 30 June 2009 and 2010 respectively.

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

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Service cost of the period	-	-
Finance cost	7 280	7 302
Expected return on plan assets	(5 923)	(5 862)
Actuarial (gains)/losses	(2 492)	(2 235)
Net expense (net gains) recognised in the income statement	**(1 135)**	**(796)**

Reconciliation of assets and obligations recognised in the balance sheet:

(In thousands of euros)	30 June 2009	30 June 2010
Provision at beginning of period	**28 318**	**22 723**
Net expense (net gains) recognised in the income statement	(1 135)	(796)
Contributions paid	(4 460)	-
Provisions at end of period	**22 723**	**21 927**

History of experience and changes in assumptions:

(In thousands of euros)	30 June 2010
Gain/loss between expected return and actual return on plan assets	**(2 822)**
History of experience with respect to the value of the obligations: (gains)/losses	(1 268)
Impact of changes in assumptions	28 783
	27 515

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 French Act entitled "*Loi de Financement de la Sécurité Sociale*" for 2008 introduced a special contribution by the employer of 25% of the retirement indemnity for any compulsory retirement before 31 December 2008 and of 50% after that date. As for the previous *lois de financements*, this new obligation has been treated as a change to the actuarial assumption.

The actuarial valuations performed at 30 June 2009 and 2010 were based on the following assumptions:

	30 June 2009	30 June 2010
Discount rate	5.50%	4.50%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH00-02	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.

As of 30 June 2009 and 2010, the position was as follows:

Comparative summary:

(In thousands of euros)	30 June				
	2006	2007	2008	2009	2010
Present value of obligations not financed	**3 425**	**3 876**	**6 390**	**7 125**	**7 940**
Past-service cost (amortised)	1 354	1 290	1 225	1 160	1 095
Actuarial and other gains/(losses) - amortised	674	610	(1 588)	(2 186)	(2 401)
Liability recognised in the balance sheet	**5 453**	**5 776**	**6 027**	**6 099**	**6 634**

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

(In thousands of euros)	30 June 2009	30 June 2010
Present value of the obligations at beginning of period	**6 390**	**7 125**
Service cost of the period	431	457
Finance cost	348	387
Actuarial and other (gains)/losses	646	291
Benefits paid	(690)	(320)
Present value of the obligations at end of period	**7 125**	**7 940**

Net expense recognised in the income statement:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Service cost of the period	431	457
Finance cost	348	387
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	48	76
Net expense recognised in the income statement	**762**	**855**

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

(In thousands of euros)	30 June 2009	30 June 2010
Provision, beginning of period	**6 027**	**6 099**
Net expense recognised in the income statement	762	855
Benefits paid	(690)	(320)
Provision, end of period	**6 099**	**6 634**

History of experience and changes in assumptions:

(In thousands of euros)	30 June 2010
History of experience with respect to the value of the obligations: (gains)/losses	(407)
Impact of changes in assumptions	698
	291

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 €1 467 thousand and €1 529 thousand at 30 June 2009 and 2010 respectively.

The 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 2009 and 2010 respectively was €1 061 thousand and €424 thousand, and the fair value of the assets was €1 106 thousand and €361 thousand. At 30 June 2010, the Group was recognising a liability of €63 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 €5 780 thousand and €5 911 thousand at 30 June 2009 and 2010 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, 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 2009	Twelve-month period ended 30 June 2010
Revenues	**940 541**	**1 047 224**
Total operating costs	**(198 429)**	**(219 429)**
EBITDA	**742 112**	**827 795**
Depreciation and amortisation:	(294 271)	(313 419)
Other non-operating income (expenses), net	23 801	(5 825)
Operating income	**471 642**	**508 551**
Total interest	(101 801)	(118 892)
Income tax expense	(127 987)	(143 239)
Other financial expenses	2 177	18 248
Net income before revenue from equity investments and non-controlling interests	**244 030**	**264 668**
Income from equity investments	15 954	17 843
Net income	**259 984**	**282 511**
Non-controlling interests	(12 636)	(13 010)
Group share of net income	**247 348**	**269 501**
Tangible investments and equity investments (cash flow)	**296 984**	**494 362**
Net debt (including finance leases)	**2 326 484**	**2 424 372**

23.2 – Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2009 and 2010 are as follows:

(In thousands of euros and as a percentage)	**Twelve-month period ended 30 June 2009**		**Twelve-month period ended 30 June 2010**	
Region	**Amount**	**%**	**Amount**	**%**
France	124 179	13.2	145 259	13.9
Italy	147 121	15.6	170 118	16.2
United Kingdom	105 527	11.2	87 874	8.4
Europe (other)	337 067	35.8	360 406	34.4
Americas	94 328	10.0	116 790	11.2
Middle East	74 053	7.9	101 623	9.7
Other (*)	58 267	6.2	65 154	6.2
Total	**940 541**	**100.00**	**1 047 224**	**100.0**

(*) Including €1.8 million and €4.0 million in indemnity payments for late delivery for the period ended 30 June 2009 and 30 June 2010 respectively.

Most of the Group’s assets are satellites in orbit; the remaining assets are mainly located in France.

NOTE 24: FINANCIAL RESULT

The financial result is made up as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2009**	**Twelve-month period ended 30 June 2010**
Interest expense (banks)(1)	(104 119)	(79 962)
Other interest expense (2)	25 925	13 258
Loan set-up fees	(3 081)	(8 209)
Commitment fees and other similar charges	(2 019)	(2 247)
Changes in financial instruments(3)	(25 419)	(43 947)
Provisions for risks and expenses	-	-
Foreign-exchange losses(4)	(20 849)	(12 405)
Financial expenses	**(129 562)**	**(133 512)**
Change in financial instruments(3)	1 821	792
Interest income	3 967	1 527
Provision on financial assets	208	-
Reversal of provisions for risks and expenses	1 134	796
Foreign-exchange gains(4)	22 808	29 753
Financial income	**29 938**	**32 868**
Financial result	**(99 624)**	**(100 644)**

(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 2009 and 2010 by €14.5 million and €37.6 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 €26.9 million at 30 June 2009 and €18.5 million at 30 June 2010. They are closely related to 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 4.1% for the financial years ended 30 June 2009 and 3.6% for the year ended 30 June 2010. “Other interest expense” also includes interest related to in-orbit satellite performance incentives, representing a €0.9 million net decrease in expenses and a €0.7 million net increase in expenses for the periods ended 30 June 2009 and 30 June 2010 respectively.

(3) Gains or losses in the fair value of the financial instruments mainly include changes in the fair value of the non-qualifying derivative instruments in a hedging relationship for the periods ended 30 June 2009 and 30 June 2010 and disqualifications/transfers of hedging instruments (see Note 26.2 – *Interest rate risks*).

[4] Foreign-exchange options' contracts are put in place with the objective of hedging future sales in dollars. Changes in the time value of these options (excluded from the hedging relationship) have a direct effect on the result. The intrinsic value of options exercised during the year, taking into account that the hedged item has also affected the result for the year, has similarly been recognised directly under income or expense (no net change in equity due to these options). Changes in the intrinsic value of options where the hedged item has not yet affected the result have been recognised within equity and have not affected the result for the year.

Results on financial instruments per accounting category:

(In thousands of euros)	Twelve-month period ended 30 June 2009	Twelve-month period ended 30 June 2010
Net result on instruments measured at fair value per result on the option (cash equivalents)	(64)	75
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	(19 330)	343
Financial income on assets valued at amortised cost (loans and long term advance payments and other receivables)	-	-
Interest expense on loans (excluding hedging effect)	(89 650)	(42 322)
Reversals and (depreciation) of financial assets (accounts receivable)	351	(918)

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 2009	30 June 2010
Net income	259 984	282 511
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(12 579)	(13 044)
Net earnings used to compute basic earnings per share	**247 405**	**269 466**

	30 June 2009	30 June 2010
Net income	259 984	282 511
Income from subsidiaries attributable to non-controlling interests, after taking into account the dilutive instruments in the subsidiaries	(12 645)	(13 050)
Net earnings used to compute diluted earnings per share	**247 339**	**269 461**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2009 and 2010 respectively:

	30 June 2009	30 June 2010
Restated weighted average number of shares used to compute basic earnings per share	219 657 046	220 092 748
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)	**219 657 046**	**220 092 748**

(1) At 30 June 2009 and 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 functional 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 certain future U.S. dollar revenues by means of financial instruments such as options contracts, forward currency transactions and foreign currency deposits. These instruments are traded over-the-counter with first-rate banking counterparts.

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

During the financial year ended 30 June 2010, the Group only sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2010 is as follows:

(In thousands of euros)

Assets	150 309
Liabilities	15 300
Net position before risk management	**135 009**
Off-balance-sheet position (forward plus knock-in option (Europe))	154 837
Net position after risk management	**(19 828)**

Considering its exposure to foreign-currency risk, the Group estimates that a 1% reduction in the value of the US dollar against the euro would have a non-significant impact on the Group's result and the Group's 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 a 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 a 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.

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.

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:

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

The selected interest are of 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 in the income statement.

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.

Sensitivity to interest-rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group's financial instruments has fallen substantially, and this has been recognised within equity or income. Nonetheless, the effectiveness of hedges qualifying as cash flow hedges is not being called into question.

Considering the full range of financial instruments available to the Group at 30 June 2010, 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 €4 291 thousand change in shareholders'equity, related to the change in the efficient fair values of hegding 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 46 lenders as of 30 June 2010. The Eutelsat S.A. banking syndicate consists of 4.

If any of the lenders defaults on the term loan part 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 foresee any loss resulting from a failure by its counterparts to meet their commitments under the agreements it has concluded.

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 leases.

66% of the Group's debt matures in June 2013, 0% in March 2015 and 34% in March 2017.

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

30 June 2009	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Term loan Eutelsat Com.	(1 615 000)	(1 746 880)	(33 317)	(33 317)	(33 317)	(1 646 929)	-	-
Term loan Eutelsat S.A.	(650 000)	(672 794)	(9 432)	(9 432)	(653 930)	-	-	-
Eutelsat S.A. revolver loan	(200 000)	(210 794)	(3 598)	(3 598)	(203 598)	-	-	-
Wins Ltd. Loan	(807)	(876)	(267)	(389)	(220)	-	-	-
Eutelsat S.A. foreign exchange derivatives *	(286)	(286)	(286)	-	-	-	-	-
Qualifying Eutelsat Communications interest rate derivatives *	(62 295)	(62 295)	20 638	(12 690)	(28 006)	(42 237)	-	-
Qualifying Eutelsat S.A. interest rate derivatives*	(29 700)	(29 700)	(10 138)	(12 708)	(6 854)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	(8 065)	(8 065)	(2 934)	(3 407)	(1 724)	-	-	-
Bank overdrafts	(2 373)	(2 373)	(2 373)	-	-	-	-	-
Total financial debt	**(2 568 526)**	**(2 734 063)**	**(41 707)**	**(75 541)**	**(927 649)**	**(1 689 166)**	**-**	**-**
Other financial liabilities	(89 858)	(94 710)	(42 145)	(10 144)	(6 988)	(5 596)	(3 980)	(25 857)
Total financial liabilities	**(2 658 384)**	**(2 828 773)**	**(83 852)**	**(85 685)**	**(934 637)**	**(1 694 762)**	**(3 980)**	**(25 857)**
Qualifying Eutelsat S.A. interest rate derivatives*	191	191	3 636	(2 289)	(1 156)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	191	191	3 636	(2 289)	(1 156)	-	-	-
Financial assets	7 232	7 232	7 232	-	-	-	-	-
Cash	41 529	41 529	41 529	-	-	-	-	-
UCITS	95 277	95 277	95 277	-	-	-	-	-
Cash equivalents	6 939	6 939	6 939	-	-	-	-	-
Total financial assets	**151 359**	**151 359**	**158 249**	**(4 578)**	**(2 312)**	**-**	**-**	**-**
Net position	**(2 507 025)**	**(2 677 414)**	**74 397**	**(90 263)**	**(936 949)**	**(1 694 762)**	**(3 980)**	**(25 857)**

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

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)	(1 643 456)	-	-	-
Eurobond 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)**
Qualifying Eutelsat S.A. interest rate derivatives*	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
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).

26.5 – Key figures at 30 June 2010

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2009 and 30 June 2010 by type of contract. The instruments are valued by the Group's banking counterparts, and this valuation is verified/validated by an independent expert.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2009**	**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.)	14 150	(286)	(286)	*(128)*	*(158)*
Foreign exchange options (Eutelsat S.A.)	0	-	(1 589)	*64*	*(1 653)*
Total foreign exchange derivatives	***14 150***	***(286)***	***(1 875)***	***(64)***	***(1 811)***
Swap (Eutelsat Communications)	807 500	(14 811)	(43 954)	*(3 945)*	*(40 009)*
Forward swap (Eutelsat Communications)	1 615 000	(47 484)	(90 096)	-	*(90 096)*
Purchased cap (Eutelsat Communications)	807 500	-	(18 609)	*(2 273)*	*(16 336)*
Swap (Eutelsat S.A.)*	650 000	(24 548)	(57 743)	*1 494*	*(59 237)*
Swap (Eutelsat S.A.)*	650 000	-	217	-	*217*
Swap (Eutelsat S.A.)*	650 000	225	225	-	*225*
Swap (Eutelsat S.A.) **	250 000	(13 442)	(20 940)	*(12 237)*	*(8 703)*
Cap (Eutelsat S.A.)(*)	200 000	382	(6 574)	*(6 574)*	-
Total interest rate derivatives		***(99 678)***	***(237 474)***	***(23 535)***	***(213 939)***
Total derivatives		**(99 964)**	**(239 349)**	**(23 599)**	**(215 750)**
Equity method companies					(3 982)
Total					**(219 732)**

* Combined swaps

** Swap qualifying as a hedge for €100 million since 1 April 2008.

(*) CAP qualifying as a hedge for €100 million since 1 January 2009.

(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.

At 30 June 2010, the cumulative fair value of financial instruments is negative at €129 757 thousand. This is composed of €24 thousand recognised under “Current financial assets” (see Note 12 – *Current financial assets*) and €129 781 thousand recognised under “Other current financial liabilities” (see Note 17 – *Other financial liabilities*).

At 30 June 2009 and 2010, the changes in fair value recognised within financial result in respect of financial instruments amounted to a net expense of €23 599 thousand and €43 155 thousand respectively.

Breakdown of financial instruments qualifying for hedge accounting as of 30 June 2009 and 30 June 2010:

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2009**	**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.)	14 150	(286)	(286)	*(128)*	*(158)*
Foreign exchange options (Eutelsat S.A.)	0	-	(1 589)	*64*	*(1 653)*
Total foreign exchange derivatives	***14 150***	***(286)***	***(1 875)***	***(64)***	***(1 811)***
Swap (Eutelsat Communications)	807 500	(14 811)	(43 954)	*(3 945)*	*(40 009)*
Forward swap (Eutelsat Communications)	1 615 000	(47 484)	(90 096)	-	*(90 096)*
Purchased cap (Eutelsat Communications)	807 500	-	(18 609)	*(2 272)*	*(16 336)*
Swap (Eutelsat S.A.)*	650 000	(24 548)	(57 743)	*1 494*	*(59 237)*
Swap (Eutelsat S.A.)*	650 000	-	217	-	*217*
Swap (Eutelsat S.A.)*	650 000	225	225	-	*255*
Swap (Eutelsat S.A.) **	100 000	(5 376)	(8 376)	*327*	*(8 703)*
CAP (Eutelsat S.A.)(*)	100 000	191	191	*191*	-
Total interest rate derivatives		***(91 803)***	***(218 145)***	***(4 205)***	***(213 939)***
Total derivatives		**(92 089)**	**(220 020)**	**(4 270)**	**(215 750)**
Equity method companies					(3 982)
Total					**(219 732)**

* Combined swaps
** Swap qualifying as a hedge for €100 million since 1 April 2008.
(*) CAP qualifying as a hedge for €100 million since 1 January 2009.
(1) The ineffective portion of the hedges was not significant and has not been isolated.

(In thousands of euros)	Contractualor 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.

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.

- The forward swap is a deferred start swap for which no reclassification to income has been recorded for the period.

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	(10 318)	(10 318)	-	-	-	-	-
- Interest-rate risk hedges	(111 244)	(25 873)	(37 939)	(47 432)	-	-	-
Net total at 30 June 2010*	**(121 562)**	**(36 191)**	**(37 939)**	**(47 432)**	**-**	**-**	**-**

* excluding equity investments for the negative amount of €3 476 thousand.

NOTE 27: OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2010, 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 2010, future payments under satellite construction contracts amounted to €374 million, and future payments under launch agreements amounted to €266 million. These commitments are spread over six years.

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

Future payments in respect of such acquisition of assets and provision of services at 30 June 2009 and 30 June 2010 are scheduled as follows

(In millions of euros)	30 June 2009	30 June 2010
2010	58	-
2011	36	80
2012	15	21
2013	7	16
2014 and thereafter (*)	5	13
2015 and thereafter	-	47
Total	**121**	**177**

(*) for the period reported in respect of the financial year ended 30 June 2009

The above total includes €2 million for purchase commitments entered into with related parties (see Note 28 - *Related party transactions*).

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

27.2 – In-orbit insurance and launch insurance

As of 30 June 2010, the Group's existing L+1 insurance (launch + 1 year) and in-orbit insurance policies have been taken out with insurance syndicates of 27 insurers and 22 insurers respectively, 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

The Group's in-orbit insurance programme expired on 26 November 2009. It was replaced by a new 12-month programme entered into with a group of 22 insurers with a cancellation option at 30 June 2010. The programme was defined by the Group with a view to minimising, 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 €390 million and the other covers losses ranging from €50 million to €80 million. These insurance policies were underwritten by 18 and 4 insurance companies respectively. Under this programme, 16 of the satellites belonging to the Group (excluding the EUROBIRD™4A (former W1), ATLANTIC BIRD™1, W75 (former EUROBIRD™4), W5 and W2M satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W4 and W6 satellites as a result of incidents caused by technical problems already identified.

The general insurance policy taken out against damage under this programme covers any cumulative partial or total constructive losses of the 16 satellites insured, up to a ceiling of €175 million per satellite, subject to a total maximum claim or claims each year of €390 million. The Group's satellites covered under this policy are insured for their net book value.

Recent satellites: HOTBIRD™9, ATLANTIC BIRD™4A (former HOTBIRD™10) and W2A (C and Ku Bands) are included in this policy as of the date of maturity of their previous policy L +1 year.

The cancellation option at 30 June was exercised. A new in-orbit insurance programme was taken out for one year starting on 1 July 2010. The programme design remains unchanged: 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. The amount of insurance cover per satellite was increased from €175 million to €223 million and there are no more exclusions regarding insurance cover for the W4 and W6 satellites due to incidents caused by already identified technical problems.

b) Launch insurance

In April 2008, the Group took out L+1 (launch + 1 year) insurance for maximum cover of €200 million per satellite, covering the seven satellites under construction (HOT BIRD™9, HOT BIRD™10, W2M, W2A, W7, Ka-Sat and W3B).

This policy is valid for a period of three years, i.e. until 1 June 2011, and offers the necessary flexibility to assign any type of launcher to any of the seven satellites insured.

The Group subsequently took out additional policies to cover the entire net book value of the satellites.

In June 2009, the brokerage mandate was extended to upcoming satellites ordered by end of 2011 (W3C, ATLANTIC BIRD™7 and, more recently, W5A and W6A).

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.
Constructive total loss was acknowledged by all the insurers. An insurance indemnity of €120.5 million representing the total sum 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 computed 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.

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 notion of "principal senior managers" in the context of the governance of Eutelsat covers the members of the administrative and management bodies, namely the Chairman 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 as of 30 June 2008 and 2009 within current assets and liabilities are as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2009**	**Twelve-month period ended 30 June 2010**
Gross receivables including unbilled revenues (1)	13 002	12 890
Liabilities including accrued invoices (2)	723	628

(1) Including €3 039 thousand and €2 860 thousand for entities accounted for via the equity method as of 30 June 2009 and 30 June 2010 respectively.

(2) Including €40 thousand and €0 thousand for entities accounted for via the equity method as of 30 June 2009 and 2010 respectively.

Related party transactions included in the income statements for the periods ended 30 June 2009 and 2010 are as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2009**	**Twelve-month period ended 30 June 2010**
Revenues (1)	45 099	43 263
Operating costs, selling, general and administrative expenses	1 641	2 243
Financial result	(60)	(76)

(1) Including €9 510 thousand and €9 928 thousand for entities accounted for via the equity method as of 30 June 2009 and 2010 respectively.

(2) Including €2 thousand and €0 thousand for entities accounted for via the equity method as of 30 June 2009 and 2010 respectively.

For the year ended 30 June 2010, no related party transaction accounts individually for more than 10% of revenues.

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

In addition, as of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions were met, the Group could receive €25 million in return for transferring certain rights in Hispasat.

All the necessary conditions were met by July 2008, including completion of a transaction triggering effective payment of the €25 million. The relevant amount was recognised within "Other operating income" for the period.

The Group also obtained a put option vis-à-vis the related party, with no limitation on validity, exercisable twice each year in respect of the equity interest concerned.

28.2 – Compensation paid to the principal senior managers

(In thousands of euros)	**Twelve-month period ended 30 June 2009**	**Twelve-month period ended 30 June 2010**
Compensation excluding employer's charges	2 188	2 580
Short-term benefits: Employer's charges	726	883
Total short-term benefits	**2 914**	**3 463**
Post-employment benefits[1]	10% 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 involuntary termination of appointment)	1 000	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 40 000 new shares in Eutelsat Communications on 10 May 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.
The value of the benefit was estimated at €550 thousand, spread over the two-year vesting period. The expense recognised for the period ended 30 June 2009, with a double entry to shareholders' equity, was €248 thousand.
On the anniversary date of the plan, i.e.10 May 2009, the 40 000 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.

Similarly, during its meeting of 25 July 2007, the Board of Directors decided on a free allotment of 102 422 new shares in Eutelsat Communications to the members of the Group's administrative and management bodies, under the same conditions as set out above but subject also to the attainment of certain performance objectives over a two-year period (see Note 15.3 – *Share-based compensation*).

The value of the benefit granted has been estimated at €1 031 thousand, spread over the vesting period. The expense recognised for the periods ended 30 June 2009 and 2010, with a double entry to shareholders' equity, was €530 thousand and €41 thousand respectively.

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 the 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 officers.

The value of the benefit granted has been estimated at €1 289 thousand, spread over a three-year vesting period. The expense recognised for the financial year ended 30 June 2010, with a double entry to shareholders' equity, was €175 thousand

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 2009**	**Twelve-month period ended 30 June 2010**
Operating costs	30 213	30 849
Selling, general and administrative expenses	46 764	51 190
Total[(1)]	**76 977**	**82 039**

[(1)] Including €3 684 thousand and €1 603 thousand at 30 June 2009 and 30 June 2010 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	Twelve-month period ended 30 June 2009	**Twelve-month period ended 30 June 2010**
Operations	251	253
Selling, general and administrative	354	386
Total	**605**	**639**

As of 30 June 2010, the Group has 661 employees, compared with 610 as of 30 June 2009.

Compensation paid to the directors and corporate officers of Eutelsat Communications employed by the Group is €3 061 thousand for the financial year ended 30 June 2010. The members of the Board received €603 thousand in respect of their attendance at meetings during the 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 by voluntary contributions by the 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 2010**	**% interest as of 30 June 2010**
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	96.11%	96.11%
Eutelsat S.A. Sub-Group				
- Eutelsat VAS S.A.S.	France	FC	100.00%	96.11%
- Tooway Management S.A.S	France	FC	100.00%	96.11%
- Tooway S.N.C [2]	France	FC	100.00%	96.50%
- Fransat S.A.S	France	FC	100.00%	96.11%
- Eutelsat do Brasil S.A. [1]	Brazil	FC	100.00%	96.11%
- Eutelsat Italia S.r.l	Italy	FC	100.00%	96.11%
- Skylogic Italia S.p.A.	Italy	FC	100.00%	96.11%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.11%
- Eutelsat visAvision GmbH	Germany	FC	100.00%	96.11%
- Eutelsat Inc.	United States	FC	100.00%	96.11%
- Eutelsat America Corp.	United States	FC	100.00%	96.11%
- Eutelsat Broadband Corp.	United States	FC	100.00%	96.11%
- Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.11%
- Eutelsat Polska spZoo	Poland	FC	100.00%	96.11%
- Skylogic Polska spZoo	Poland	FC	100.00%	96.11%
- Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.11%
- Skylogic Eurasia	Turkey	FC	100.00%	96.11%
- Skylogic Espana S.A.U.	Spain	FC	100.00%	96.11%
- Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.11%
- Wins Ltd [1]	Malta	FC	70.00%	67.28%
- Hispasat S.A. [1]	Spain	EM	27.69%	26.61%
- Solaris Mobile Ltd [1]	Ireland	EM	50.00%	48.05%

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 financials as of 30 June 2010.

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	324	25%	307	40%	271	38%	256	57%
Other subsidiaries	433	33%	353	46%	234	33%	190	43%
Other due care and services directly linked to the statutory audit task								
Eutelsat communications	-	-	-	-	-	-	-	-
Other subsidiaries	483	37%	36	5%	205	29%	-	-
Sub-total	1 240	94%	696	91%	710	100%	446	100%
Other services, when appropriate								
Legal, tax, social	81	6%	66	9%	-	-	-	-
Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-	-	-	-	-
Sub-total	81	6%	66	9%	-	-	-	-
TOTAL	1 320	100%	762	100%	710	100%	446	100%