

Eutelsat Communications

“Société anonyme” with a capital of 226,972,338 euros

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ANNUAL FINANCIAL STATEMENTS AS OF 30 JUNE 2015

Balance sheets as of 30 June 2014 and 30 June 2015.....	2
Income statements for the periods ended 30 June 2014 and 30 June 2015	4
Statements of cash flows for the periods ended 30 June 2014 and 30 June 2015.....	5
Notes to the annual financial statements	6

BALANCE SHEET

(in thousands of euros)	Notes	30 June 2014	30 June 2015
ASSETS			
Long-term assets			
Financial assets	3	2,446,401	2,446,899
Total long-term assets		2,446,401	2,446,899
Current assets			
Accounts receivable		203	127
Other receivables	4	120,829	79,272
Cash and marketable securities	5	12,625	7,200
Total current assets		133,657	86,599
Prepaid expenses	6	6,065	3,043
Total assets		2,586,123	2,536,541

BALANCE SHEET

(in thousands of euros)	Notes	30 June 2014	30 June 2015
LIABILITIES			
Common stock (226,972,338 ordinary shares as of 30 June 2015 with a nominal value of €1 per share)		220,114	226,972
Additional paid-in-capital		453,214	594,075
Legal reserve		22,011	22,697
Retained earnings		763,546	816,656
Result of the year		279,593	259,067
Regulated provisions		467	467
Total shareholder's equity	7	1,738,945	1,919,935
Provisions for risks		-	-
Provisions for expenses		812	945
Total provisions for risks and expenses	8	812	945
Loans and bank debt ⁽¹⁾	9	801,637	600,775
Other financial debt			-
Total financial debt		801,637	600,775
Accounts payable		2,299	2,572
Tax and employee-related payable	10	1,218	10,811
Fixed assets payable		-	-
Other payables	15.1	41,213	1,501
Total operating debt		44,729	14,885
Deferred revenues		-	2
Total liabilities and shareholders' equity		2,586,123	2,536,541
⁽¹⁾ including part maturing within one year		1,637	775

INCOME STATEMENTS

(in thousands of euros)	Notes	30 June 2014	30 June 2015
Revenues	12	1,456	1,595
Release of provisions and reclassification of costs	6	107	3,326
Other income		-	-
Total operating income		1,563	4,921
Other purchases and external expenses		6,960	10,529
Taxes and assimilated		817	23
Wages	18.2	1,352	1,890
Social charges	18.2	365	679
Depreciation, amortisation and provisions	6	2,535	6,088
Other charges		603	561
Total operating charges		12,631	19,771
Operating result		(11,068)	(14,850)
Financial income		303,588	282,885
Financial expenses		27,645	24,278
Financial result	13	275,943	258,607
Exceptional income		2,487	3,349
Exceptional charges		769	3,343
Exceptional result	14	1,718	6
Mandatory employee profit-sharing		-	-
Income tax	15	(13,000)	(15,305)
Net income		279,593	259,067

STATEMENTS OF CASH FLOWS

(in thousands of euros)	Notes	30 June 2014	30 June 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		279,593	259,067
Adjustments for non-cash items:			-
Capital (gain)/loss on disposal of assets		-	-
Depreciation, amortisation and provisions		537	6,192
Other non-operating items		(275,412)	(258,363)
Changes in operating assets and liabilities:			
Accounts receivable		832	76
Other current assets		(32,690)	22,521
Accounts payable		46	126
Other payables		11,612	(30,118)
Net cash flows provided by operating activities		(15,481)	(499)
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisitions of intangible assets		-	-
Acquisitions of satellites and other property and equipment		-	-
Proceeds from sale of assets		-	-
Changes in other long-term assets		-	-
Equity investments and other movements in financial investments		(366)	(498)
Net cash flows used in investing activities		(366)	(498)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Changes in capital		-	-
Distribution	7.1	(237,235)	(77,931)
Dividends received	13	302,392	281,812
Additional long-term and short-term debt	9	-	600,000
Reimbursements of long-term and short-term debt	9	-	(800,000)
Changes in borrowing		(47,435)	16,000
Financial instruments	13,16	-	-
Free share plans		-	2,569
Interest paid		(27,524)	(25,079)
Interest received		664	1,045
Changes in other debt		-	-
Net cash flows provided by (used in) financing activities		(9,138)	(1,583)
Increase (decrease) in cash and cash equivalents		(24,985)	(2,578)
Cash and cash equivalents, beginning of period		31,486	6,501
Cash and cash equivalents, end of period	6	6,501	3,922

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

NOTE 1. GENERAL OVERVIEW

> 1.1. BUSINESS DESCRIPTION

The purpose of Eutelsat Communications S.A. ("the Company" or "Eutelsat") is to hold shares and provide services to its equity interests. It is the parent company of the Eutelsat Communications Group ("the Group").

The Company's fiscal year runs for twelve months and ends on 30 June.

> 1.2. KEY EVENTS DURING THE PERIOD

During the financial period, the Company distributed part of the dividend in shares, which resulted in a share capital increase through the issuance of 6,858,356 shares (see Note 7.1 - *Statement of changes in shareholders' equity*).

In March 2015, Eutelsat Communications undertook the early refinancing of the 800 million euro bank term loan expiring in December 2016 (see Note 9 - *Financial debt*).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

> 2.1. BASIS OF PRESENTATION

The annual financial statements are prepared in accordance with the Code de commerce (Articles L. 123-12 to L. 123-28) and Rule 2014-03 of the "Autorité des Normes Comptables" (ANC – French accounting regulation body).

The following conventions have been applied in compliance with the principle of prudence and in accordance with the following basic rules:

- going concern;
- separation of the financial periods;
- consistent accounting methods used from one financial year to the next; and in compliance with the general rules for preparing and presenting annual financial statements.

The basic method used for evaluating the items recorded is the historical cost method.

There have been no changes in accounting methods during the period.

The currency used in the presentation of the Company's accounts is the euro.

> 2.2. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

> 2.3. FINANCIAL ASSETS

Stock is recorded in the balance sheet at its acquisition value less incidental expenses. It may include treasury shares acquired under liquidity agreements.

Any excess of cost over fair value, as estimated by Management of the Company based on criteria such as the market value, the expected development and profitability or the shareholders' equity, and taking into account the specific nature of each investment, is recorded as an impairment charge to net income.

A provision for impairment of treasury shares is recognised if their book value is higher than their market value at balance sheet date.

> 2.4. CASH AND MARKETABLE SECURITIES

Cash and marketable securities consist mainly of treasury shares acquired under share buyback programmes designed to serve free share allocation plans, mutual fund investments, cash at bank and deposit certificates with original maturities of three months or less.

Shares repurchased for the purpose of serving stock plans are recorded at their initial cost until they are delivered to their recipients or reclassified if not attributed. This results in their not being impaired in the event of a drop in the share price.

> 2.5. RECEIVABLES AND DEBT

Receivables and debt have been evaluated at their nominal value.

Receivables are entered with a loss in value, where appropriate, to reflect any difficulties in recovering outstanding amounts.

> 2.6. APPORTIONMENT OF LOAN SET-UP COSTS

Loan set-up costs are amortised over the duration of the loan.

> 2.7. SHAREHOLDERS' EQUITY

External costs directly related to increases in capital, reduction of capital and share buy-back for reduction of capital, are allocated to the share premium net of taxes when an income tax benefit is generated.

Under French law, Eutelsat Communications S.A. is required by law to allocate 5% of its net annual result (after deduction of balances brought forward in the red, if any) to a legal reserve. This minimum contribution is no longer mandatory if and when the legal reserve represents at least 10% of the share capital. The legal reserve can only be distributed when the company is being wound up.

> 2.8. PROVISIONS

A provision is an item with a negative economic value for the Company, i.e. it is a company obligation towards an unrelated party that is probable or certain to lead to an outflow of resources to the benefit of such party, with nothing at least equivalent expected of the unrelated party in return and for which the term or the amount is not precisely determined.

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

> 2.9. RECOGNITION OF INTEREST RATE HEDGES

The use of hedging instruments against the risk of variations in interest rates allows a fixed rate/variable rate distribution of the Company's debt. Where an instrument can be qualified as a hedging instrument, associated exchange gains and losses are recognised in the financial result, and the premium is reported in the financial result on a prorata temporis basis.

Instruments not qualifying as hedges are valued at their market price. If there is a loss, an allowance is entered and the loss shown under the financial result. Premiums paid on these instruments are recognised in full in the financial result for the period.

NOTE 3. FINANCIAL ASSETS

Financial assets break down as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Equity investments	2,440,645	2,440,645
Other investments in securities	5,756	6,314
Loans and other financial assets	-	-
Total gross book values	2,446,401	2,446,960
Less provisions	-	(61)
Total net carrying amounts	2,446,401	2,446,899

The changes in net carrying amounts between beginning and end of period are as follows:

(in thousands of euros)	Equity investments	Other investments in securities ⁽¹⁾	Loans and other financial assets ⁽¹⁾	Total
Net carrying values as of 1 July 2014	2,440,645	5,756	-	2,446,401
Acquisitions	-	49,488	49,490	98,978
Transfers	-	-	-	-
Reimbursement (of capital contribution) and disposals	-	(48,931)	(49,488)	(98,419)
Reversals/depreciation, amortisation and provisions	-	(61)	-	(61)
Net carrying values as of 30 June 2015	2,440,645	6,253	2	2,446,899

⁽¹⁾ Transactions relating to the liquidity agreement (see Note 3.2 - Other investments in securities).

> 3.1. EQUITY INTERESTS

As of 30 June 2014 and 30 June 2015, the "Equity investments" item includes:

- 500,000 shares in Eutelsat Communications Finance for an amount of 2,401,488,322.14 euros,
- 7,248,478 shares in Eutelsat S.A. for an amount of 39,156,817.32 euros (including acquisition costs of 467,000 euros).

> 3.2. OTHER INVESTMENTS IN SECURITIES

"Other investments in securities" breaks down as follows:

- treasury stock held under a liquidity agreement for 3,441 thousand euros corresponding to 138,627 shares as of 30 June 2014 and for 1,595 thousand euros corresponding to 53,000 shares as of 30 June 2015. As of 30 June 2015, treasury shares were impaired for an aggregate amount of 61 thousand euros;
- "SICAV de trésorerie" (short-term marketable securities) held under the liquidity agreement for an amount of 2,315 thousand euros corresponding to 1,005 SICAV BNP Paribas as of 30 June 2014 and 4,718 thousand euros corresponding to 2,047 SICAV BNP Paribas as of 30 June 2015.

> 3.3. LOANS AND OTHER FINANCIAL ASSETS

"Loans and other financial assets" comprises the cash account related to the liquidity agreement on treasury stock for 0.1 thousand euros as of 30 June 2014 and 1.7 thousand euros as of 30 June 2015.

NOTE 4. OTHER RECEIVABLES

"Other receivables" break down as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Income tax	35,458	-
Deductible VAT	142	118
Inter-company accounts within the Group	85,218	79,140
Other debit balances	11	14
Total	120,829	79,272

All other receivables mature within one year.

NOTE 5. CASH AND MARKETABLE SECURITIES

Cash and marketable securities are as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Treasury stock ⁽¹⁾	6,124	3,278
Mutual fund investments	6,453	2,914
Cash	48	5
Deposit warrants	-	1,004
Total	12,625	7,200

⁽¹⁾ See Note 7.2 - Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards.

NOTE 6. PREPAID EXPENSES AND OTHERS

"Prepaid expenses and others" is composed as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Prepaid expenses	134	98
Expenses to be accrued over several years	5,931	2,944
Total	6,065	3,043

As of 30 June 2014, expenses to be accrued relate to loan set-up costs initially amounting to 11,982 thousand euros. They are accrued over 5 years, which is the lifetime of the loan taken out in December 2011.

As of 30 June 2015, expenses to be accrued relate to loan set-up costs initially amounting to 3,072 thousand euros. They are accrued over 6 years, which is the estimated lifetime of the loan taken out in March 2015.

Amortisation of accrued expenses recorded in the income statement amounted to 2,435 thousand euros as of 30 June 2014 and 6,059 thousand euros as of 30 June 2015. It should be noted amortisation of expenses to be accrued recognised in the financial period ended 30 June 2015 includes all set-up costs associated with the 2011 loan which were not amortised as of 30 June 2014, the 800-million euro Term Loan being fully reimbursed during the financial year ended 30 June 2015.

NOTE 7. SHAREHOLDERS' EQUITY

> 7.1. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

As of 30 June 2015, the share capital comprised 226,972,338 ordinary shares with a nominal value of 1.00 euro per share.

On 07 November 2014, the Ordinary and Extraordinary Annual General Meeting of Shareholders was called upon to approve the annual financial statements for the period ended 30 June 2014. Having recognised a 279,593 thousand euro profit, the AGM decided to distribute a 1.03 euro dividend per share for a total amount of 226,483 thousand euros taken from net income and allocate the remaining balance, i.e. 53,110 thousand euros to retained earnings.

Considering that each shareholder may choose to receive payment of the dividend in cash or in shares, the dividend was distributed as follows:

- share capital increase of 6,858,356 new shares with a par value of 1.00 euro per share;
- legal reserve increased by 686 thousand euros;
- additional paid-in capital increased by 140,861 thousand euros after deduction of the costs associated with the capital increase (202 thousand euros);
- cash settlements for 77,931 thousand euros.

(in thousands of euros)	01 July 2014	Movements affecting the capital		Allocation of result	Distribution of dividends	Other movements	30 June 2015
		Increase	Reduction				
Share capital	220,114	6,858	-	-	-	-	226,972
Additional paid-in capital	419,929	140,861	-	-	-	-	560,790
Share premium	33,285	0	-	-	-	-	33,285
Legal reserve	22,011	686	-	-	-	-	22,697
Retained earnings (+)	763,546	0	-	53,110	-	-	816,656
Result as of 30 June 2014	279,593	0	-	(53,110)	(226,483)	-	-
Regulated provisions ⁽¹⁾	467	-	-	-	-	-	467
Total	1,738,945	148,405	-	-	(226,483)		1,660,867
				Shareholders' equity before result			1,660,867
				Result for the year			259,067
				Total shareholders' equity			1,919,935

⁽¹⁾ Regulated provisions cover the exceptional amortisation ("amortissement dérogatoire") of the acquisition costs of securities.

> 7.2. FREE ALLOCATION OF EUTELSAT COMMUNICATIONS SHARES AND EUTELSAT COMMUNICATIONS' SHARE-BASED AWARDS

Position as of 30 June 2015

During the financial year ended 30 June 2015, a new free share plan based on Eutelsat Communications shares has been approved. The Board of Directors meeting on 11 February 2015 decided to implement a Long-Term Incentive Plan based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

As of 30 June 2015, the Group runs four free share allocation plans started in July 2011, November 2012, February 2014 and February 2015 respectively:

Conditions	July 2011 Plan	Nov. 2012 Plan	February 2014 Plan	February 2015 Plan
Vesting period	July 2011-July 2014 ⁽¹⁾	November 2012-November 2015 ⁽¹⁾	February 2014-June 2016	February 2015-June 2017
Settled in	Shares	Shares	Cash	Cash
Lock-up period	July 2014-July 2016 ⁽²⁾	November 2015-November 2017 ⁽²⁾	N/A	N/A
Minimum number of share-based awards	700,000	347,530	448,585	436,639
Number of recipients	619	712	781	759
Features of "Employees" plan				
- Number of shares per recipient	600	200	300	300
- Performance-related targets	Cumulative EBITDA ⁽³⁾ for 50% Average ROCE ⁽⁴⁾ for 50%	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%	Cumulative EBITDA for 50% Average ROCE for 50%
Features of "Managers" Plan				
- Total number of shares	343,750	205,530	214,885	208,939
- Performance-related targets	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS ⁽⁵⁾ for 25% TSR ⁽⁶⁾ for 25%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 25% Average ROCE for 25% Cumulative EPS for 25% TSR for 25%	Cumulative EBITDA for 1/3 Average ROCE for 1/3 Relative TSR for 1/3
Share price used as taxation basis for calculating social contributions and employer's charges				
- "Employees" Plan	€26.77	€19.73	€23.60	€28.37
- "Managers" Plan	€7.48	€6.88	€13.08	€20.12
<p>(1) For foreign subsidiaries, the vesting period is 4 years. (2) There is no lock-up period for foreign subsidiaries. (3) EBITDA is defined as the operating result before depreciation and amortisation, impairment of assets, other operating income and charges. (4) ROCE is Return on Capital Employed = operating result / (shareholders' equity + net debt – goodwill). (5) EPS is defined as the Group's net earnings per share. (6) Relative TSR (Total Shareholder Return) is the rate of return on a share against another metric or index over a given period, including dividends received and capital gain earned (i.e. variation in the share price).</p>				

The performance objectives are defined on the basis of the Group's consolidated financial statements.

Treasury stock

As of 30 June 2014, the Company holds 263,909 equity shares for 6.1 million euros, recorded as "Cash and marketable securities" (see Note 5 - *Cash and marketable securities*).

As of 30 June 2015, the Company holds 151,792 equity shares for 3.3 million euros, recorded as "Cash and marketable securities" (see Note 5 - *Cash and marketable securities*).

NOTE 8. PROVISIONS FOR RISKS AND EXPENSES

“Provisions for risks and expenses” mainly includes the provision for allocating free shares (see Note 7.2 - *Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards*) and provisions for litigation.

The change in the provisions for risks and expenses is as follows:

(in thousands of euros)	30 June 2014	Allowance	Reversals		30 June 2015
			(used provisions)	(unused provisions)	
Operating result	224	30	175	-	79
Financial result	-	-	-	-	-
Exceptional result	587	279	-	-	866
Total	812	308	175	0	945

NOTE 9. FINANCIAL DEBT

- Financial information as of 30 June 2014 and 30 June 2015:

Loans and bank debt are denominated in euros with a five-year maturity period and are repayable at maturity. Breakdown is as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Loans and financial debt	800,000	600,000
Accrued interest	1,637	775
Total	801,637	600,775

- Maturities of debts are as follows:

(in thousands of euros)	30 June 2014	30 June 2015
2016	800,000	-
2020	-	600,000
Total	800,000	600,000

Situation as of 30 June 2015:

Eutelsat Communications has access to the following credit facilities:

- a term loan of 600 million euros expiring in March 2020 (with two possible extension facilities of one year each subject to lender agreement) remunerated at a EURIBOR rate plus a margin of between 0.65% and 1.40%;
- a 200 million euro revolving credit line (undrawn as of 30 June 2015) entered into in March 2015 with a five-year maturity (with two possible extension facilities of one year each subject to lender agreement).

The credit agreements include neither a guarantee by the Group, nor the pledging of assets to the lenders, but provide for restrictive clauses (subject to the usual exceptions contained in this type of loan agreement) which limit the capacity of Eutelsat Communications and its subsidiaries, in particular to:

- grant security interests or guarantees;
- enter into agreements resulting in additional liabilities;
- sell assets;
- 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 credit agreements allow each lender to request early repayment of all sums due if there is a change in 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 credit agreements provide for a commitment 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 is required to maintain a total net debt to annualised EBITDA ratio (as defined contractually) which is less than or equal to 4.0 to 1, this ratio being tested as of 30 June and 31 December each year.

> COMPLIANCE WITH BANKING COVENANTS

As of 30 June 2015, the Company was in compliance with all banking covenants under its credit facilities.

NOTE 10. TAX AND EMPLOYEE-RELATED PAYABLE

Tax and employee-related payable is composed of the following:

(in thousands of euros)	30 June 2014	30 June 2015
State: accrued liabilities	85	85
Income tax	-	8,774
Output VAT	-	36
Staff: accrued liabilities	778	1,380
Social charges payable	354	536
Total	1,218	10,811

All tax and employee related-payable mature within one year.

NOTE 11. PERSONNEL

The Company has no employees.

Compensation paid to senior managers is indicated in Note 18.2 - *Compensation paid to members of the "key management personnel"*.

NOTE 12. REVENUES

Company revenue is generated through re-invoicing of services to its equity investments.

Activities mainly include managing their staff, setting up and implementing their industrial and commercial policies, their strategy and their technical, financial and institutional communication.

Revenue breakdown is as follows:

(in thousands of euros)	30 June 2014	30 June 2015
France	1,548	1,595
Export	(92)	-
Revenue recognition	1,456	1,595

NOTE 13. FINANCIAL RESULT

The financial result is made up as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Interest expense	(27,536)	(24,213)
Interest income	664	1,045
Proceeds from equity investments	302,392	281,812
Provisions on investments	317	-
Investment earnings	1	2
Proceeds from mutual fund investments	44	16
Hedging instruments	-	-
Other	61	(56)
	275,943	258,607

The interest expense corresponds to existing loans (see Note 9 – *Financial debt*), after taking into account interest received or paid on hedging instruments.

As of 30 June 2015, income from equity investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (280 million euros) and Eutelsat S.A. (2 million euros).

For the year ended 30 June 2014, income from investments mainly consists of interim dividends and dividends from the subsidiaries Eutelsat Communications Finance (300 million euros) and Eutelsat S.A. (2 million euros).

NOTE 14. EXCEPTIONAL RESULT

The exceptional result comprises the following:

(in thousands of euros)	30 June 2014	30 June 2015
Gain on repurchase of treasury stock	823	776
Cost of free share grant invoiced to subsidiaries	-	2 574
Reversal of provisions for tax risks	1,665	-
Exceptional income	2,487	3,349
Fines and penalties	35	-
Loss on repurchase of treasury stock	458	276
Cost of purchase of free shares allocated	-	2,788
Exceptional depreciation and amortisation	276	279
Exceptional charges	769	3,343
Exceptional result	1,718	6

NOTE 15. TAX ON PROFITS

> 15.1. TAX CONSOLIDATION

On 28 June 2006, the Company decided to apply a tax consolidation system to a group consisting of itself and its subsidiary Eutelsat Communications Finance.

Under the tax consolidation agreement, the subsidiaries bear corporate income tax, social contributions and an annual lump sum tax expense equal to the amount that they would have had to bear if there had been no tax consolidation agreement applying to the Group, and on the understanding that it is the Company at the head of the tax consolidation group that bears or benefits from any additional tax expense or tax savings resulting from the application of such a system.

The scope of the tax consolidation group includes the entities Eutelsat S.A., Eutelsat Communications Finance S.A.S., Eutelsat VAS S.A.S, Fransat S.A. and Skylogic France S.A.S.

As of 30 June 2014 and 2015, the tax expense for the tax consolidation group was 155 million euros and 165 million euros respectively, and the amount due by the sub-subsidiaries under the tax consolidation agreement was 174 million euros and 183 million euros respectively, which yielded a profit of 19 million euros for the two periods. As of 30 June 2015, the Company posted current accounts with respect to the tax consolidation system with debit balances for 11 million euros and credit balances for 1.5 million euros.

As a reminder, Eutelsat Communications' losses prior to the tax consolidation system were 43.3 million euros.

> 15.2. COMMON LAW PROVISIONS

As of 30 June 2015, the Company's estimated tax liability breaks down into current income and exceptional income, as follows:

(in thousands of euros)	Income before tax	Tax due	Net income
Current	243,757	(15,305)	259,061
Exceptional	6	-	6
Total	243,763	(15,305)	259,067

The corporate tax includes the income tax rate estimated at 38.0% pursuant to the general arrangements for business taxation, and results from the application of the Amended Finance Act for 2012 ("Loi de finances rectificative 2012") which introduced an additional 3% contribution on dividends, and the 2013 Finance Act ("Loi de finances 2013") which caps deductibility of financial expenses at 75%.

> 15.3. INCREASES AND REDUCTIONS IN FUTURE TAX LIABILITY

(in thousands of euros)	30 June 2014	30 June 2015
Reductions in future tax liability:		
Loss carry-forwards ⁽¹⁾	14,910	14,910
Impairment of assets	-	-
Non-deductible provisions ⁽²⁾	224	329
Total	15,134	14,519
Increases in future tax liability:		
Other	-	-
Total	-	-
⁽¹⁾ Rate used: 34.43%		
⁽²⁾ Rate used: 38.0%		

NOTE 16. MARKET RISK

The Company has exposure to market risks, particularly with regard to interest rates. Such risks are actively managed by Management, and for this purpose the Company employs a certain number of derivatives, the objective of which is to limit, where appropriate, exposure of revenue and cash flows to interest rate risk. The Company's policy is to use derivatives to manage exposure to such risks. Consequently, the Company does not engage in any speculative financial transactions.

Eutelsat Communications S.A.'s exposure to interest-rate risk is managed by hedging its floating rate debt.

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its debt, the Company has implemented the following interest rate hedging instruments for hedging the Term Loan facility:

- 2 swaps for a notional amount of 350 million euros;
- 2 collars for a notional amount of 350 million euros;
- 1 cap for a notional amount of 100 million euros.

> 16.1. 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 Company 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 Company does not foresee any loss that would result from a failure by its counterparts to respect their commitments under the agreements concluded. The risks to which the Group is exposed are confined neither to the financial sector nor to any particular country.

> 16.2. FINANCIAL INFORMATION AS OF 30 JUNE 2014 AND 30 JUNE 2015

The following table analyses the contractual or notional amounts and fair values of derivatives by type of contract:

(in thousands of euros)	30 June 2014		30 June 2015	
	Contractual or notional amounts	Fair values	Contractual or notional amounts	Fair values
INSTRUMENTS				
Repricing swap maturing in 2015	175,000	(2,909)	175,000	(1,147)
Repricing swap maturing in 2015	175,000	(2,909)	175,000	(1,147)
Collar maturing in 2015	175,000	(1,994)	175,000	(840)
Collar maturing in 2015	175,000	(1,988)	175,000	(838)
Cap maturing in 2015	100,000	-	100,000	-
Total		(9,800)		(3,972)

NOTE 17. OTHER COMMITMENTS AND CONTINGENCIES

In accordance with the loan agreements referred to in Note 9 - *Financial debt*, Eutelsat Communications has commitments to perform or not to perform certain actions.

This type of commitment cannot be quantified.

The company's off-balance sheet purchase commitments maturing within less than two years stand at 0.8 million euros.

NOTE 18. RELATED PARTY TRANSACTIONS

Related parties are defined as any third parties having a direct or indirect capital-based link (not exceeding 99%) with Eutelsat.

More specifically, related party transactions consist of the direct and indirect shareholders who have significant influence (which is presumed where more than 20% of the shares are held or where the investor is a member of the Board of Directors of a subsidiary of the Company, the companies other than subsidiaries in which Eutelsat has an equity and "key management personnel".

The Company considers that the concept of "key management personnel" as applied to the governance of Eutelsat includes members of the administrative and management bodies, namely the Chairman and CEO, the Deputy CEO and the other members of the Board of Directors.

> 18.1. RELATED PARTIES THAT ARE NOT MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

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

(in thousands of euros)	30 June 2014	30 June 2015
Gross receivables (including unbilled revenues)	-	5
Inter-company accounts: receivables (payables)	40,195	10,810
Debt (including accrued invoices)	669	359

Current assets comprise trade receivable balances, inter-company accounts and unbilled revenues, but do not take into account any provisions for bad debts.

Transactions with related parties included in the income statement are as follows:

(in thousands of euros)	30 June 2014	30 June 2015
Revenues	1,456	1,595
Transfer of expenses	-	2,576
Operating charges	2,292	2,340
Financial result	2,428	1,814

> 18.2. COMPENSATION PAID TO MEMBERS OF THE “KEY MANAGEMENT PERSONNEL”

Gross compensation (including employer’s contributions) paid by the Company to its Directors and Corporate Officers during the financial period ended 30 June 2015 breaks down as follows:

(in millions of euros)	30 June 2015
Short-term benefits	1.7
Post-employment benefits	Not applicable
Share-based payment	See below

Share-based awards and free share allocation programmes in force as of 30 June 2015

During its meetings of 8 November 2012, 13 February 2014 and 11 February 2015, the Board of Directors approved new free share allocation plans (see Note 7.2 - *Free allocation of Eutelsat Communications shares and Eutelsat Communications' share-based awards*) and decided to grant a maximum of 105,979 free shares in Eutelsat Communications to members of the Company's administrative and management bodies under the conditions set out in the plan. It also decided to define a 50% holding rate for all fully vested shares during the terms of office of Eutelsat's non-executive directors and corporate officers ("mandataires sociaux").

The value of the benefit granted as of 30 June 2015 has been estimated at 2,108 thousand euros, spread over a three-year vesting period.

Free share allocation plan having expired during the financial year ended 30 June 2015

At the end of the vesting period of the 28 February 2011 free share allocation programme, members of the Company's administrative and management bodies received 8,628 free shares.

Expenses recorded under the free share allocation programmes and share-based awards

The expense recorded under staff expenses for the financial years ended 30 June 2014 and 30 June 2015 was 87 thousand euros and 673 thousand euros respectively.

In July 2014, attendance fees paid to members of the Board of Directors amounted to 522 thousand euros in respect of the financial year 2013-2014.

No payment was made in respect of the financial year ended 30 June 2015.

NOTE 19. FINANCIAL INFORMATION RELATED TO SUBSIDIARIES AND EQUITY INVESTMENTS

The table below contains the list of investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2015:

(in thousands of euros)	Capital	Other components of shareholders' equity as of 30 June (local accounts)	Percentage of ownership (as a %)	Last financial period ended	
				Revenues (local accounts)	Net income (local accounts)
Eutelsat Communications Finance RCS no. 490416674 Paris Headquarters in Paris (period ended 30 June 2015)	5,000	2,907,034	100%	-	257,941

The table below provides aggregated information on all investments held by Eutelsat Communications in subsidiaries and other companies as of 30 June 2015:

(in thousands of euros)	Gross book value of investments held	Provision for impairment	Loans and advances	Pledges and guarantees granted	Dividends received
Subsidiaries and equity interests	2,401,488	-	-	-	280,000

NOTE 20. SUBSEQUENT EVENTS

No significant event occurred between the balance sheet date and the date on which the financial statements were approved by the Board of Directors.