Eutelsat Communications Group
Société anonyme with a capital of 220 113 982 euros
Registered office: 70, rue Balard 75015 Paris
481 043 040 R.C.S. Paris

CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2011

CONSOLIDATED BALANCE SHEET

(In millions of euros)

ASSETS	Note	30 June 2011	31 December 2011
Non-current assets			
Goodwill	4	807.8	807.8
Intangible assets	4	671.0	649.5
Satellites and other property and equipment, net	5	1 950.2	2 281.4
Construction in progress	5	698.0	496.7
Investments in associates	6	188.4	192.1
Non-current financial assets		5.8	5.7
Deferred tax assets		19.4	21.4
TOTAL NON-CURRENT ASSETS		**4 340.6**	**4 454.6**
Current assets			
Inventories		1.2	1.6
Accounts receivable		244.1	261.9
Other current assets		19.3	21.7
Current tax receivable		1.6	1.3
Current financial assets		7.6	8.2
Cash and cash equivalents	7	136.9	155.8
TOTAL CURRENT ASSETS		**410.6**	**450.5**
TOTAL ASSETS		**4 751.2**	**4 905.1**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2011	31 December 2011
Shareholders' equity	8		
Share capital		220.1	220.1
Additional Paid-in capital		453.2	453.2
Reserves and retained earnings		978.3	944.2
Non-controlling interests		77.1	58.6
TOTAL SHAREHOLDERS' EQUITY		**1 728.8**	**1 676.2**
Non-current liabilities			
Non-current financial debt	9	2 300.8	2 484.5
Other non-current financial liabilities	10	59.2	50.3
Non-current provisions		28.6	28.9
Deferred tax liabilities		308.1	306.6
TOTAL NON-CURRENT LIABILITIES		**2 696.6**	**2 870.5**
Current liabilities			
Current financial debt	9	20.0	34.4
Other current financial liabilities	10	85.3	107.8
Accounts payable		53.2	58.2
Fixed assets payable		22.2	28.6
Taxes payable		39.7	21.7
Other current payables		91.3	96.6
Current provisions		14.2	11.2
TOTAL CURRENT LIABILITIES		**325.8**	**358.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 751.2**	**4 905.1**

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

	Note	Six-month period ended 31 December 2010	Twelve-month period ended 30 June 2011	Six-month period ended 31 December 2011
Revenues	12	575.9	1 168.1	602.4
Revenues from operations		**575.9**	**1 168.1**	**602.4**
Operating costs		(41.6)	(88.7)	(48.7)
Selling, general and administrative expenses		(71.3)	(153.1)	(75.2)
Depreciation and amortisation		(142.4)	(280.5)	(153.0)
Other operating income		235.3	235.4	0.1
Other operating expenses		(236.1)	(236.1)	(0.1)
Operating income		**319.7**	**645.2**	**325.5**
Financial income		8.0	16.5	16.0
Financial expenses		(61.5)	(125.7)	(82.9)
Financial result	13	**(53.5)**	**(109.2)**	**(66.9)**
Income from associates		11.2	17.8	5.2
Net income before tax		**277.3**	**553.8**	**263.8**
Income tax expense	11	(94.7)	(199.0)	(99.3)
Net income		**182.6**	**354.7**	**164.5**
Group share of net income		174.4	338.5	156.8
Portion attributable to non-controlling interests		8.2	16.3	7.7
Earnings per share attributable to Eutelsat Communications’ shareholders	14			
Basic earnings per share in €		0.793	1.539	0.713
Diluted earnings per share in €		0.793	1.539	0.713

COMPREHENSIVE INCOME STATEMENT
(In millions of euros)

	Note	Six-month period ended 31 December 2010	Twelve-month period ended 30 June 2011	Six-month period ended 31 December 2011
Net income		**182.6**	**354.7**	**164.5**
Other items of gain or loss on comprehensive income				
Translation adjustment		(0.8)	(1.9)	1.9
Tax effect		-	0.2	-
Changes in fair value of cash-flow hedging instruments	8.3, 15	38.5	75.9	5.3
Tax effect		(13.1)	(26.0)	(0.9)
Total of other items of gain or loss on comprehensive income		**24.6**	**48.1**	**6.2**
Total comprehensive income statement		**207.2**	**402.9**	**170,7**
Group share of net income		198.7	386.3	163.3
Portion attributable to non-controlling interests		8.5	16.6	7.4

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CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)

	Note	Six-month period ended 31 December 2010	Twelve-month period ended 30 June 2011	Six-month period ended 31 December 2011
Cash flow from operating activities				
Net income		182.6	354.7	164.5
Income from equity investments		(11.2)	(17.8)	(5.2)
(Gain) / loss on disposal of assets		-	-	-
Other non-operating items		131.5	257.4	177.4
Depreciation, amortisation and provisions		146.7	282.5	154.1
Deferred taxes		6.7	26.5	(5.3)
Changes in accounts receivable		(28.2)	24.3	(42.8)
Changes in other assets		(11.2)	(6.8)	(24.5)
Changes in accounts payable		14.9	33.2	16.8
Changes in other debt		11.8	3.7	20.5
Taxes paid		(72.6)	(141.0)	(122.3)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**371.0**	**816.8**	**333.2**
Cash flows from investing activities				
Acquisitions of satellites, other property and equipment and intangible assets		(286.8)	(545.9)	(241.8)
Movements on equity investments		60.0	60.0	-
Insurance indemnities on property and equipment		101.6	235.1	-
Changes in other non-current financial assets		(1.1)	(0.9)	0.1
Dividends received from associates		3.4	3.4	3.4
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(122.9)**	**(248.3)**	**(238.3)**
Cash flows from financing activities				
Changes in capital		-	-	-
Distributions		(177.1)	(177.1)	(223.8)
Movements on treasury shares	8.2	(13.0)	(13.6)	(3.1)
Increase in debt		130.0	-	860.3
Repayment of debt		(0.2)	(150.6)	(665.0)
Repayment in respect of performance incentives and long-term leases		(4.7)	(11.3)	(5.6)
Interest and other fees paid	13	(38.2)	(112.2)	(37.5)
Interest received		0.9	2.9	2.9
Termination indemnities on derivatives settled		(0.3)	(6.0)	-
Acquisition of non-controlling interests	8.1	(6.7)	(7.8)	(0.8)
Other changes		-	(2.2)	**-**
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(109.6)**	**(478.1)**	**(72.6)**
Impact of exchange rate fluctuations on cash and cash equivalents		0.8	0.7	(1.0)
Increase (decrease) in cash and cash equivalents		**139.3**	**91.1**	**21.3**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**41.4**	**41.3**	**132.4**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**180.6**	**132.4**	**153.7**
Cash reconciliation				
Cash		181.3	136.9	155.8
Overdraft included under debt [1]	9	(0.7)	(4.5)	(2.1)
Cash and cash equivalents per cash flow statement		**180.6**	**132.4**	**153.7**

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

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

	Common stock						
	Number	**Amount**	**Additional paid-in capital**	**Reserves and retained earnings**	**Shareholders' equity Group share**	**Non-controlling interests**	**Total**
30 June 2010	**220 113 982**	**220.1**	**497.1**	**726.0**	**1 443.2**	**69.1**	**1 512.3**
Net income for the period				**174.4**	**174.4**	**8.2**	**182.6**
Other items of gain or loss on comprehensive income				24.3	24.3	0.3	24.6
Total comprehensive income statement				**198.7**	**198.7**	**8.5**	**207.2**
Transactions affecting the capital							
Treasury stock				(13)	(13)	-	(13)
Transactions with non-controlling interests				(3.2)	(3.2)	(3.5)	(6.7)
Distributions			(43.9)	(123.0)	(166.9)	(10.3)	(177.2)
Benefits for employees upon exercising options and free shares granted				1.6	1.6	0.1	1.7
ABSA commitments				0.3	0.3	3.6	3.9
Liquidity offer				1.7	1.7	1.4	3.0
31 December 2010	**220 113 982**	**220.1**	**453.2**	**789.1**	**1 462.4**	**68.9**	**1 531.3**
30 June 2011	**220 113 982**	**220.1**	**453.2**	**978.3**	**1 651.6**	**77.1**	**1 728.7**
Net income for the period				**156.8**	**156.8**	**7.7**	**164.5**
Other items of gain or loss on comprehensive income				6.5	6.5	(0.3)	6.2
Total comprehensive income statement				**163.3**	**163.3**	**7.4**	**170.7**
Treasury stock				(3.1)	(3.1)	-	(3.1)
Transactions with non-controlling interests				(0.6)	(0.6)	(0.2)	(0.8)
Distributions				(197.6)	(197.6)	(26.2)	(223.8)
Benefits for employees upon free shares granted				3.4	3.4	0.1	3.5
Liquidity offer				0.5	0.5	0.4	0.9
31 December 2011	**220 113 982**	**220.1**	**453.2**	**944.2**	**1 617.5**	**58.6**	**1 676.2**

NOTE 1: KEY EVENTS DURING THE PERIOD

- Following its successful launch on 24 September 2011, the ATLANTIC BIRD™ 7 went into operational service on 23 October 2011.
- Following its successful launch on 07 October 2011, the W3C satellite went into operational service on 9 November 2011.
- On 6 and 7 December 2011, the Group refinanced its existing credit agreements for a total amount of €1 765 million maturing on June 2013 (see Note 9 – *Financial debt* and Note 17 - *Subsequent events*).

NOTE 2: APPROVAL OF THE ACCOUNTS

The condensed consolidated half-year accounts of Eutelsat Communications as of 31 December 2011 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 16 February 2012.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Compliance with IFRSs

The consolidated half-year accounts as of 31 December 2011 have been prepared in accordance with IFRSs as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following Web site:

http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

They have been prepared on a going concern basis and under the historical cost convention, except for those items for which the standards require fair value valuations. The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 "Interim Financial Reporting" in a condensed format. The accounts as presented do not therefore contain all the information and Notes required under IFRSs for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the financial year ended 30 June 2011.

3.2 – Published standards and interpretations

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2011, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2011.

- Revised IAS 24 "Related Party Disclosures", effective for financial years beginning on or after 1 January 2011 and endorsed by the European Union. The amendment introduces certain changes to the definition of a related party in order to ensure greater symmetry in the determination of related parties.

- Improvements to IFRSs released in May 2010, for amendments effective for financial years beginning on or after 1 January 2011. These amendments cover:

  - IAS 1 which clarifies provisions on the statement of changes in equity by pointing out that the OCI analysis must be performed for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment is to be applied retrospectively.

  - IAS 34 which notes that the information provided is an update to the information provided in the latest set of annual financial statements.

  - IFRS 7 on credit risk which requires disclosure of collateral and other credit enhancements without the effect of over-collateralisation offsetting the effect of under-collateralisation.

  - IFRS 3R Amendment which (i) limits the fair value option when measuring non-controlling interests in a business combination; (ii) addresses the application of the existing IFRS 3 for earn-outs (adjustments to consideration) from business combinations recognised under IFRS 3; (iii) clarifies the accounting treatment for un-replaced and voluntarily replaced share-based payment transactions, with application date starting on 1 July 2010.

- IFRS 7 “Disclosures about Transfers of Financial Assets” released in October 2010 and effective as of 1 July 2011.

- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments".

- IAS 32 Amendment on classification of subscription rights issued.

None of these texts has had an impact on previous financial periods nor on the consolidated half-year accounts at 31 December 2011.

Furthermore, the following standards or interpretations or amendments have been neither endorsed by the European Union nor applied in advance. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IAS 1 “Presentation of Financial Statements - *Presentation of Items of Other Comprehensive Income*", this amendment requires that when presenting items of comprehensive income, an entity makes a distinction between items that may be reclassified to income and those that would never be reclassified.

- IFRS 9 "Financial Instruments" and the amendment released in December 2011 that defers the mandatory effective date and clarifies transition disclosures.

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities".

- Amendment to IAS 12 "Income Taxes” released in December 2010 on the assessment of deferred tax assets for assets for which the entity expects to recover the carrying amount by using or selling the asset items. The amendment is applicable for financial years beginning on or after 1 January 2012.

- IFRS 13 "Fair Value Measurement".

- Amendments to IAS 19 "Employee Benefits" released in December 2011 on the removal of the "corridor" approach and the spreading of actuarial gains and losses. The amendment is applicable for financial years beginning on or after 1 January 2013.

- Revised IAS 27 "Separate Financial Statements" and revised IAS 28 "Investments in Associates and Joint-Ventures" issued in May 2010 and applicable for financial years beginning on or after 1 January 2013.

- Amendment to IAS 32 “Financial Instruments - Presentation: Offsetting Financial Assets and Financial Liabilities", applicable for financial periods beginning on or after 1 January 2014.

3.3 – Periods presented and comparatives

The six-month period extends from 1 July to 31 December 2011.

The functional currency and the currency used in the presentation of the accounts is the euro.

3.4 – Use of estimates

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

On 31 December 2011, the Group has not identified any major source of uncertainty relating to estimates realised as of the balance sheet date and which would be most likely to change within the coming twelve months, thereby requiring significant adjustments in the amounts recognised.

Judgements

When preparing the half-year consolidated accounts for the period ended 31 December 2011, Management reassessed all risks to which the Group is exposed, particularly those related to the dispute with Deutsche Telekom (see Note 27.4 – *Litigation*, in the consolidated accounts as of 30 June 2011). Management has not identified any new point that would challenge its initial judgement or the assessment made during the previous year.

3.5 – Taxes

The interim income tax expense is calculated by applying the average effective rate estimated for the financial year to earnings before taxes for the period.

NOTE 4: GOODWILL AND OTHER INTANGIBLES

"Goodwill and Other Intangibles" breaks down as follows:

(In millions of euros)	Goodwill	Customer contracts and relation-ships	Eutelsat brand	Other intangibles	Total
Net value as of 30 June 2011	**807.8**	**611.2**	**40.8**	**19.0**	**1 478.8**
Net value as of 31 December 2011	**807.8**	**589.0**	**40.8**	**19.7**	**1 457.2**

The change over the period ended 31 December 2011 mainly relates to the depreciation of customer contracts and relationships.

As of 31 December 2011, goodwill was tested annually for impairment, which did not challenge the amount shown on the balance sheet. The recoverable amount was approximated using the fair value, derived from the market value of Eutelsat S.A. This market value was measured by analysing the implicit 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.

This method is not challenged by the present economic environment, as market capitalisation has remained fairly unchanged as compared to the figure used for the latest impairment test. In terms of sensitivity, there would have to be a negative change in the stock-exchange price of at least 73% for the fair value representing the recoverable value in this particular instance to fall below the carrying amount. Should such an event occur, a test would be performed based on the value in use.

NOTE 5: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

Changes in gross assets

(In millions of euros)	Satellites	Other tangible assets	Construction in progress	Total
30 June 2011	**3 340.0**	**231.1**	**698.0**	**4 269.1**
Acquisitions	1.1	10.9	244.5	256.5
Disposals and scrapping of assets	(74.8)	(1.4)	-	(76.2)
Transfers	445.4	0.4	(445.8)	-
31 December 2011	**3 711.7**	**241.0**	**496.7**	**4 449.4**

Changes in accumulated depreciation and impairment

(In millions of euros)	Satellites	Other tangible assets	Construction in progress	Total
Accumulated depreciation as of 30 June 2011	**(1 512.6)**	**(108.3)**	**-**	**(1 620.9)**
Half year allowance	(111.2)	(15.4)	-	(126.6)
Reversals	74.8	1.4	-	76.2
Impairment	-	-	-	-
Accumulated depreciation as of 31 December 2011	**(1 549.0)**	**(122.3)**	**-**	**(1 671.3)**

Net assets

(In millions of euros)	Satellites	Other tangible assets	Construction in progress	Total
Net value as of 30 June 2011	**1 827.4**	**122.8**	**698.0**	**2 648.2**
Net value as of 31 December 2011	**2 162.7**	**118.7**	**496.7**	**2 778.1**

During the half-year ended 31 December 2011, the Group brought into service:

- The ATLANTIC BIRD™ 7 satellite on 23 October following its successful launch on 24 September 2011;

- The W3C satellite on 9 November following its successful launch on 7 October 2011.

Furthermore, it is worth noting that the fully amortised W75 satellite was de-orbited.

Construction in progress

As of 31 December 2011, the "Construction in progress" item mainly included the W5A, W6A, EUROBIRD™2A, W3D, EUTELSAT 3B and EUTELSAT 9B satellites.

NOTE 6: INVESTMENTS IN ASSOCIATES

Investments in associates consist primarily in equity investments in Hispasat for €185.2 million and Solaris for €6.9 million.

NOTE 7: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In millions of euros)	**30 June 2011**	**31 December 2011**
Cash	63.3	98.9
Cash equivalents	73.6	56.9
Total	**136.9**	**155.8**

Cash equivalents are mainly composed of deposit certificates, the great majority of which mature less than one month on the date of their acquisition and mutual fund investments (UCITS) qualifying as "cash equivalents" totalling €5.6 million and €51.3 million respectively as of 31 December 2011.

NOTE 8: SHAREHOLDERS' EQUITY

8.1 – Shareholders' equity

As of 31 December 2011, the share capital of Eutelsat Communications S.A. comprised 220 113 982 ordinary shares with a par value of €1 per share. In terms of treasury stock, Eutelsat Communications S.A. holds 657 405 shares including 57 405 shares for an aggregate amount of €1.7 million under the liquidity agreement and 600 000 shares for an aggregate amount of €16.7 million under the free share allocation plan (see below). These shares have been deducted from shareholders' equity.

The share capital and additional paid-in capital of the Company have not changed since 30 June 2011.

On 8 November 2011, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.90 per share, i.e. a total of €197.6 million, taken from net income for the financial year 2010-2011. In 2010, the amount distributed as a dividend was €166.9 million, i.e. €0.76 per share.

8.2 –Share-based payment

Free Share Allocation

There are currently two such plans implemented by the Group in February 2010 and July 2011.

Under the two plans, the expense recognised for the period ended 31 December 2011, with a double entry to shareholders' equity, was €3.5 million.

It should be noted that as of 31 December 2011, 600 000 equity shares were repurchased under the plans for a total of €16.7 million. Furthermore, in accordance with IAS 32 "Financial Instruments: Presentation", the acquisition cost of shares bought back by the Group under the above free share allocation plans will be recorded as a reduction to the Group's share of shareholders' equity.

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

Since 30 June 2011, under a liquidity offer implemented in December 2011, the Group has acquired 104 539 shares in Eutelsat S.A. from Eutelsat S.A. employees.

The acquisition cost amounted to €0.8 million.

8.3 – Change in the revaluation reserve of financial instruments

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

(In millions of euros)	**Total**
Balance at 30 June 2011	**(49.2)**
Changes in fair value within equity	(34.2)
Transfer to the income statement[1]	39.5
Balance at 31 December 2011	**(43.9)**

[1] Including €16.1 million relating to coupons due and matured on the swap and €23.4 million relating to the share of the swap for which hedging relationships were interrupted following cancellation of hedged interest rate flows (see Note 15.2 – *Interest-rate risk*).

8.4 – Change in the translation reserve

(In millions of euros)	**Total**
Balance at 30 June 2011	**(0.6)**
Balance at 31 December 2011	**0.8**

The €1.4 million change does not include the €0.5 million change in the translation reserve for Hispasat.

NOTE 9: FINANCIAL DEBT

As of 30 June and 31 December 2011, the aggregate amount of bank debt is denominated in euros.

- *Financial information as of 30 June 2011 and 31 December 2011*

(In millions of euros)	**Rate**	**30 June 2011**	**31 December 2011**	**Maturity**
Term loan	Variable	1 465.0	800.0	8 June 2013
Revolving credit	Variable	-	70.0	24 March 2015
Eurobond 2017 (1)	4.145%	850.0	850.0	27 March 2017
Eurobond 2019 (2)	5.000%	-	800.0	14 January 2019
Sub-total of debt (non-current portion)		**2 315.0**	**2 520.0**	
Loan set-up fees and premiums		(14.2)	(35.5)	
Total of debt (non-current portion)		**2 300.8**	**2 484.5**	
Bank overdrafts		4.5	2.2	
Accrued interest not yet due		15.4	32.2	
Portion of the loans due within one year (excluding revolver)		0.1	-	
Total of debt (current portion)		**20.0**	**34.4**	

(1) Fair values are €859.4 million and €867.0 million at 30 June and 31 December 2011 respectively.
(2) Fair value is €807.8 million at 31 December 2011.

The weighted average interest rate on amounts drawn under the revolving credit facility for the period ended 31 December 2011 is 2.29%.

The Group also has €680.0 million available under its various lines of undrawn revolving credit.

- *Change in structure*

Since 30 June 2011, the Group has refinanced its existing credit agreements at Eutelsat Communications' holding level for a total amount of €1 765 million with maturity date of June 2013.

The refinancing took place through:

- A 7-year €800 million inaugural Eurobond issued on 7 December 2011 on the Luxembourg Stock Exchange regulated market, with maturity date of 14 January 2019. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 5.000% per annum, issued at 99.186% percent, and redeemable at maturity at 100% of its principal amount.

- Two new 5-year credit facilities entered into by Eutelsat Communications S.A. on 6 December 2011 with maturity date of December 2016.

- a €800 million term loan issued by Eutelsat Communications S.A. bearing interest at EURIBOR plus a margin of between 1.50% and 3.25% according to the long-term ratings assigned by Standard & Poor’s (S&P) and Moody’s to Eutelsat Communications S.A. The initial margin stands at 2.25%. The interest periods are periods of 6 months beginning 29 April and 29 October each calendar year, except for the two first periods which are less than 6 months.

- a new €200 million revolving credit facility granted to Eutelsat Communications S.A. Amounts drawn for a maximum period of 6 months bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin of between 1.00% and 2.75%, depending on Eutelsat Communications S.A.'s long-term rating assigned by Standard & Poor's and Moody's. The initial margin stands at 1.75%. A fee for non-use representing 35% of the margin mentioned above is payable. The agreement also provides for a 0.15% utilisation commission if less than 33.33% of the revolving credit facility is used, 0.30% for the portion equal to or exceeding 33.33% but lower than 66.67% and a 0.50% commission for any portion exceeding 66.67%.

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

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- grant loans and carry out certain types of investments;
- enter into mergers, acquisitions, asset disposals, or lease transactions (excluding 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.

Under the Eurobond agreement, each lender may request early repayment of all sums due in case of a change of control of Eutelsat S.A. or a change of control of Eutelsat Communications (except in the case of a takeover by the Group's main shareholders). This provision does not apply in case of Group restructuring.

The credit agreements allow 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. Furthermore, 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 other satellite, 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 IFRSs:

- Eutelsat Communications and Eutelsat S.A. are required to maintain a total net debt to annualised EBITDA ratio (as defined contractually) which is less than or equal to 3.75 to 1, this ratio being tested as of 30 June and 31 December each year.
- Furthermore, 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.

The proceeds of the bond issue were used by the Group for partial repayment for €665 million of the €1 465 million term loan, the total amount of which is subsequently reduced to €800 million.

Both the term loan existing as of 31 December 2011 and Eutelsat Communications' existing revolving credit facility were totally reimbursed and cancelled as funds were made available under credit facilities on 6 January 2012 (see Note 17 – *Subsequent events*).

- *Debt maturity analysis*

At 31 December 2011, the debt maturity analysis is as follows:

(In millions of euros)	**Amount**	**Maturity within one year**	**Maturity between 1 and 5 years**	**Maturity exceeding 5 years**
Eutelsat Communications term loan	800.0	-	800.0	-
Eutelsat S.A. revolving credit facility	70.0	70.0	-	-
Eurobond 2017	850.0	-	-	850.0
Eurobond 2019	800.0	-	-	800.0
Total	**2 520.0**	**70.0**	**800.0**	**1 650.0**

- *Compliance with banking covenants*

As of 31 December 2011, the Group was in compliance with all banking covenants under its credit facilities.

NOTE 10: OTHER FINANCIAL LIABILITIES

(In millions of euros)	30 June 2011	31 December 2011
Financial instruments [(1)]	55.2	69.8
Performance incentives [(2)]	18.2	16.0
Finance leases [(3)]	15.4	13.2
Other liabilities	55.6	59.1
Total	**144.4**	**158.1**
- incl. current portion	*85.3*	*107.8*
- incl. non-current portion	*59.1*	*50.3*

[(1)] See Note 15 – *Financial instruments*
[(2)] Including interest related to “Performance incentives” of €5.9 million at 30 June 2011 and €5.1 million at 31 December 2011.
[(3)] As of 30 June 2011 and 31 December 2011, amounts of interest on finance leases are not material.

“Other liabilities” comprise advance payments and deposits from clients.

NOTE 11: INCOME TAX EXPENSE

“Income tax expense” shows current and deferred tax expenses for consolidated entities.

As of 31 December 2011, the Group's tax expense was 38%. The distortion between the Group's tax rate and the French overall tax rate is mainly explained by losses of foreign subsidiaries which were not recognised as deferred tax assets.

NOTE 12: SEGMENT INFORMATION

Over the period ended 31 December 2011, there was no change in the Group's organisation which could affect the nature of and method used for reporting financial information and business performance data to the Group's chief operating decision maker.

Therefore, as with the period ended 30 June 2011, the Group considers that it only operates in a single industry segment, basing that view on an assessment of services rendered and the nature of the associated risks, rather than on their finality. This is the provision of satellite-based video, business and broadband networks, and mobile services mainly to international telecommunications operators and broadcasters, corporate network integrators and companies for their own needs.

Revenues of the Group by geographical zone, based on invoice addresses, for the periods ended 31 December 2010 and 31 December 2011 are as follows:

(In millions of euros and as a percentage)	**Six-month period ended 31 December 2010**		**Six-month period ended 31 December 2011**	
Regions	**Amount**	**%**	**Amount**	**%**
France	78.4	13.6	70.5	11.7
Italy	89.3	15.5	95.2	15.8
United Kingdom	40.2	7.0	45.6	7.6
Europe (other)	191.9	33.3	206.9	34.3
Americas	67.8	11.8	87.3	14.5
Middle-East	62.9	10.9	64.9	10.8
Africa	39.2	6.8	26.6	4.4
Other (*)	6.1	1.1	5.4	0.9
Total	**575.9**	**100.0**	**602.4**	**100.0**

(*) Including €2.7 million and €3.5 million in indemnity payments for late delivery of satellites for the periods ended 31 December 2010 and 31 December 2011 respectively.

NOTE 13: FINANCIAL RESULT

The financial result is made up as follows:

(In millions of euros)	**Six-month period ended 31 December 2010**	**Twelve-month period ended 30 June 2011**	**Six-month period ended 31 December 2011**
Interest expense (banks)[1]	(57.4)	(114 .3)	(54.9)
Other interest expense [2]	13.1	27.0	10.8
Loan set-up fees	(1.8)	(4.3)	(6.2)
Commitment fees and other similar charges	(1.6)	(3.0)	(1.4)
Changes in financial instruments [3]	(1.7)	(3.8)	(24.8)
Provisions for risks and expenses	(0.7)	(1.3)	(0.2)
Provisions on financial assets	-	(0.4)	-
Foreign-exchange losses [4]	(11.5)	(25.7)	(6.2)
Financial expenses	**(61.5)**	**(125.7)**	**(82.9)**
Changes in financial instruments [3]	1.7	0.8	-
Interest income	0.9	3.1	3.0
Foreign-exchange gains [4]	5.4	12.6	13.0
Financial income	**8.0**	**16.6**	**16.0**
Financial result	**(53.5)**	**(109.2)**	**(66.9)**

[1] Interest expense (banks) includes the effects of the interest-rate risk hedging instruments employed. Coupons due and matured on the swaps and caps that are qualified as interest-rate risk hedges have affected the interest expense for the years ended 31 December 2010, 30 June 2011 and 31 December 2011 respectively by €23.0 million, €42.8 million and €16.1 million in expense.

[2] The amount shown is the interest expense net of loan costs charged to the value of the eligible assets. During the period, the capitalised costs amounted to €14.0 million as of 31 December 2010 and €30.0 million as of 30 June 2011 and €11.8 million as of 31 December 2011. They are highly dependant on the progress and number of satellite construction programmes recognised during the financial year.

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 capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.4% for the periods ended 31 December 2010 and 30 June 2011 and 4.5% at 31 December 2011. “Other interest expense” comprises interest related to satellite in-orbit performance incentives for €0.6 million at 31 December 2010, €1.2 million at 30 June 2011 and €0.4 million at 31 December 2011.

[3] Gains or losses in the fair value of financial instruments mainly include changes in the fair value of non-qualifying derivatives in a hedging relationship and the ineffective portion of qualifying derivatives in a hedging relationship. Furthermore, for the period ended 31 December 2011, these items include disqualifications/disposal of hedging instruments (see Note 15.2 – *Interest rate risk*).

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

Refinancing operations over the period ended 31 December 2011 had the following impacts:

- A portion of the derivative hedging the interest-rate risk was disqualified following repayment of part of the term loan (see Note 9 - *Financial debt* and Note 15.2 - *Interest rate risk*).

- When refinancing operations were launched, the residual amount of trailing commissions associated with these credit agreements totalled €3.9 million and was recognised in the period ended 31 December 2011 using the accelerated amortisation method.

Results on financial instruments per accounting category:

(In millions of euros)	**Six-month period ended 31 December 2010**	**Twelve-month period ended 30 June 2011**	**Six-month period ended 31 December 2011**
Net result on instruments measured at fair value per result on the option (cash equivalents)	(0.9)	0.1	-
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	0.1	0.1	(24.8)
Financial income on assets valued at amortised cost (loans and long-term advance payments and other receivables)	-	-	-
Interest expense on loans (excluding hedging effect)	(34.4)	(71.5)	(38.8)
Reversals and (depreciation) of financial assets (accounts receivable)	1.4	(2.2)	(4.1)

NOTE 14: 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):

	31 December 2010	31 December 2011
Net income	182.6	164.5
Income from subsidiaries attributable to non-controlling interests before taking into account the dilutive instruments in the subsidiaries	(8.0)	(7.5)
Net earnings used to compute diluted earnings per share	**174.6**	**157.0**

	31 December 2010	31 December 2011
Net income	182.6	164.5
Income from subsidiaries attributable to non-controlling interests after taking into account the dilutive instruments in the subsidiaries	(8.0)	(7.5)
Net earnings used to compute diluted earnings per share	**174.6**	**157.0**

There are no dilutive instruments as of 31 December 2011.

NOTE 15: FINANCIAL INSTRUMENTS

15.1 – Foreign-exchange risk

During the financial year ended 30 June 2011 and the first half of the financial year ending 30 June 2012, the Group only sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 31 December 2011 is as follows:

(In millions of euros)

Assets	113.0
Liabilities	19.5
Net position before risk management	**93.4**
Off-balance-sheet position (foreign exchange hedging)	177.7
Net position after risk management	**(84.3)**

Considering its exposure to foreign-currency risk, the Group believes that a 10-cent decrease in the euro/US dollar exchange rate would have a minor impact on Group income and would result in a negative change amounting to €23 million in Group equity.

15.2 – Interest rate risk

Interest rate risk management

During the period ended 31 December 2011, following the early partial repayment of Eutelsat Communications' term loan for €665 million (see Note 9 – *Financial debt*), the swap (pay fixed rate/receive floating rate) put in place in September 2006 (maturing in June 2013) for a notional amount of €1 465 million was partially disqualified, resulting in the recognition of a €23.4 million expense, previously accumulated under equity (see Note 8.3 - *Change in the revaluation reserve of financial instruments).*

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group at 31 December 2011, a ten base-point increase (+ 0.10%) over the EURIBOR interest rate would have an impact on the interest expense on an annual basis of €70 thousand in the income statement. It would result in a positive change amounting to €0.8 million in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

15.3 – Key figures at 31 December 2011

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 31 December 2011 by contract type. The instruments are valued by the Group's banking counterparts, and this valuation is verified/validated by an independent expert.

(In millions of euros)	Notional		Fair value		Change in fair value over the period	*Impact on income (excl. coupons)* (1)	*Impact on equity*
	30 June 2011	31 December 2011	30 June 2011	31 December 2011			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	107.2	177.8	1.7	(10.2)	(11.9)	-	(11.9)
Total forex derivatives	***107.2***	***177.8***	***1.7***	***(10.2)***	***(11.9)***	***-***	***(11.9)***
Swap (Eutelsat Communications) **	1 465.0	1 465.0	(55.2)	(59.4)	(4.2)	(24.2)	20.0
Collar (Eutelsat S.A.) *	100.0	100.0	0.4	(0.2)	(0.6)	(0.6)	-
Total interest rate derivatives	***1 565.0***	***1 565.0***	***(54.8)***	***(59.6)***	***(4.8)***	***(24.8)***	***20.0***
Total derivatives			**(53.1)**	**(69.8)**	**(16.7)**	**(24.8)**	**8.1**
Equity interests							(2.8)
Total							**5.3**

* Instrument not qualifying as hedges.
** Swap disqualified as a hedge for €665 million since 21 December 2011
(1) The ineffective portion of the hedges was not significant and has not been isolated.

At 31 December 2011, the cumulative fair value of financial instruments is negative at €69.8 million (see Note 10 – *Other financial liabilities*).

Impact on income statement and equity

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

- The coupons on the swap that qualifies as a cash flow hedge are directly recognised under income for €16.1 million and for €23.4 million with respect to the portion of the swap for which the hedging relation was interrupted following cancellation of hedged interest rate flows (cf. Note 15.2: *Interest-rate risk*). Changes recognised in equity for €20.0 million in relation to this swap correspond to changes in fair value excluding coupons ("clean fair value").

NOTE 16: OTHER OFF-BALANCE SHEET COMMITMENTS

16.1 – Purchase commitments

At 31 December 2011, future payments under satellite construction contracts amount to €297.2 million, and future payments under launch agreements amount to €237.0 million. These future payments are spread over five years.

The Group has also made commitments with other suppliers for service provisions and acquisitions of fixed assets relating to the monitoring and control of satellites.

Future minimum payments in respect of such acquisitions of assets and provision of services at 31 December 2011 are scheduled as follows:

(In millions of euros)	**At 31 December 2011**
2012	56.1
2013	25.3
2014	21.0
2015	19.5
2016 and beyond	81.9
Total	**203.7**

Included in the above total is €5.7 million related to purchase commitments entered into with related parties.

16.2 – Fleet insurance

As of 31 December 2011, the Group's existing "L + 1 insurance" ("Launch + 1 year") and in-orbit insurance policies have been taken out with insurance syndicates of 24 and 21 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.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2011. The programme has been designed with a view to minimising, at an acceptable cost, the impact of one or several satellite losses on the balance sheet and the income statement. It covers losses in excess of €50 million up to a maximum of €600 million. Under this programme, 15 of the satellites belonging to the Group (excluding the EUROBIRD™4A (former W1), ATLANTIC BIRD™1, W5, SESAT1, EUROBIRD™16 (former HOT BIRD™4), W2M, W48 (former HOT BIRD™2) and W6 (former W3) satellites) are covered by insurance.

The general insurance policy taken out against damage under this programme covers any cumulative partial or total (or deemed total) constructive losses of the 15 satellites insured, up to a ceiling of €235 million per satellite and within an annual budget of €600 million. Satellites covered under this policy are insured for their net book value.

The recent Ka-Sat satellite is included in this policy as of the date of maturity of its previous "L + 1 year" policy, i.e. on 26 December 2011.

NOTE 17: SUBSEQUENT EVENTS

On 6 January 2012, Eutelsat Communications received the notional amount of €700 million under its new term loan and used its new revolving credit facility for €100 million, both amounts having been used on the same day to proceed to early repayment of the 2006 term loan for €800 million, this term loan being now fully reimbursed.