Eutelsat Communications Group

Société anonyme with a capital of 219 803 965 euros
Registered office: 70, rue Balard 75 015 Paris
481 043 040 R.C.S. Paris

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2009

CONSOLIDATED BALANCE SHEET

(in thousands of euros)

ASSETS	Note	30 June 2008	30 June 2009
Non-current assets			
Goodwill	5	804 869	807 752
Intangible assets	5	793 322	751 484
Satellites and other property and equipment, net	6	1 441 751	1 780 519
Construction work in progress	6	777 608	543 717
Investments in associates	7	177 169	216 502
Non-current financial assets	8,14	2 498	2 561
Deferred tax assets	21	2 255	36 937
TOTAL NON-CURRENT ASSETS		**3 999 473**	**4 139 472**
Current assets			
Inventories	9	2 013	1 771
Accounts receivable	10	239 435	298 792
Other current assets	11	17 148	17 203
Current tax receivable	21	23 579	3 407
Current financial assets	12	193 005	5 053
Cash and cash equivalents	13	21 321	143 745
TOTAL CURRENT ASSETS		**496 501**	**469 971**
TOTAL ASSETS		**4 495 974**	**4 609 443**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2008	30 June 2009
Shareholders' equity			
Share capital	15	219 642	219 804
Additional paid-in capital		662 566	526 047
Reserves and retained earnings		469 511	584 913
Minority interests		65 525	67 070
TOTAL SHAREHOLDERS' EQUITY		**1 417 244**	**1 397 834**
Non-current liabilities			
Non-current bank debt	16	2 412 189	2 454 678
Other non-current financial liabilities	17,18	60 150	51 775
Other non-current debt	20	20 603	20 332
Non-current provisions	22	35 631	30 095
Deferred tax liabilities	21	311 417	266 874
TOTAL NON-CURRENT LIABILITIES		**2 839 990**	**2 823 754**
Current liabilities			
Current bank debt	16	31 333	14 090
Other current financial liabilities	17,18	33 799	138 428
Accounts payable		50 909	41 508
Fixed assets payable		35 668	72 036
Taxes payable		9	33 638
Other current payables	20	77 022	77 318
Current provisions	22	10 000	10 837
TOTAL CURRENT LIABILITIES		**238 740**	**387 855**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 495 974**	**4 609 443**

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

	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Revenues	23	877 765	940 541
Revenues from operations		**877 765**	**940 541**
Operating costs		(69 239)	(72 104)
Selling, general and administrative expenses		(112 780)	(126 325)
Depreciation and amortisation	5,6	(300 886)	(294 271)
Other operating income	27.2, 28	3 858	145 769
Other operating charges	6,15.3	(19 870)	(121 968)
Operating income		**378 848**	**471 642**
Financial income		19 586	29 938
Financial expenses		(128 675)	(129 562)
Financial result	24	**(109 088)**	**(99 624)**
Income from associates	7	11 193	15 954
Net income before tax		**280 953**	**387 972**
Income tax expense	21	(97 509)	(127 988)
Net income		**183 444**	**259 984**
Group share of net income (loss)		172 276	247 348
Minority interests' share of net income		11 168	12 636
Earnings per share attributable to Eutelsat	25		
Basic earnings per share in €		0.790	1.126
Diluted earnings per share in €		0.789	1.126

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of euros)

	Note	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Cash flow from operating activities			
Net income		183 444	259 984
Income from equity investments	7	(11 193)	(15 954)
(Gain) / loss on disposal of assets		84	20
Other non-operating items		209 408	100 137
Depreciation, amortisation and provisions		311 462	411 335
Deferred taxes	21	(144)	(4 944)
Changes in accounts receivable		(20 075)	(73 851)
Changes in other assets		(9 855)	20 945
Changes in accounts payable		8 564	5 650
Changes in other debt		5 936	27 788
Taxes paid		(111 039)	(76 378)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**566 592**	**654 732**
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(377 224)	(386 802)
Acquisitions of equity investments	7.1	(45 250)	(29 750)
Proceeds from sale of assets		589	198
Insurance indemnities on property and equipment	27.2	-	120 545
Acquisition of minority interests	5	(47 680)	(7 458)
Changes in other non-current financial assets		563	(279)
Dividends received from associates		1 535	2 473
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(467 467)**	**(301 073)**
Cash flows from financing activities			
Changes in capital		150	-
Distributions		(138 920)	(141 737)
Increase in debt		100 000	39 843
Repayment of debt		(168)	-
Repayment in respect of performance incentives and long-term leases		(21 232)	(15 994)
Interest and other fees paid		(91 623)	(108 626)
Interest received		4 314	5 791
Other changes		17 204	2 946
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(130 275)**	**(217 777)**
Impact of exchange rate on cash and cash equivalents		501	(619)
Increase (decrease) in cash and cash equivalents		**(30 649)**	**135 263**
CASH AND CASH EQUIVALENTS, BEGINNING OF		**36 758**	**6 109**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**6 109**	**141 372**
Cash reconciliation			
Cash	13	21 318	143 745
Overdraft included under debt (1)		(15 209)	(2 373)
Cash and cash equivalents per cash flow statement		**6 109**	**141 372**

(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.

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 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 for 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 [1]	2 240 873	2 241	13 144	20 080		35 465
Loan set-up fees						
Treasury stock				(655)		(655)
Changes in scope of consolidation					(10 882)	(10 882)
Distributions			(126 713)		(12 206)	(138 919)
Benefits for employees upon exercising options and free shares granted				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**
Translation adjustment				(670)	(27)	(697)
Changes in fair value of cash-flow hedges				(216 736)	(2 996)	(219 732)
Tax impact				74 662	1 032	75 694
Income and expenses recognised directly under equity				**(142 744)**	**(1 991)**	**(144 735)**
Net income for the period				247 348	12 636	259 984
Total income and expenses recognised for the period				**104 604**	**10 645**	**115 249**
Transactions affecting the capital (1)	162 010	162	(4 772)	4 610	-	-
Treasury stock			-	(215)	-	(215)
Changes in scope of consolidation				(626)	(696)	(1 322)
Distributions			(131 747)	-	(9 990)	(141 737)
Employee benefits for subscription of shares and free shares				3 667		3 667
ABSA commitments				2 913	538	3 451
Liquidity offer				448	1 049	1 497
30 June 2009	**219 803 965**	**219 804**	**526 047**	**584 913**	**67 070**	**1 397 834**

[1] The amount shown as additional paid-in capital includes negative retained earnings of €20 080 thousand for this item at 31 December 2007 and. €4 610 at 31 December 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: KEY EVENTS DURING THE FINANCIAL YEAR

- During the first half of FY 2008-2009, the Eutelsat Communications Group (also called "the Group" or "Eutelsat") continued and finalised the process of simplifying its legal structure. The WhiteBirds France S.A.S. company was absorbed under a merger-absorption arrangement by the SatBirds 2 S.A.S. company, with SatBirds 2 S.A.S. subsequently being absorbed under a merger-absorption arrangement by Eutelsat Communications Finance S.A.S. Eutelsat Communications Finance S.A.S., which is fully owned by Eutelsat Communications, therefore directly owns 95.28% of the Eutelsat S.A. sub-group, with 0.72% of the latter being held by Eutelsat Communications. S.A. These operations do not affect the Group's consolidated accounts.

- During the night of 16 to 17 June 2008, the W5 satellite suffered an anomaly affecting part of its power supply sub-system and compelling the Group to reduce the number of transponders in service by four. Following an inquiry into the anomaly with Thales Alenia Space, the satellite's estimated remaining in-orbit life was reduced by three years as of 30 June 2009. Corrective action was undertaken during the period. This resulted in a new assessment of the satellite's remaining in-orbit life, which was now estimated as having been reduced by one year instead of three. (see Note 6: Satellites and other property and equipment)

- Four satellites (HOT BIRD ™9, W2M, HOT BIRD ™10 and W2A) were launched during the financial year. Three of the satellites have entered operational service, with the fourth, the W2M satellite, having suffered a major anomaly affecting its electrical sub-system. As of the date of preparing the financial statements, this was continuing to make its commercial operation impossible. An insurance indemnity has been paid for this satellite, corresponding to the total amount insured. (see Note 6: *Satellites and other property and equipment* and Note 27.2 – *In-orbit insurance and launch insurance).*

- In May 2009, the Solaris Mobile Ltd Company (Solaris), a company owned jointly by the Group and by SES Astra to provide services in S band, obtained the utilisation of 15 MHz of S-band frequencies (out of a total of 30 MHz assigned) from the European Commission, subject to the assignment of rights by the Member States. During the same period, operation of Solaris's S-band payload on the W2A satellite was damaged. Solaris has filed an insurance claim for non-compliance of the S-band payload with the contractual specifications, and this is currently being processed.

- However, the Company remains confident in its ability to meet the commitments entered into with the European Commission. (see Note 7: *Investments in associates).*

- As of 30 June 2007, the Group and a related party had signed an agreement whereby, if certain conditions came together, the Group could receive €25 million in return for transferring certain rights within an equity interest.

  All the necessary conditions were fulfilled by July 2008, including completion of a transaction triggering effective payment of the €25 million. The relevant amount was recognised within "Other operating income" for the period (see Note 28: *Related-party transactions).*

NOTE 2: GENERAL OVERVIEW

2.1 – 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*.

2.2 – Business

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

Eutelsat S.A. itself derives from the transfer on 2 July 2001 of all of the operating activities, assets, liabilities and commitments of the EUTELSAT Intergovernmental Organisation (IGO). Since then the assignment of frequencies for the use of the frequency spectrum resources and space orbits used by Eutelsat S.A. 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 2009, the Group owns and operates, via Eutelsat S.A., 22 satellites in geostationary orbit to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services, analogue and digital, for business telecommunications services, multimedia applications and messaging and positioning services. In addition, the Group uses additional capacity on five satellites belonging to third parties or related parties.

Five more satellites (W7, W3B, Ka-Sat, W3C and ATLANTIC BIRD™7) are currently under construction. The first is expected to be launched in 2009/2010, the second and third in 2010/2011 and the last two in 2011/2012.

2.3 – Approval of the financial statements

The consolidated financial statements at 30 June 2009 have been prepared under the responsibility of the Board of Directors, which adopts them at its meeting of 30 July 2009.

They will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 10 November 2009.

NOTE 3: BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

3.1 – Compliance with IFRS

In accordance with regulation 1602-2002 of the European Union regarding the application of international accounting standards, the Company elected, as from its creation, to issue its consolidated financial statements under the combined framework commonly referred to as IFRS.

The financial statements at 30 June 2009 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.

3.2 – Published standards and interpretations

The following standards and interpretations, whose application is compulsory for financial periods commencing as of 1 July 2008 and ended as of 30 June 2009, have been taken into account and reviewed by the Group.

- Amendments to IAS 39 “Financial instruments: Recognition and Measurement" and IFRS 7 “Financial Instruments: Disclosures”, on the reclassification of financial assets;

- IFRIC 13 “Customer Loyalty Programmes”;

- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”.

None of these texts has had an impact on previous financial periods nor on the consolidated financial statements at 30 June 2009.

Additionally, no standard or interpretation has been applied in advance, and the Group is currently carrying out an analysis of the practical consequences of these new texts published by the IASB and adopted by the European Union and of the effects of applying them in the financial statements:

- Amendment to IAS 1 “Presentation of Financial Statements”, applicable for financial reporting periods beginning 1 January 2009 or later;
- 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 for reporting periods beginning 1 January 2009 or later;
- Amendment to IFRS 2 “Vesting Conditions and Cancellations”, applicable for reporting periods beginning 1 January 2009 or later;

- Amendment to IAS 32 and IAS 1: Financial instruments reimbursable at the discretion of the Noteholder, following liquidation, applicable for reporting periods beginning 1 January 2009 or later;
- Improvement of IFRS for financial periods beginning on or after 1 January 2009, apart from the IFRS 5 amendment on the interpretation of the notion of "held for sale" in the event of a partial transfer and applicable for financial periods beginning on or after 1 July 2009;
- IAS 27 (revised) "Consolidated and separate financial statements", applicable for financial periods beginning on or after 1 July 2009;
- IFRS 3 (revised) "Business combinations", applicable to business combinations whose date of acquisition occurs during the first financial period beginning on or after 1 July 2009;
- IFRIC 16 "Hedges of a net investment in a foreign operation", applicable for financial periods beginning on or after 1 October 2008.

3.3 – 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 on these matters, the Group's Management used its judgment to define and apply the accounting procedures that were the most appropriate. These accounting procedures or options based on the judgment of the Group related to additional acquisitions of shares in entities it already controlled (see Note 4.3 – *Acquisition of minority interests*) and firm or conditional commitments to purchase minority interests (see Note 4.10.7 - *Firm or conditional commitments to purchase minority interests*).

3.4 – Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellites, as well as in-orbit insurance premiums for satellite in-orbit lives:

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

3.5 – Significant judgements and estimates

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

Judgements

In preparing the financial statements for the period ended 30 June 2009, Management has exercised its judgement with regard to the following points in particular:

- Whether the Sea Launch company, given its decision to place itself under Chapter 11 bankruptcy protection, can honour its contractual commitments towards the Eutelsat Group in terms of the two Sea Launch launchers. (see Note 6 - *Satellites and other property and equipment)*
- The recognition by Solaris of an item of accrued income representing the full amount of harm sustained, in the context of its claim for an insurance indemnity for the total amount of the damage affecting the S-band payload on-board the W2A satellite. (see Note 7 – *Investments in associates*)

Estimates

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

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

3.6 - Periods presented and comparatives

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

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

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

4.1 – Consolidation method

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are consolidated using the full consolidation method. Control is the power to direct financial and operational policies and is presumed to exist where the Group holds directly or indirectly more than 50% of the voting rights. The determination of control takes into account the existence of potential voting rights, provided that these are immediately exercisable or convertible.

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

Associated entities over which the Group exerts significant influence (generally between 20% and 50% of voting rights), are accounted for using the equity method. Significant

influence is defined as the power to participate in the financial and operational policies of the investee without having joint or sole control over them.

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

Intra-Group balances and transactions are eliminated on consolidation.

4.2 – 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 recognised as liabilities of the acquired entity if and only 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.

4.3 – 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 texts have just been adopted by the EU and will be compulsory only for periods 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.

4.4 – Foreign currency operations

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

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

The principal foreign currency used is the U.S. dollar. The closing exchange rate used is 1.41 U.S. dollars per euro and the average exchange rate used for the period is 1.36 USD per euro.

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

4.5 – Intangible assets

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

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

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

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

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

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

For the periods ended 30 June 2008 and 2009, no development costs were capitalised by the Group.

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

4.6 – Goodwill

Goodwill is 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 arise when there are significant adverse developments that call into question the recoverable amount of the initial investment.

4.7 – Satellites and other property and equipment

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

Borrowing costs related to the financing of tangible fixed assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset 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 and amortisation – This is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation takes account, as appropriate, of the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the 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 that transfer substantially all risks and rewards incidental to ownership to the Group are recognised as finance leases and accounted for by recognising the asset, and the corresponding obligation as a liability, in the balance sheet. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8 – Impairment of non-current assets

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

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

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

It is not always necessary to estimate both the fair value of an asset net of selling costs and its value in use. If either of these amounts is greater than the carrying amount of the asset, its value has not been impaired and it is not necessary to estimate the other amount.

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

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

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

Impairment losses and reversals of impairment losses are recognised respectively within the income statement captions "Other operating costs" and "Other operating income". An impairment of goodwill cannot be reversed.

As of 30 June 2008 and 2009, the following CGUs have been identified for the purpose of impairment tests:

- each of the satellites, i.e. 27 as of 30 June 2009
- the investment in the Hispasat group
- each of the four assets related to "Customer Contracts and Relationships"

4.9 – Inventories

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

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

4.10 – Financial instruments

Financial assets 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*: *Presentation*", and IFRS 7 "*Financial Instruments*: *Disclosures*, the Group has adopted the following classification for financial assets and liabilities, which is based upon the objectives determined by Management at the time of their purchase. The designation and classification of these instruments are determined at initial recognition.

4.10.1 – Financial assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement
Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivative instruments unless they are designated as hedges, and mutual fund investments (OPCVMs) measured by applying the fair value option through the income statement.

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

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

They are subsequently revalued at their fair value, with the gains and losses resulting from the changes in fair value being recognised under shareholders' equity. When they are sold or when an impairment loss is recognised, the cumulative gains and losses previously included under shareholders' equity are recognised in the financial result.

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

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

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

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

4.10.2 – Financial liabilities

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

4.10.3 – Derivative instruments

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

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

4.10.4 – *Impairment*

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine if there is an indication of impairment. Impairment is recognised in the income statement where there is objective evidence that the asset is impaired. Examples of target impairment indicators include the following: breach of contract involving default in payment terms, significant financial difficulty of the lender or borrower, a likelihood of bankruptcy or a significant decline, other than temporary, in stock market capitalisation of the listed shares.

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

The Group's customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash-flows, within "selling, general and administrative expenses". The method of recognising allowances for bad debt is founded on experience and is periodically applied so that a percentage amount recoverable can be determined, based on the age of the relevant receivables.

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

4.10.5 – Hedging transactions

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

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

These criteria are applied where the Group uses derivative instruments designated as cash flow hedging instruments.

Cash-flow hedging

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

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

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

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

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

4.10.6 – Fair value of financial instruments

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

The fair value of financial assets and liabilities traded on active markets (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date. The fair value of other financial instruments, assets or liabilities, not quoted on an active market is determined by the Group using appropriate valuation methods and hypotheses reflecting market conditions at the balance sheet date.

4.10.7 - Firm or conditional commitments to purchase 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.

4.11 – Cash and cash equivalents

Cash and cash equivalents consist mainly of cash on hand and at bank, as well as highly liquid investments or deposit warrants with original maturities of three months or less, and also mutual fund investments (OPCVMs) that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and where the risk of a change in value is negligible.

4.12 – Shareholders' equity

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

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

Grant of stock options

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

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

4.13 – Revenue recognition

The Group's revenues are mainly attributable to the leasing of space segment capacity 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 service interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two years with a one-year notice period and, depending on the type of lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

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

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

4.14 – Deferred taxes

Deferred taxes are the result of 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.

4.15 – Earnings per share

Earnings per share are calculated by dividing the net income for the period attributable to ordinary shareholders of the entity by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are calculated using the share 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.

4.16 – Post-employment benefits

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

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

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

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

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

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

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

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

4.17 – Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat S.A. This defined-benefit pension scheme was closed and the vested pension rights frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 3.19 - *Provisions*, despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation (“IGO”) in respect of the pension fund.

4.18 – Provisions

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

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

Where the effect of the time value of money is material, the amount of the provision recognised corresponds to the discounted value of anticipated cash flows expected to be necessary to settle the obligation. This discounted value is calculated using a pre-tax discount

rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions due to the passage of time and the unwinding of the discount are recognised as financial expenses in the income statement.

NOTE 5: GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

(in thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
30 June 2007	**758 179**	**889 000**	**40 800**	**20 676**	**1 708 655**
Effect of the changes in the	46 690	-	-	1 491	48 181
Separate acquisitions	-	-	-	-	-
Disposals	-	-	-	-	-
Transfers	-	-	-	1 626	1 626
30 June 2008	**804 869**	**889 000**	**40 800**	**23 793**	**1 758 462**
Effect of the changes in the	-	-	-	-	-
Separate acquisitions	2 883	-	-	4 517	7 400
Disposals	-	-	-	-	-
Transfers	-	-	-	1 708	1 708
30 June 2009	**807 752**	**889 000**	**40 800**	**30 018**	**1 767 570**

During the year ended 30 June 2008, under liquidity offers and the Eutelsat S.A. stock purchase options (shares subscribed for by managers under the "Managers III" plan (see Note 15.3 – *Share-based compensation*), 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 15 – *Shareholders' equity*).
These acquisitions of minority interests resulted in the recognition of goodwill totalling €46 690 thousand. The acquisition cost was €47 680 thousand.

During the financial year ended 30 June 2009, the Group acquired a number of Eutelsat S.A. shares .from Eutelsat S.A. employees, deriving from the offers referred to above and also the Eutelsat S.A. stock purchase options (shares subscribed for by managers or company officers under the "Managers III" and "Managers IV" plans (see Note 15.3 – *Share-based compensation*). In total, the shares so acquired represented 0.25% of Eutelsat S.A.'s capital.

These acquisitions of minority interests resulted in the recognition of goodwill totalling €2 883 thousand. The acquisition cost was €7 458 thousand.

Changes in accumulated depreciation and impairment

(in thousands of euros)	**Goodwill**	**Customer contracts and relation-ships**	**Eutelsat brand**	**Other intangibles**	**Total**
Accumulated depreciation at 30 June 2007	**-**	**(100 013)**	**-**	**(12 155)**	**(112 168)**
Annual allowance	-	(44 450)	-	(3 652)	(48 102)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2008	**-**	**(144 463)**	**-**	**(15 807)**	**(160 270)**
Annual allowance	-	(44 450)	-	(3 614)	(48 064)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation at 30 June 2009	**-**	**(188 913)**	**-**	**(19 421)**	**(208 334)**

Net assets

(in thousands of euros)	**Goodwill**	**Customer contracts and relationships**	**Eutelsat brand**	**Other intangibles**	**Total**
Net value at 30 June 2007	**758 179**	**788 987**	**40 800**	**8 521**	**1 596 487**
Net value at 30 June 2008	**804 869**	**744 537**	**40 800**	**7 986**	**1 598 192**
Net value at 30 June 2009	**807 752**	**700 087**	**40 800**	**10 597**	**1 559 236**

The economic conditions observed as prevailing as of 30 June 2009 did not lead Management to review the annual impairment test of the goodwill, carried out at 31 December 2008. At that date, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this Company's debt) compared with / corroborated by the latest private transactions involving Eutelsat S.A. shares, did not call into question the amount shown on the balance sheet.

As market capitalisation was still relatively stable with respect to the figure used for the latest impairment test, the Group's Management took the view that the current context did not alter the assumptions made at 31 December 2008.

A drop in the share price on the stock-exchange of at least 60% would be necessary for the fair value to fall below the carrying amount. Should such an event occur, a test would be developed based on the value in use.

Finally, the technical incident that affected the W5 satellite during the year ended 30 June 2008 (see Note 6 – *Satellites and other property and equipment*) had no impact on the value of the intangible asset "Customer Contracts and Relationships". This satellite is not positioned at any of the orbital locations used for the original valuation of this intangible asset, and the Group has not therefore lost any contract whose value was measured within "Customer contracts and relationships".

NOTE 6: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

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

Changes in gross assets

(in thousands of euros)	Satellites [1]	Other property and equipment	Construction work in progress	Total
Gross value at 30 June 2007	**2 189 640**	**92 912**	**471 804**	**2 754 356**
Change in gross value	-	-	-	-
Effect of the changes in the scope of consolidation	-	-	-	-
Acquisitions	(956)	19 897	308 587	327 528
Disposals and scrapping of assets	(1 765)	(1 945)	-	(3 710)
Transfers	-	1 157	(2 783)	(1 626)
Gross value at 30 June 2008	**2 186 919**	**112 021**	**777 608**	**3 076 548**
Change in gross value	(10 632)	-	-	(10 632)
Effect of the changes in the scope of consolidation	-	-	-	-
Acquisitions	80 027	20 496	384 822	485 345
Disposals and scrapping of assets	(26 010)	(758)	-	(26 768)
Transfers	613 477	3 528	(618 713)	(1 708)
Gross value at 30 June 2009	**2 843 781**	**135 287**	**543 717**	**3 522 785**

Changes in accumulated depreciation and impairment

(in thousands of euros)	Satellites [1]	Other property and equipment	Construction work in progress	Total
Accumulated depreciation at 30 June 2007	**(559 658)**	**(36 101)**	**-**	**(595 759)**
Annual allowance	(233 796)	(19 339)	-	(253 135)
Reversals	1 765	1 940	-	3 705
Impairment	(12 000)	-	-	(12 000)
Accumulated depreciation at 30 June 2008	**(803 689)**	**(53 500)**	**-**	**(871 189)**
Annual allowance	(225 063)	(21 143)	-	(246 206)
Reversals	26 010	336	-	26 346
Impairment	(121 500)	-	-	(121 500)
Accumulated depreciation at 30 June 2009	**(1 124 242)**	**(74 307)**	**-**	**(1 198 549)**

Net assets

(in thousands of euros)	**Satellites [1]**	**Other property and equipment**	**Assets under construction**	**Total**
Net value at 30 June 2007	**1 629 982**	**56 811**	**471 804**	**2 158 597**
Net value at 30 June 2008	**1 383 230**	**58 521**	**777 608**	**2 219 359**
Net value at 30 June 2009	**1 714 501**	**60 980**	**543 717**	**2 324 236**

[1] including satellites subject to finance leases:

(in thousands of euros)	
Gross value	85 496
Net value at 30 June 2009	45 182

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	**Net value**		
SESAT 2(1)	59 959	36 710	12 transponders	Contract dated March 2004 related to the satellite's remaining useful life
Telstar 12(1)	15 068	5 576	4 transponders	Agreement dated June 1999 related to the satellite's remaining useful life
Telecom 2C	7 000	1 319	11 transponders	Agreement dated April 2007 related to the satellite's remaining useful life
Express A4	2 231	1 577	2 transponders	Contracts dated 2008 for a period of one year, renewable for one year

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

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

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

W5 satellite

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

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.

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

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

EUROBIRD™3 satellite

At 30 June 2008, the medium-term plan was updated and it became apparent that future revenue flows generated by the EUROBIRD™3 satellite were lower than initially foreseen. This 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%.

At 30 June 2009, the updating of the medium-term plan has no impact on the revenue assumptions which led to the impairment of the satellite at the end of 2007/2008.

W2M satellite

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

As of 30 June 2009, five satellites are in course of construction compared to seven at 30 June 2008. Two of the scheduled launches for these five satellites will be undertaken by Sea Launch Limited Partnership. This company elected for protection under Chapter 11 of the U.S. Bankruptcy Code on 22 June 2009, the purpose of which is to reorganise the company in difficulty so that it can continue to carry out its business activities. Sea Launch has 120 days, beginning on 22 June 2009, in which to submit a draft reorganisation plan to the Tribunal. Once the draft plan has been filed and registered by the competent tribunal, it will be voted upon by the creditor committee within a further period of 180 days. The relevant launch costs already paid as shown under assets under construction amount to €79.9 million. Based on information available when the financial statements were made up, the Group

considers Sea Launch will be in a position to continue to fulfil its contractual commitments towards Eutelsat.

NOTE 7: INVESTMENTS IN ASSOCIATES

At 30 June 2008 and 30 June 2009, "Investments in associates" are as follows:

(In thousands of euros)	**30 June 2008**	**30 June 2009**
Solaris Mobile	45 007	71 878
Hispasat	132 162	144 625
Total	**177 169**	**216 502**

7.1 – Solaris Mobile Ltd

During the 2007/2008 financial year, the Group founded a company in partnership with SES Astra called Solaris Mobile Ltd. (Solaris) in Dublin in Ireland to provide services in S band. This frequency band is able to distribute television, video and radio services, as well as bidirectional communications for portable mobile equipment such as telephones, computers and multimedia readers.
On 14 May 2009, the European Commission announced that Solaris Mobile Ltd was being awarded 15 MHz of S-band frequency spectrum in Europe, with the other 15 MHz of frequency sprectrum in Europe being awarded to Inmarsat.
On 22 June 2009, after definitively observing that its S-band payload on Eutelsat's W2A satellite was suffering from an anomaly, Solaris sent a submission to the insurers with proof of the loss and quantification of the claim, and a request for an insurance indemnity to be paid amounting to the total value of the asset. Due to the anomaly, the value of the S-band capacity was fully impaired as of 30 June 2009. Given the elements at its disposal, the Company considered that it had the evidence required to recognise an item of accrued income as of the same date, covering the full amount of the harm sustained.
However, the Company remains confident in its ability to meet the commitments entered into with the European Commission.

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

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

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

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

(in thousands of euros)	**30 June 2009**
Non-current assets	3 581
Current assets	142 472
Non-current liabilities	-
Current liabilities	2 295
Total net assets	**143 756**
Operating income	-
Net income	(3 954)

No financial summary is presented for the joint venture at 30 June 2008 as this information is not material.

7.2 – Hispasat group

At 30 June 2008 and 2009, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, the private unlisted Spanish satellite operator. At 30 June 2008, certain rights related to the stability of the shareholder structure were attached to this equity investment.

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

(In thousands of euros)	**30 June 2008**	**30 June 2009**
Value of equity investment, beginning of period	124 599	132 162
Share of income	11 436	18 833
Impact of Income and expenses recognised directly under equity	(3 873)	(6 370)
Value of equity investment, end of period	**132 162**	**144 625**

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

(in millions of euros)	**30 June 2008**	**30 June 2009**
Intangible rights (1)	27.7	27.7
Service contract (2)	1.5	1.4
Investment in Hisdesat	5.0	5.0
Sub-total	**34.2**	**34.1**
Hispasat net assets	**97.9**	**110.5**
Total	**132.1**	**144.6**

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

(2) The useful lives of the other identified intangible assets have been estimated at 15 years.

The following table presents the annual accounts of the Hispasat group, in accordance with applicable local standards.

(in thousands of euros)	**31 December 2007**	**31 December 2008**
Non-current assets	517 015	514 667
Current assets	104 672	207 930
Non-current liabilities	213 221	254 243
Current liabilities	60 966	77 792
Total net assets	**347 500**	**390 562**
Operating income	128 312	137 389
Net income	36 213	47 512

At 30 June 2008 and 2009, “Income from equity investments” in the consolidated income statement corresponds to the Group’s share of IFRS income from:

- Hispasat, after amortisation of the intangible assets identified for these two financial years.
- de Solaris Mobile Ltd.

NOTE 8: NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of:

(in thousands of euros)	30 June 2008	30 June 2009
Non-consolidated equity investments (1)	436	437
Long-term loans and advances	2 062	2 124
Total	**2 498**	**2 561**

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

- **Non-consolidated equity investments**

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

No impairment has been recognised on these investments as of 30 June 2008 and 2009.

- **Long-term loans and advances**

Long-term loans and advances mainly consist of loans to social-welfare bodies for €0.8 million 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 (€0.6 million).

NOTE 9: INVENTORIES

Gross and net inventories amount to €4 250 thousand and €2 013 thousand at 30 June 2008 and €3 867 thousand and €1 771 thousand at 30 June 2009. They mainly comprise receive antennas and modems.

The allowance for stock depletion was €2 237 thousand and €2 096 thousand respectively for the financial periods ended 30 June 2008 and 2009.

NOTE 10: ACCOUNTS RECEIVABLE

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

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

At 30 June 2008, the net carrying value of these accounts receivable was €239 435 thousand and the corresponding impairment charge was €16 766 thousand.

As of 30 June 2009, the net value of these receivables was €298 792 thousand. The allowance for bad debts was €19 011 thousand.

Accounts receivable at 30 June 2008 and 2009 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2009 and the fact that no legal entity billed individually accounts for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, deposits and credit insurance.

Despite the volatile environment, the Group has not so far observed any significant deterioration in payment times, and the amount of bad debt represents €213 thousand. The temporary increase observed at 30 June 2009 does not reflect any particular risk with respect to degradation of the balance of payments. The Group considers that recoverable debt poses no particular risk, except for the possibility of risk due to customers in the geographical areas that are deemed to be potentially the most exposed to the effects of the financial crisis. This risk is estimated at approximately 4% of the value of accounts receivable at 30 June 2009.

10.1 - Evolution of the allowance for bad debt

(in thousands of euros)	**Group total**
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**
Annual allowance	10 861
Reversals (used)	1 146
Reversals (unused)	7 470
Translation adjustments and other movements	-
Value at 30 June 2009	**19 011**

10.2 - Analysis of accounts receivable (matured and unmatured)

(in thousands of euros)	30 June 2008	30 June 2009
Unmatured receivables	**194 406**	**218 605**
Unimpaired receivables	**36 627**	**72 837**
Between 0 and 30 days	*30 965*	*40 078*
Between 30 and 90 days	*1 777*	*19 870*
More than 90 days	*3 885*	*12 889*
Matured and impaired receivables	**25 145**	**26 359**
Between 0 and 30 days	*242*	*0*
Between 30 and 90 days	*14 834*	*9 712*
More than 90 days	*10 069*	*16 647*
Impairment	**(16 766)**	**(19 011)**
Total	**239 435**	**298 792**

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

(in thousands of euros)	30 June 2008		30 June 2009	
	Value of accounts	Value of the guarantee	Value of accounts	Value of the guarantee
Guarantee deposits	50 314	12 426	52 976	18 895
Bank guarantees	23 709	23 709	36 471	36 471
Guarantees from the parent company	22 791	22 791	30 838	30 838
Total	**96 814**	**58 926**	**120 286**	**86 205**

NOTE 11: OTHER CURRENT ASSETS

Other current assets are as follows:

(in thousands of euros)	30 June 2008	30 June 2009
Prepaid expenses	7 191	9 024
Tax and employee-related receivable	9 957	8 179
Total	**17 148**	**17 203**

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

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

NOTE 12: CURRENT FINANCIAL ASSETS

(in thousands of euros)	30 June 2008	30 June 2009
Hedging instruments[1]	139 385	382
Other receivables	53 620	4 671
Total	**193 005**	**5 053**

[1] see Note 26 – *Financial instruments*

NOTE 13: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(in thousands of euros)	30 June 2008	30 June 2009
Cash	11 776	41 529
Accrued interest	3	-
Cash equivalents	9 542	102 216
Total	**21 321**	**143 745**

Cash equivalents are mainly composed of deposit warrants, the great majority of which mature less than one month after the date of acquisition, and mutual fund investments (OPCVMs) meeting the qualification of "cash equivalents" (see Note 4.11 – *Cash and cash equivalents*).

NOTE 14: FINANCIAL ASSETS

The following table gives a breakdown of each balance sheet item that corresponds to financial instruments by category, and indicates its fair value. This applies whether or not the instrument was recognised at fair value when the balance sheet was prepared.

(in thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 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 receivable	*Receivables*	239 435	239 435	-	-	-	239 435
Current financial assets							
Other receivables	*Receivables*	53 620	53 620	-	-	-	53 620
Financial							
Qualified as cash-flow	*N/A*	127 931	-	-	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

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

NOTE 15: SHAREHOLDERS' EQUITY

15.1 – Shareholders' equity

As of 30 June 2009, the share capital of Eutelsat Communications S.A. comprised 219 803 965 ordinary shares with a par value of €1 per share. In terms of treasury stock, the Group holds 67 179 shares as of the same date, amounting to €1 202 thousand under a liquidity agreement. At 30 June 2008, the Group was holding 46 473 such shares corresponding to a total amount of € 873 thousand. Treasury stock is deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2008 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)**
Position at 30/06/2008		-	-	662 566	219 642	219 641 955	1
06/11/2008	Allocation of the result at 30/06/08 (GM of 06/11/08)	-	-	(4 610)	219 642	219 641 955	1
06/11/2008	Distribution of dividends (GM of 06/11/08)	-	-	(131 747)	219 642	219 641 955	1
27/05/2009	Issue of capital (grant of free shares - Decision of the Chairman of 27.05.09)	162 010	162	(162)	219 804	219 803 965	1
Position at 30/06/2009		162 010	162	526 047	219 804	219 803 965	1

15.2 – Dividends

On 6 November 2008, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.60 per share, i.e. a total of €131 747 thousand, taken from "Additional paid-in capital".

The amount of the distribution for the financial year ended 30 June 2009, which is being proposed to the General Meeting of 10 November 2009, is €145 026 thousand, i.e. €0.66 per share.

15.3 – Share-based compensation

Free allotment of shares

An allotment of free shares was offered to the Group's employees in November 2005, with each beneficiary being granted 341 shares. The number of beneficiaries was fixed at 439 and the qualifying period for definitive acquisition of the shares was fixed at two years thereafter. Beneficiaries are then required to keep their shares for a further period of two years after effective date of acquisition.

The amount offset for this operation within shareholders' equity as of 30 June 2008 was €305 thousand.

On the anniversary date of the plan, i.e. 29 November 2007, 133 331 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 391 beneficiaries. The subsequent capital increase of 133 331 euros was 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 2008 and 2009, with a double entry to shareholders' equity, was €1 210 thousand and €1 006 thousand respectively.

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

On 25 July 2007, the Board of Directors decided to introduce a plan for the allocation of free shares to all employees of the Group, including the *mandataires sociaux*, 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, under this plan, definitive acquisition of the free shares is subject to the achievement of certain objectives over a two-year period, linked to an objective in terms of the annual EBITDA (50% of the relevant portion) and to a target linked to the Company's share price at the end of the two-year period (the remaining 50%). As of 30 June 2008, the annual performance condition had been attained for the first year and at 30 June 2009 it had been attained for the second year.

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 periods ended 30 June 2008 and 2009, with a double entry to shareholders' equity, was €2 323 thousand and €2 677 thousand respectively.

Description of Eutelsat S.A. stock-option plans

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

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

	Shares reserved for future grants	Stock options outstanding	Weighted average exercise price (in euros) after distribution
Balance at 1 July 2008	-	1 986 056	1.57
Authorised	-	-	-
Granted	-	-	-
Exercised	-	1 673 648	1.59
Cancelled	-	-	-
Balance at 30 June 2009	**-**	**312 409**	**1.46**

b) Changes in the stock-option plans

Plans 30/06/08	Granted	Exercised	Cancelled	Balance	Exercise price (in euros)
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**	

Plans 30/06/09	Granted	Exercised	Cancelled	Balance	Exercise price (in euros)
Partners	4 389 963	(4 121 688)	(277 526)	40 749	1.00
Managers I	2 665 914	(2 612 083)	-	53 831	1.48
Managers II					
- 13/12/02	4 198 094	(4 179 133)	-	18 961	1.33
- 24/02/03	75 175	(75 175)	-	-	1.33
Managers III					
- 17/12/03	10 782 178	(10 782 178)	-	-	1.26
- 08/04/04	1 476 126	(1 370 985)	(64 767)	40 374	1.26
- 28/06/04	437 374	(437 374)	-	-	1.48
Managers IV	4 028 215	(3 829 347)	(40 374)	158 494	1.64
Total	**28 053 039**	**(27 407 963)**	**(332 667)**	**312 409**	**-**

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

The weighted average remaining contractual life of options outstanding is 2.23 years: 0.01 years for "Partners" plan options; 0.32 years for "Managers" plan options; 1.45 years for "Managers II" plan options; 2.78 years for "Managers III" plan options and 3.40 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 periods ended 30 June 2008 and 2009 respectively, 13 597 863 options and 1 673 648 options were exercised. These capital increases generated a loss of dilution of €7 870 thousand and €468 thousand respectively, recognised under "Other operating costs".

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

In accordance with IFRS 2 "*Share-based payment*", the Company's liquidity obligation has been recognised as a forward repayment of a shareholders' equity instrument. The obligation measured at €19 553 thousand as of the date of the operation was recognised as debt, offset by an equivalent reduction in shareholders' equity. The debt measured at present value as of 30 June 2008 and 30 June 2009 on the basis of the timetable for purchase of the securities and exercise of the stock options was €8 681 thousand and €5 230 thousand respectively. The effect of unwinding the discount on the debt was recognised in financial expenses in the amount of €694 thousand as of 30 June 2008.

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

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

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

In similar fashion to the operation described above, the liquidity obligation has been treated as a change to the initial plans and recognised as a forward repayment of a shareholders' equity instrument. The obligation was measured as of 30 June 2006 and recognised as debt, offset by an equivalent reduction in shareholders' equity for an amount of €22.0 million. The amount recognised at 30 June 2008 and 30 June 2009 with respect to the unwinding of discount (on the basis of buying all the shares in 2010) and a reassessment of the repurchase value of the debt was an expense of €1 261 thousand and an item of income of €304 thousand respectively.

It should be noted that the offers to purchase the shares of the Group's employees during the financial year ended 30 June 2009 resulted in the purchase of 307 478 Eutelsat S.A. shares for €1 517 thousand. (see Note 5 – *Goodwill and other intangibles*).

15.4 – Change in the revaluation surplus of financial instruments

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

(in thousands of euros)	**Total**
Balance at 30 June 2008	**119 357**
Changes in fair value within equity	(205 263)
Transfer into the income statement	(14 469)
Balance at 30 June 2009	**(100 375)**

15.5 – Information on equity management

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

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

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

15.6 – Nature and purpose of the other reserves

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

NOTE 16: BANK DEBT

16.1 – Non-current portion

At 30 June 2008 and 2009, all debt was denominated in euros.

Since 30 June 2007, the structure of the Group's debt has remained identical.

At 30 June 2009, the Group has access to the following credit facilities:

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

  - Tranche A: a long-life term loan for € 1 615 million, bearing interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below).

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

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

This credit agreement includes restrictive clauses (subject to the usual exceptions contained in loan agreements) limiting the capacity of Group companies, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into merger, acquisition, asset disposal, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The agreement allows each lender to request early repayment of all sums due if there is a change of control of the Company and of Eutelsat S.A. or in the event of concerted action. The Company must hold, directly or indirectly, 95% of the capital and voting rights of Eutelsat S.A. for the entire duration of the loan. The agreement entails an obligation to maintain launch-plus-one-year insurance policies for any satellite located at 13°East and, for any satellite located at another orbital position, a commitment not to have more than one satellite not covered by a launch insurance policy.

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

- Leverage Ratio: consolidated net debt/consolidated EBITDA less than or equal to 5.5 for the half-year and full-year periods defined in the agreement, with the first being 30 June 2006; this ratio is then gradually reduced to 5.25 at 31 December 2008, to 5 at 31 December 2009, to 4.75 at 31 December 2010 and then to 4.50 at 31 December 2011.

- Interest Cover Ratio: Consolidated EBITDA/interest payable (due and matured) greater than or equal to 2.75 (if Leverage Ratio greater than 3.5).

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

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

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

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

- a 7-year 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 term loan repayable at maturity
  - a revolving credit facility for €650 million (€200 million used as of 30 June 2009).

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 is payable.

The selected interest periods for the Eutelsat S.A. term loan are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

As from 31 December 2007, EURIBOR 1 month–3 month basis swaps have been in place, the interest periods having been reduced to periods of 1 month beginning 31 December, 31 January, 28 February, 31 March, 30 April, 31 May, 30 June, 31 July, 31 August, 30 September, 31 October and 30 November.

Amounts are drawn on these revolving credit facilities in periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to EBITDA ration /annualised/ (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.

As of 30 June 2009, the Group is in compliance with these ratios.

- *Financial information at 30 June 2008 and 2009:*

The non-current portion of the Group's bank debt at 30 June 2008 and 2009 breaks down as follows:

(in thousands of euros)	**30 June 2008**		**30 June 2009**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Eutelsat Communications term loan (Variable rate)	1 615 000	1 615 000	1 615 000	1 615 000
Eutelsat S.A. revolving credit facility (Variable rate)	160 000	160 000	200 000	200 000
Eutelsat S.A. term loan (Variable rate)	650 000	650 000	650 000	650 000
Fixed rate loan (Wins Ltd.)	338	338	191	191
Variable rate loan (Wins Ltd.)	500	500	390	390
Sub-total of debt (non-current portion)	**2 425 838**	**2 425 838**	**2 465 581**	**2 465 581**
Loan set-up fees		(13 649)		(10 903)
Total		**2 412 189**		**2 454 678**

The weighted average rate of interest on amounts drawn under these revolving credit facilities for the period ended 30 June 2009 was 5.05% (5.11% after the effects of hedging activities are included).

The effective interest rate on the term loans of €1 615 million and €650 million was 3.83% and de 3.24% respectively at 30 June 2008 and 4.45% and 3.90% after the effects of the hedging activities is taken into account.

At 30 June 2009, the Group has access to the following main credit facilities:

(in thousands of euros)	**Amount granted**	**Amount used**	**Maturity**
Eutelsat Communications term loan	1 615 000	1 615 000	8 June 2013
Eutelsat Communications revolving credit facility	300 000	-	8 June 2013
Eutelsat S.A. revolving credit facility	650 000	200 000	24 November 2011
Eutelsat S.A. term loan	650 000	650 000	24 November 2011
Wins Ltd. fixed rate loan	900	318	31 December 2011
Wins Ltd. variable rate loan	500	489	31 December 2010
Total	**3 216 400**	**2 465 807**	

At 30 June 2009, the debt maturity analysis is as follows:

(in thousands of euros)	**30 June 2009**	**Maturity within one year**	**Maturity between 1 and 5 years**
Eutelsat Communications term loan	1 615 000	-	1 615 000
Eutelsat S.A. term loan	650 000	-	650 000
Eutelsat S.A. revolving credit facility	200 000	200 000	-
Wins Ltd. fixed rate loan	318	127	191
Wins Ltd. variable rate loan	489	99	390
Total	**2 465 807**	**200 226**	**2 265 581**

16.2 – Current portion

Current bank debt includes accrued interest not yet due on the debt described in Note 16.1 at 30 June 2009. Current bank debt is as follows:

(in thousands of euros)	**30 June 2008**	**30 June 2009**
Bank overdrafts	15 209	2 373
Accrued interest not yet due	15 997	11 491
Portion of the loans due within one year (excluding revolving credit)	127	226
Total	**31 333**	**14 090**

NOTE 17: OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(in thousands of euros)

	30 June 2008	**30 June 2009**
Financial instruments [1]	-	100 345
Performance incentives [2]	65 371	39 729
Finance leases [3]	2 027	2 093
Other liabilities	26 551	48 036
Total	**93 949**	**190 203**
- current part	*33 799*	*138 428*
- non-current part	*60 150*	*51 775*

[1] see Note 26 – *Financial instruments*

[2] Including interest related to "Performance incentives" of €19 821 thousand at 30 June 2008 and €13 053 thousand at 30 June 2009.

[3] Including interest related to finance leases of €44 thousand at 30 June 2009. At 30 June 2008, mounts of interest related to the finance leases for the T2C and Express A3 satellites were not material.

NOTE 18: FINANCIAL LIABILITIES

18.1 – Breakdown by category

(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

(in thousands of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2009				**Fair value at 30 June 2009**
		Total	Instruments measured at amortised cost	Fair value through equity	Instruments measured at fair value through the income statement	
Liabilities						
Bank debt						
Lines of credit	*At amortised cost*	2 254 097	2 254 097	-	-	2 254 097
Revolving credit	*At amortised cost*	200 000	200 000	-	-	200 000
Fixed rate loans	*At amortised cost*	318	318	-	-	318
Variable rate loans	*At amortised cost*	489	489	-	-	489
Bank overdrafts	*N/A*	2 373	2 373	-	-	2 373
Other financial liabilities						
Non-current	*At amortised cost*	51 775	51 775	-	-	51 775
Current	*At amortised cost*	38 083	38 083	-	-	38 083
Financial instruments						
Qualified as cash-flow hedges		92 280	-	92 280	-	92 280
No hedging		8 065	-	-	8 065	8 065
Other	*At amortised cost*					
Accounts payable	*At amortised cost*	41 508	41 508	-	-	41 508
Fixed assets payable	*At amortised cost*	72 036	72 036	-	-	72 036

18.2 –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)	(541)	(43)	-	-
Bank overdrafts	(15 209)	(15 209)	(15 209)	-	-	-	-	-
Total bank debt	**(2 441 047)**	**(2 989 381)**	**(139 451)**	**(124 242)**	**(124 656)**	**(910 087)**	**(1 690 945)**	**-**
Other financial liabilities	(93 949)	(105 540)	(30 796)	(16 163)	(12 570)	(9 868)	(8 476)	(27 667)
Total financial liabilities	**(2 534 996)**	**(3 094 921)**	**(170 247)**	**(140 405)**	**(137 226)**	**(919 955)**	**(1 699 421)**	**(27 667)**
Eutelsat S.A. foreign exchange derivatives	1 589	1 589	1 589	-	-	-	-	-
Qualifying Eutelsat S.A. interest rate derivatives	35 978	35 978	21 298	5 518	7 009	2 153	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives	11 454	11 454	3 080	3 187	3 915	1 272	-	-
Eutelsat Communi-cations 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)**	**(2 899 418)**	**(73 628)**	**(114 888)**	**(109 581)**	**(896 494)**	**(1 677 159)**	**(27 667)**

30 June 2009	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Term loan Eutelsat Com.	(1 615 000)	(1 746 880)	(33 317)	(33 317)	(33 317)	(1 646 929)	-	-
Term loan Eutelsat S.A.	(650 000)	(672 794)	(9 432)	(9 432)	(653 930)	-	-	-
Eutelsat S.A. revolver loan	(200 000)	(210 794)	(3 598)	(3 598)	(203 598)	-	-	-
Wins Ltd. Loan	(807)	(876)	(267)	(389)	(220)	-	-	-
Eutelsat S.A. foreign exchange derivatives	(286)	(286)	(286)	-	-	-	-	-
Eutelsat Communications interest rate derivatives qualifying	(62 295)	(62 295)	20 638	(12 690)	(28 006)	(42 237)	-	-
Eutelsat S.A. interest rate derivatives	(29 700)	(29 700)	(10 138)	(12 708)	(6 854)	-	-	-
Eutelsat S.A. interest rate derivatives Not qualified	(8 065)	(8 065)	(2 934)	(3 407)	(1 724)	-	-	-
Bank overdrafts	(2 373)	(2 373)	(2 373)	-	-	-	-	-
Total bank debt	**(2 568 526)**	**(2 734 063)**	**(41 707)**	**(75 541)**	**(927 649)**	**(1 689 166)**	**-**	**-**
Other financial liabilities	(89 858)	(94 710)	(42 145)	(10 144)	(6 988)	(5 596)	(3 980)	(25 857)
Total financial liabilities	**(2 658 384)**	**(2 828 773)**	**(83 852)**	**(85 685)**	**(934 637)**	**(1 694 762)**	**(3 980)**	**(25 857)**

30 June 2009	Balance-sheet value	Total contractual cash flows	06/2010	06/2011	06/2012	06/2013	06/2014	More than 5 years
Total financial liabilities	**(2 658 384)**	**(2 828 773)**	**(83 852)**	**(85 685)**	**(934 637)**	**(1 694 762)**	**(3 980)**	**(25 857)**
Qualifying Eutelsat S.A. interest rate derivatives	191	191	3 636	(2 289)	(1 156)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives	191	191	3 636	(2 289)	(1 156)	-	-	-
Financial assets	7 232	7 232	7 232	-	-	-	-	-
Cash	41 529	41 529	41 529	-	-	-	-	-
OPCVM	95 277	95 277	95 277	-	-	-	-	-
Cash equivalents	6 939	6 939	6 939	-	-	-	-	-
Total financial assets	**151 359**	**151 359**	**158 249**	**(4 578)**	**(2 312)**	**-**	**-**	**-**
Net position	**(2 507 025)**	**(2 677 414)**	**74 397**	**(90 263)**	**(936 949)**	**(1 694 762)**	**(3 980)**	**(25 857)**

NOTE 19: OPERATING AND FINANCE LEASES

19.1 – Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The lease was renewed on 21 June 2005 for a period of 9 years. Rent expense amounted to € 4 002 thousand and €4 205 thousand for the periods ended 30 June 2008 and 2009 respectively. Future lease payments are shown in the following table:

(in thousands of euros)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	18 060	3 612	14 448	-

19.2 – 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 2009, 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 amounted to €53 thousand at 30 June 2009.

Due to the low liability under this item and to the shortness of the remaining lease periods, financial expenses at 30 June 2008 were zero.

NOTE 20: OTHER PAYABLES AND DEFERRED REVENUES

20.1 – Non-current portion

Details of the non-current portion of other payables and deferred revenues as of 30 June 2008 and 2009 are as follows:

(in thousands of euros)	30 June 2008	30 June 2009
Deferred revenues	5 771	3 440
Liabilities for social contributions[1]	14 832	16 892
Total	**20 603**	**20 332**

[1] including debt related to the ABSA liability (respectively €63 thousand and €3 924 thousand at 30 June 2008 and 2009) and the liquidity offer (respectively €14 769 thousand and €12 968 thousand at 30 June 2008 and 2009) – See Note 15.3 – *Share-based payment*.

20.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2008 and 2009:

(in thousands of euros)	30 June 2008	30 June 2009
Deferred revenues	32 714	34 177
Tax liabilities	15 759	19 916
Liabilities for social contributions[1]	28 549	23 225
Total	**77 022**	**77 318**

[1] Including the liability related to the ABSA commitment of €8 618 thousand at 30 June 2008 and €1 306 thousand at 30 June 2009 respectively (see Note 15.3 – *Share-based compensation*).

NOTE 21: CURRENT AND DEFERRED TAX

Since 1 July 2008, the scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: Eutelsat S.A., Eutelsat VAS S.A.S. and Eutelsat Communications Finance S.A.S.

21.1 – Income-statement tax balances

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

The Group's income tax expense is as follows:

(in thousands of euros)	**Twelve-month period ended 30 June 2008**	**Twelve-month period ended 30 June 2009**
Current tax expense	(97 653)	(132 931)
Deferred tax expense (income)	144	4 944
Total income tax expense	**(97 509)**	**127 987**

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 2008**	**30 June 2009**
Income before tax and income from equity investments	269 760	372 017
Standard French corporate income-tax rate	*34.43%*	*34.43%*
Theoretical income-tax expense	(92 878)	(128 085)
Permanent differences and other items	(4 631)	98
Corporate income tax expense in the income statement	**(97 509)**	**(127 987)**
Actual corporate income tax rate	*36%*	*34%*

At 30 June 2009, the tax expense was 36%. The discrepancy between the rates of tax is mainly explained by the non-deductible calculated charges.

21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2008 and 30 June 2009 were as follows:

(in thousands of euros)	30 June 2008	Net income for the period	Recognised in equity	30 June 2009
Basis of deferred tax assets				
Provisions for impairment of assets	16 353	(1 198)	-	15 155
Capitalisation of losses carried forward	11 394	-	-	11 394
Bad-debt provisions	13 457	3 009	-	16 466
Financial guarantee granted to the pension fund	8 214	(390)	-	7 824
Capitalised salaries and performance incentives	5 648	(2 236)	-	3 412
Provisions for risks and expenses	2 403	(572)	-	1 831
Accrued liabilities	3 888	212	-	4 100
Pension provision	2 104	(27)	-	2 077
Sub-total (a)	***63 461***	***(1 202)***	***-***	***62 259***
Basis of deferred tax liabilities				
Intangible assets	(270 392)	15 304	-	(255 088)
Exceptional depreciation	(47 872)	(16 474)	-	(64 346)
Financial instruments	(45 514)	6 922	74 283	35 691
Capitalised interest	(4 829)	605	-	(4 224)
Finance leases	(1 507)	283	-	(1 224)
Other	(2 512)	(493)	-	(3 005)
Sub-total (b)	***(372 626)***	***6 147***	***74 283***	***(292 196)***
Total = (a)+(b)	***(309 165)***	***4 945***	***74 283***	***(229 937)***
Reflected as follows in the financial statements:				
Deferred tax assets	2 255			36 937
Deferred tax liabilities	(311 419)			(266 874)
Total	***(309 165)***			***(229 937)***

(*) This figure does not include the change due to the companies accounted for via the equity method. This amounts to €1 411 thousand for the period.

Deferred tax assets and liabilities break down as follows:

(in thousands of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	6 376	(14 994)
Due after one year	30 561	(251 880)
Total	36 937	(266 874)

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.

NOTE 22: PROVISIONS

(in thousands of euros)	**30 June 2008**	**Allowan**	**Reversal**		**30 June 2009**
			Used	Unused	
Financial guarantee granted to a pension fund	28 318	-	(5 595)	-	22 723
Retirement indemnities	6 027	762	(690)	-	6 099
Post-employment benefits[(1)]	1 290	219	(202)	(34)	1 273
Total post-employment benefits	**35 635**	**981**	**(6 487)**	**(34)**	**30 095**
Litigation[(2)]	6 266	4 217	(135)	(1 177)	9 171
Other	3 730	680	(2 549)	(195)	1 666
Total provisions	**45 631**	**5 878**	**(9 171)**	**(1 406)**	**40 932**
- non-current part	**35 631**	**985**	**(6 487)**	**(34)**	**30 095**
- current part	**10 000**	**4 893**	**(2 684)**	**(1 372)**	**10 837**

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

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

22.1. – Financial guarantee granted to a pension fund

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

This guarantee can be called under certain conditions to compensate for future under-funding of the plan. During the year ended 30 June 2005, as a result of the significant decline in long-term interest rates, the guarantee was called upon in an amount of €22.3 million. This amount was valued on the basis of the Trust’s projections of future market developments. At 30 June 2005, no payments had yet been made.

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

The actuarial valuation performed at 30 June 2008 and 2009 used the following assumptions:

	30 June 2008	**30 June 2009**
Discount rate	5.50%	5.50%
Expected rate of return on assets	4.00%	4.00%
Rate for pension increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Overall expenses (as a % of assets)	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	age 61	age 61

As of 30 June 2008 and 2009, the position was as follows:

Comparative summary:

(in thousands of euros)	**30 June**				
	2005	**2006**	**2007**	**2008**	**2009**
Present value of benefit obligations wholly or partly funded	168 714	140 889	152 792	133 436	134 182
Fair value of plan assets	(125 585)	(135 378)	(138 358)	(145 847)	147 983
Net financing	**43 129**	**5 511**	**14 434**	**(12 411)**	**(13 801)**
Actuarial and other gains / (losses) - amortised	-	30 423	16 860	40 729	36 523
Net (asset)/liability recognised in the balance sheet	**43 129**	**35 934**	**31 294**	**28 318**	**22 723**

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

(in thousands of euros)	**30 June 2008**	**30 June 2009**
Present value of the obligations at beginning of period	**152 792**	**133 436**
Service cost of the period	-	-
Finance cost	7 182	7 280
Actuarial and other (gains)/losses	(24 242)	(3 450)
Benefits paid	(2 296)	(3 084)
Present value of the obligations at end of period	**133 436**	**134 182**

The absence of service costs is explained by the fact that rights were frozen and that the

IGO pension fund was closed prior to the transfer of business on 2 July 2001.

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

(in thousands of euros)	30 June 2008	30 June 2009
Fair value of plan assets at beginning of period	**138 358**	**145 847**
Expected return on plan assets	5 560	5 923
Actuarial and other gains/(losses)	(235)	(5 163)
Contributions paid	4 460	4 460
Benefits paid	(2 296)	(3 084)
Fair value of plan assets at end of period	**145 874**	**147 983**

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

The actual return on the plan's assets was €5.3 million and €0.8 million at 30 June 2008 and 2009 respectively.

Net expense (net gains) recognised in the income statement

(in thousands of euros)	Twelve-month period ended 30 June 2008	Twelve-month period ended 30 June 2009
Service cost of the period	-	-
Finance cost	7 183	7 280
Expected return on plan assets	(5 560)	(5 923)
Actuarial (gains)/losses	(139)	(2 492)
Net expense (net gains) recognised in the income statement	**1 484**	**(1 135)**

Reconciliation of assets and obligations recognised in the balance sheet:

(in thousands of euros)	30 June 2008	30 June 2009
Provision at beginning of period	**31 294**	**28 318**
Net expense (net gains) recognised in the income statement	1 484	(1 135)
Contributions paid	(4 460)	(4 460)
Provisions at end of period	**28 318**	**22 723**

History of experience and changes in assumptions:

(in thousands of euros)	**30 June 2009**
Gain/loss between expected return and actual return on plan assets	**5 163**
History of experience with respect to the value of the obligations: (gains)/losses	(3 450)
Impact of changes in assumptions	-
	(3 450)

22.2 – Post-employment benefits

a) Retirement indemnities

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

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

The actuarial valuations performed at 30 June 2008 and 2009 were based on the following assumptions:

	30 June 2008	**30 June 2009**
Discount rate	5.50%	5.50%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH00-02	TF/TH00-02
Retirement age	age 65	age 65
Type of retirement	Compulsory retirement:	Voluntary retirement
Rate for employer's contributions	N/A	52%

Staff turnover per age bracket is based on the history of experience within Eutelsat S.A.

As of 30 June 2008 and 2009, the position was as follows:

Comparative summary:

(in thousands of euros)	30 June				
	2005	**2006**	**2007**	**2008**	**2009**
Present value of obligations not financed	**3 740**	**3 425**	**3 876**	**6 390**	**7 125**
Past-service cost (amortised)	1 419	1 354	1 290	1 225	1 160
Actuarial and other gains/(losses) - amortised	(29)	674	610	(1 588)	(2 186)
Liability recognised in the balance sheet	**5 130**	**5 453**	**5 776**	**6 027**	**6 099**

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

(in thousands of euros)	**30 June 2008**	**30 June 2009**
Present value of the obligations at beginning of period	**3 876**	**6 390**
Service cost of the period	268	431
Finance cost	181	348
Actuarial and other (gains)/losses	2 188	646
Benefits paid	(123)	(690)
Present value of the obligations at end of period	**6 390**	**7 125**

Net expense recognised in the income statement:

(in thousands of euros)	**Twelve-month period ended 30 June 2008**	**Twelve-month period ended 30 June 2009**
Service cost of the period	268	431
Finance cost	181	348
Amortisation of past service cost	(65)	(65)
Actuarial (gains)/losses	(10)	48
Net expense recognised in the income statement	**374**	**762**

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

(in thousands of euros)	**30 June 2008**	**30 June 2009**
Provision, beginning of period	**5 776**	**6 027**
Net expense recognised in the income statement	374	762
Benefits paid	(123)	(690)
Provision, end of period	**6 027**	**6 099**

History of experience and changes in assumptions:

(in thousands of euros)	**30 June 2009**
History of experience with respect to the value of the obligations: (gains)/losses	568
Impact of changes in assumptions	78
	646

b) Supplementary schemes

The Group also has a defined-contribution funded plan for its employees (excluding *mandataires sociaux* who are employees), financed by employees' and employer's 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 €1 311 thousand and €1 467 thousand at 30 June 2008 and 2009 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 2008 and 2009 respectively was €1 021 thousand and €1 061 thousand, and the fair value of the assets was €915 thousand and €1 106 thousand. At 30 June 2009, the Group was recognising a liability of €45 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 €5 326 thousand and €5 780 thousand at 30 June 2008 and 2009 respectively.

NOTE 23: SEGMENT INFORMATION

The Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services to major international telecommunications 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 in France.

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2008 and 2009 are as follows:

(In thousands of euros and as a percentage)	**Twelve-month period ended 30 June**		**Twelve-month period ended 30 June**	
	2008		**2009**	
Region	**Amount**	**%**	**Amount**	**%**
France	117 683	13.4	124 179	13.2
Italy	137 253	15.6	147 121	15.6
United Kingdom	106 875	12.2	105 527	11.2
Europe (other)	322 746	36.8	337 067	35.8
Americas	74 781	8.5	94 328	10.0
Middle East	60 083	6.8	74 053	7.9
Other (*)	58 344	6.6	58 267	6.2
Total	**877 765**	**100 .0**	**940 541**	**100.00**

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

NOTE 24: FINANCIAL RESULT

The financial result is made up as follows:

(in thousands of euros)	**Twelve-month period ended 30 June 2008**	**Twelve-month period ended 30 June 2009**
Interest expense (banks)(1)	(93 903)	(104 119)
Other interest expense (2)	1 405	25 925
Loan set-up fees	(2 974)	(3 081)
Commitment fees and other similar charges	(2 504)	(2 019)
Changes in financial instruments(3)	(18 384)	(25 419)
Provisions for risks and expenses	(1 483)	-
Foreign-exchange losses(4)	(10 832)	(20 849)
Financial expenses	**(128 675)**	**(129 562)**
Change in financial instruments(3)	4 373	1 821

Interest income	4 313	3 967
Provision on financial assets	-	208
Reversal	-	1 134
Foreign-exchange gains[4]	10 900	22 808
Financial income	**19 586**	**29 938**
Financial result	**(109 089)**	**(99 624)**

[1] Interest expense (banks) includes the effects of the interest-rate risk hedging instruments employed. Coupons due and matured on the swaps, caps and tunnels that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 30 June 2008 and 2009 by €16 717 thousand and €14 469 thousand respectively.

[2] The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. These capitalised costs amounted to €8 292 thousand at 30 June 2008 and €26 899 thousand at 30 June 2009. They are closely related to the progress and number of satellite construction programmes during the financial year concerned.

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

The interest rates used to determine the amount of interest expense eligible for capitalisation were 4.3% and 4.1% for the financial years ended 30 June 2008 and 30 June 2009 respectively. "Other interest expense" also includes interest related to satellite performance incentives (€4.5 million and €0.9 million for the years ended 30 June 2008 and 30 June 2009 respectively).

[3] Gains or losses in the fair value of the financial instruments mainly include changes in the time value of money for the tunnel and changes in the fair value of the non-qualifying derivative instruments in a hedging relationship. They represent a net expense of €23 599 thousand and are listed in Note 26 – *Financial* i*nstruments*.

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

NOTE 25: EARNINGS PER SHARE

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

	30 June 2008	30 June 2009
Net income	183 434	259 984
Income from subsidiaries attributable to minority interests, before taking into account the dilutive instruments in the subsidiaries	(10 899)	(12 579)
Net earnings used to compute basic earnings per share	**172 535**	**247 405**

	30 June 2008	30 June 2009
Net income	183 434	259 984
Income from subsidiaries attributable to minority interests, after taking into account the dilutive instruments in the subsidiaries	(11 212)	(12 645)
Net earnings used to compute diluted earnings per share	**172 222**	**247 339**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 30 June 2008 and 2009 respectively:

	30 June 2008	30 June 2009
Restated weighted average number of shares used to compute basic earnings per share	218 328 597	219 657 046
Incremental number of additional shares that would result from the exercise of outstanding stock options [(1)]	-	-
Restated weighted average number of shares used to compute diluted earnings per share [(1)]	**218 328 597**	**219 657 046**

(1) At 30 June 2008 and 2009, only the subsidiary Eutelsat S.A. had issued dilutive instruments. (see Note 15.3 – *Share-based compensation)* The incremental number of additional shares which could be issued upon the exercise of outstanding stock options is computed using the average market price during the related period.

As its subsidiary Eutelsat S.A. is not listed, Management estimated the average market price based on the latest evaluations performed and the latest transactions between shareholders.

NOTE 26: FINANCIAL INSTRUMENTS

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

26.1 – Foreign-exchange risk

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

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

During the financial year ended 30 June 2009, the Group only purchased foreign exchange options (euro calls / US dollar puts) and sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2009 is as follows:

(in thousands of euros)

Assets	106 382
Liabilities	30 145
Net position before risk management	**76 238**
Off-balance-sheet position (forward plus knock-in option (Europe))	14 150
Net position after risk management	**62 087**

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

26.2 – Interest rate risk

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

To hedge its debt, the Group has 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 €1 615 million to hedge the long-term Eutelsat Communications term loan.

- for a period of two years in April 2008, a forward pay fixed/receive variable swap for a notional amount of € 807.5 million and the purchase of a forward cap for a notional amount of € 807.5 million, to hedge the Eutelsat Communications' term loan.

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 Eutelsat Communications term loan.

For each of these instruments; the interest periods are periods of 6 months beginning 29 April and 29 October each calendar year, except for the final period which runs from 29 April 2013 to 8 June 2013.

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

- A pay fixed/receive variable interest rate swap entered into in November 2004 covering the long-term € 650 million portion of the 7-year term loan until its maturity; and
- A pay fixed/receive variable swap entered into in February 2007 for a notional amount of €250 million over 4 years until maturity of the €650 million revolving credit facility;
- Purchase of a cap in March 2007 in return for payment of a premium (€2 million) for a notional amount of €200 million over 4 years until maturity of the € 650 million revolving credit facility;
- In November 2007, a pay 3-month EURIBOR / receive 1-month EURIBOR basis swap was put in place for a period of 6 months until 30 June 2008,

This "pay 3-month EURIBOR / receive 1-month EURIBOR" swap operation has been renewed three times:

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

These last three basis swap operations are combined with the pay fixed swap put in place to hedge the €650 million term loan.

For each of these instruments, with the exception of the basis swaps, the interest periods are periods of 3 months beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Sensitivity to interest-rate risk

Given how interest rates have evolved due to the financial crisis, the fair value of the Group's financial instruments has fallen substantially, and this has been recognised within equity. The efficacy of these hedges, however, is not being called into question.

Considering the full range of financial instruments available to the Group at 30 June 2009, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would generate:

1) An additional interest expense, on an annual basis, of €807.5 thousand in the income statement, related to the portion not hedged against the risk of a change in interest charges on bank debt.

2) A change amounting to € 6 949 thousand of shareholders' equity, related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

26.3 – Financial counterpart risk

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

The Eutelsat Communications banking syndicate is made up of 50 lenders as of 30 June 2009. The Eutelsat S.A. banking syndicate consists of 26.

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

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

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

26.4 – Liquidity risk

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of

financial investments, financial assets and estimated future cash flows from operating activities.
The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans and revolver lines of credit from banks, and satellite leases.

Thirty-four per cent of the Group's debt matures in November 2011 and 66% in June 2013.

26.5 – Key figures at 30 June 2009

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 30 June 2008 and 30 June 2009 by type of contract. The instruments are valued by the Group's banking counterparts, and this valuation is verified/validated by an independent expert.

(in thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 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)*
Forward swap (Eutelsat Communications)	807 500	29 143	7 716	*1 807*	*5 909*
Forward swap (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.)**	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**

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

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

* Combined swaps
** Swap qualifying as a hedge for €100 million since 1 April 2008
(*) CAP qualifying as a hedge for €100 million since 1 January 2009

At 30 June 2009, the cumulative fair value of financial instruments is negative at €99 964 thousand. This is composed of €382 thousand recognised under "Current financial assets" (see Note 12 – *Current financial assets*) and €100 346 thousand recognised within "Other current financial liabilities" (see Note 18.2 – *Other financial liabilities*).

At 30 June 2008 and 2009, the changes in fair value recognised within financial result in respect of financial instruments amounted to an expense of €14 009 thousand and €23 599 thousand respectively.

Breakdown of financial instruments qualifying as hedges as of 30 June 2008 and 30 June 2009:

(in thousands of euros)	**Contractual or notional amounts**	**Fair value 30 June 2008**	**Change in fair value during the period**	***Impact Result (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)*
Forward swap (Eutelsat Communications)	807 500	29 143	7 716	*1 807*	*5 909*
Forward swap (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.) **	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**

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

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

* Swap qualifying as a hedge for €100 million since 1 April 2008
** Combined swaps
(*) CAP qualifying as a hedge for €100 million since 1 January 2009

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	(157)	(157)	-	-	-	-	-
- Interest-rate risk hedges	(97 969)	4 496	(25 158)	(35 061)	(42 246)	-	-
Net total at 30 June 2009	(98 126)	4 339	(25 158)	(35 061)	(42 246)	-	-

NOTE 27: OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2009, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

27.1 - Purchase commitments

At 30 June 2009, future payments under satellite construction contracts amounted to €328 million, and future payments under launch agreements amounted to €80 million including €20 million for Sea Launch. These future payments are spread over three years.

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

Future payments in respect of such acquisition of assets and provision of services at 30 June 2008 and 30 June 2009 are scheduled as follows

(in millions of euros)	30 June 2008	30 June 2009
2009	38	-
2010	20	58
2011	15	36
2012	9	15
2013 and thereafter(*)	11	7
2014 and thereafter	-	5
Total	**93**	**121**

(*) for the period reported in respect of the financial year ended 30 June 2008

The above total includes €3 million for purchase commitments entered into with related parties (see Note 28 - *Related parties*).

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

27.2 – In-orbit insurance and launch insurance

As of 30 June 2009, the Group's existing L+1 insurance (launch + 1 year) and in-orbit insurance policies have been taken out with insurance syndicates of 27 insurers and 18 insurers respectively, generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

a) – In-orbit insurance

The Group's in-orbit insurance programme expired on 26 November 2008 and was replaced by a new 12-month programme entered into with a group of 18 insurers. The programme was defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and income of losing one or more satellites. Under this programme, 14 of the satellites belonging to the Group (excluding the W1, ATLANTIC BIRD™1, EUROBIRD™4 and W5 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W2, 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 partial or total constructive losses of the 14 satellites insured, up to a ceiling of €180 million per satellite, subject to a total maximum claim or claims each year of €390 million. The Group's satellites covered under this policy are insured for their net book value.

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

New cover against losses of between €50 and €80 million has been put in place on a co-insurance basis with the insurer LIBSAT (50%).

b) Launch insurance

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

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

The Group subsequently took out additional policies to cover the entire net book value of the satellites (HOT BIRD™9, HOT BIRD™10, W2M, W2A and W7).

On 22 January 2009, the W2M satellite suffered a major anomaly. On 27 February 2009, a submission was sent to the insurers with proof of the loss and quantification of the claim.

Constructive total loss was acknowledged by all the insurers. An insurance indemnity of €120.5 million representing the total sum insured was therefore paid to Eutelsat in June 2009 and recognised under "Other operating income".
The agreement with the insurers also provides for the fact that if, after all, the satellite could be brought into commercial service at some time in the future, part of the revenues (10% or 28.75% as the case may be) would be returned to the insurers, subject to a total repayment ceiling of €30 million.
Any revenues would be computed annually from 1 July 2009 but the first annual payment of the insurers' portion would not be paid to them until August 2012, under the suspensive condition of it still being possible to operate the satellite commercially as of 1 July 2012 (see Note 6 – *Satellites and other property and equipment*).

27.3 – Commitments received

see Note 10 – *Accounts receivable*.

27.4 – Litigation

The Group is involved in certain cases of litigation in the normal course of its business. 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 28: RELATED-PARTY TRANSACTIONS

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

28.1 – Related parties that are not principal senior managers

Amounts due by or owed to related parties and included on the balance sheet as of 30 June 2008 and 2009 within current assets and liabilities are as follows:

(in thousands of euros)	**12-month period ended 30 June 2008**	**Twelve-month period ended 30 June 2009**
Gross receivables including unbilled revenues (1)	54 546	13 002
Liabilities including accrued invoices (2)	411	723

(1) including €49 528 thousand and €3 039 thousand for entities accounted for via the equity method as of 30 June 2008 and 30 June 2009 respectively.

(2) including €38 thousand and €40 thousand for entities accounted for via the equity method as of 30 June 2008 and 2009 respectively.

Transactions with related parties included in the income statements for the periods ended 30 June 2008 and 2009 are as follows:

(in thousands of euros)	**12-month period ended 30 June 2008**	**12-month period ended 30 June 2009**
Revenues (1)	20 824	45 099
Operating costs, selling, general and administrative expenses	1 433	1 641
Financial result	51	(60)

(1) including €1 813 thousand and €9 510 thousand for entities accounted for via the equity method as of 30 June 2008 and 30 June 2009 respectively.

(2) including €76 thousand and €2 thousand for entities accounted for via the equity method as of 30 June 2008 and 2009 respectively.

For the year ended 30 June 2009, 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.

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

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

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

28.2 – Compensation paid to the principal senior managers

(in thousands of euros)	**Twelve-month period ended 30 June 2008**	**Twelve-month period ended 30 June 2009**
Compensation excluding employer's charges	2 193	2 188
Short-term benefits: Employer's charges	656	726
Total short-term benefits	**2 849**	**2 914**
Post-employment benefits[(1)]	10% 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
Share-based payment	See below	See below

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

Share-based payment

The Board of Directors, acting under delegations of authority granted by the Ordinary and Extraordinary General Meeting of 6 October 2005, made a free allotment of 40 000 new shares in Eutelsat Communications on 10 May 2007 to the members of the Group's administrative and management bodies. The offer requires that beneficiaries should still be with the Group two years after the grant date and that they retain those shares for a further period of 2 years after the effective date of acquisition.
The value of the benefit was estimated at € 550 thousand spread over the two-year acquisition period. The expense recognised for the periods ended 30 June 2008 and 2009, with a double entry to shareholders' equity, was €266 thousand and €248 thousand respectively.
On the anniversary date of the plan, i.e.10 May 2009, the 40 000 shares with a par value of 1 euro each were issued and definitively vested to the benefit of the members of the Group's administrative and management bodies.

Similarly, 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 (see Note 15.3 – *Share-based compensation*).

The value of the benefit granted has been estimated at €1 031 thousand, spread over the period of acquisition when the rights vest. The expense recognised for the periods ended 30 June 2008 and 2009, with a double entry to shareholders' equity, was €481 thousand and €530 thousand respectively.

NOTE 29: STAFF COSTS

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

(in thousands of euros)	**12-month period ended 30 June 2008**	**12-month period ended 30 June 2009**
Operating costs	25 511	30 213
Selling, general and administrative expenses	45 222	46 764
Total[(1)]	**70 733**	**76 977**

(1) Including €3 838 thousand and €3 684 thousand at 30 June 2008 and 30 June 2009 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	12-month period ended 30 June 2008	**12-month period ended 30 June 2009**
Operations	195	251
Selling, general and administrative	345	354
Total	**540**	**605**

As of 30 June 2009, the Group has 610 employees, compared with 559 as of 30 June 2008.

Compensation paid to the *mandataires sociaux* of Eutelsat Communications employed by the Group is €2.0 million for the financial year ended 30 June 2009. The members of the Board received €584 thousand in respect of their attendance at meetings during the year.
The Group has a corporate savings plan (*plan d'épargne d'entreprise* or *PEE*) reserved for Eutelsat S.A. employees with more than three months of service, funded by voluntary contributions by the employees.

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

NOTE 30: COMPANIES INCLUDED IN THE CONSOLIDATION

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

Company	Country	Consolidation method	% voting rights as of 30 June 2009	% interest as of 30 June 2009
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	96.00%	96.00%
Eutelsat S.A. Sub-Group				
- Eutelsat VAS S.A.S.	France	FC	100.00%	96.00%
- Tooway Management S.A.S	France	FC	100.00%	96.00%
- Tooway S.N.C [2]	France	FC	100.00%	96.40%
- Fransat S.A.S	France	FC	100.00%	96.00%
- Eutelsat do Brasil S.A. [1]	Brazil	FC	100.00%	96.00%
- Eutelsat Italia	Italy	FC	100.00%	96.00%
- Skylogic Italia s.p.a.	Italy	FC	100.00%	96.00%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.00%
- VisAvision GmbH	Germany	FC	100.00%	96.00%
- Eutelsat Inc.	United States	FC	100.00%	96.00%
- Eutelsat America Corp.	United States	FC	100.00%	96.00%
- Eutelsat Broadband Corp.	United States	FC	100.00%	96.00%
- Eutelsat UK Limited	United Kingdom	FC	100.00%	96.00%
- Eutelsat Polska s.p.z.o.o.	Poland	FC	100.00%	96.00%
- Skylogic Polska s.p.z.o.o.	Poland	FC	100.00%	96.00%
- Skylogic Mediterraneo	Italy	FC	100.00%	96.00%
- Skylogic Eurasia	Turkey	FC	100.00%	96.00%
- Skylogic Spagna	Spain	FC	100.00%	96.00%
- Eutelsat Madeira Unipessoal lda	Madeira	FC	100.00%	96.00%
- Wins Ltd [1]	Malta	FC	70.00%	67.20%
- Hispasat [1]	Spain	EM	27.69%	26.58%
- Solaris Mobile Limited [1]	Ireland	EM	50.00%	48.00%

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

Consolidation of these subsidiaries under the full-consolidation method was performed using financials as of 30 June 2009.

NOTE 31: EVENTS AFTER THE BALANCE-SHEET DATE

None

NOTE 32: AUDITORS' FEES

The statement of auditors' fees is presented below:

(in thousands of euros)								
	ERNST & YOUNG				**MAZARS**			
	Amount N	**%**	**Amount N-1**	**%**	**Amount N**	**%**	**Amount N-1**	**%**
Audit								
Auditing, certification, review of individual and consolidated financial statements								
Eutelsat Communications	307	40%	207	33%	256	57%	215	100%
Other subsidiaries	353	46%	342	55%	190	43%		0%
			-					
Other diligence and services directly linked to the auditing mission								
Eutelsat Communications	-	0%	18	3%	-	0%	-	0%
Other subsidiaries	36	5%	19	3%	-	0%	-	0%
Sub-total	696	91%	585	94%	446	100%	215	100%
Provision of other services, as required								
Legal, tax, labour-law	66	9%	38	6%	-	0%	-	0%
Sub-total	66	9%	38	6%	-	0%	-	0%
TOTAL	762	100%	624	100%	446	100%	215	100%