Eutelsat Communications Group

Société anonyme with a capital of 219 641 955 euros
Registered office: 70 rue Balard, 75015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2008

CONSOLIDATED BALANCE SHEET

(In thousands of euros)

ASSETS	Notes	30 June 2007	30 June 2008
Non-current assets			
Goodwill	4	758 179	804 869
Intangible assets	4	829 791	785 340
Satellites and other property and equipment, net	5	1 705 635	1 469 927
Prepayments for assets under construction	5	461 477	757 415
Investments in associates	6	124 599	177 169
Non-current financial assets	7,13	3 061	2 498
Deferred tax assets	20	1 380	2 255
TOTAL NON-CURRENT ASSETS		**3 884 122**	**3 999 473**
Current assets			
Inventories	8	2 092	2 013
Accounts receivable	9	220 976	239 435
Other current assets	10	18 421	17 148
Current tax receivable	20	8 585	23 579
Current financial assets	11	145 835	193 005
Cash and cash equivalents	12	45 479	21 321
TOTAL CURRENT ASSETS		**441 388**	**496 501**
TOTAL ASSETS		**4 325 510**	**4 495 974**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 June 2007	30 June 2008
Shareholders' equity			
Share capital	14	217 401	219 642
Additional paid-in capital		776 136	662 566
Reserves and retained earnings		242 522	469 511
Minority interests		75 454	65 525
TOTAL SHAREHOLDERS' EQUITY		**1 311 513**	**1 417 244**
Non-current liabilities			
Non-current bank debt	15	2 308 978	2 412 189
Other non-current financial liabilities	16,17	70 502	60 150
Other non-current debt	19	35 471	20 603
Non-current provisions	21	38 385	35 631
Deferred tax liabilities	20	304 932	311 417
TOTAL NON-CURRENT LIABILITIES		**2 758 268**	**2 839 990**
Current liabilities			
Current bank debt	15	23 185	31 333
Other current financial liabilities	16,17	34 263	33 799
Accounts payable		44 048	50 909
Fixed assets payable		61 062	35 668
Taxes payable		-	9
Other current payables	19	83 531	77 022
Current provisions	21	9 640	10 000
TOTAL CURRENT LIABILITIES		**255 729**	**238 740**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 325 510**	**4 495 974**

The Notes are an integral part of the consolidated financial statements.

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

	Notes	Twelve-month period ended 30 June 2007	Twelve-month period ended 30 June 2008
Revenues	22	829 086	877 765
Revenues from operations		**829 086**	**877 765**
Operating costs		(62 526)	(69 239)
Selling, general and administrative expenses		(113 938)	(112 780)
Depreciation and amortisation	4,5	(300 849)	(300 886)
Other operating income	26.2	37 501	3 858
Other operating costs	5,14.3	(26 745)	(19 870)
Operating income		**362 529**	**378 848**
Financial income		16 710	15 353
Financial expenses		(124 870)	(124 441)
Financial result	23	**(108 160)**	**(109 088)**
Income from equity investments	6	7 866	11 193
Net income before tax		**262 235**	**280 953**
Income tax expense	20	(92 215)	(97 509)
Net income		**170 020**	**183 444**
Group share of net income (loss)		159 377	172 276
Minority interests' share of net income		10 643	11 168
Earnings per share attributable to Eutelsat	24		
Basic earnings per share in €		0.732	0.790
Diluted earnings per share in €		0.718	0.789

The Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of euros)

	Notes	Twelve-month period ended 30 June 2007	Twelve-month period ended 30 June 2008
Cash flow from operating activities			
Net income		170 020	183 444
Income from equity investments	6	(7 866)	(11 193)
(Gain) / loss on disposal of assets		224	84
Other non-operating items		187 364	209 408
Depreciation, amortisation and provisions		316 549	311 462
Deferred taxes	20	(4 411)	(144)
Changes in accounts receivable		(12 896)	(20 075)
Changes in other assets		(6 525)	(9 855)
Changes in accounts payable		2 738	8 564
Changes in other debt		11 349	5 936
Taxes paid		(128 872)	(111 039)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**527 674**	**566 592**
Cash flows from investing activities			
Acquisitions of satellites and other property and equipment	5	(350 065)	(377 224)
Acquisition of securities accounted for using the equity method		-	(45 250)
Proceeds from sale of assets		57	589
Acquisition of minority interests		(19 914)	(47 680)
Changes in other non-current financial assets		(109)	563
Dividends received from associates		-	1 535
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(370 031)**	**(467 467)**
Cash flows from financing activities			
Changes in capital		2 673	150
Distributions		(124 338)	(138 920)
Increase in debt		1 886	100 000
Repayment of debt		(167 280)	(168)
Repayment in respect of performance incentives and long-term leases		(15 622)	(21 232)
Interest and other fees paid		(92 971)	(91 623)
Interest received		10 358	4 314
Other changes		1 384	17 204
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(383 910)**	**(130 275)**
Impact of exchange rate on cash and cash equivalents		(5)	501
Increase (decrease) in cash and cash equivalents		**(226 272)**	**(30 649)**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**263 030**	**36 758**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**36 758**	**6 109**
Cash reconciliation			
Cash	12	45 474	21 318
Overdraft included under debt (1)		(8 716)	(15 209)
Cash and cash equivalents per cash flow statement		**36 758**	**6 109**

(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 bank debt” under “Current liabilities” in the balance sheet.

The Notes are an integral part of the consolidated financial statements.

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

	Share capital			Reserves and retained earnings	Minority interests	Total
(in thousands of euros)	Number	Amount	Additional			
30 June 2006	**215 692 592**	**215 692**	**907 485**	**16 179**	**70 924**	**1 210 280**
Translation adjustment				(865)	(31)	(896)
Changes in fair value of cash-flow hedges				68 399	708	69 107
Tax impact				(23 551)	(244)	(23 795)
Income and expenses recognised directly under equity				**43 983**	**433**	**44 416**
Net income of the period				159 377	10 643	170 020
Total income and expenses recognised for the period				**203 360**	**11 076**	**214 436**
Transactions affecting the capital (1)	1 708 490	1 709	(14 874)	16 453		3 288
Issue costs						
Treasury stock				(26)		(26)
Changes in scope of consolidation					(1 460)	(1 460)
Distributions			(116 476)		(7 717)	(124 193)
Benefits for employees upon exercising options and free shares granted				922	(4)	918
ABSA commitments				3 202		3 202
Liquidity offer				2 433	2 635	5 068
30 June 2007	**217 401 082**	**217 401**	**776 135**	**242 523**	**75 454**	**1 311 513**
Translation adjustment						
Changes in fair value of cash-flow hedges				16 546	171	16 717
Tax impact				(5 697)	(59)	(5 756)
Income and expenses recognised directly under equity				**10 849**	**112**	**10 961**
Net income of the period				172 276	11 168	183 444
Total income and expenses recognised for the period				**183 125**	**11 280**	**194 405**
Transactions affecting the capital	2 240 873	2 241	13 144	20 080		35 465
Treasury stock				(655)		(655)
Changes in scope of consolidation					(10 882)	(10 882)
Distributions			(126 713)		(12 206)	(138 919)
Employee benefits for subscription of shares and free shares				3 829	(1)	3 829
ABSA commitments				18 194	(6 328)	11 866
Liquidity offer				2 415	8 208	10 623
30 June 2008	**219 641 955**	**219 642**	**662 566**	**469 511**	**65 525**	**1 417 244**

(1) The amount shown as additional paid-in capital includes negative retained earnings of €20 080 thousand for this item.

The Notes are an integral part of the consolidated financial statements.

NOTE 1: GENERAL OVERVIEW

1.1 – Incorporation

SatBirds was incorporated as a simplified 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*.

1.2 – 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. in regard to the operation of these satellites continue to be under the joint responsibility of the member countries of the IGO, and of the IGO.

As of 30 June 2008, the Group owns and operates, via Eutelsat S.A., 19 satellites in geostationary orbit to provide capacity (its assignment and availability) to major international telecommunications operators and international broadcasting companies, for television and radio broadcasting services, both analogue and digital, for business telecommunications services, multimedia applications and messaging and positioning services. In addition, the Group uses additional capacity on five satellites belonging to third parties or related parties.

Seven more satellites (HOT BIRD™9, W2M and HOT BIRD™10, W2A, W7, W3B and Ka-Sat) are currently under construction. The first five are expected to be launched in 2008/2009, the sixth in 2009/2010 and the last in 2010/2011.

1.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2008 have been prepared under the responsibility of the Board of Directors, which adopted them at its meeting of 30 July 2008.

They will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 6 November 2008.

NOTE 2: BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

2.1 – Compliance with IFRS

The financial statements at 30 June 2008 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_fr.htm#adopted-commission

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

2.2 – Published standards and interpretations

The following standards and interpretations, whose application is compulsory for financial periods commencing as of 1 July 2007 and ended as of 30 June 2008, have been taken into account and reviewed by the Group:

- IFRS 7 “Financial Instruments – Disclosures”
- IAS 1 Amendment “Presentation of Financial Statements – Capital Disclosures”
- IFRIC 10 “Interim Financial Reporting and Impairment”
- IFRIC 11 “Group and Treasury Share Transactions”, for which application is compulsory as of 1 March 2007;

Apart from IFRS 7 “Financial Instruments – Disclosures” and the IAS 1 Amendment on capital disclosures, they are without impact both on previous financial periods and on the consolidated financial statements as of 30 June 2008.

The Group has applied no standards or interpretations in advance and none of the following standards that have already been published:

- Amendment to IAS 1 “Presentation of Financial Statements”, applicable as from 1 January 2009;
- IFRS 8 “Operating Segments”, for which application is compulsory in respect of financial reporting periods beginning 1 January 2009 or later;

- Amendment to IAS 23 “Borrowing Costs”, for which application is compulsory as from 1 January 2009; this text has not yet been approved by the European Union.
- IFRIC 13 “Customer Loyalty Programmes”, applicable as from 1 July 2008 and which has not yet been approved by the European Union;
- IFRIC 14 “IAS19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”, applicable as from 1 January 2008.

The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements.

The Group is not concerned by Interpretation IFRIC 12 “Service Concession Arrangements”, for which application is compulsory from 1 January 2008, subject to approval by the European Union.

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

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 by the IFRIC 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 3.3 – *Acquisition of minority interests*) and firm or conditional commitments to purchase minority interests (see Note 3.10.7 - *Firm or conditional commitments to purchase minority interests*).

2.4 – 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.

2.5 – Use of estimates

The preparation of consolidated financial statements requires Management to make estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes.

Eutelsat Communications constantly updates its estimates using past experience as well as other relevant factors related to the economic environment. Based upon any changes in these assumptions or other factors, amounts that will be shown in future financial statements may differ from present estimates.

These estimates and assumptions relate in particular to:

- recognition of revenues (see Note 3.13 – *Revenue recognition*),

- allowance for bad debt (see Note 9 – *Accounts receivable*), exposure to credit risk, risk profile),
- provisions for risks and for employee benefits (see Note 21 – *Provisions*),
- the income tax expense and recognition of deferred tax assets (see Note 20 – *Current and deferred tax*),
- determination of goodwill and other intangible assets and any impairment thereof (see Note 4 – *Goodwill and other intangibles*),
- fair value measurement of financial instruments (see Note 25 – *Financial instruments*),
- appraisal of satellites' useful lives and their impairment (see Note 5 – *Satellites and other property and equipment*).

2.6 - Periods presented and comparatives

The financial year of Eutelsat Communications is twelve months ending 30 June.

The functional currency, and the currency used in the presentation of the financial statements, is the euro.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

3.1 – 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. Similarly, the changes in their reserves following the acquisition which are not related to operations which 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 or significant influence.

Intra-Group balances and transactions are eliminated on consolidation.

3.2 – Accounting treatment for business combinations

In accordance with IFRS 3, business combinations are recognised using the purchase accounting method. Under this method, 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.

Only the acquiree's identifiable liabilities satisfying the recognition criteria specified by IFRS are recognised following a business combination. Restructuring costs are only recognised as liabilities of the acquired entity if it has a present obligation to restructure at the date of acquisition.

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.

Minority interests are recognised on the basis of the fair value of the net assets acquired.

3.3 – Acquisition of minority interests

Although IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements", as revised, now indicate how acquisitions of minority interests are to be recognised, these two texts have not yet been adopted by the EU and will be compulsory only for financial years beginning on or after 1 July 2009. For this reason, and in order to ensure the same accounting methods are applied from one financial period to the next, the Group is continuing to apply the same accounting treatment, and the difference between the purchase price and the carrying amount of acquired minority interests, as indicated in the consolidated financial statements of the Group prior to the acquisition, continues to be recognised as goodwill. This method will be reviewed when the relevant compulsory texts become applicable.

3.4 – Foreign currency transactions

Transactions in foreign currencies
Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.
Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the functional currency at the end of the period, using the balance sheet rate. The resulting gains and losses are recorded in the income statement during 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 1.58 U.S. dollars per euro and the average exchange rate used for the period is 1.50 U.S. dollars 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. Revenues and expenses are translated using a weighted-average exchange rate for the period. The resulting translation difference is included under a separate component of shareholders' equity under "Translation adjustments".

3.5 – Intangible assets

Intangible assets purchased separately or acquired in the context of a business combination

Intangible assets purchased separately are recorded at their historical cost, 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 "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 account of anticipated contract renewal rates (see Note 3.8 – *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 2007 and 2008, 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".

3.6 – Goodwill

Goodwill is valued at the date of the business combination at cost, representing the difference between the cost of the business combination, including directly attributable costs, and the fair value of the Group's share of the acquired identifiable assets and assumed liabilities.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under "Goodwill." Goodwill arising on 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 include significant, adverse developments which call into question the recoverable amount of the initial investment.

3.7 – 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 in course of 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 – Depreciation 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 principal 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.

Assets under construction – Assets under construction 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 a satellite's transponders are recognised in accordance with IAS 17 "Leases." Under this standard, leases which 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.

3.8 – 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 which are 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 and are based upon the medium-term plan

approved by Management. 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 captions "Other operating costs" and "Other operating income". An impairment of goodwill cannot be reversed.

As of 30 June 2007 and 2008, the following CGUs have been identified for the purpose of impairment tests:

- Each of the satellites, i.e. 24 as of 30 June 2008
- the investment in the Hispasat group
- each of the four assets related to "Customer Contracts and Relationships"

3.9 – 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.

3.10 – Financial instruments

Financial assets in respect of which changes in fair value are recorded in 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*: "disclosure and 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.

3.10. 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 assets held for trading purposes and financial instruments designated as being measured at fair value through

the income statement at initial recognition. This category includes financial assets acquired for the principal purpose of selling in the short term (generally within a period of less than 12 months) and derivative instruments except if they are designated as hedging instruments.

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

Assets available for sale

Available-for-sale financial assets are financial assets, other than derivatives, which have been designated as available for sale by Management or which have not been classified 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.

3.10.2 – 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 (net of transaction costs) and repayable amounts are recorded as financial expense over the duration of the loans, using the effective interest method.

3.10.3 – 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 3.10.5 – *Hedging transactions*)

3.10.4 – *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. Examples of 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. Impairment is recognised in the income statement where there is objective evidence that the asset is impaired.

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 provisions for probable losses based upon expected collections. These are recorded in "Selling, general and administrative expenses".

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 available-for-sale financial assets, cannot be reversed.

3.10.5 – 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. In the event a pre-existing hedge relationship is maintained after a debt restructuring (i.e. the extinguishment and the issuance of a new debt), the non-zero fair value of the hedging instrument measured at restructuring date is subsequently amortised through efficiency test over the remaining life of the instrument.

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.

3.10.6 – Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, 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.

3.10.7 - Firm or conditional commitments to purchase minority interests

Under International Accounting Standards IAS 27 – "*Consolidated and Separate Financial Statements*" and IAS 32 "*Financial Instruments*": *Disclosure and Presentation*", the Group recognises the fair value of firm or conditional commitments to purchase minority interests as financial debt, offset by a reduction of minority interests. When the value of the commitment exceeds the amount of the minority interests, the Group, in the absence of any clear indication of accounting treatment under IFRS on this point, recognises the amount of the excess as goodwill, applying the same reasoning as set out above regarding the acquisition of minority interests.

Any change in the fair value of the obligation subsequent to its initial recognition is considered as an adjustment of the amount initially recognised as goodwill.

3.11 – Cash and cash equivalents

Cash and cash equivalents consist mainly of cash on hand and at bank, and highly liquid investments or deposit warrants with original maturities of three months or less.

3.12 – 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 share 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 in the form of stock options 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 (cash settled plans).

Similarly, in accordance with IFRS 2 "*Share-based Payment*", benefits granted to employees in the context of public share offerings and other transactions are measured at the date of grant. 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.

3.13 – Revenue recognition

The Group's operating revenues are mainly attributable to the leasing of satellite transponders on the basis of terms and conditions set out in the lease contracts.

These contracts are mainly over periods ranging from one year to the end of life of the satellite. Contracts usually provide for the right to free-of-charge time in cases of interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two years with a one-year notice period and, depending on the type of lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the residual period 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 trade receivable will be recovered.

Deferred revenues include unearned balances of amounts for a period of no more than one year received in advance from customers or advance billing of customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant leases or of the services provided.

3.14 – 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.

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.

3.15 – 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 repurchase method, based on the assumptions (i) that all potentially dilutive instruments are converted (i.e. assuming the exercise of all outstanding options and the conversion of any financial instruments giving access to the 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.

3.16 – Post-employment benefits

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

Defined benefit plans are plans for which the Group, or any of its entities, has contractually agreed to provide a specific amount or level of benefits following retirement. The cost of this

defined benefit obligation, including lump sum retirement indemnities and other post-employment benefits is entered as a liability on the basis of an actuarial valuation of the obligations 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.

3.17 – 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.

3.19 – 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 4: GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

(In thousands of euros)	**Goodwill**	**Customer contracts and relationships**	**Eutelsat brand**	**Other intangibles**	**Total**
30 June 2006	**750 714**	**889 000**	**40 800**	**1 000**	**1 681 514**
Effect of the changes in the	7 465	-	-	-	7 465
Separate acquisitions	-	-	-	4	4
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
30 June 2007	**758 179**	**889 000**	**40 800**	**1 004**	**1 688 983**
Effect of the changes in the	46 690 -	-	-	-	46 690
Separate acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	-	-
30 June 2008	**804 869**	**889 000**	**40 800**	**1 004**	**1 735 673**

During the financial year ended 30 June 2007, the Group acquired from Eutelsat S.A. employees, under liquidity offers or under its option to purchase all Eutelsat S.A. shares resulting from the exercise of "Managers II" plan options by Eutelsat S.A. key personnel and *mandataires sociaux* (company officers) who subscribed to ABSA 1s or ABSA 2s (see Note 14.3 - *Share-based payment*), a proportion of their Eutelsat S.A. shares representing overall 0.44% of that company's capital.
These acquisitions resulted in the recognition of goodwill totalling €7 465 thousand. The acquisition cost for the shares is €19 914 thousand, including incidental expenses.

During the year ended 30 June 2008, under the offers referred to above and the Eutelsat S.A. stock purchase options (shares subscribed for by managers under the "Managers III" plan -see. Note 14.3 – *Share-based payment*), the Group acquired part of the Eutelsat S.A. shares, overall representing 1.25% of its share capital. The Group also acquired part of the Eutelsat S.A. shares held by institutional investors, amounting to 0.69% of its capital (see Note 14 – *Shareholders' equity*).
These acquisitions of minority interests resulted in the recognition of goodwill totalling €46 690 thousand. The acquisition cost is €47 680 thousand.

Changes in accumulated depreciation and impairment

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation at 30 June 2006	**-**	**(55 563)**	**-**	**-**	**(55 563)**
Annual allowance	-	(44 450)	-	(1 000)	(45 451)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2007	**-**	**(100 013)**	**-**	**(1 000)**	**(101 014)**
Annual allowance	-	(44 450)	-	(2)	(44 452)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2008	**-**	**(144 463)**	**-**	**(1 002)**	**(145 466)**

The annual testing of the goodwill for impairment at 31 December 2007 did not result in any need to adjust its value in the balance sheet. The recoverable value was close to the fair value (see Note 3.8 – *Impairment of non-current assets*).

The technical incidents that affected the Eurobird 4 and W5 satellites during the years ended 30 June 2007 and 2008 respectively (see Note 5 – Satellites and other property and equipment) had no impact on the value of the intangible asset "Customer Contracts and Relationships".

Net assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value at 30 June 2006	**750 714**	**833 437**	**40 800**	**1 000**	**1 625 951**
Net value at 30 June 2007	**758 179**	**788 987**	**40 800**	**4**	**1 587 970**
Net value at 30 June 2008	**804 869**	**744 537**	**40 800**	**2**	**1 590 208**

NOTE 5: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

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

Changes in gross assets

(In thousands of euros)	Satellites [1]	Other property and equipment	Satellites under construction	Total
Gross value at 30 June 2006	**1 983 896**	**93 399**	**310 116**	**2 387 411**
Effect of the changes in the scope of consolidation	-	-	-	-
Separate acquisitions	9 250	30 895	350 703	390 848
Disposals and scrapping of assets	(2 848)	(1 384)	-	(4 232)
Transfers	199 342	-	(199 342)	-
Gross value at 30 June 2007	**2 189 640**	**122 910**	**461 477**	**2 774 027**
Change in gross value	-	-	-	-
Effect of the changes in the scope of consolidation	-	-	-	-
Separate acquisitions	(956)	34 643	295 938	329 625
Disposals and scrapping of assets	(1 765)	(2 551)	-	(4 316)
Transfers	-	-	-	-
Gross value at 30 June 2008	**2 186 919**	**155 002**	**757 415**	**3 099 336**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites [1]	Other property and equipment	Satellites under construction	Total
Accumulated depreciation at 30 June 2006	**(301 384)**	**(26 314)**	**-**	**(327 698)**
Annual allowance	(233 274)	(22 125)	-	(255 399)
Reversals	-	1 182	-	1 182
Impairment	(25 000)	-	-	(25 000)
Accumulated depreciation at 30 June 2007	**(559 658)**	**(47 257)**	**-**	**(606 915)**
Annual allowance	(233 796)	(22 988)	-	(256 784)
Reversals	1 765	1 940	-	3 705
Impairment	(12 000)	-	-	(12 000)
Accumulated depreciation at 30 June 2008	**(803 689)**	**(68 305)**	**-**	**(871 994)**

Net assets

(In thousands of euros)	Satellites [1]	Other property and equipment	Satellites under construction	Total
Net value at 30 June 2006	**1 682 512**	**67 085**	**310 116**	**2 059 713**
Net value at 30 June 2007	**1 629 982**	**75 653**	**461 477**	**2 167 112**
Net value at 30 June 2008	**1 383 229**	**86 697**	**757 415**	**2 227 341**

[1] including satellites subject to finance leases:

(In thousands of euros)	
Gross value	**92 311**
Net value at 30 June 2008	**53 912**

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

	Gross value (1)	Net value		
SESAT 2	59 959	42 181	12 transponders	Contract dated March 2004 related to the satellite's remaining useful life
Telstar 12	15 068	7 810	4 transponders	Agreement dated June 1999 related to the satellite's remaining useful life
EXPRESS A3	9 046	-	5 transponders	Agreement signed in May 2001 and renewed in August 2007 for a period up to the end of the satellite's life
Telecom 2C	7 000	3 921	11 transponders	Agreement dated April 2007 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.

Satellite-related acquisitions and transfers at 30 June 2007 correspond to the entry into operational service of the HOT BIRD™8 satellite, which was successfully launched on 4 August 2006.

"Scrapping of assets" is mainly composed of the HOT BIRD™1 satellite, fully written off and now deorbited.

A technical incident in October 2006 affected the HOT BIRD™3 satellite (since rebranded EUROBIRD™4) and resulted in substantial deterioration to a solar panel, with a loss of power and a reduction in the satellite's useful life. However, as it was released of its role at 13°East after the entry into operational service of HOT BIRD™8, this incident had no impact on the services the Group provides to its customers.
As a result of this incident, the Group recorded impairment for the 2006/2007 financial year of €25.0 million under "Other operating costs". This was measured on the basis of the present value of the future cash flows generated by this satellite, using a discount rate of 7.5%.

During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly that affected part of its power supply sub-system, and compelled the Group to reduce the number of transponders in service by four.

Following this incident, the Group 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 showed no need to adjust the value recognised on the balance sheet.
The technical information available as of the date these financial statements were prepared does not modify any of the conclusions of this impairment test.

On the occasion of the annual update to the medium-term plan, it became apparent that future revenue flows generated by the EUROBIRD™3 satellite are lower than initially foreseen and led to the performance of an impairment test. An impairment loss of €12 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 2008, seven satellites are in course of construction compared to five at 30 June 2007.

NOTE 6: INVESTMENTS IN ASSOCIATES

At 30 June 2008, "Investments in associates" are as follows:

(In thousands of euros)	**30 June 2007**	**30 June 2008**
Solaris Mobile	-	45 007
Hispasat	**124 599**	132 162
Total	**124 599**	**177 169**

6.1 – Solaris Mobile Ltd

During the 2007/2008 financial year, the Group founded a company called Solaris Mobile Ltd. in Dublin in Ireland to provide services in S band via a partnership with SES Astra. The S-band payload on Eutelsat's W2A satellite, which is scheduled for launch in 2008/2009, will distribute television, video and radio services as well as bidirectional communications for portable mobile equipment such as telephones, computers and multimedia readers.
Solaris Mobile Ltd is 50% held by Eutelsat, which has joint control with its partner.
No financial summary is being presented for the joint venture as this is not material.

6.2 – Hispasat group

At 30 June 2008, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, the private unlisted Spanish satellite operator. This equity provides certain rights related to the stability of the shareholder structure.

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

(In thousands of euros)	30 June 2007	30 June 2008
Value of equity investment, beginning of period	117 461	124 599
Share of income	7 866	11 436
Income and expenses recognised directly under equity	(728)	(3 873)
Value of equity investment, end of period	**124 599**	**132 162**

Financial information related to the equity investment

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

(in millions of euros)	30 June 2007	30 June 2008
Intangible assets (1)	27.7	27.7
Service contract (2)	1.7	1.5
Investment in Hisdesat	5.0	5.0
Sub-total	**34.4**	**34.2**

(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, based on Spanish accounting standards.

(In thousands of euros)	**31 December 2006**	**31 December 2007**
Non-current assets	518 432	517 015
Current assets	66 502	104 672
Non-current liabilities	198 582	213 221
Current liabilities	71 128	60 966
Total net assets	**315 224**	**347 500**
Operating revenues	120 466	128 312
Net income	24 076	36 213

At 30 June 2007 and 2008, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of income from:

- Hispasat as of 30 June 2007 and 2008, after amortisation for the period of the identified intangible assets.
- Solaris Mobile Ltd as of 30 June 2008.

NOTE 7: NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of:

(In thousands of euros)	30 June 2007	30 June 2008
Available for sale non-consolidated investments [1]	436	436
Long-term loans and advances	2 625	2 062
Total	**3 061**	**2 498**

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

- **Available for sale non-consolidated investments**

Available for sale 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. No impairment was recorded on these investments as of 30 June 2007 and 2008.

- **Long-term loans and advances**

Long-term loans and advances mainly consist of employee loans for €0.6 million at 30 June 2007 and €0.7 million to social-welfare bodies at 30 June 2008. The balance represents rental guarantee deposits for Eutelsat S.A.'s Paris premises of €0.3 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 (€0.8 million).

NOTE 8: INVENTORIES

Net inventories amount to €2 092 thousand at 30 June 2007 and €2 013 thousand at 30 June 2008. They mainly comprise receiving antennas and modems.

The allowance for stock depletion was €1 845 thousand and €2 237 thousand respectively for the financial periods ended 30 June 2007 and 2008.

NOTE 9: 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 his debt when that 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 by obtaining guarantees.

Accounts receivable are mainly composed of receivables from international telecommunications operators, broadcasters and other users of commercial satellite communications.

As of 30 June 2007, the net book value of these receivables was €220 976 thousand. The allowance for bad debts was €17 345 thousand.

As of 30 June 2008, the net book value of these receivables was €239 435 thousand. The allowance for bad debts was €16 766 thousand.

Accounts receivable at 30 June 2007 and 2008 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk in view of the diversity of its customer portfolio at 30 June 2008.

9.1 - Evolution of the allowance for bad debt

(in thousands of euros)	**Group total**
Value at 30 June 2006	**8 440**
Annual allowance	12 403
Reversals (used)	-
Reversals (unused)	3 497
Translation adjustments and other movements	-
Value at 30 June 2007	**17 345**
Annual allowance	10 972
Reversals (used)	1 604
Reversals (unused)	9 948
Translation adjustments and other movements	-
Value at 30 June 2008	**16 766**

9.2 Analysis of receivables (matured and unmatured)

(in thousands of euros)	**30 June 2007**	**30 June 2008**
Unmatured receivables	**183 409**	**194 406**
Matured and unimpaired	**30 760**	**36 627**
Between 0 and 30 days	*26 111*	*30 965*
Between 30 and 90 days	*4 379*	*1 777*
More than 90 days	*270*	*3 885)*
Matured and impaired	**24 151**	**25 145**
Between 0 and 30 days	*-*	*242*
Between 30 and 90 days	*11 445*	*14 834*
More than 90 days	*12 705*	*10 069*
Impairment	**(17 345)**	**(16 766)**
Total	**220 975**	**239 435**

9.3. Guarantees and commitments received, which reduce the credit risk

(In thousands of euros)	30 June 08		30 June 07	
	Value of accounts	Value of the guarantee	Value of accounts	Value of the guarantee
Guarantee deposits	50 314	12 426	37 602	10 215
Bank guarantees	23 709	23 709	19 719	19 719
Guarantees from the parent company	22 791	22 791	30 242	30 242
Total	**96 814**	**58 926**	**87 563**	**60 175**

NOTE 10: OTHER CURRENT ASSETS

Other current assets are as follows:

(In thousands of euros)	30 June 2007	30 June 2008
Prepaid expenses	10 415	7 191
Tax and employee-related receivable	8 006	9 957
Total	**18 421**	**17 148**

At 30 June 2007, prepaid expenses mainly comprised €3.4 million of prepaid satellite insurance and €1.1 million of satellite operating costs.

At 30 June 2008, prepaid expenses mainly comprised €2.6 million of prepaid satellite insurance and €0.7 million of satellite operating costs.

NOTE 11: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2007	30 June 2008
Hedging instruments(1)	135 883	139 385
Other receivables	9 952	53 620
Total	**145 835**	**193 005**

(1) see Note 25 – *Financial instruments*

NOTE 12: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2007	30 June 2008
Cash	19 836	11 776
Accrued interest	6	3
Cash equivalents	25 637	9 542
Total	**45 479**	**21 321**

Cash equivalents are mainly composed of deposit warrants, the great majority of which mature less than one month after the date of acquisition.

NOTE 13: 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 item 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 2007					Fair value at 30 June 2007
		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*	436	-	436	-	-	436
Long-term loans and advances	*Receivables*	2 625	2 625	-	-	-	2 625
Accounts receivable	*Receivables*	220 976	220 976	-	-	-	220 976
Current financial							
Other receivables	*Receivables*	9 952	9 952	-	-	-	9 952
Financial							
Qualified as cash-flow hedges	*N/A*	122 401	-	-	122 401	-	122 401
Qualified as trading instruments	*Held for trading purposes*	13 483	-	-	-	13 483	13 483
Cash and cash equivalents							
Cash	*N/A*	19 836	19 836	-	-	-	19 836
Cash equivalents	*Receivables*	25 637	25 637	-	-	-	25 637

(in thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2008					Fair value at 30 June 2008
		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*	436	-	436	-	-	436
Long-term loans and advances	*Receivables*	2 062	2 062	-	-	-	2 062
Accounts	*Receivables*	239	239 435	-	-	-	239 435
Current financial							
Other	*Receivables*	53 620	53 620	-	-	-	53 620
Financial instruments							
Qualified as cash-	*N/A*	127	-	-	127 931	-	127 931
Qualified as trading instruments	*Held for trading purposes*	11 454	-	-	-	11 454	11 454
Cash and cash equivalents							
Cash	*N/A*	11 776	11 776	-	-	-	11 776
Cash equivalents	*Receivables*	9 542	9 542	-	-	-	9 542

NOTE 14: SHAREHOLDERS' EQUITY

14.1 – Shareholders' equity

As of 30 June 2008, the share capital of Eutelsat Communications S.A. comprised 219 641 955 ordinary shares with a par value of €1 per share. In terms of treasury stock, the Group holds 46 473 shares as of the same date, amounting to €873 thousand under a liquidity agreement. At 30 June 2007, the Group was holding 7 912 such shares corresponding to a total amount of €141 thousand. Treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2007 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	Nominal value of shares (in euros)
30 June 2007		-	-	776 135	217 401	217 401 082	1
15/10/2007	Liquidity offer (BD of 15/10/07)	991 332	991	15 157	218 392	218 392 414	1
31/10/2007	Issue of capital (exercise of BSA2) (BD of 18/12/2007)	77 968	78	72	218 470	218 470 382	1
09/11/2007	Allocation of the result at 30 June 07 (GM of 09/11/07)	-	-	(20 080)	218 470	218 470 382	1
09/11/2007	Distribution of dividends (GM of 09/11/07)	-	-	(126 713)	218 470	218 470 382	1
29/11/2007	Issue of capital (grant of free shares - Decision of the Chairman of 29/11/07)	133 331	133	(133)	218 604	218 603 713	1
27/05/2008	Liquidity offer (BD of 27/05/2008)	1 038 242	1 038	18 128	219 642	219 641 955	1
30 June 2008		2 240 873	2 240	662 566	219 642	219 641 955	1

14.2 – Dividends

On 9 November 2007, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.58 per share, i.e. a total of €126 713 thousand, taken from "Additional paid-in capital".

The amount of the distribution for the financial year ended 30 June 2008, which is being proposed to the General Meeting of 6 November 2008, is €131 785 thousand, i.e. €0.60 per share.

14.3 –Share-based payment

Free allotment of shares

Following the decision by the Company's Board of Directors on 25 November 2005, an allotment of free shares was proposed to the Group's employees in November 2005, with each beneficiary being granted 341 shares. The free shares were granted to all employees employed on an indefinite contract as of 29 November 2005 and effectively being paid on such a basis by their employer at the time of the decision to grant the shares, and who had been working within the Eutelsat Communications Group for at least three months. The vesting period for definitive acquisition of the shares was fixed at two years, reckoned from 29 November 2005. Beneficiaries were required to keep their shares for a further period of two years after the effective date of acquisition. The Board gave all powers to the Chairman & CEO of the Company to finalise the implementation of the decision taken by the Board.

At 30 June 2007 and 2008, the expense recognised in respect of this operation, with a double entry to shareholders' equity, was €817 thousand and €305 thousand respectively.

The Board of Directors meeting on 18 December 2007 noted a decision by the Chairman & CEO of the Company on 29 November 2007, acting under the delegation of authority granted by the Board of Directors on 29 November 2005, acknowledging the issue and definitive vesting of 133 331 shares to the benefit of 391 beneficiaries for a nominal amount of 1 euro per share as of the anniversary date of the plan (29 November 2007), and noted the subsequent capital increase of 133 331 euros taken from "Additional paid-in capital".

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 qualifying period for definitive acquisition of the shares was fixed at two years after this date, with a requirement that the employee should still be working for the Group. Beneficiaries meeting these conditions are subject to a further requirement to keep their shares for an additional period of two years after the effective date of acquisition.

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 acquisition period. The expense recognised for the periods ended 30 June 2007 and 2008, with a double entry to shareholders' equity, was €228 thousand and €1 210 thousand respectively.

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 *mandataires sociaux* (Company officers), representing a total of 474 831 free shares. Allotment of these free shares will become absolute provided the beneficiaries are still with the Group in two years time and will be available after a further period of two years has expired after the effective date of acquisition. It should be noted that definitive acquisition of the free shares granted under this plan is subject to the achievement of certain performance objectives over a two-year period.

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 a 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 acquisition period. The expense recognised for the period ended 30 June 2008, with a double entry to shareholders' equity, was €2 323 thousand.

Issue of ABSAs to Managers

All the BSAs detached from the 835 200 ABSA1s and 882 380 ABSA2s (2.7 BSAs per ABSA) issued to the key managers of Eutelsat S.A by the Group in August 2005 and fully paid-up in cash had been exercised as of 31 October 2007.

It will be remembered that the subscription conditions (€1.9240 per share) and the conversion rate (2 BSAs for 1.03951 shares) were adjusted in November 2006 in accordance with the legal provisions protecting stock-warrant beneficiaries, following the decision of the Ordinary and Extraordinary General Meeting of Shareholders to make a distribution by taking the required amount from "Additional paid-in capital".

The following tables describe movements in respect of the BSAs and the status of shares issued.

Situation at 30 June 2007 after the distribution of 10 November 2006

Type	BSAs issued	BSAs exercised	Shares issued	Subscription price per share in euros	Expiry date
BSA 1	2 255 040	2 255 039	1 148 362	1.9240	31/03/2008
BSA 2	2 382 426	2 232 412	1 160 128	1.9240	02/08/2015
Total	**4 637 466**	**4 487 451**	**2 308 490**		

Situation at 30 June 2008

Type	BSAs issued	BSAs exercised	Shares issued	Subscription price per share in euros	Expiry date
BSA 1	2 255 040	2 255 040	1 148 362	1.9240	31/03/2008
BSA 2	2 382 426	2 382 426	1 238 096	1.9240	02/08/2015
Total	**4 637 466**	**4 637 466**	**2 386 458**		

The Eutelsat Communications' ABSAs issued were matched to commitments entered into between the Company and some of the key managers and *mandataires sociaux* (company officers) of Eutelsat S.A. to buy and sell 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 – see **Description of Eutelsat S.A. stock-option plans** below).

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 2007 and 30 June 2008 on the basis of the timetable for purchase of the securities and exercise of the stock options was €19 854 thousand and €8 681 thousand respectively. The effect of unwinding the discount was recognised in financial expenses in the amount of €1 789 thousand at 30 June 2007 and €694 thousand at 30 June 2008.

The above resulted in the Group acquiring 10 444 312 Eutelsat S.A. shares during the financial year ended 30 June 2008 (see Note 4 – *Goodwill and other intangibles*).

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 2007	-	**15 624 293**	**1.36**
Authorised	-	-	-
Granted	-	-	-
Exercised	-	**(13 597 863)**	**1.33**
Cancelled	-	**(40 374)**	**1.64**
Balance at 30 June 2008	-	**1 986 056**	**1.57**

b) Changes in the stock-option plans

	Granted	**Exercised**	**Cancelled**	**Balance**	**Exercise price (in euros)**
Plans					
30 June 07					
Partners	4 389 963	(4 052 493)	(227 526)	109 944	1.00
Managers I	2 665 914	(2 612 083)	-	53 831	1.48
Managers II					
- 13/12/02	4 198 094	(4 135 342)	-	62 752	1.33
- 24/02/03	75 175	(75 175)	-	-	1.33
Managers III					
- 17/12/03	10 782 178	(876 174)	-	9 906 004	1.26
- 08/04/04	1 476 126	(137 444)	(64 767)	1 273 915	1.26
- 28/06/04	437 374	-	-	437 374	1.48
Managers IV	4 028 215	(247 741)	(1)	3 780 473	1.64
Total	**28 053 039**	**(12 136 452)**	**(292 294)**	**15 624 293**	

	Granted	**Exercised**	**Cancelled**	**Balance**	**Exercise price (in euros)**
Plans					
30 June 08					
Partners	4 389 963	(4 094 465)	(227 526)	67 972	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	(2 620 296)	(40 375)	1 367 544	1.64
Total	**28 053 039**	**25 734 315**	**(332 668)**	**1 986 056**	

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

The weighted average remaining contractual life of options outstanding is 4.08 years: 1.01 years for "Partners" plan options; 1.32 years for "Managers" plan options; 2.45 years for "Managers II" plan options; 3.98 years for "Managers III" plan options and 4.40 years for "Managers IV" plan options.

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 financial years ended 30 June 2007 and 2008, a total of 3 718 004 options and 13 597 863 options were exercised respectively. These capital increases generated a loss of dilution of €1 745 thousand and €7 870 thousand respectively, recognised under "Other operating costs".

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, which will expire in 2010, 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 as financial expenses at 30 June 2007 and 30 June 2008 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 €7 193 thousand and €1 261 thousand respectively.

It should be noted that the liquidity offers made to employees during the year ended 30 June 2008 in the form of a cash offer to purchase shares or exchange them for new shares in Eutelsat Communications resulted in the purchase of 2 065 869 Eutelsat S.A. shares for €11 301 thousand and the contribution of 152 693 Eutelsat S.A. shares as a consideration for issuing 48 721 shares in Eutelsat Communications (see Note 4 - *Goodwill and other intangibles*).

Liquidity offer for the historical shareholders in Eutelsat S.A.
During the year and in parallel to the offers made to the employees of the Group in the form of a cash offer to purchase shares and/or exchange them for new shares in Eutelsat Communications, an identical offer was made to the historical shareholders of Eutelsat S.A. This operation resulted in the acquisition of 500 000 Eutelsat S.A. shares for €2 575 thousand and the contribution of 6 523 050 Eutelsat S.A. shares as a consideration for issuing 1 980 853 shares of Eutelsat Communications (see Note 4 – *Goodwill and other intangibles*).

14.4 – Change in the revaluation surplus of financial instruments

All financial instruments affecting the revaluation surplus are cash-flow hedges.

(In thousands of euros)	**Total**
Balance at 30 June 2007	**102 640**
Changes in fair value within equity	16 717
Transfer into the income statement	-
Balance at 30 June 2008	**119 357**

* This item only includes amounts reclassified as income due to an interruption in the hedging relationship.

14.5 – 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 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.

14.6 – 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 15: BANK DEBT

15.1 – Non-current portion

At 30 June 2007 and 2008, all debt was denominated in euros.

- Changes since 30 June 2007:

The structure of the Group's debt remained identical throughout the year.

At 30 June 2008, the Group had 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-term bullet 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 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 may be 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 4.5 at 31 December 2011.

- Interest Cover Ratio: Consolidated EBITDA/interest payable (due and paid) 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 long-term bullet-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 25 – *Financial instruments*):

- a 7-year syndicated credit facility entered into in November 2004 by its subsidiary Eutelsat S.A. for an amount of €1 300 million and comprising:
  - a €650 million bullet loan repayable at maturity
  - a revolving credit facility for €650 million (€160 million used as of 30 June 2008).

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 0.25% and 0.75%, depending on Eutelsat S.A.'s long-term debt rating assigned by Standard & Poor's. A fee for non-use representing 30% to 45% of the margin mentioned above may be payable.

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 at 30 June and 31 December each year.

- *Financial information at 30 June 2007 and 2008:*

The non-current portion of the Group's bank debt at 30 June 2007 and 2008 breaks down as follows:

(In thousands of euros)	30 June 2007		30 June 2008	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Eutelsat Communications credit facility (Variable rate)	1 615 000	1 615 000	1 615 000	1 615 000
Eutelsat S.A. revolving credit facility (Variable rate)	60 000	60 000	160 000	160 000
Eutelsat S.A. term loan (Variable rate)	650 000	650 000	650 000	650 000
Fixed rate loan (Wins Ltd.)	379	379	338	338
Variable rate loan (Wins Ltd.)	-	-	500	500
Sub-total of debt (non-current portion)	**2 325 379**	**2 325 379**	**2 425 838**	**2 425 838**
Issue costs		(16 401)		(13 649)
Total		**2 308 978**		**2 412 189**

Issue costs incurred on putting in place the €1 915 million syndicated credit facility (refinancing of the SatBirds Finance Senior credit facilities) were amortised over the duration of the loan. Costs remaining to be amortised at 30 June 2007 and 2008 were charged to the carrying amount of the loans. At 30 June 2007 and 2008, they represent a balance of €16 401 thousand and €13 649 thousand respectively.
At 30 June 2008, the Group had access to the following main credit facilities:

(In thousands of euros)	**Amount granted**	**Amount used**	**Maturity**
Bullet loan	1 615 000	1 615 000	8 June 2013
Revolving credit facility	300 000	-	8 June 2013
Bullet loan	650 000	650 000	24 November 2011
Revolving credit facility	650 000	160 000	24 November 2011
Fixed rate loan	900	465	31 December 2011
Variable rate loan	500	500	31 December 2010
Total	**3 216 400**	**2 425 965**	

The weighted average interest rate for drawdowns on these revolving lines of credit was 5.1% for the period ended 30 June 2008 and 3.1% after the effects of the hedging activities is taken into account.

The effective interest rate on the bullet loans of €1 615 million and €650 million was 5.74% and de 4.68% respectively at 30 June 2008 and 4.63% and 3.96% after the effects of the hedging activities is taken into account.

At 30 June 2008, the non-current debt maturity analysis is as follows:

(In thousands of euros)	30 June 2008	Maturity within one year	Maturity between 1 and 5 years
Eutelsat Communications bullet loan	1 615 000	-	1 615 000
Eutelsat S.A. term loan	650 000	-	650 000
Eutelsat S.A. revolving credit facility	160 000	160 000	-
Fixed rate loan (Wins Ltd.)	465	127	338
Variable rate loan (Wins Ltd.)	500	-	500
Total	**2 425 965**	**160 127**	**2 265 838**

An increase of ten basis points (+0.1%) in the EURIBOR interest rate would have an impact of €61 thousand on an annualised basis on the consolidated income statement at 30 June 2008. At 30 June 2007, the impact on an annualised basis was €61 thousand.

15.2 – Current portion

Current bank debt includes accrued interest not yet due at 30 June 2008 on the debt described in Note 15.1. Current bank debt consists of the following:

(In thousands of euros)	30 June 2007	30 June 2008
Bank overdrafts	8 716	15 209
Accrued interest not yet due	13 715	15 997
Portion of the loans due within one year (excluding the revolving credit facility)	754	127
Total	**23 185**	**31 333**

NOTE 16: OTHER FINANCIAL LIABILITIES

Other financial liabilities mainly comprise performance incentives.

(In thousands of euros)

	30 June 2007	30 June 2008
Performance incentives [(1)]	77 739	65 371
Finance leases [(2)]	6 000	2 027
Other liabilities	21 026	26 551
Total	**104 765**	**93 949**
- current part	34 263	33 799
- non-current part	70 502	60 150

(1) Including interest related to "Performance incentives" of €21 350 thousand at 30 June 2007 and €19 821 thousand at 30 June 2008.

(2) At 30 June 2007, interest related to the finance lease for the T2C satellite is not material.

At 30 June 2008, amounts of interest related to the finance leases for the T2C and Express A3 satellites are not material.

NOTE 17: FINANCIAL LIABILITIES

17.1 – Breakdown by category

(in thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2007				**Fair value at 30 June 2007**
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
Liabilities						
Bank debt						
Lines of credit	*At amortised cost*	2 248 599	2 248 599	-	-	2 248 599
Revolving credit	*At amortised cost*	60 000	60 000	-	-	60 000
Fixed rate loans	*At amortised cost*	379	379	-	-	379
Bank overdrafts	*N/A*	8 716	8 716	-	-	8 716
Other financial liabilities						
Non-current	*At amortised cost*	70 502	70 502	-	-	70 502
Current	*At amortised cost*	34 263	34 263	-	-	34 263
Accounts payable						
	At amortised cost	44 048	44 048	-	-	44 048
Fixed assets payable						
	At amortised cost	61 062	61 062	-	-	61 062

(in thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2008				**Fair value at 30 June 2008**
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
Liabilities						
Bank debt						
Lines of credit	*At amortised cost*	2 251 351	2 251 351	-	-	2 251 351
Revolving credit	*At amortised cost*	160 000	160 000	-	-	160 000
Fixed rate loans	*At amortised cost*	338	338	-	-	338
Variable rate loans	*At amortised cost*	500	500			500
Bank overdrafts	*N/A*	15 209	15 209	-	-	15 209
Other financial liabilities						
Non-current	*At amortised cost*	60 150	60 150	-	-	60 150
Current	*At amortised cost*	33 799	33 799	-	-	33 799
Accounts payable	*At amortised cost*	50 909	50 909	-	-	50 909
Fixed assets payable	*At amortised cost*	35 668	35 668	-	-	35 668

17.2 –Breakdown of net financial liabilities by maturity

30 June 2008	Balance-sheet value	Total contractual cash flows	06/2009	06/2010	06/2011	06/2012	06/2013	More than 5 years
Term loan Eutelsat Com.	(1 615 000)	(2 022 345)	(82 850)	(82 850)	(82 850)	(82 850)	(1 690 945)	-
Term loan Eutelsat S.A.	(650 000)	(763 929)	(33 345)	(33 345)	(33 345)	(663 894)	-	-
Eutelsat S.A. revolver loan	(160 000)	(187 060)	(7 920)	(7 920)	(7 920)	(163 300)	-	-
Wins Ltd. Loan	(838)	(838)	(127)	(127)	(627)	(43)	-	-
Bank overdrafts	(15 209)	(15 209)	(15 209)	-	-	-	-	-
Total bank debt	**(2 441 047)**	**(2 989 381)**	**(139 451)**	**(124 242)**	**(124 742)**	**(910 087)**	**(1 690 945)**	**-**
Other financial liabilities	(93 949)	(93 949)	(33 799)	(9 386)	(7 897)	(5 967)	(4 957)	(31 943)
Total financial liabilities	**(2 534 996)**	**(3 083 330)**	**(173 250)**	**(133 628)**	**(132 639)**	**(916 054)**	**(1 695 902)**	**(31 943)**
Eutelsat S.A. foreign exchange derivatives	1 589	1 589	1 589	-	-	-	-	-
Eutelsat S.A. interest rate derivatives	47 433	47 433	24 378	8 705	10 924	3 426	-	-
Eutelsat Communications interest rate derivatives	90 364	90 364	14 534	16 812	16 721	20 035	22 262	-
Financial assets	56 118	56 118	56 118	-	-	-	-	-
Total financial assets	**195 504**	**195 504**	**96 619**	**25 517**	**27 645**	**23 461**	**22 262**	**-**
Net position	**(2 339 492)**	**(2 887 826)**	**(76 631)**	**(108 111)**	**(104 994)**	**(892 593)**	**(1 673 640)**	**(31 943)**

NOTE 18: OPERATING AND FINANCE LEASES

18.1 – Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The lease was renewed on 21 June 2005 for a period of 9 years. Rent expense amounted to €3 796 thousand and €4 002 thousand for the periods ended 30 June 2007 and 2008 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	21 672	3 612	14 448	3 612

18.2 – Finance leases

The Group operates five 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 2008, three of the five finance leases were pre-paid and the two other leases will be paid during the year to come.

Financial expenses for satellites operated under finance leases were zero as at 30 June 2007 and 2008.

NOTE 19: OTHER PAYABLES AND DEFERRED REVENUES

19.1 – Non-current portion

Details of the non-current portion of other payables and deferred revenues as of 30 June 2007 and 2008 are as follows:

(In thousands of euros)	30 June 2007	30 June 2008
Deferred revenues	8 018	5 771
Liabilities for social contributions[1]	27 453	14 832
Total	**35 471**	**20 603**

[1] including debt related to the ABSA commitment (respectively €3 323 thousand and €63 thousand at 30 June 2007 and 2008) and the liquidity offer (respectively €24 130 thousand and €14 769 thousand at 30 June 2007 and 2008) – See Note 14.3 – *Share-based payment*.

19.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2007 and 2008:

(In thousands of euros)	30 June 2007	30 June 2008
Deferred revenues	31 906	32 714
Tax liabilities	16 561	15 759
Liabilities for social contributions[1]	35 064	28 549
Total	**83 531**	**77 022**

[1] Including the liability related to the ABSA commitment of €16 531 thousand at 30 June 2007 and €8,618 thousand at 30 June 2008 (see Note 14.3 – *Share-based payment*).

NOTE 20: CURRENT AND DEFERRED TAX

Since 1 July 2007, the scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: WhiteBirds France S.A.S, SatBirds 2 S.A.S., Eutelsat S.A., Eutelsat TV S.A.S. and Eutelsat Communications Finance S.A.S. .

There were previously two tax-consolidation groups: one headed by Eutelsat Communications S.A. with Eutelsat Communications Finance S.A.S. as a subsidiary, the other headed by SatBirds 2 S.A.S. with the following subsidiaries: WhiteBirds France S.A.S. and Eutelsat S.A.

Income tax for the years ended 30 June 2007 and 2008 has been estimated by applying the enacted tax rates.

20.1 – 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 2007	Twelve-month period ended 30 June 2008
Current tax expense	(96 626)	(97 653)
Deferred tax expense (income)	4 411	144
Total income tax expense	**(92 215)**	**(97 509)**

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 2007	30 June 2008
Income before tax and income from equity investments	254 368	269 760
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(87 580)	(92 878)
Permanent differences and other items	(4 635)	(4 631)
Corporate income tax expense in the income statement	**(92 215)**	**(97 509)**
Actual corporate income tax rate	*36%*	*36%*

At 30 June 2007, the tax expense was 36%. The discrepancy between the rates of tax is mainly explained by the fact that the tax dispute related to the sale of the Hispasat shares by Eutelsat S.A. to the German subsidiary has now ended (see Note 20.3 – *Tax risks*).

At 30 June 2008, the tax expense was 36%. The discrepancy between the rates of tax is mainly explained by the non-deductible calculated charges.

20.2 – 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 2007 and 30 June 2008 were as follows:

(in thousands of euros)	30 June 2007	Net income of the period	Recognised in equity	30 June 2008
Basis of deferred tax assets				
Provisions for impairment of assets	17 153	(800)	-	16 353
Capitalisation of losses carried forward	18 082	(6 688)	-	11 394
Bad-debt provisions	16 909	(3 452)	-	13 457
Financial guarantee granted to the pension fund	7 703	511	-	8 214
Capitalised salaries and performance incentives	6 237	(589)	-	5 648
Provisions for risks and expenses	2 799	(396)	-	2 403
Accrued liabilities	3 501	387	-	3 888
Pension provision	1 913	191	-	2 104
Sub-total (a)	***74 297***	***(10 836)***	***-***	***63 461***
Basis of deferred tax liabilities				
Intangible assets	(285 696)	15 304	-	(270 392)
Exceptional depreciation	(39 730)	(8 142)	-	(47 872)
Financial instruments	(43 060)	3 303	(5 757)	(45 514)
Capitalised interest	(5 492)	663	-	(4 829)
Finance leases	(1 575)	68	-	(1 507)
Other	(2 296)	(216)	-	(2 512)
Sub-total (b)	***(377 849)***	***10 980***	***(5 757)***	***372 626***
Total = (a)+(b)	***(303 552)***	***144***	***(5 757)***	***(309 165)***
Reflected as follows in the financial statements:				
Deferred tax assets	1 380			2 255
Deferred tax liabilities	(304 932)			(311 417)
Total	***(303 552)***			***(309 162)***

Deferred tax liabilities break down as follows:

(In thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	386	(15 851)
Due after one year	63 075	(356 775)
Total	**63 461**	**(372 626)**

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, 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, generated deferred tax income of €15 304 thousand.

As of 30 June 2007, unrecognised deferred tax assets were €4.3 million. These are mainly Eutelsat Communications S.A. tax losses sustained prior to the creation of the tax consolidation group, amounting to €3.5 million.

20.3 – Tax risks

Following the dispute between Eutelsat and the tax authorities as a result of the transfer by Eutelsat S.A. of its Hispasat shares to its German subsidiary in 2003 and the recognition of a capital loss of €140.4 million that was deducted from its taxable income, Eutelsat S.A. accepted the proposal of the tax authorities, so allowing this matter to be definitively closed. This resulted in additional payment of tax and interest of €6.3 million, which was recognised as an expense at 30 June 2007.

NOTE 21: PROVISIONS

(In thousands of euros)	**30 June 2007**	**Depreciat**	**Reversal**		**30 June 2008**
			Used	Unused	
Financial guarantee granted to a pension fund	31 294	1 623	(4 599)	-	28 318
Retirement indemnities and other post-employment benefits	6 881	750	(314)	-	7 317
Litigation[(1)]	7 480	5 452	(1 073)	(5 593)	6 266
Other	2 370	2 709	(1 313)	(36)	3 930
Total provisions	**48 025**	**10 534**	**(7 299)**	**(5 629)**	**45 631**
- non-current part	**38 385**	**2 172**	**(4 926)**	**-**	**35 631**
- current part	**9 640**	**8 362**	**(2 373)**	**(5 629)**	**10 000**

[(1)] Litigation recorded at period-end corresponds to business and employee litigation.

21.1. – 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 2007 and 2008, €4.46 million had been paid.

The actuarial valuation performed at 30 June 2007 and 2008 used the following assumptions:

	30 June 2007	30 June 2008
Discount rate	4.75%	5.50%
Expected rate of return on assets	4.00%	4.00%
Inflation rate	2.00%	2.00%

As of 30 June 2007 and 2008, the position was as follows:

Reconciliation of assets and liabilities recognised in the balance sheet:

(In thousands of euros)	30 June 2007	30 June 2008
Present value of benefit obligations wholly or partly funded	152 792	133 436
Fair value of plan assets	(138 358)	(145 847)
Net financing	**14 434**	**(12 411)**
Actuarial and other gains/(losses) amortised over 12 years	16 860	40 729
Net (ASSET)/LIABILITY recognised in the balance sheet	**31 294**	**28 318**

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.

Movements during the year in the liability recognised in the balance sheet:

	(In thousands of euros)
Provision at 30 June 2006	**35 934**
Net gains recognised in the income statement	(180)
Contributions paid	(4 460)
Provision at 30 June 2007	**31 294**
Net expense recognised in the income statement	1 484
Contributions paid	(4 460)
Provision at 30 June 2008	**28 318**

Net expense recognised in the income statement: *(In thousands of euros)*	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Service cost of the period	-	-
Finance cost	6 615	7 183
Expected return on plan assets	(5 439)	(5 560)
Actuarial (gains)/losses	(1 356)	(139)
Net expense (net gains) recognised in the income statement	**(180)**	**1 484**

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.

The actual return on the plan's assets was €2.0 million and €5.3 million at 30 June 2007 and 2008 respectively.

21.2 – 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 retirement occurring 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 valuation performed at 30 June 2007 and 2008 was based on the following assumptions:

	30 June 2007	30 June 2008
Discount rate	4.75%	5.50%
Inflation rate	2.00%	2.00%

As of 30 June 2007 and 2008, the position was as follows:

(in thousands of euros)

Reconciliation of assets and liabilities recognised in the balance sheet:	**30 June 2007**	**30 June 2008**
Present value of obligations not financed	3 876	6 390
Past-service cost amortised over 23 years	1 290	1 225
Actuarial gains/(losses)	610	(1 588)
Liability recognised in the balance sheet	**5 776**	**6 027**

Movements over the year in net liability recognised in the balance sheet:	***(In thousands of euros)***
Liability at 30 June 2006	**5 453**
Net expense recognised in the income statement	323
Benefits paid	-
Liability at 30 June 2007	**5 776**
Net expense recognised in the income statement	374
Benefits paid	(123)
Liability at 30 June 2008	**6 027**

Net expense recognised in the income statement: ***(In thousands of euros)***	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Service cost of the period	243	268
Finance cost	160	181
Past-service cost	(65)	(65)
Actuarial (gains)/losses	(15)	(10)
Net expense recognised in the income statement	**323**	**374**

b) Supplementary schemes

The Group also has a defined-contribution "*sur-complémentaire*" funded pension fund for its employees (excluding *mandataires sociaux* (company officers) employed by the Group), financed by contributions of 6% of gross annual salary, limited to eight times the Social Security threshold. There are no other commitments in relation to these contributions. The employer's contributions paid for this purpose amount to €1 202 thousand and €1 311 thousand at 30 June 2007 and 2008 respectively.

The *mandataires sociaux* (company 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 2007 and 2008 amounted to €757 thousand and €1 021 thousand respectively, and the fair value of the assets was €720 thousand and €915 thousand. At 30 June 2007, the Group was recognising a liability of €106 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 €5 027 thousand and €5 326 thousand at 30 June 2007 and 2008 respectively.

NOTE 22: SEGMENT INFORMATION

The Group operates in a single industry segment, providing satellite-based video, business and broadband networks, and mobile services mainly to major international telecommunication operators and broadcasters, corporate network integrators and companies for their own needs. With the exception of the Eutelsat satellites in orbit, most of the Group's assets are located in France.

The Group's revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2007 and 2008 are as follows:

(In thousands of euros and as a percentage)	**Twelve-month period ended 30 June**		**Twelve-month period ended 30 June**	
	2007		**2008**	
Region	**Amount**	**%**	**Amount**	**%**
France	109 548	13.2	117 683	13.4
Italy	133 211	16.1	137 253	15.6
United Kingdom	116 278	14.0	106 875	12.2
Europe (other)	286 244	34.5	322 746	36.8
Americas	74 326	9.0	74 781	8.5
Middle East	61 090	7.4	60 083	6.8
Other (*)	48 389	5.8	58 344	6.6
Total	**829 086**	**100.0**	**877 765**	**100 .0**

(*) €11.4 million in indemnity payments for late delivery for the period ended 30 June 2007.

NOTE 23: FINANCIAL RESULT

The financial result is made up as follows:

(In thousands of euros)	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Interest expense (banks)	(104 034)	(93 903)
Other interest expense [2]	(10 490)	1 405
Loan set-up fees	(2 993)	(2 974)
Commitment fees and other similar charges	(2 413)	(2 504)
Changes in financial instruments[1]	(127)	(18 384)
Provisions for risks and expenses	(219)	(1 622)
Foreign-exchange losses	(4 594)	(10 832)
Financial expenses	**(124 870)**	**(128 814)**
Changes in financial instruments[1]	2 208	4 373
Interest income	9 651	4 313
Provision on financial assets	-	139
Foreign-exchange gains	4 851	10 900
Financial income	**16 710**	**19 725**
Financial result	**(108 160)**	**(109 089)**

[1] Changes in financial instruments represent a net expense of €14 011 thousand and are presented in Note 25 – *Financial instruments*.

[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 €3 071 thousand at 30 June 2007 and €8 292 thousand at 30 June 2008.

The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.3% for the financial years ended 30 June 2007 and 30 June 2008. “Other interest expense” also includes interest related to satellite performance incentives (€3.7 million and €4.5 million for the years ended 30 June 2007 and 30 June 2008 respectively).

NOTE 24: 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 2007	**30 June 2008**
Net income	170 085	183 434
Income from subsidiaries attributable to minority interests, before taking into account the dilutive instruments in the subsidiaries	(11 977)	(10 899)
Net earnings used to compute basic earnings per share	**158 108**	**172 535**

	30 June 2007	**30 June 2008**
Net income	170 085	183 434
Income from subsidiaries attributable to minority interests, after taking into account the dilutive instruments in the subsidiaries	(14 798)	(11 212)
Net earnings used to compute diluted earnings per share	**155 287**	**172 222**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2007 and 2008:

	30 June 2007	**30 June 2008**
Restated weighted average number of shares used to compute basic earnings per share	216 117 530	218 328 597
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	67 953	-
Restated weighted average number of shares used to compute diluted earnings per share (1)	**216 185 483**	**218 328 597**

At 30 June 2008, only the subsidiary Eutelsat S.A. had issued dilutive instruments. (see Note 12.3 – *Share-based payment)* 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 25: 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, i.e. the Group never sells assets it does not possess or does not know it will subsequently possess.

25.1 – 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, 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 cover a three-year period with a pre-established schedule of payments. Commitments to sell relate to contracts denominated in US dollars.

During the periods ended 30 June 2007 and 2008, the Group only purchased foreign exchange options (Call euros / Put US dollars).

25.2 – Interest rate risk

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

Further to the refinancing process during the 2005/2006 financial year of the debt related to the acquisition of Eutelsat S.A., the Group set up the following interest rate hedges:

- a tunnel (purchase of a cap and sale of a floor) over three years until 29 April 2008 for a notional amount of €1 700 million to hedge the long-term Eutelsat Communications bullet loan. The notional amount of this tunnel was reduced on 12 April 2007 from €1 700 million to €1 615 million so that it would be the same as the exact amount borrowed. This partial sale generated a termination indemnity of €1.3 million.

- a forward pay fixed/receive variable swap for a notional amount of €850 million and the purchase of a forward cap for a notional amount of €850 million, to serve as a hedge of Eutelsat Communications' long-term bullet loan, covering two years in April 2008. The Group also undertook a partial sale, using these financial instruments to reduce the notional amount from €1 700 million to €1 615 million (i.e. reducing each one from €850 million to €807.5 million) and generating a termination indemnity of €0.9 million.

At end-September 2006, a new forward interest-rate hedge (Years 6 and 7) was put in place:

- A pay fixed/receive variable interest rate swap for a notional amount of €1 615 million to hedge the long-term Eutelsat Communications bullet loan.

Following signature of the syndicated credit facility at the level of the Eutelsat S.A. sub-group for a notional amount of €1 300 million in November 2004, the following derivatives related to this credit facility were immediately put in place, i.e.:

- A pay fixed/receive variable interest rate swap covering the long-term €650 million portion of the 7-year bullet loan until its maturity; and
- a 5-year tunnel (purchase of a cap and sale of a floor) for a notional amount of €450 million related to the €650 million revolving credit facility.

On 12 March 2007, the tunnel was terminated, with a termination indemnity of €0.7 million, and new operations related to the revolving credit facility of €650 million were put in place:

- A pay fixed/receive variable swap for a notional amount of €250 million over 4 years until maturity of the revolving credit facility;
- Purchase of a cap in return for payment of a premium (€2 million) for a notional amount of €200 million over 4 years until maturity of the revolving credit facility;

On 20 November 2007, a pay EURIOBOR three-month rate / receive EURIBOR one-month rate swap (basis swap) for a notional amount of €650 million was put in place for a period of six months until 30 June 2008.

On 11 June 2008, this operation was renewed, also for a period of six months.

These last two basis swap operations are combined with the pay fixed swap designed to hedge the €650 million bullet loan.

25.3 – Financial counterpart risk

Counterpart risk includes issuer risk, execution risk in connection with derivatives or monetary instruments, and credit risk related to liquidity and long-term investments. The Group minimises its exposure to issuer risk and its exposure to credit risk by acquiring only financial products with first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits. The Group does not foresee any loss that would result from a failure by its counterparts to respect their commitments

under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to a particular country.

25.4 – Liquidity risk

The Group manages the risk of finding itself with insufficient cash resources 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 funding needs and their flexibility through the use of overdraft facilities, bullet loans and revolver lines of credit from banks, and satellite leases.

Thirty-three per cent of the Group's debt matures in November 2011 and 67% in June 2013.

25.5 – Key figures at 30 June 2008

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2007 and 2008.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2007**	**Change in fair value during the period**	***Impact on income***	***Impact on equity***
Foreign exchange options (Eutelsat S.A.)	140 741	2 844	(5 160)	*(5 160)*	-
Total foreign exchange derivatives		***2 844***	***(5 160)***	***(5 160)***	***-***
Tunnel (Eutelsat Communications)	1 615 000	21 425	3 039	*3 774*	*(735)*
Forward swap (Eutelsat Communications)*	807 500	21 427	9 876	*673*	*9 203*
Swap forward (Eutelsat Communications)	1 615 000	36 263	36 263	-	*36 263*
Purchased cap (Eutelsat Communications)*	807 500	11 632	4 920	*(4 574)*	*9 494*
Swap (Eutelsat S.A.)	650 000	31 654	14 654	-	*14 654*
Swap (Eutelsat S.A.) (1)	250 000	5 467	5 467	*5 467*	-
Cap (Eutelsat S.A.)*	200 000	5 172	3 172	*3 172*	-
Tunnel (Eutelsat S.A.)*	450 000	Disposal	(1 271)	*(1 271)*	-
Total interest rate derivatives		***133 040***	***76 120***	***7 241***	***68 879***
Total derivatives		**135 884**	**70 960**	***2 081***	***68 879***
Associated companies					*228*
Total					***69 107***

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2008**	**Change in fair value during the period**	***Impact on income***	***Impact on equity***
Foreign exchange options (Eutelsat S.A.)	27 027	1 589	(2 049)	*(3 702)*	*1 653*
Total foreign exchange derivatives		***1 589***	***(2 049)***	***(3 702)***	***1 653***
Tunnel (Eutelsat Communications)	1 615 000	-	(21 425)	*(13 282)*	*(8 143)*
Swap forward (Eutelsat Communications)	807 500	29 143	7 716	*1 807*	*5 909*
Swap forward (Eutelsat Communications)	1 615 000	42 612	6 349	-	*6 349*
Purchased cap (Eutelsat Communications)	807 500	18 609	6 977	*782*	*6 195*
Swap (Eutelsat S.A.) **	650 000	33 196	1 541	-	*1 541*
Swap (Eutelsat S.A.) **	650 000	(217)	(217)	-	*(217)*
Swap (Eutelsat S.A.) [1]	250 000	7 499	2 031	*(1 398)*	*3 429*
Cap (Eutelsat S.A.)	200 000	6 956	1 784	*1 784*	-
Total interest rate derivatives		***137 796***	***4 756***	***(10 307)***	***15 064***
Total derivatives		**139 385**	**2 707**	***(14 009)***	***16 717***
Associated companies					-
Total					***16 717***

* Including indemnities received and premium paid (see Note 25.2 - *Interest rate risk).* ** Combined swaps
[1] Swap qualifying as a hedge for €100 million since 1 April 2008

At 30 June 2007 and 2008, the changes in fair value recognised within financial result in respect of financial instruments amounted to income of €2 081 thousand and an expense of €14 009 thousand respectively.

Breakdown of financial instruments qualifying as hedges as of 30 June 2007 and 2008:

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2007**	**Change in fair value during the period**	***Impact on income (1)***	***Impact on equity***
Tunnel (Eutelsat Communications)	1 615 000	21 425	3 039	*3 774*	*(735)*
Swap forward (Eutelsat Communications)	807 500	21 427	9 876	*673*	*9 203*
Purchased cap (Eutelsat Communications)	807 500	11 632	4 920	*(4 574)*	*9 494*
Swap forward (Eutelsat Communications)	1 615 000	36 263	36 263	-	*36 263*
Swap (Eutelsat S.A.)	650 000	31 654	14 654	-	*14 654*
Total		**122 401**	**68 752**	***(127)***	***68 879***
Associated companies					*228*
Total					***69 107***

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2008**	**Change in fair value during the period**	***Impact on income (1)***	***Impact on equity***
Foreign exchange options (Eutelsat S.A.)	27 027	1 589	795	*(858)*	*1 653*
Total foreign exchange derivatives		***1 589***	***795***	***(858)***	***1 653***
Tunnel (Eutelsat Communications)	1 615 000	-	(21 425)	*(13 282)*	*(8 143)*
Swap forward (Eutelsat Communications)	807 500	29 143	7 716	*1 807*	*5 909*
Swap forward (Eutelsat Communications)	1 615 000	42 612	6 349	-	*6 349*
Purchased cap (Eutelsat Communications)	807 500	18 609	6 977	*782*	*6 195*
Swap (Eutelsat S.A.) **	650 000	33 196	1 541	-	*1 541*
Swap (Eutelsat S.A.) **	650 000	(217)	(217)	-	*(217)*
Swap (Eutelsat S.A.)[2]	100 000	3 000	3 430	-	3 430
Total interest rate derivatives		**126 342**	**4 371**	**(10 693)**	**15 064**
Total derivatives		**127 931**	**5 166**	**(11 551)**	**16 717**
Associated companies					-
Total					**16 717**

** Combined swaps
[1] The ineffective portion of the hedges was not significant and has not been isolated.
[2] Swap qualifying as a hedge for €100 million since 1 April 2008

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

	Fair value recognised in equity and to be reclassified to income						
	Total	**One year at most**	**One to two years**	**Two to three years**	**Three to four years**	**Four to five years**	**More than 5 years**
- Foreign-exchange-risk hedges	1 653	1 653	-	-	-	-	-
- Interest-rate risk hedges	117 704	29 357	17 878	25 346	22 869	22 254	-
Net total at 30 June 2007	119 357	31 010	17 878	25 346	22 869	22 254	-

NOTE 26: OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2008, 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:

26.1 - Purchase commitments

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

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

Future minimum payments, as of 30 June 2007 and 30 June 2008, are scheduled to be paid as follows:

(in millions of euros)	**30 June 2007**	**30 June 2008**
2008	34	-
2009	15	38
2010	10	20
2011 and thereafter(*)	7	15
2012 and thereafter	5	9
2013 and thereafter	-	11
Total	**71**	**93**

(*) for the period reported in respect of the financial year ended 30 June 2007

The above total includes €3 million for purchase commitments entered into with related parties (see Note 27 - *Related parties*).

At 30 June 2008, future payments under satellite construction contracts amount to €376 million, and future payments under launch agreements amount to €155 million.

26.2 – In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2007 and was replaced by a new twelve-month programme defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and its income of losing one or more satellites. Under this programme, sixteen of the satellites belonging to the Group (excluding the W1, ATLANTIC BIRD™1 and EUROBIRD™10 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W3, W4 and W6 satellites due to incidents caused by technical problems already identified.

The insurance policy taken out against damage under this programme covers any cumulative constructive partial or total losses of the sixteen satellites insured, up to a ceiling of €180 million per satellite (compared with €165 million per satellite previously),

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.

This insurance programme provides the same risk retention as before (limited in all circumstances to a cumulative annual amount of €80 million).

During the 2005/2006 financial year, the Group submitted a claim for compensation as a result of the technical incident that affected the W1 satellite on 10 August 2005. It involved three insurance policies and the claim was settled during the year ended 30 June 2007 with payment of a total amount of €37.3 million recognised under "Other operating income".

During the 2007/2008 financial year, the Group submitted a claim for compensation as a result of the reduction in capacity of the ATLANTIC BIRD™3 satellite, following the loss of battery cells and the recommendations for utilisation issued by Thales Alenia Space (TAS). This claim was settled with payment of compensation amounting to a total of €5.5 million, €3.9 million of which was recognised under "Other operating income" as of 30 June 2008.

26.3 – Launch insurance

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

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

26.4 – Commitments received

see Note 9 – *Accounts receivable*.

26.5 – Litigation

The Group is involved in certain cases of litigation in the normal course of its business. Expenses that can arise from litigation, estimated probable by the Company and its advisers, have been the subject of provisions considered to be sufficient to cover the expected costs of such litigation.

NOTE 27: RELATED-PARTY TRANSACTIONS

Amounts included in current assets and current liabilities in the balance sheet, due and owed to related parties (mainly direct and indirect shareholders of the Group) as of 30 June 2007 and 2008 are as follows:

(In thousands of euros)	**12-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Gross receivables (including unbilled revenues)	9 133	54 546
Liabilities (including accrued invoices)	223	411

Transactions with related parties included in the income statements for the periods ended 30 June 2007 and 2008 are as follows:

(In thousands of euros)	**12-month period ended 30 June 2007**	**12-month period ended 30 June 2008**
Revenues	46 581	20 824
Operating costs, Selling, general and administrative expenses	926	1 433
Financial result	0	51

For the year ended 30 June 2008, no related party 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.

Compensation paid to the members of the administrative and management bodies

(In thousands of euros)	**Twelve-month period ended 30 June 2007**	**Twelve-month period ended 30 June 2008**
Compensation excluding employer's charges	2 312	2 193
Short-term benefits: Employer's charges	644	656
Post-employment benefits	8% of annual salary at end of career	10% of annual salary at end of career
Other long-term benefits (indemnity payment in the event of involuntary termination of appointment)	1 000	1 000

The following table shows how the BSAs held by the members of the administrative and management bodies of the Group have evolved:

Type	**BSAs issued**	**BSAs exercised**	**Shares issued**	**Subscription price per share in euros**	**Expiry date**
BSA 1	2 255 040	2 255 039	2 255 039	1.9240	31/03/2008
BSA 2	506 817	506 817	506 817	1.9240	02/08/2015
Total	**2 761 857**	**2 761 856**	**2 761 856**		

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. Allotment of these free shares will become absolute provided the beneficiaries are still with the Group in two years time and will be available after a further period of two years has expired after the effective date of acquisition.

Similarly, the Board of Directors meeting of 25 July 2007 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 achievement of certain performance objectives over a two-year period.

NOTE 28: STAFF COSTS

Staff costs (including mandatory employee profit-sharing) are as follows:

(In thousands of euros)	**12-month period ended 30 June 2007**	**12-month period ended 30 June 2008**
Operating costs	23 677	24 982
Selling, general and administrative expenses	39 841	44 466
Total	**63 518**	**69 448**

The average number of employees is as follows:

	12-month period ended 30 June 2007	**12-month period ended 30 June 2008**
Operations	184	195
Selling, general and administrative	328	345
Total	**512**	**540**

As of 30 June 2008, the Group has 559 employees, compared with 529 as of 30 June 2007.

Compensation paid to the *mandataires sociaux* (Company officers) of Eutelsat Communications employed by the Group is €2.2 million for the financial year ended 30 June 2008. The members of the Board received €1 012 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 29: 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 2008**	**% interest as of 30 June 2008**
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
SatBirds 2 S.A.S.	France	FC	100.00%	100.00%
WhiteBirds France S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	95.91%	95.91%
Eutelsat S.A. Sub-Group				
- Eutelsat TV S.A.S.	France	FC	100.00%	95.91%
- Eutelsat do Brasil S.A. (1)	Brazil	FC	100.00%	95.91%
- Eutelsat Italia	Italy	FC	100.00%	95.91%
- Skylogic Italia s.p.a.	Italy	FC	100.00%	95.91%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	95.91%
- VisAvision GmbH	Germany	FC	100.00%	95.91%
- Eutelsat Inc.	United States	FC	100.00%	95.91%
- Eutelsat America Corp.	United States	FC	100.00%	95.91%
- Eutelsat UK Limited	United Kingdom	FC	100.00%	95.91%
- Eutelsat Polska s.p.z.o.o.	Poland	FC	100.00%	95.91%
- Skylogic Polska s.p.z.o.o.	Poland	FC	100.00%	95.91%
- Skylogic Mediterraneo	Italy	FC	100.00%	95.91%
- Skylogic Eurasia	Turkey	FC	100.00%	95.91%
- Eutelsat Madeira Unipessoal lda	Madeira	FC	100.00%	95.91%
- Wins Ltd (1)	Malta	FC	50.00%	47.96%
- Hispasat (1)	Spain	EM	27.69%	26.56%
- Solaris Mobile Limited (1)	Ireland	EM	50.00%	47.96%

FC: Full consolidation
EM: Equity method
(1) Companies whose financial year-end is 31 December.
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 2008.

NOTE 30: EVENTS AFTER THE BALANCE SHEET DATE

At 30 June 2007, the Group and a related party signed an agreement whereby, if certain conditions were fulfilled by 15 September 2007, the Group could receive an amount of €25 million in return for renouncing certain rights within an equity interest.

All the conditions were met by July 2008, including completion of a transaction triggering the effective payment of the €25 million, with recognition of the relevant income (which will be charged to 2008/2009) being dependent on this.

Eutelsat has also obtained a put option concerning the related party, with no limitation on validity, exercisable twice each year in respect of the equity interest concerned.