Eutelsat Communications Group

Société anonyme with a capital of 220,113,982 euros
Registered office: 70, rue Balard 75 015 Paris
481 043 040 R.C.S. Paris

INTERIM CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2009

Eutelsat Communications

CONSOLIDATED BALANCE SHEET

(In thousands of euros)

ASSETS	Note	30 June 2009	31 December 2009
Non-current assets			
Goodwill	4	807 752	807 752
Intangible assets	4	751 484	729 381
Satellites and other property and equipment, net	5	1 780 519	1 654 788
Construction in progress	5	543 717	762 831
Investments in associates		216 502	223 999
Non-current financial assets		2 561	3 005
Deferred tax assets		36 937	39 751
TOTAL NON-CURRENT ASSETS		**4 139 472**	**4 221 507**
Current assets			
Inventories		1 771	2 544
Accounts receivable		298 792	295 420
Other current assets		17 203	18 200
Current tax receivable		3 407	3 117
Current financial assets	6	5 053	3 476
Cash and cash equivalents	7	143 745	83 697
TOTAL CURRENT ASSETS		**469 971**	**406 454**
TOTAL ASSETS		**4 609 443**	**4 627 961**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2009	31 December 2009
Shareholders' equity	8		
Share capital		219 804	220 114
Additional Paid-in capital		526 047	497 128
Reserves and retained earnings		584 913	606 905
Non-controlling interests		67 070	61 662
TOTAL SHAREHOLDERS' EQUITY		**1 397 834**	**1 385 809**
Non-current liabilities			
Non-current bank debt	9	2 454 678	2 505 909
Non-current financial debt	10	51 775	45 442
Other non-current debt		20 332	2 314
Non-current provisions		30 095	30 121
Deferred tax liabilities		266 874	271 193
TOTAL NON-CURRENT LIABILITIES		**2 823 754**	**2 854 979**
Current liabilities			
Current bank debt	9.2	14 090	13 703
Other current financial liabilities	10	138 428	146 954
Accounts payable		41 508	45 740
Fixed assets payable		72 036	50 880
Taxes payable		33 638	18 143
Other current payables		77 318	101 840
Current provisions		10 837	9 913
TOTAL CURRENT LIABILITIES		**387 855**	**387 173**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 609 443**	**4 627 961**

Eutelsat Communications

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

	Note	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Revenues	12	463 460	940 541	508 040
Revenues from operations		**463 460**	**940 541**	**508 040**
Operating costs		(32 139)	(72 104)	(36 419)
Selling, general and administrative expenses		(56 299)	(126 325)	(60 062)
Depreciation and amortisation		(143 385)	(294 271)	(157 300)
Other operating income	1	25 112	145 769	112
Other operating charges	8.2	(437)	(121 968)	(482)
Operating income		**256 312**	**471 642**	**253 889**
Financial income		17 950	29 938	10 041
Financial expenses		(67 774)	(129 562)	(50 656)
Financial result	13	**(49 824)**	**(99 624)**	**(40 615)**
Income from associates		6 753	15 954	7 497
Net income before tax		**213 241**	**387 972**	**220 771**
Income tax expense	11	(71 196)	(127 988)	(74 471)
Net income		**142 045**	**259 984**	**146 300**
Group share of net income (loss)		135 162	247 348	139 466
Portion attributable to non-controlling interests		6 883	12 636	6 834
Earnings per share attributable to shareholders	14			
Basic earnings per share in €		0,616	1,126	0,634
Diluted earnings per share in €		0,615	1,126	0,634

Eutelsat Communications

COMPREHENSIVE INCOME STATEMENT

	Note	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Net income		**142 045**	**259 984**	**146 300**
Other items of gain or loss on comprehensive income				
Translation adjustment		25	(697)	(24)
Changes in fair value of cash-flow hedging instruments	8.3, 14.5	(168 245)	(219 732)	(3 859)
Tax effect		57 927	75 694	1 329
Total of other items of gain or loss on comprehensive income		**(110 293)**	**(144 735)**	**(2 554)**
Total comprehensive income statement		**31 752**	**115 249**	**143 746**
Group share of net income (loss)		26 421	104 604	136 883
Portion attributable to non-controlling interests		5 331	10 645	6 863

Eutelsat Communications

CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands of euros)

	Note	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Cash flow from operating activities				
Net income		142 045	259 984	146 300
Income from equity investments		(6 753)	(15 954)	(7 497)
Capital (gain) / loss on disposal of assets		(12)	20	12
Other non-operating items		128 136	100 137	109 212
Depreciation, amortisation and provisions		140 740	411 335	155 641
Deferred taxes		(9 369)	(4 944)	2 834
Changes in accounts receivable		(68 686)	(73 851)	(4 241)
Changes in other assets		13 093	20 945	(2 111)
Changes in accounts payable		(1 778)	5 650	(1 080)
Changes in other debt		42 463	27 788	5 332
Taxes paid		(26 172)	(76 378)	(88 041)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**353 707**	**654 732**	**316 361**
Cash flows from investing activities				
Acquisitions of satellites, other property and equipment and intangible assets		(120 705)	(386 802)	(226 141)
Acquisitions of equity investments		(20 000)	(29 750)	-
Proceeds from sale of assets		151	198	-
Insurance indemnities on property and equipment		-	120 545	-
Acquisition of non-controlling interests		(1 820)	(7 458)	(3 079)
Changes in other non-current financial assets		(120)	(279)	10
Dividends received from associates		2 473	2 473	3 169
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(140 021)**	**(301 073)**	**(226 041)**
Cash flows from financing activities				
Changes in capital		-	-	-
Distributions		(141 737)	(141 737)	(156 196)
Increase in debt		89 917	39 843	50 000
Repayment of debt		-	-	(73)
Repayment in respect of performance incentives and long-term leases		(8 045)	(15 994)	(6 924)
Interest and other fees paid	13	(52 596)	(108 626)	(44 829)
Interest received		2 856	5 791	1 110
Other changes		1 628	2 946	107
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(107 977)**	**(217 777)**	**(156 806)**
Impact of exchange rate fluctuations on cash and cash equivalents		(786)	(619)	577
Increase (decrease) in cash and cash equivalents		**104 922**	**135 263**	**(65 909)**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**6 109**	**6 109**	**141 372**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**111 031**	**141 372**	**75 463**
Cash reconciliation				
Cash		111 038	143 745	83 696
Overdraft included under debt (1)	9.2	(7)	(2 373)	(8 233)
Cash and cash equivalents per cash flow statement		**111 031**	**141 372**	**75 463**

(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 bank debt” within “Current liabilities” on the balance sheet.

Eutelsat Communications

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

(In thousands of euros)	Note	Common stock Number	Common stock Amount	Additional paid-in capital	Reserves and retained earnings	Non-controlling interests	Total
30 June 2008		**219 641 955**	**219 642**	**662 566**	**469 511**	**65 525**	**1 417 244**
Net income for the period					**135 162**	**6 883**	**142 045**
Other items of gain or loss on comprehensive income					(108 741)	(1 552)	(110 293)
Total comprehensive income statement					**26 421**	**5 331**	**31 752**
Transactions affecting the capital (1)				(4 610)	4 610		
Treasury stock					9		9
Changes in scope of consolidation					(440)	2 760	2 320
Distributions				(131 747)		(9 990)	(141 737)
Benefits for employees upon exercising options and free shares granted					1 857		1 857
ABSA commitments					1 476	(2 785)	(1 309)
Liquidity offer					350	189	539
31 December 2008		**219 641 955**	**219 642**	**526 209**	**503 794**	**61 030**	**1 310 675**
30 June 2009		**219 803 965**	**219 804**	**526 047**	**584 913**	**67 070**	**1 397 834**
Net income for the period					**139 466**	**6 834**	**146 300**
Other items of gain or loss on comprehensive income					(2 583)	29	(2 554)
Total comprehensive income statement					**136 883**	**6 863**	**143 746**
Transactions affecting the capital		310 017	310	(310)			
Treasury stock					261		261
Changes in scope of consolidation					(2 085)	(796)	(2 881)
Distributions				(28 609)	(116 636)	(10 951)	(156 196)
Benefits for employees upon exercising options and free shares granted					178		178
ABSA commitments					(1 055)	1 055	
Liquidity offer					4 446	(1 579)	2 867
31December 2009		**220 113 982**	**220 114**	**497 128**	**606 905**	**61 662**	**1 385 809**

(1) The amount shown as additional paid-in capital includes negative retained earnings of € 4,610 thousand at 31 December.

NOTES TO THE INTERIM CONSOLIDATED ACCOUNTS

NOTE 1: KEY EVENTS DURING THE PERIOD

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

On 22 June 2009, Solaris Mobile Ltd, a company founded jointly with SES Astra observed that its S-band payload on Eutelsat's W2A satellite was suffering from an anomaly, sent a submission to the insurers with proof and quantification of the claim requesting an insurance indemnity amounting to the total value of the asset. During the financial year ended 31 December 2009, the S band was fully refunded for the amount insured.

NOTE 2: ADOPTION OF THE ACCOUNTS

The interim half-year consolidated accounts of Eutelsat Communications as of 31 December 2009 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 17 February 2010

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Compliance with IFRS

The consolidated half-year accounts as of 31 December 2009 have been prepared in accordance with IFRS, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following Web site:

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

They have been prepared according to the principle of continued operation and historical cost 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 summary format. The accounts as presented do not therefore contain all the information and Notes required under IFRS 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 2009.

3.2 – Published standards and interpretations

The accounting methods and rules used in preparing these summary interim half-year accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2009, with the exception of the new standards and interpretations to be applied after 1 July 2009 described below and adopted by the European Union.

- IAS 1 revised "Presentation of financial statements";

- IFRS 8 "Operating segments ";

- IAS 23 revised "Borrowing costs";

- Amendment to IFRS 2 "Share-based payment "Conditions of acquisition and cancellations;

- Amendment to IAS 32 and IAS 1: Financial instruments reimbursable at the discretion of the Note bearer and obligations following liquidation;

- Improvement of IFRS standards published in May 2008 including the amendment to IFRS 5 on an interpretation of the notion "available for sale" in the event of partial disposal, applicable as of the financial years beginning on 1 July 2009;

- IAS 27 (revised) "Consolidated and separate financial statements", applicable on the same date as for IFRS revised;

- IFRS 3 (revised) "Business combinations", applicable to business combinations whose date of acquisition occurs after the beginning of the first FY starting from 1 July 2009;

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

- Amendments to IFRIC 9 and IAS 39 "Embedded derivatives";

- Amendments to IAS 39 "Qualifying items";

- IFRIC 16 "Hedges of a net investment in a foreign operation";

None of these texts has had an impact on previous financial periods or on the interim consolidated half-year accounts as of 31 December 2009 except for the following points:

- IAS 23 (revised) has not involved any changes in methods as the Group was already capitalising borrowing costs for eligible assets.

- As a result of the application of IFRS 3 (revised) and IAS 27 revised, the difference between the price paid and the carrying amount of acquisitions of non-controlling interests is no longer recognised in goodwill; it is recorded as a deduction to shareholders' equity Group share.

- IAS 1 (revised) makes it compulsory to produce a comprehensive income statement that includes net profit and the gains and losses directly recognised to shareholders' equity in accordance with the application of certain standards and that were previously presented in a detailed manner in the variations of shareholders' equity statement. According to the revised standard, the comprehensive income statement can be presented either as a single financial statement including the income statement or as two financial statements, namely an income statement and a comprehensive income statement. In the latter case, the comprehensive income statement is presented immediately after the income statement. It is the latter option that the Group has chosen.

- According to IFRS 8 "Operating segments", an entity must supply financial and qualitative information on the segments it has to present. According to IFRS 8 an operating segment is a component of an entity:

a) Which engages in activities from which it is liable to acquire income from ordinary activities and incur expense (including income from ordinary activity and expenses in respect of transactions with other components of the same entity),

b) whose operating profit is regularly examined by the main operational decision maker of the entity with a view to assessing performance and making decisions regarding resources to be allocated to the segment, and
c) For which, separate financial information prepared on the basis of internal management data are available.

According to IFRS 8, the management data are reconciled with the consolidated accounts.

(See Note 12 – Segment information)

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

- Improvement of IFRS standards published in April 2009 and more specifically the amendments for which the date of application is after 1 July 2009;

- IFRIC 17 "Distributions of non-cash assets to owners" applicable for the financial years starting as of 1 July 2009 with an entry into force in the EU on 1 November 2009;

- IFRIC 18 "Transfers of assets from customers" applicable for the financial years starting as of 1 July 2009 with an entry into force in the EU on 1 November 2009;

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

- The amendment to IAS 32 "Classification of issuances of subscription rights" applicable as of 1 February 2010 and endorsed by the European Union;

- IFRS 9 "Financial Instruments", applicable as of 1 January 2013 as yet not endorsed by the European Union;

- IAS 24 revised "Related Party Disclosures", applicable to the financial years beginning on 1 January 2011 as yet not endorsed by the European Union;

- the IFRS 2 Amendment "Cash settled share-based payment of intra-group transactions" applicable to financial years beginning on 1 January 2010 as yet not endorsed by the European Union;

- IFRIC 19 "Extinguishing financial liabilities with equity instruments", applicable to the financial years beginning on 1 July 2010 as yet not endorsed by the European Union;

3.3 - Periods presented and comparatives

The six-month period ends 31 December 2009.

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 liable 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 as well as other relevant factors related to the economic environment. The close down of the transactions underpinning these estimates and assumptions could result in significant adjustment to the amounts that are recognised during a subsequent financial period because of the uncertainty attached to them.

Judgements

When preparing the half-year interim consolidated accounts as per 31 December 2009, Management exercised its judgement regarding the ability of the Sea Launch Company, following its decision to place itself under Chapter 11 protection, to honour its contractual commitments towards the Eutelsat Group with respect to the two Sea Launch launchers. (See Note 5 - *Satellites and other property and equipment)*

Estimates

The key estimates relating to the future and the other main sources of uncertainty at the date of closing the accounts are shown below:

- assessment of the collectibility of accounts receivable, exposure to credit risk and risk profile,
- provisions for risks and for employee benefits,
- the income tax expense and an assessment of the amounts of deferred tax assets (see Note 11 – *Income tax expense*),
- Possible impairment of goodwill and other intangible assets (see Note 4 – *Goodwill and other intangibles*),
- Appraisal of satellites' useful lives and their impairment (see Note 5 – *Satellites and other property and equipment*).

3.5 – Taxes

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

NOTE 4: GOODWILL AND OTHER INTANGIBLES

The "Goodwill and Other Intangibles" item breaks down as follows:

Changes in gross assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
30 June 2009	**807 752**	**889 000**	**40 800**	**30 018**	**1 767 570**
Effect of changes in the scope of consolidation	-	-	-	-	-
Separate acquisitions	-	-	-	1 586	1 586
Disposals	-	-	-	-	-
Transfers	-	-	-	584	584
31 December 2009	**807 752**	**889 000**	**40 800**	**32 188**	**1 769 740**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Accumulated depreciation as of 30 June 2009	**-**	**(188 913)**	**-**	**(19 421)**	**(208 334)**
Half-year allowance	-	(22 225)	-	(2 048)	(24 273)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation as of 31 December 2009	**-**	**(211 138)**	**-**	**(21 469)**	**(232 607)**

Net assets

(In thousands of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Net value as of 30 June 2009	**807 752**	**700 087**	**40 800**	**10 597**	**1 559 236**
Net value as of 31 December 2009	**807 752**	**677 863**	**40 800**	**10 719**	**1 537 133**

As of 31 December 2009, the goodwill was subjected to the annual impairment test, which did not call into question the amount shown on the balance sheet. The recoverable value was approximated by fair value which in turn derives from the market value of Eutelsat SA. The 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 called into question by the present economic environment, as market capitalisation has increased substantially with respect to the figure used for the latest impairment test. In terms of sensitivity, there would have to be a negative variation in the stock-exchange price of at least 75% 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 developed based on the value in use.

NOTE 5: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

Changes in gross assets

(In thousands of euros)	Satellites	Other tangibles	Construction in progress	Total
30 June 2009	**2 843 781**	**135 287**	**543 717**	**3 522 785**
Change in gross value	(862)	-	-	(862)
Effect of changes in the scope of consolidation	-	-	-	-
Acquisitions	-	8 672	220 758	229 430
Disposals and scrapping of assets	(9 231)	(300)	-	(9 531)
Transfers	-	1 060	(1 644)	(584)
31 December 2009	**2 833 688**	**144 719**	**762 831**	**3 741 238**

Changes in accumulated depreciation and impairment

(In thousands of euros)	Satellites	Other tangibles	Construction in progress	Total
Accumulated depreciation as of 30 June 2009	**(1 124 242)**	**(74 307)**	**-**	**(1 198 549)**
Half-year allowance	(122 255)	(10 772)	-	(133 027)
Reversals	7 679	278	-	7 957
Impairment	-	-	-	-
Accumulated depreciation at 31 December 2009	**(1 238 818)**	**(84 801)**	**-**	**(1 323 619)**

Net assets

(In thousands of euros)	Satellites	Other tangibles	Construction in progress	Total
Net value as of 30 June 2009	**1 719 539**	**60 980**	**543 717**	**2 324 236**
Net value as of 31 December 2009	**1 594 870**	**59 918**	**762 831**	**2 417 619**

The TELECOM 2C satellite was de-orbited during the period.

On 31 December 2009, the “Construction in progress” item mainly included the W7, W3B, Ka-Sat, W3C and the ATLANTIC BIRD^{TM}7 satellites in addition to five launches, two of which were conducted by Sea Launch Limited Partnership, a company that filed for Chapter 11 of the US Bankruptcy Code on 22 June 2009. The relevant launch costs already paid amount to € 79.9 million. During the period, the company in question was involved in an initial refinancing plan approved by the Courts that allowed it to continue operating pending a final refinance plan that would enable the company to be released from the provisions of Chapter 11. On the basis of the information available at the time of drawing up the accounts, the Group considers that Sea Launch will be in a position to live up to its contractual obligations with Eutelsat.

NOTE 6: CURRENT FINANCIAL ASSETS

(In thousands of euros)	30 June 2009	31 December 2009
Hedging instruments[1]	382	182
Other receivables	4 671	3 294
Total	**5 053**	**3 476**

[1] see Note 15 – *Financial instruments*

NOTE 7: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In thousands of euros)	30 June 2009	31 December 2009
Cash	41 529	45 940
Accrued interest	-	-
Cash equivalents	102 216	37 756
Total	**143 745**	**83 696**

Cash equivalents are mainly composed of deposit warrants, the great majority of which matures less than one month after the date of acquisition, and mutual fund investments (OPCVMs) meeting the qualification of “cash equivalents”

NOTE 8: SHAREHOLDERS' EQUITY

8.1 – Shareholders' equity

As of 31 December 2009, the share capital of Eutelsat Communications S.A. comprised 220,113,982 shares with a nominal value of € 1 per share. In terms of treasury stock, Eutelsat Communications S.A. holds 53,709 shares with a value of € 1,193,736.42 under a liquidity agreement. These shares have been deducted from shareholders' equity.

Changes in the share capital and additional paid-in capital of the Company since 30 June 2009 are presented below:

Definitive date of each operation	Operations	Number of shares issued/ cancelled	Nominal capital increase/reduction (in thousands of euros)	Additional paid-in capital (in thousands of euros)	Nominal share capital after each operation (in thousands of euros)	Cumulative number of shares	Nominal value of shares (in euros)
30/06/2009		-	-	526 047	219 804	219 803 965	1
25/07/09	Issue of capital (grant of free shares - Decision of the Chairman of 25.07.09)	310 017	310	(310)	220 114	220 113 982	1
10/11/09	Distribution of dividends (GM of 10.11.09)	-	-	(28 609)	220 114	220 113 982	1
31/12/2008		310 017	310	497 128	220 114	220 113 982	1

On 10 November 2009, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of € 0.66 per share, i.e. a total of € 145,244,412.70, taken from "Additional paid-in capital" for a total of € 28,608,747.96 and from net income as per 30 June 2009 for a total of € 116,635,664.76. In 2008 the amount distributed was € 131 747 076.00 i.e. € 0.60 per share.

8.2 –Share-based payment

Free grant of shares

On 25 July 2007, the Board of Directors decided to introduce a plan for the allocation of free shares to all employees of the Group, including the Directors and Officers, representing a total of 474,831 free shares. These free shares were to be acquired definitively by the beneficiaries provided they stay with the Group for two years and were to be available only after a further period of two years after the effective date of acquisition. It should be noted that, under this plan, definitive acquisition of the free shares was subject to the achievement of certain objectives over a two-year period, 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%). The annual performance condition was reached on 30 June 2008 for the first year and on 30 June 2009 for the second year; the target linked to the share price was not reached at the maturity of the plan.

The fair value of the equity instrument took into account the same criteria described above, and was in part approximated by using Monte Carlo simulations based on the previous criteria, a risk-free rate of 4.43% and a share price volatility of 20.77%.

The value of the benefit granted under this plan was estimated at € 5.0 million and was spread over the two-year acquisition period. The expense recognised with a double entry to shareholders' equity for the period ended 31 December 2009, was € 178 thousand.

On the anniversary date of the plan, i.e. 25 July 2009, 310,017 shares with a par value of 1 euro each were issued and definitively vested to the benefit of 439 beneficiaries. The subsequent capital increase of 310,017 euros was taken from "Additional paid-in capital".

Impact of Eutelsat S.A. stock-option plans

During the period ended 31 December 2008, a total of 1 653 030 Eutelsat S.A. stock options were exercised. This capital increase at Eutelsat SA generated a loss of dilution for Eutelsat Communications of € 437 thousand, recognised within "Other operating costs".

During the period ended 31 December 2009, a total of 103 831 Eutelsat S.A. stock options were exercised. This capital increase at Eutelsat SA generated a loss of dilution for Eutelsat Communications of € 45 thousand, recognised within "Other operating costs".

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

Since 30 June 2009, the Group has acquired from Eutelsat S.A. employees, under a liquidity offer in December 2009, 513,119 shares in Eutelsat S.A. representing overall 0.0507% of its capital.

These acquisitions of non controlling interests gave rise to a reduction in shareholders' equity Group share for a total amounting to € 2,159 thousand. The acquisition cost was € 3,079 thousand.

8.3 – Change in the revaluation reserves of financial instruments

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

(in thousands of euros)	**Total**
Balance as of 30 June 2009	**(100 375)**
Changes in fair value within equity	14 381
Transfer into the income statement	(18 240)
Balance as of 31 December 2009	**(104 234)**

NOTE 9: BANK DEBT

9.1 – Non-current portion

As of 30 June and 31 December 2009, all bank debt is denominated in euros.
Since 30 June 2009, the structure of the Group's debt has remained identical.

As of 31 December 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 drawn for a maximum period of 6 months bear interest at EURIBOR plus a margin of between 0.75% and 1.625%, depending on the Leverage Ratio (defined below). A commitment fee 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 mergers, acquisitions, asset disposals, or lease transactions (with the exception of those carried out within the Group and expressly provided for in the loan agreement);
- modify the nature of the business of the Company or its subsidiaries.

The 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 as of 31 December 2008, to 5 as of 31 December 2009, to 4.75 as of 31 December 2010 and then to 4.50 as of 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 an instrument for the period 2010 – 2013 (see Note 15 – *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 (€ 250 million used as of 31 December 2009).

The amounts drawn on this credit line bear interest at EURIBOR (or LIBOR for amounts drawn in U.S. dollars) plus a margin ranging from 0.25% to 0.75% depending on Eutelsat S.A.'s long-term rating given by Standard & Poor's. A commitment fee 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-month 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.

However, as from 31 December 2007, EURIBOR 1 month–3 month basis swaps have been in place, the interest periods having been reduced to 1-month periods 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 3-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

Under the terms of this credit facility, Eutelsat S.A. is required to maintain a total net debt to annualised EBITDA (as these terms are defined contractually) ratio less than or equal to 3.75 to 1 and this ratio is tested on 30 June and 31 December each year.

* EBITDA is defined as the operating result before depreciation and amortisation (excluding impairment of assets, dilution profits (losses) and launch indemnities.)

- *Financial information as of 30 June 2009 and 31 December 2009*

The non-current portion of the Group's bank debt as of 30 June and 31 December 2009 breaks down as follows:

(In thousands of euros)	30 June 2009		31 December 2009	
	Fair value	Carrying amount	Fair value	Carrying amount
Eutelsat Communications term loan (Floating rate)	1 615 000	1 615 000	1 615 000	1 615 000
Eutelsat S.A. revolving credit facility (Floating rate)	200 000	200 000	250 000	250 000
Eutelsat S.A. term loan (Floating rate)	650 000	650 000	650 000	650 000
Fixed rate loan (Wins Ltd.)	191	191	127	127
Floating rate loan (Wins Ltd.)	390	390	300	300
Sub-total of debt (non-current portion)	**2 465 581**	**2 465 581**	**2 515 427**	**2 515 427**
Loan set-up fees		(10 903)		(9 518)
Total		**2 454 678**		**2 505 909**

The weighted average interest rate on amounts drawn under the revolving credit facilities for the period ended 31 December 2009 is 1.6% and 5.3% after the effects of hedging activities are included.

As of 31 December 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	250 000	24 November 2011
Eutelsat S.A. term loan	650 000	650 000	24 November 2011
Wins fixed rate loan	900	255	31 December 2011
Wins floating rate loan	500	480	31 December 2010
Total	**3 216 400**	**2 515 735**	

As of 31 December 2009, the debt maturity analysis is as follows:

(In thousands of euros)	31 December 2009	Maturity within 1 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	250 000	250 000	
Wins Ltd. fixed rate loan	255	128	127
Wins Ltd. floating rate loan	480	180	300
Total	**2 515 735**	**250 308**	**2 265 427**

9.2 – Current portion

Current bank debt includes accrued interest not yet due on the debt described in Note 9.1 as of 31 December 2009. Current bank debt is as follows:

(In thousands of euros)	30 June 2009	31 December 2009
Bank overdrafts	2 373	8 233
Accrued interest not yet due	11 491	5 163
Portion of the loans due within one year (excluding revolving credit)	226	307
Total	**14 090**	**13 703**

NOTE 10: OTHER FINANCIAL LIABILITIES

(In thousands of euros)

	30 June 2009	31 December 2009
Financial instruments (1)	100 345	111 858
Performance incentives (2)	39 729	34 213
Finance leases (3)	2 093	90
Other liabilities	48 036	46 235
Total	**190 203**	**192 396**
-incl. current portion	138 428	146 954
Incl. non-current portion	51 775	45 442

(1) (See Note 15 – *Financial instruments*

(2) Including interest related to “Performance incentives” amounting to € 13,053 thousand at 30 June 2009 and € 11,057 thousand as of 31 December 2009.

(3) As of 30 June 2009 and 31 December 2009, amounts of interest on finance leases are not material.

NOTE 11: INCOME TAX EXPENSE

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

The Group's income tax expense is as follows:

	Six-month period ended 31 December	
(In thousands of euros)	**2008**	**2009**
Current tax expense	(80 565)	(71 636)
Deferred tax income (expense)	9 369	(2 834)
Total income tax expense	**(71 196)**	**(74 470)**

The theoretical income tax expense, based on application to the profit before tax (excluding the share of net income from equity investments) of the standard French corporate tax rate, can be reconciled to the actual expense as follows:

(In thousands of euros)	**31 December 2008**	**31 December 2009**
Income before tax and income from equity investments	206 488	213 273
Standard French corporate tax rate	*34,43%*	*34,43%*
Theoretical income-tax expense	(71 094)	(73 430)
Permanent differences and other items	(102)	(1 040)
Corporate tax expense in the income statement	**(71 196)**	**(74 470)**
Actual corporate tax rate	*34,5%*	*34,9%*

As of 31 December 2008 and 2009, the Group's effective income tax rate is close to the standard income tax rate in France (34.43%).

NOTE 12: 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 supply 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.

The information presented below is intended for the Managing Director, the Deputy Managing Director and the Chief Financial Officer who together make up the Group's main operational decision-making body.

Management data is presented according to IFRS principles applied by the Group for its' consolidated financial statements as described in the Notes.
The performance indicators that are monitored by the decision making organ include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, excluding impairment of assets, dilution profit (losses) and launch indemnities, financial expense, cash flow for investment in tangibles and equity interests and net consolidated Group debt (net debt includes all bank debt and all liabilities from long-term agreements, less cash and cash equivalents and marketable securities net of bank credit balances).

Internal reporting is a presentation of the Group's consolidated income statement according to a different breakdown of items of the consolidated financial statements in order to highlight performance indicators for which the main aggregates are identical to those included in the Group's consolidated accounts such as the operating result, net result, share attributable to non-controlling interests and the share attributable to the Group.

12.1- Segment Reporting

(In thousands of euros)	**Six-month period ended 31 December 2009**	**Six-month period ended 31 December 2009**
Revenues	**463 460**	**508 040**
Total operating costs	**(88 438)**	**(96 481)**
EBITDA	**375 022**	**411 559**
Depreciation and amortisation:	(143 385)	(157 301)
Other non-operating income (expenses), net	24 675	(370)
Operating income	**256 312**	**253 889**
Total interest	(52 734)	(41 441)
Income tax expense	(71 196)	(74 470)
The financial expenses	2 910	826
Net income before revenue from equity investments and non-controlling interests	**135 292**	**138 804**
Income from equity investments	6 753	7 497
Net income	**142 045**	**146 300**
Non-controlling interests	(6 883)	(6 834)
Group share of net income	**135 162**	**139 466**
Tangible investments and equity investments (cash flow)	**140 705**	**226 141**
Net debt (including finance leases)	**2 408 411**	**2 440 357**

12.2 – Information per geographical zone

Group revenues by geographical area, based on invoice addresses, for the periods ended 31 December 2008 and 2009 are as follows:

(In thousands of euros and as a percentage)	**6-month period ended 31 December 2008**		**6-month period ended 31 December 2009**	
Region	**Amount**	**%**	**Amount**	**%**
France	62 648	13,5	72 692	14,3
Italy	70 312	15,2	81 661	16,1
United Kingdom	55 597	12,0	46 212	9,1
Europe (other)	166 828	36,0	174 611	34,4
Americas	43 828	9,5	52 941	10,4
Middle East	34 245	7,4	44 696	8,8
Other (*)	30 004	6,5	35 227	6,9
Total	**463 461**	**100,0**	**508 040**	**100,0**

(*) Including € 3.17 million in indemnity payments for late delivery of the W2A satellite for the period ended 31 December 2009.

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

NOTE 13: FINANCIAL RESULT

The financial result is made up as follows:

(In thousands of euros)	Six-month period ended 31 December 2008	Twelve-month period ended 30 June 2009	Six-month period ended 31 December 2009
Interest expense (banks)(1)	(53 741)	(104 119)	(38 501)
Other interest expense (2)	18 092	25 925	6 357
Loan set-up fees	(1 488)	(3 081)	(1 559)
Commitment fees and other similar charges	(1 120)	(2 019)	(996)
Changes in financial instruments(3)	(18 446)	(25 419)	(9 538)
Provisions for risks and liabilities	(144)	-	(17)
Foreign-exchange losses(4)	(10 927)	(20 849)	(6 402)
Financial expenses	**(67 774)**	**(129 562)**	**(50 656)**
Changes in financial instruments(3)	1 372	1 821	1 685
Interest income	2 855	3 967	1 110
Provision on financial assets	16	208	-
Reversal of provisions for risks and expenses	454	1 134	529
Foreign-exchange gains(4)	13 253	22 808	6 717
Financial income	**17 950**	**29 938**	**10 041**
Financial result	**(49 824)**	**(99 624)**	**(40 615)**

(1) Interest expense (banks) includes the effects of the interest-rate risk hedging instruments. 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 2008, 30 June 2009 and 31 December 2009 respectively by € 15.6 million in income and € 14.5 million and € 18.2 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 € 14.8 million as of 31 December 2008 and € 26.9 million as of 30 June 2009 and € 9.9 million on 31 December 2009. 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 interest rates used to determine the amount of interest expense eligible for capitalisation are 4.2% for the financial year ended 31 December 2008, 4.1% for the year ending 30 June 2009, and 3.5% for the year ending 31 December 2009. "Other interest expense" also includes interest related to in orbit satellite performance incentives for a € 2.4 million net expense item for the year ended 31 December 2008 and € 0.9 million in income for the year ended 30 June 2009 and € 1.1 million as of 31 December 2009.

(3) Gains or losses in the fair value of the financial instruments mainly include changes in the fair value of the non-qualifying derivative instruments in a hedging relationship for the periods ended 31 December 2008 and 30 June 2009.

(4) Foreign exchange option contracts are put in place to hedge future sales in dollars. Changes in the time value of these options (excluded from the hedging relationship) have a direct effect on profit. 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 also been recognised directly under income or expense (no net change in equity due to these options). Changes to the intrinsic value of an option for which the hedged component has not yet had an effect on net income have been posted to equity and have had no effect on the income statement for the period.

Results on financial instruments per accounting category

(In thousands of euros)	**Six-month period ended 31 December 2008**	**Twelve-month period ended 30 June 2009**	**Six-month period ended 31 December 2009**
Net result on instruments measured at fair value per result on the option (cash equivalents)	257	(64)	29
Net result on instruments valued at fair value per result (non-qualifying derivatives for hedges and components excluded from hedging relationships)	(16 681)	(19 330)	(1 849)
Financial income on assets valued at amortised cost (loans and long term advance payments and other receivables)	-	-	-
Interest expense on loans (excluding hedging effect)	(69 370)	(89 650)	(20 261)
Reversals and (depreciation)	113	351	137

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 2008	31 December 2009
Net income	142 045	146 300
Income from subsidiaries attributable to minority interests, before taking into account the dilutive instruments in the subsidiaries	(6 849)	(6 788)
Net earnings used to compute basic earnings per share	**135 196**	**139 512**

	31 December 2008	31 December 2009
Net income	142 045	146 300
Income from subsidiaries attributable to minority interests, after taking into account the dilutive instruments in the subsidiaries	(6 887)	(6 802)
Net earnings used to compute diluted earnings per share	**135 158**	**139 498**

Reconciliation between the number of shares used to compute basic and diluted earnings per share is provided below, as of 31 December 2008 and 2009 respectively:

	31 December 2008	31 December 2009
Restated weighted average number of shares used to compute basic earnings per share	219 641 955	220 071 860
Incremental number of additional shares that would result from the exercise of outstanding stock options (1)	-	-
Restated weighted average number of shares used to compute diluted earnings per share (1)	**219 641 955**	**220 071 860**

(1) As of 31 December 2008 and 2009, only the subsidiary Eutelsat S.A. had issued dilutive instruments. 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 valuations performed and the latest transactions between shareholders.

NOTE 15: FINANCIAL INSTRUMENTS

The Group has exposure to market risks, particularly with regard to foreign exchange and interest rate risk. 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 can be quantified at their outset, i.e. the Group never sells assets it does not possess or without knowing if it will subsequently possess them.

15.1 – 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 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 and the first half of the financial year ending 30 June 2010, 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 as of 31 December 2009 is as follows:

(In thousands of euros)

Assets	84 198
Liabilities	22 508
Net position before risk management	**61 690**
Off-balance-sheet position (forward plus knock-in option (Europe))	41 649
Net position after risk management	**20 041**

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 Group profit and equity.

15.2 – Interest rate risk

Interest rate risk management

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

In order to hedge the risk on future cash flow changes related to floating rate coupon payments on its' debt, the Group has implemented the following interest rate hedging instruments :

For hedging the Eutelsat Communications Term Loan facility (prior to maturity in June 2013):

- A swap (pay fixed rate/receive a floating rate) and a cap both with deferred start dates in April 2008, for two years (ending in April 2010) and for a notional amount of € 807.5 million.

- A swap (pay fixed rate/receive a floating rate) put in place in September 2006 with a deferred start date in April 2010 (ending in June 2013) for a notional amount of € 1,615 million.

For each of these instruments; the interest periods are of 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.

For the Term Loan amounting to € 650 million arranged in November 2004 by the Eutelsat SA sub-group.

- A pay fixed/receive floating interest rate swap put in place in November 2004 for a notional amount of € 650 million over 7 years (until maturity of the facility).

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

- An interest rate swap (pay EURIBOR 3 month/ receive EURIBOR 1 month "Basis swap" put in place in November 2007 for a period of 6 months up until 30 June 2008. This interest rate swap pay EURIBOR 3 month/ receive EURIBOR 1 month has been used 3 times.
    - 11 June 2008 for a 6-month period until 31 December 2008,
    - 21 November 2008 for a 6-month period until 30 June 2009,
    - 15 May 2009 for a one-year period until 30 June 2010

These three basis swap transactions are combined with the pay fixed rate swap intended to hedge the € 650 million Term Loan.

In respect of the € 650 million revolver arranged in November 2004 by the Eutelsat SA sub-group on which amounts have been drawn for € 200 million on 30 June 2009 and € 250 million on 31 December 2009:

- A pay fixed/receive floating interest rate swap put in place in February 2007 for a notional amount of € 250 million over 4 years until maturity of the revolver (€ 650 million).

- Purchase of a cap in March 2007 in return for the payment of a € 2 million premium for a notional amount of € 200 million over 4 years until maturity of the € 650 million revolving credit facility.

For each instrument, the interest periods are 3-month periods beginning 31 March, 30 June, 30 September and 31 December each calendar year, except for the final period which runs from 30 September 2011 to 24 November 2011.

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, which has been recognised within equity. The efficacy of these hedges, however, is not being called into question.
Considering the full range of financial instruments at the Group's disposal as of 31 December 2009, an increase of ten basis points (+ 0.10 %) above EURIBOR 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 € 6 163 thousand of shareholders' equity, related to the change in the effective fair value of hedging instruments qualified as hedges of future cash flows.

15.3 – Counterparty risk

Counterparty 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, execution risk and its exposure to credit risk by acquiring only financial products with first-rate financial institutions or banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

The Eutelsat Communications banking syndicate is made up of 49 lenders as of 31 December 2009. The Eutelsat S.A. banking syndicate consists of 28.

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

If a counterparty defaults on the revolving portion 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 on the other counterparties in order to obtain the extra amounts needed to make up the total required.

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

15.4 – Liquidity risk

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurring requirements and liquidity needs. This tool accounts for 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.

36% of the Group's debt matures in November 2011 and 64% in June 2013.

15.5 – Key figures as of 31 December 2009

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 31 December 2008, 30 June 2009 and 31 December 2009 by type of contract. The instruments are valued by the Group's bank counterparties, and the valuation is verified/validated by an independent expert.

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2008**	**Change in fair value during the period**	***Impact on income (excl. coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	34 013	(1 721)	(1 721)	*193*	*(1 914)*
Foreign exchange options (Eutelsat S.A.)	27 027	-	(1 588)	*64*	*(1 652)*
Total foreign exchange derivatives		***(1 721)***	***(3 309)***	***257***	***(3 566)***
Swap (Eutelsat Communications)	807 500	(722)	(29 865)	*(1 458)*	*(28 407)*
Forward swap (Eutelsat Communications)	1 615 000	(25 339)	(67 951)	-	*(67 951)*
Purchased cap (Eutelsat Communications)	807 500	4 050	(14 559)	*(307)*	*(14 252)*
Swap (Eutelsat S.A.)*	650 000	(13 045)	(46 241)	*747*	*(46 988)*
Swap (Eutelsat S.A.)*	650 000	-	217	-	*217*
Swap (Eutelsat S.A.)*	650 000	(26)	(26)	-	*(26)*
Swap (Eutelsat S.A.) **	250 000	(9 763)	(17 262)	*(9 989)*	*(7 273)*
Cap (Eutelsat S.A.)	200 000	632	(6 324)	*(6 324)*	-
Total interest rate derivatives		***(44 213)***	***(182 011)***	***(17 331)***	***(164 680)***
Total derivatives		**(45 934)**	**(185 320)**	**(17 074)**	**(168 246)**

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

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

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2009**	**Change in fair value during the period**	***Impact Result on income (excl. coupons)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	41 649	(729)	(443)	*29*	*(473)*
Total foreign exchange derivatives	**41 649**	**(729)**	**(443)**	***29***	***(473)***
Swap (Eutelsat Communications)	807 500	(9 244)	5 567	*(9 003)*	*14 570*
Forward swap (Eutelsat communications)	1 615 000	(67 262)	(19 778)	-	*(19 778)*
Purchased cap (Eutelsat Communications)	807 500	-	-	*(164)*	*164*
Swap (Eutelsat S.A.)*	650 000	51	(174)	-	*(174)*
Swap (Eutelsat S.A.)*	650 000	(22 747)	1 801	*747*	*1 054*
Swap (Eutelsat S.A.) **	250 000	(11 926)	1 515	*737*	*778*
Cap (Eutelsat S.A.)(*)	200 000	182	(200)	*(199)*	-
Total interest rate derivatives		***(110 946)***	***(11 269)***	***(7 882)***	***(3 387)***
Total derivatives		**(111 675)**	**(11 712)**	**(7 853)**	**(3 859)**

* 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

As of 31 December 2009, the cumulative fair value of financial instruments is negative at € 111,675 thousand. This is composed of € 182 thousand recognised under "Current financial assets" (see Note 6 – *Current financial assets*) and € 111,857 thousand recognised within "Other current financial liabilities" (see Note 10 – *Other financial liabilities*).

As of 31 December 2008, 30 June 2009 and 31 December 2009, the changes in fair value recognised within financial result in respect of financial instruments corresponded to a net expense of € 17 074 thousand, € 23,599 thousand and € 7 853 thousand respectively.

Breakdown of financial instruments qualifying as hedges as of 31 December 2008, 30 June and 31 December 2009:

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2008**	**Change in fair value during the period**	***Impact on income (excl. coupons) (1)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	34 013	(1 721)	(1 721)	*193*	*(1 914)*
Foreign exchange options (Eutelsat S.A.)	27 027	-	(1 588)	*64*	*(1 652)*
Total foreign exchange derivatives		***(1 721)***	***(3 309)***	***257***	***(3 566)***
Swap (Eutelsat Communications)	807 500	(722)	(29 865)	*(1 458)*	*(28 407)*
Forward swap (Eutelsat Communications)	1 615 000	(25 339)	(67 951)	-	*(67 951)*
Purchased cap (Eutelsat Communications)	807 500	4 050	(14 559)	*(307)*	*(14 252)*
Swap (Eutelsat S.A.)*	650 000	(13 045)	(46 241)	*747*	*(46 988)*
Swap (Eutelsat S.A.)*	650 000	-	217	-	*217*
Swap (Eutelsat S.A.)*	650 000	(26)	(26)	-	*(26)*
Swap (Eutelsat S.A.) **	100 000	(3 905)	(6 905)	*368*	*(7 273)*
Total interest rate derivatives		***(38 987)***	***(165 330)***	***(650)***	***(164 680)***
Total derivatives		**(40 708)**	**(168 639)**	**(393)**	**(168 246)**

* 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 on income (excl. coupons) (1)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	14 150	(286)	(286)	*(128)*	*(158)*
Foreign exchange options (Eutelsat S.A.)	0	-	(1 589)	*64*	*(1 653)*
Total foreign exchange derivatives	***14 150***	***(286)***	***(1 875)***	***(64)***	***(1 811)***
Swap (Eutelsat Communications)	807 500	(14 811)	(43 954)	*(3 945)*	*(40 009)*
Forward swap (Eutelsat Communications)	1 615 000	(47 484)	(90 096)	-	*(90 096)*
Purchased cap (Eutelsat Communications)	807 500	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 interests					(3 982)
Total					***(219 732)***

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

(In thousands of euros)	**Contractual or notional amounts**	**Fair value 31 December 2009**	**Change in fair value during the period**	***Impact on income (excl. coupons) (1)***	***Impact on equity***
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	41 649	(729)	(443)	*29*	*(473)*
Total foreign exchange derivatives	***41 649***	***(729)***	***(443)***	***29***	***(473)***
Swap (Eutelsat Communications)	807 500	(9 244)	5 567	*(9 003)*	*14 570*
Forward swap (Eutelsat Communications)	1 615 000	(67 262)	(19 778)	-	*(19 778)*
Purchased cap (Eutelsat Communications)	807 500	-	-	*(164)*	*164*
Swap (Eutelsat S.A.)*	650 000	51	(174)	-	*(174)*
Swap (Eutelsat S.A.)*	650 000	(22 747)	1 801	*747*	*1 054*
Swap (Eutelsat S.A.) **	100 000	(4 771)	606	*(172)*	*778*
Cap (Eutelsat S.A.)(*)	100 000	91	(100)	*(100)*	-
Total interest rate derivatives		***(103 882)***	***(12 078)***	***(8 692)***	***(3 386)***
Total derivatives		**(104 611)**	**(12 521)**	**(8 663)**	**(3 859)**

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

Impact on income statement and equity

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

- The coupons on swaps that qualify as hedges for future cash flows are directly recognised under income; changes recognised in equity for such swaps correspond to changes in fair value excluding coupons (“clean fair value”).

- The coupon on the purchased cap (when the cap is active) is directly recognised under income and the same applies to changes in the time value of the cap (not included in the hedging relationship). The items recognised to equity correspond to changes in the intrinsic value not including the accrued coupon of the cap.

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

NOTE 16: OTHER OFF-BALANCE SHEET LIABILITIES

16.1 – Purchase commitments

As of 31 December 2009, future payments under satellite construction contracts amounted to € 225 million, and future payments under launch agreements amounted to € 64 million including € 19 million for Sea Launch. These future payments are spread over three years.

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

Future minimum payments in respect of such acquisition of assets and provision of services as of 31 December 2009 are scheduled as follows:

(in millions of euros)	**As of 31December 2009**
2010	59,1
2011	30,4
2012	13,2
2013	9,6
2014 and thereafter	9,1
Total	**121,4**

Included in the above total is € 2.4 million related to purchase commitments entered into with a related party.

16.2 – In-orbit insurance and launch insurance

As of 31 December 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 22 insurers respectively, generally with ratings of between AA- and A+. The counterparty 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 defined by the Group with a view to minimising, at an acceptable cost, the impact on its balance sheet and its income of losing one or more satellites. This programme comes in two parts (Tranches) : one covers losses in excess of € 80 million up to a maximum of € 390 million and the other covers losses ranging from € 50 million to € 80 million. These insurance programmes have been subscribed to by 18 and 4 insurance companies respectively. Under this programme, 16 of the satellites belonging to the Group (excluding the EUROBIRD™4A (former W1), ATLANTIC BIRD™1, W75 (former EUROBIRD™4) and the W5 satellites) are covered by insurance. The only reservation is a limitation of insurance cover for the W4 and W6 satellites due to incidents caused by already identified technical problems.

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

This insurance programme has reduced the level of risk retention (fixed at a cumulative annual amount of € 65 million to € 50 million).

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

b) Launch insurance

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

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

The Company subsequently took out additional policies to cover the entire net book value of the satellites (HOT BIRD™9, ATLANTIC BIRD™4A (former HOT BIRD™10), W2M, W2A and W7).

NOTE 17: EVENTS AFTER THE BALANCE-SHEET DATE

None