Eutelsat Communications Group

"Société anonyme" with a capital of 220,113,982 euros
Registered office: 70, rue Balard 75015 Paris
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CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2013

This is a free translation into English of the financial statements issued in French and is provided solely for the convenience of English-speaking users.

CONSOLIDATED BALANCE SHEET

(In millions of euros)

ASSETS	Note	30 June 2012	30 June 2013
Non-current assets			
Goodwill	5	807.8	855.7
Intangible assets	5	638.2	639.8
Satellites and other property and equipment	6	2,169.2	2,797.4
Construction in progress	6	718.6	460.8
Investments in associates	7	193.8	261.3
Non-current financial assets	8,14	3.2	4.4
Deferred tax assets	21	23.9	13.0
TOTAL NON-CURRENT ASSETS		**4,554.7**	**5,032.4**
Current assets			
Inventories	9	0.9	1.3
Accounts receivable	10	270.9	272.7
Other current assets	11	18.0	18.6
Current tax receivable	21	1.2	1.7
Current financial assets	12,14	19.6	30.3
Cash and cash equivalents	13	105.1	248.0
TOTAL CURRENT ASSETS		**415.7**	**572.6**
TOTAL ASSETS		**4,970.4**	**5,605.0**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2012	30 June 2013
Shareholders' equity			
Share capital	15	220.1	220.1
Additional paid-in capital	15	453.2	453.2
Reserves and retained earnings		1,111.4	1,262.2
Non-controlling interests		63.2	47.7
TOTAL SHAREHOLDERS' EQUITY		**1,847.9**	**1 983.2**
Non-current liabilities			
Non-current financial debt	16	2,421.1	2,849.1
Other non-current financial liabilities	17,18	45.9	82.9
Non-current provisions	22	25.6	29.6
Deferred tax liabilities	21	324.2	336.2
TOTAL NON-CURRENT LIABILITIES		**2,816.8**	**3,297.8**
Current liabilities			
Current financial debt	16	53.0	35.9
Other current financial liabilities	17,18	78.5	40.5
Accounts payable		47.2	64.9
Fixed assets payable		16.5	66.8
Taxes payable		6.5	22.4
Other current payables	20	97.5	86.1
Current provisions	22	6.5	7.5
TOTAL CURRENT LIABILITIES		**305.7**	**324.0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,970.4**	**5,605.0**

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

	Note	30 June 2012	30 June 2013
Revenues	23	1,222.2	1,284.1
Revenues from operations		**1,222.2**	**1,284.1**
Operating costs		(107.1)	(120.2)
Selling, general and administrative expenses		(157.8)	(168.6)
Depreciation and amortisation	5,6	(308.9)	(344.6)
Other operating income and expenses	6, 27.2	(7.1)	30.8
Operating income		**641.3**	**681.5**
Cost of debt		(112.5)	(115.1)
Financial income		3.9	2.5
Other financial items		(20.9)	(4.9)
Financial result	24	**(129.5)**	**(117.5)**
Income from associates	7	11.4	14.2
Net income before tax		**523.2**	**578.2**
Income tax expense	21	(182.1)	(208.4)
Net income		**341.1**	**369.8**
Attributable to the Group		326.1	354.9
Attributable to non-controlling interests		15.0	14.9
Earnings per share attributable to Eutelsat Communications' shareholders	25		
Basic and diluted earnings per share in €		1.483	1.612

COMPREHENSIVE INCOME STATEMENT
(In millions of euros)

	Note	30 June 2012	30 June 2013
Net income		**341.1**	**369.8**
<u>Other recyclable items of gain or loss on comprehensive income</u>			
Translation adjustment	15.5	(0.6)	(4.5)
Tax effect	21.2	-	-
Changes in fair value of cash-flow hedging instruments	15.4, 26.5	14.0	23.6
Tax effect	21.2	(4.3)	(8.5)
Total of other items of gain or loss on comprehensive income		**9.1**	**10.6**
Total comprehensive income		**350.3**	**380.4**
Attributable to the Group		335.4	365.6
Attributable to non-controlling interests		14.9	14.8

CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions of euros)

	Note	30 June 2012	30 June 2013
Cash flow from operating activities			
Net income		341.1	369.8
Income from equity investments	7	(11.4)	(14.2)
Tax and interest expense, other operating items		307.4	297.6
Depreciation, amortisation and provisions		301.7	352.1
Deferred taxes	21	6.8	14.8
Changes in accounts receivable		(27.9)	(9.8)
Changes in other assets		(7.1)	(16.3)
Changes in accounts payable		(6.2)	17.7
Changes in other debt		3.9	(17.3)
Taxes paid		(211.1)	(178.2)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**697.2**	**816.2**
Cash flows from investing activities			
Acquisitions of satellites, other property and equipment and intangible assets	6	(487.5)	(566.4)
Acquistion in equity investments and subsidiaries	7.2	-	(83.6)
Changes in non-current financial assets		5.0	0.1
Dividends received from associates		3.4	2.6
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(479.0)**	**(647.3)**
Cash flows from financing activities			
Distributions		(227.2)	(229.6)
Movements in treasury shares		(9.9)	(0.5)
Increase in debt	16	1,600.0	445.5
Repayment of debt		(1,465.0)	(76.6)
Repayment in respect of performance incentives and long-term		(11.1)	(9.8)
Other loan-related expenses		(28.5)	(7.9)
Interest and other fees paid		(92.3)	(134.6)
Interest received		3.6	2.5
Premiums and termination indemnities paid for derivatives		(29.0)	-
Acquisition of non-controlling interests	15.3	(2.5)	(0.2)
Other changes		-	2.5
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(261.9)**	**(8.7)**
Impact of exchange rate on cash and cash equivalents		(1.0)	-
Increase (decrease) in cash and cash equivalents		**(44.7)**	**160.2**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**132.4**	**87.8**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**87.8**	**247.9**
Cash reconciliation			
Cash	13	105.1	248.0
Overdraft included under debt [1]	16	(17.3)	(0.1)
Cash and cash equivalents per cash flow statement		**87.8**	**247.9**

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

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

	Common stock			Reserves and retained earnings	Share-holders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additional paid-in capital				
As of 30 June 2011	**220,113,982**	**220.1**	**453.2**	**978.3**	**1,651.6**	**77.1**	**1,728.8**
Net income for the period				326.1	326.1	15.0	341.1
Other items of gain or loss on comprehensive income				9.3	9.3	(0.1)	9.2
Total comprehensive income				**335.4**	**335.4**	**14.9**	**350.3**
Treasury stock				(9.9)	(9.9)	-	(9.9)
Transactions with non-controlling interests				(1.9)	(1.9)	(0.6)	(2.5)
Distributions				(197.6)	(197.6)	(29.6)	(227.2)
Benefits for employees upon exercising options and free shares granted				5.1	5.1	0.2	5.3
Liquidity offer and others				2.0	2.0	1.2	3.2
As of 30 June 2012	**220,113,982**	**220.1**	**453.2**	**1,111.4**	**1,784.7**	**63.2**	**1,847.9**
Net income for the period				354.9	354.9	14.9	369.7
Other items of gain or loss on comprehensive income				10.8	10.8	-	10.8
Total comprehensive income				**365.7**	**365.7**	**14.9**	**380.5**
Treasury stock				(0.5)	(0.5)	-	(0.5)
Transactions with non-controlling interests				0.5	0.5	(20.3)	(19.8)
Distributions				(219.2)	(219.2)	(10.4)	(229.6)
Benefits for employees upon exercising options and free shares granted				4.3	4.3	0.2	4.5
Liquidity offer and others				0.1	0.1	0.1	0.2
As of 30 June 2013	**220,113,982**	**220.1**	**453.2**	**1,262.2**	**1,935.5**	**47.7**	**1,983.2**

NOTE 1: KEY EVENTS DURING THE FINANCIAL YEAR

- As of 25 September 2012, the Group finalized the acquisition of the GE-23 satellite (see Note 1 of the financial statements as of 30 June 2012), renamed EUTELSAT 172A. The transaction included three distinct items (see Note 5 - *Goodwill and other intangible assets* and Note 6 - *Satellites and other property and equipment*) :
    - The satellite,
    - The related customer relationships, and
    - The frequency rights at orbital position 172°East.

- On 18 December 2012, the EUTELSAT 21B satellite went into operational service following its successful launch on 10 November 2012.

- On 16 January 2013, the EUTELSAT 70B satellite went into operational service following its successful launch on 3 December 2012.

- On 19 June 2013, the EUTELSAT 3D satellite went into operational service following its successful launch on 14 May 2013.

- On 1 October 2012, the Group issued a €300 million bond with a maturity of 10 years (cf. Note 16 - *Financial debt)*.

NOTE 2: GENERAL OVERVIEW

2.1 – Business

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

Eutelsat S.A. itself derives from the transfer on 2 July 2001 of all of the operating activities, assets, liabilities and commitments of the EUTELSAT Intergovernmental Organisation (IGO).

As of 30 June 2013, the Group operates via Eutelsat S.A. and its subsidiaries 31 satellites in geostationary orbit (including 3 satellites belonging to third parties or to related parties on which the Group uses additional capacity) to provide capacity (assignment and availability) to major international telecommunications operators and international broadcasting companies for television and radio broadcasting services (analogue and digital), for business telecommunications services, multimedia applications and messaging and positioning services.

2.2 – Approval of the financial statements

The consolidated financial statements at 30 June 2013 were prepared under the responsibility of the Board of Directors, which adopted them at its meeting on 30 July 2013.

They will be submitted to the approval of the Ordinary General Meeting of Shareholders to be held on 7 November 2013.

NOTE 3: BASIS OF PREPARATION OF FINANCIAL INFORMATION

3.1 – Compliance with IFRSs

The financial statements at 30 June 2013 have been prepared in accordance with the IFRSs, as adopted by the European Union and effective as of that date.The relevant texts are available for consultation on the following website:

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

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

3.2 – Accounting Policies

Newly applicable standards and interpretations for financial periods beginning on or after 1 July 2012:

The standards and interpretations applicable at 30 June 2013 are identical to those applicable at 30 June 2012, except for the following rules which must be applied for all financial periods beginning on or after 1 July 2012.

- The amendment to IAS 1 “Presentation: Other comprehensive income elements”, the impact of which is presented in the comprehensive income statement.

None of these legal requirements has had an impact on previous financial periods or on the consolidated financial statements as of 30 June 2013.

Furthermore, no standard or interpretation has been applied in advance, whether they were endorsed by the EU or not, and the Group is currently analysing the practical consequences of the new standards and the effects of applying them in the accounts. This concerns:

- IFRS 13 regarding evaluation at fair value, effective since 1 January 2013.

- Amendments to IFRS 7 “Disclosures” - Offsetting Financial Assets and financial Liabilities, effective 1 January 2013.

- IAS 12 “Deferred Tax – Recovery of underlying assets” (October 2010), Amendment on the method for calculating deferred taxes when rates differ, depending on whether assets are sold or used.

- Amendments to IAS 19 “Employee Benefits” effective 1 January 2013.

- IFRS 10 “Consolidated Financial Statements”, IFRS 11 ”Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”, IAS 27R “Separate Financial Statements” and IAS 28R “Investments in Associates and Joint Ventures”; These standards have been effective since 1 January 2013, but are mandatorily applicable from 1 January 2014.

- Amendments to IFRS 10,11 and 12 relating to transition methods and procedures, applicable from 1 January 2014.

- IFRIC 21 “Levies”, the effective date is planned for 1 January 2014, with possible early application.

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

The “Cotisation sur la Valeur Ajoutée des Entreprises” or CVAE (Corporate added value contribution) is considered by the Group to be an operating expense that does not meet the criteria laid down in IAS 12 ”Income Taxes” and therefore does not give rise to deferred taxes.

3.4 – Presentation of the income statement

Operating costs essentially comprise staff costs and other costs associated with controlling and operating the satellitestogether with satellite in-orbit insurance premiums.

Selling, general and administrative expenses are mainly made up of costs for administrative and commercial staff, all marketing and advertising expenses and related overheads.

3.5 – Significant judgements and estimates

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

Judgements

When preparing the consolidated financial statements for the period ended 30 June 2013, Management exercised its judgement, especially with regard to contingent liabilities, provisions and the dispute related to 28.5 degrees East (see Note 27.4 – *Litigation* and *27.5 – Contingent liabilities).*

3.6 – Periods presented and comparatives

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

The reference currency and the currency used to issue financial statements is the euro.

NOTE 4: SIGNIFICANT ACCOUNTING POLICIES

4.1 – Consolidation method

The companies controlled directly or indirectly by Eutelsat Communications, even if the Company does not directly own any of the equity of these companies, are consolidated using the full consolidation method. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the parent company owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The determination of control takes into account the existence of potential voting rights, provided that these are immediately exercisable or convertible.

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

Associates over which the Group exerts significant influence (generally between 20% and 50% of voting rights) are accounted for using the equity method. Significant influence is defined as the power to participate in the financial and operational policies of the investee without having joint or sole control over them.

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

4.2 – Accounting treatment for business combinations

Since 1 July 2009, business combinations have been recognised using the purchase accounting method, in accordance with the revised IFRS 3. Under this method, the various components of an acquisition are recognised at their fair values with some exceptions. Accordingly:

- The consideration transferred is measured at fair value. This includes contingent consideration that is also measured at fair value at the acquisition date, which takes into account probabilities of occurrence. Once classified as liabilities or as equity depending on their nature, obligations are entered as debts and subsequently remeasured at fair value, with their changes recorded under income.

- Costs directly attributable to the acquisition are expensed in the year during which they are incurred.

- In the event of partial disposal, non-controlling interests (formerly known as “minority interests”) are measured on the option determined for each combination, either at fair value, or as their proportionate share of the assets acquired and liabilities assumed (similar method used under IFRS 3).

- In a business combination achieved in stages (step acquisition), the previously held ownership interest is remeasured at its acquisition-date fair value. The difference between the fair value and the carrying amount of the ownership interest is recognised directly in income for the reporting period.

The identifiable assets, liabilities and contingent liabilities of the acquired entity which meet IFRS criteria are recognised at their fair values at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are measured at fair value less costs to sell.

Goodwill represents the excess of consideration transferred and the value of non-controlling interests, if any, over the fair value of the acquiree's identifiable net assets and liabilities. Depending on the option retained for the valuation of equity interest in an acquisition, the recognised goodwill represents either the only portion acquired by the Group (partial goodwill) or the aggregate of the Group's portion and the non-controlling interests' portion (full goodwill).

Provisional fair values assigned at the date of acquisition to identifiable assets and liabilities may require adjustment as additional evidence becomes available to assist with the estimation (expert assessments still in progress at the acquisition date or additional analyses). When such adjustments are made prior to the end of a twelve-month period commencing on the date of acquisition, goodwill or negative goodwill is adjusted to the amount that would have been determined if the adjusted fair values had been available at the date of acquisition. When the carrying amounts are adjusted following the end of the twelve-month period, income or expense is recognised rather than an adjustment to goodwill or negative goodwill, except where these adjustments correspond to corrections of errors.

4.3 – Acquisition/disposal of non-controlling interests

Since 1 July 2009, changes in ownership interests in subsidiaries without loss of control are accounted for as equity transactions and recognised directly in equity. Before the standard was applied and failing any specific provision in the IFRSs, the difference between the price paid (for acquisitions) or received (for disposals) and the carrying amount of the minority interests (non-controlling interests) acquired/transferred was recognised by the Group against goodwill (for acquisitions) or in the income statement (for disposals).

4.4 – Foreign currency operations

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transactions.

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

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

The main foreign currency used is the U.S. dollar. The closing exchange rate used is US$ 1.31 to 1 euro and the average exchange rate for the period is US$ 1.29 to 1 euro.

Translation of foreign subsidiaries' financial statements
Each subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities, including goodwill, are translated into euros using the exchange rate prevailing at the balance sheet date. Income and expenses are translated using an average exchange rate for the period, unless the use of such rate becomes inappropriate due to major erratic changes over the period. The resulting translation difference is recorded as a separate item of shareholders' equity under "Translation adjustments".

4.5 – Intangible assets

Intangible assets purchased separately or acquired in the context of a business combination
Intangible assets purchased separately are recorded at their acquisition cost and those purchased in a business combination are recorded at fair value on the acquisition date when allocating the acquisition cost of the entity. The fair value is set by referring to the generally accepted methods such as those based on revenues or market value.

Intangible assets consist of certain licences, the "Eutelsat" brand and the associated "Customer Contracts and Relationships" assets. Because their lifetimes are indefinite, the "Eutelsat" brand and the licences are not amortised but are systematically tested for impairment on a yearly basis.

The "Customer Contracts and Relationships" assets are amortised on a straight-line basis over their economic life.

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

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

The Group spent €10.1 million on research and development during the financial period ended 30 June 2013, including €9.1 million development costs recorded as intangible assets.

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

4.6 – Goodwill

Goodwill is measured at cost at the date of the business combination, representing the difference between the aggregate of the fair value of the consideration transferred and the amount of non-controlling interests, and the net amount of identifiable assets acquired and liabilities assumed.

Goodwill arising from the acquisition of a subsidiary is separately identified in the consolidated balance sheet under “Goodwill”. Goodwill arising from the acquisition of an associated company is included within the book value of the investment within the item “Investments in associates”.

After initial recognition at cost, goodwill is measured at cost less any cumulative impairment losses.

Goodwill is tested for impairment at least annually or whenever events or circumstances indicate that the carrying amount may be impaired. Such events or circumstances arise when there are significant adverse developments that call into question the recoverable amount of the initial investment.

4.7 – Satellites and other property and equipment

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

Borrowing costs incurred for the financing of tangible assets are capitalised with respect to the portion incurred during the period of construction. In the absence of a loan specifically related to the asset under construction, the capitalised interest is calculated on the basis of a capitalisation rate, which is equal to the weighted average of the borrowing costs of the Company during the period after taking into account the financing structure of the Group.

Satellites – Satellite costs include all expenses incurred for commissioning individual satellites and comprise manufacturing, launch and associated launch insurance costs, capitalised interest, performance incentives and costs directly attributable to monitoring the satellite programme (studies, staff and consultancy costs).

Satellite performance incentives – The Group has a number of contracts with its satellite manufacturers that require the Group to make certain performance incentive payments upon the initial entry into operational service of the satellites and with respect to future periods of successful satellite operation in orbit. These items are part of the cost of the satellite and are recognised as an asset offsetting a liability equal to the net present value of the expected payments. Any subsequent change in the amount of such an incentive payment with respect to one or more periods is recognised as an adjustment to the cost of a satellite. The new value of the satellite is amortised on a prospective basis over the remaining useful life.

Ground equipment – This item comprises the monitoring and control equipment at various European locations and equipment at Group headquarters, including technical installations, office furniture and computer equipment.

Depreciation and amortisation – Amortisation is calculated on a straight-line basis over the estimated useful lives of assets, which are determined on the basis of the expected use of the assets. Depreciation includes, where appropriate, the residual value of each asset or group of assets, starting from the date when the asset enters into operational use.

The useful lives of the main categories of fixed assets are as follows:

Satellites	10 – 22 years
Traffic monitoring equipment	5 – 10 years
Computer equipment	2 – 5 years
Leasehold improvements	3 – 10 years

The Group conducts an annual review of the remaining useful lives of its in-orbit satellites on the basis of both their forecast utilisation and the technical assessment of their useful lives. When a significant change occurs, depreciation is charged for the years to come by taking into account the asset's revised remaining useful life.

Construction in progress – The "Construction in progress" item primarily consists of percentage completion payments for the construction of future satellites and advances paid in respect of launch vehicles and related launch insurance costs. Studies, staff and consultancy costs, interest and other costs incurred directly in connection with satellite acquisition are also capitalised.

Assets under finance leases – Agreements whereby the Group uses capacity on all or part of a satellite's transponders are recognised as an asset with its corresponding liability in accordance with IAS 17 "Leases" when the terms and conditions of the contracts are such that they are considered as finance leases in that they transfer substantially all risks and rewards incidental to ownership to the Group. Assets are depreciated over the shorter of their useful lives and the corresponding lease terms.

4.8 – Impairment of non-current assets

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

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

An impairment test consists of appraising the recoverable amount of an asset, which is the higher of its fair value net of disposal costs and its value in use. If it is not possible to estimate the recoverable value of a particular asset, the Group determines the recoverable amount of the cash-generating unit (CGU) with which it is associated. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. In order to define its CGUs, the Group takes into account the conditions of use of its fleet, and in particular the capacity of certain satellites to be used as back-up for other satellites.

It is not always necessary to estimate both the fair value of an asset net of disposal costs and its value in use. If either of these amounts is greater than the book value of the asset, its value has not been impaired and there is no need to estimate the other amount.

The Group estimates value in use on the basis of the estimated future cash flows (discounted using the Group's WACC) to be generated by an asset or a CGU during its useful life, based upon the medium-term plan approved by Management and reviewed by the Board of Directors. Using a WACC per segment would have no impact on the results of this test. Revenues in the medium-term plan are based upon the order backlog for each satellite, market studies, and the deployment plan for existing and future satellites. Costs given in the plan that are used for the impairment test consist mainly of in-orbit insurance costs and also satellite operation and control costs directly attributable to the satellites tested. Beyond a maximum five-year period, cash flows are estimated on the basis of stable rates of growth or decline.

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

Impairment losses and their reversals are recognised in the income statement under the item “Other operating costs and income”. An impairment of goodwill cannot be reversed.

As of 30 June 2013, each satellite and “Customer Contracts and Relationships”, grouped by orbital position, as well as the investment in the Hispasat Group, were identified as CGUs.

4.9 – Inventories

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

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

4.10 – Financial instruments

Financial assets in respect of which changes in fair value are recorded in the income statement, including trading financial assets and derivatives, are initially recorded at fair value. Other financial assets and liabilities are recorded at cost, which is their fair value plus costs directly attributable to the transaction.

In accordance with IAS 39 "*Financial Instruments: Recognition and Measurement*", IAS 32 "*Financial Instruments: Presentation*", and IFRS 7 "*Financial Instruments: Disclosures*", the Group has adopted the following classification for financial assets and liabilities, which is based on the objectives determined by Management at acquisition date. The designation and classification of these instruments are determined at initial recognition.

4.10.1 – Financial assets

Financial assets are classified, reported and measured as follows:

Financial assets measured at fair value through the income statement
Financial assets measured at fair value through the income statement include financial instruments designated as being measured at fair value through the income statement at initial recognition. This category includes derivatives unless they are designated as hedges, and

mutual fund investments (managed on the basis of their fair values) measured by applying the fair value option through the income statement.

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

Assets held for sale

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

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

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

Loans and receivables

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

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

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

4.10.2 – Financial liabilities

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

4.10.3 – Derivative instruments

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

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

4.10.4 – Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine whether there is an indication of impairment. Impairment is recognised in the income statement when there is objective evidence that the asset is impaired. Examples of target impairment indicators include defaulting on contractual payment terms, significant financial hardship of the lender or borrower, a likelihood of bankruptcy or an extended or significant decline in the price of the listed shares.

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

The Group’s customers mainly comprise international telecommunications operators, broadcasters and other users of commercial satellite communications. Management regularly monitors its exposure to credit risk and recognises allowances for bad customer debt and doubtful payments of other receivables, based on expected cash-flows, under the heading "selling, general and administrative expenses". The method of recognising allowances for bad debt is based on experience and is periodically applied to determine a recoverable percentage based on how long the receivables have been on our books.

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

4.10.5 – Hedging transactions

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

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

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

Cash-flow hedging

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

Changes in the fair value of a hedging instrument relating to the effective portion of a hedge are recognised in shareholders' equity. Changes in fair value relating to the ineffective portion of a hedge are recognised in the income statement under financial result.

The cumulative changes in the fair value of a hedging instrument previously recognised in shareholders' equity are reclassified in the income statement when the hedged transaction affects profit or loss. Reclassified gains and losses are recorded under profit and loss, at the level of the hedged item.

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

4.10.6 – Fair value of financial instruments

Fair value is the amount for which a financial asset could be exchanged, or an extinguished liability, between knowledgeable, willing parties in an arm's length transaction.
The fair value of financial assets and liabilities traded on active markets (as in the case of certain equity interests, certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities that are not listed on an active market is determined by the Group using appropriate valuation methods and assumptions reflecting market conditions at balance sheet date.

4.10.7 – Firm or conditional commitments to purchase non-controlling interests

Under the revised IAS 27 "*Consolidated and Separate Financial Statements*", and IAS 32 "*Financial Instruments: Presentation*", the Group recognises the fair value of firm or conditional commitments to purchase non-controlling interests as financial debt, offset by a reduction in non-controlling interests.

Any change in the fair value of the obligation subsequent to its initial recognition is treated as an adjustment affecting the income statement.

4.11 – Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant.

4.12 – Shareholders' equity

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

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

Grant of stock options
Rewards granted to employees under stock-option plans are measured on the date the options are granted and represent additional employee compensation. This is recognised under personnel expenses over the vesting period of the rights representing the reward granted to the employee and is offset by increases in equity (equity settled plans) or by recognition of a debt (for plans deemed to be cash-settled plans).

Similarly, in accordance with IFRS 2 "*Share-based Payment*", awards granted to employees in the form of public issues or other capital transactions are measured at grant date. They represent additional compensation, which is recorded during the financial year as an expense recognised over the vesting period.

4.13 – Revenue recognition

The Group's revenues are mainly attributable to the allotment of space segment capacity on the basis of terms and conditions set out in the contracts.

These contracts usually cover periods ranging from one year to the end of life of the satellite. Contracts usually provide for the right to free-of-charge time in cases of service interruptions caused by under-performing transponders. Pursuant to certain contractual termination rights, the agreement can usually be terminated after two years with a one-year notice period and, depending on the type of contract, payment of the difference between the contractual price and the price that would have been paid for a contract with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

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

Deferred revenues include unearned balances of amounts received in advance from customers. Such amounts are recorded as revenue on a straight-line basis over the corresponding duration of the relevant transponder contracts or of the services provided.

4.14 – Other operating income and expenses

The other operating income and expenses include:

- Significant and infrequent factors such impairment of intangible assets, launch failures and their related insurance reimbursements, as well as international non-commercial litigation net of the legal costs incurred;
- The impacts of changes in scope evolutions (including business combination costs and sales of tangible assets).

4.15- Deferred taxes

Deferred taxes are the result of temporary differences arising between the tax base of an asset or liability and its book value. Deferred taxes are recognised for each fiscal entity in respect of all temporary differences, with some exceptions, using the balance sheet liability method.

Accordingly, deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from goodwill for which amortisation is not deductible for tax purposes or from the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss; and

- when the deferred tax liability arises from investments in subsidiaries, associated companies or joint ventures unless the Group is able to control the reversal of the difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be charged. However, a deferred tax asset is not recognised if it arises from a deductible temporary difference generated by the initial recognition of an asset or liability other than in a business combination which, at the time of the transaction, does not affect the accounting or the taxable profit, or the tax loss.

The book value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of the deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Deferred taxes are not discounted and are recorded as non-current assets and liabilities.

4.16 – Earnings per share

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

4.17 – Post-employment benefits

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

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

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

A complete assessment of the discounted present value of the benefit is outsourced each year and reviewed at interim periods to identify any significant changes.

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

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

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

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

4.18 – Financial guarantee granted to a pension fund

Following the acquisition of Eutelsat S.A. in April 2005, the Group granted a financial guarantee to the pension fund for the obligations that had been assigned to a trust prior to the contribution transactions that led to the creation of Eutelsat. This defined-benefit pension scheme has been closed and the vested pension rights were frozen prior to the transfer. The risk resulting from this financial guarantee has been analysed, assessed and reported in the same way as defined benefit plan obligations described in Note 4.17 - *Post-employment benefits*, despite the fact that the Group has not assumed the legal commitments entered into by the Intergovernmental Organisation ("IGO") in respect of the pension fund.

4.19 – Provisions

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

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

If the effect of the time value of money is material, the amount of the provision will be equal to the discounted value of anticipated expenditure needed to settle the obligation. The discounted value is calculated using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

Increases in provisions recorded to reflect the passage of time and the effect of discounting are recognised as financial expenses in the income statement.

NOTE 5: GOODWILL AND OTHER INTANGIBLES

The “Goodwill and other intangibles” item breaks down as follows:

Changes in gross assets, depreciation and amortisation

(In millions of euros)	Goodwill	Customer contracts and relationships	Eutelsat brand	Other intangibles	Total
Gross assets					
30 June 2011	**807.8**	**889.0**	**40.8**	**49.4**	**1,787.0**
Acquisitions	-	-	-	19.4	19.4
Disposals	-	-	-	-	-
Transfers	-	-	-	0.8	0.8
30 June 2012	**807.8**	**889.0**	**40.8**	**69.6**	**1,807.2**
Acquisitions	47.9	32.0	-	25.7	105.6
Disposals	-	-	-	-	-
Transfers	-	-	-	0.7	0.7
Foreign exchange impact	-	(0.3)	-	(0.7)	(1.0)
30 June 2013	**855.7**	**920.7**	**40.8**	**95.3**	**1 912.5**
Depreciation and amortisation:					
Accumulated depreciation as of 30 June 2011	**-**	**(277.8)**	**-**	**(30.4)**	**(308.1)**
Annual allowance	**-**	**(44.5)**	**-**	**(8.5)**	**(53.0)**
Reversals	**-**	**-**	**-**	**-**	**-**
Impairment	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation as of 30 June 2012	**-**	**(322.3)**	**-**	**(38.9)**	**(361.2)**
Annual allowance	-	(46.1)	-	(9.7)	(55.8)
Reversals	-	-	-	-	-
Impairment	-	-	-	-	-
Accumulated depreciation as of 30 June 2013	**-**	**(368.4)**	**-**	**(48.6)**	**(417.0)**
Net value as of 30 June 2011	**807.8**	**611.2**	**40.8**	**19.0**	**1,478.8**
Net value as of 30 June 2012	**807.8**	**566.7**	**40.8**	**30.7**	**1,446.0**
Net value as of 30 June 2013	**855.7**	**552.3**	**40.8**	**46.7**	**1,495.5**

The prevailing economic conditions observed as of 30 June 2013 did not lead Management to review the goodwill annual impairment test, carried out on 31 December 2012. On that date, the recoverable value as measured by analysing the implicit market value (fair value) of Eutelsat S.A. based on the stock-exchange value of Eutelsat Communications S.A. (and taking into account this Company’s debt) compared with / corroborated by the latest private transactions involving Eutelsat S.A. shares did not call into question the amount shown on the balance sheet.

The Group’s Management took the view that the current context did not alter assumptions made on 31 December 2012, the decrease in the stock price being far from sufficient to require a new impairment test.

The share price on the stock-exchange would have to drop by at least 61% for the fair value to fall below the carrying amount. Should such an event occur, a test would be carried out based on the value in use.

The increase in goodwill relates to the acquisitions of DH-Intercomm and Eutelsat International. These goodwill are not yet allocated at 30 June 2013.

NOTE 6: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

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

Changes in gross assets, depreciation and amortisation

(In millions of euros)	Satellites [1]	Other property and equipment	Construction in progress	Total
Gross assets				
Gross value at 30 June 2011	**3,340.0**	**231.1**	**698.0**	**4,269.1**
Acquisitions	1.2	32.6	464.9	498.7
Disposals and scrapping of assets	(296.8)	(2.1)	-	(298.9)
Transfers	445.1	(4.4)	(444.3)	(3.6)
Gross value at 30 June 2012	**3,489.5**	**257.2**	**718.6**	**4,465.3**
Acquisitions	135.2	39.5	487.5	662.2
Disposals and scrapping of assets	(1.5)	(1.9)	-	(3.4)
Transfers	734.1	10.5	(745.3)	(0.7)
Foreign exchange impact	(2.3)	-	-	(2.3)
Gross value at 30 June 2013	**4,355.0**	**305.3**	**460.8**	**5,121.1**
Depreciation				
Accumulated depreciation as of 30 June 2011	**(1,512.6)**	**(108.3)**	**-**	**(1,620.9)**
Annual allowance	(224.8)	(30.8)	-	(255.6)
Reversals	296.4	2.6	-	299.0
Impairment	-	-	-	-
Accumulated depreciation as of 30 June 2012	**(1,441.0)**	**(136.5)**	**-**	**(1,577.5)**
Annual allowance	(256.3)	(31.9)	-	(288.2)
Reversals	1.5	1.4	-	2.9
Impairment	-	-	-	-
Accumulated depreciation as of 30 June 2013	**(1,695.8)**	**(167.0)**	**-**	**(1,862.8)**
Net value as of 30 June 2011	**1,827.4**	**122.8**	**698.0**	**2,648.2**
Net value as of 30 June 2012	**2,048.5**	**120.7**	**718.6**	**2,887.8**
Net value as of 30 June 2013	**2,659.2**	**138.3**	**460.8**	**3,258.3**

[1] Including satellites under finance leases:

(In millions of euros)	
Gross value	91.8
Net value as of 30 June 2013	**22.7**

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

(In millions of euros)	**Gross value**		
SESAT 2 (1)	60.0	12 transponders	Contract dated March 2004 covering the satellite's remaining useful life
TELSTAR 12	15.0	4 transponders	Agreement dated December 1999 covering the satellite's remaining useful life
EUTELSAT 3A	16.8	10 transponders	Agreement dated December 2010 covering the satellite's remaining useful life

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

Satellite-related transfers at 30 June 2012 correspond to the entry into operational service of the EUTELSAT 7 West A and EUTELSAT 16A satellites launched during the financial year.

Satellite-related transfers at 30 June 2013 correspond to the entry into operational service of the EUTELSAT 21B, EUTELSAT 70B and EUTELSAT 3D satellites launched during the financial year.

The fully depreciated W75 and W1 satellites were de-orbited during the financial year ended 30 June 2012.
During the financial year ended 30 June 2013, the fully-depreciated Telecom 2D was also de-orbited.

Construction in progress

The satellites listed below are currently under construction and should start to operate at the following periods:

Projects	**Period of operational start**
EUTELSAT 25B, EXPRESS AT1, EXPRESS AT2 and EUTELSAT 3B	*2013-2014*
EUTELSAT 9B	*2014-2015*
EUTELSAT 65WA, EUTELSAT 8WB and EUTELSAT 36C	*2015-2016*

NOTE 7: INVESTMENTS IN ASSOCIATES

At 30 June 2012 and 30 June 2013, the "Investments in associates" item is as follows:

(In millions of euros)	30 June 2012	30 June 2013
Solaris Mobile	5.8	3.9
Hispasat	188.0	257.4
Total	**193.8**	**261.3**

7.1 – Solaris Mobile Ltd

During the 2007-2008 financial year, the Group set up a company in partnership with SES Astra called Solaris Mobile Ltd. (Solaris) in Dublin (Ireland) to provide services in the S band.

Following an anomaly observed on the S-band payload embarked on the EUTELSAT 10A satellite born by Solaris, the asset was fully impaired from 30 June 2009.

However, the Company remains confident in its ability to meet the commitments entered into with the European Commission with respect to frequency operation.

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

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

(In millions of euros)	30 June 2012	30 June 2013
Value of the equity investment at beginning of period	**8.1**	**5,8**
Capital reduction	-	-
Share of income	(2.3)	(1,9)
Impact of income and expenses directly recognised under equity	-	-
Value of the equity investment at end of period	**5.8**	**3,9**

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

(In millions of euros)	30 June 2012	30 June 2013
Non-current assets	4.0	3,9
Current assets	8.4	4,0
Non-current liabilities	-	-
Current liabilities	0.7	0,2
Total net assets	**11.7**	**7,7**
Operating income	-	-
Net income	**(4.6)**	**(3,9)**

7.2 – Hispasat Group

At 30 June 2012, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 27.69% of the Hispasat group, a private unlisted Spanish satellite operator, where Group Abertis is the majority shareholder.

At 27 December 2012, Eutelsat exercised its preemption right over the sale by Telefonica of its stake in the capital of the Spanish satellite operator Hispasat. The exercise of this right enabled the Group to acquire 19 359 new Hispasat shares for an amount of €56 million (excluding acquisition costs), bringing its stake in the operator's capital to 33.69%.

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

(In millions of euros)	30 June 2012	30 June 2013
Value of the equity investment at beginning of period	**180.3**	**188.0**
Acquisition of supplementary stake	-	57.9
Share of income	13.7	16.2
Impact of income and expenses directly recognised under equity and dividends	(6.0)	(4.7)
Value of the equity investment at end of period	**188.0**	**257.4**

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

(In millions of euros)	30 June 2012	30 June 2013
Goodwill	-	15,2
Intangible rights [(1)]	27.7	33,7
Service agreement [(2)]	0.8	0,7
Investment in Hisdesat	5.0	6,1
Sub-total	**33.5**	**55,7**
Hispasat net assets	154.5	201,8
Total	**188.0**	**257,4**

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

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

The following table presents the annual accounts of the Hispasat group:

(In millions of euros)	31 December 2011	31 December 2012
Non-current assets	892.8	962.1
Current assets	179.9	183.5
Non-current liabilities	388.4	386.0
Current liabilities	90.0	128.3
Total net assets	**594.3**	**631.3**
Operating income	182.4	200.3
Net income	**56.1**	**51.4**

At 30 June 2012 and 2013, "Income from equity investments" in the consolidated income statement corresponds to the Group's share of IFRS income from:

- Hispasat, after amortisation of the identified intangible assets;
- Solaris Mobile Ltd.

NOTE 8: NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are primarily made up of long-term loans and advances.

Long-term loans and advances mainly consist of loans to social welfare bodies for €1.5 million and guarantee deposits paid for renting Eutelsat S.A. premises in Paris.

NOTE 9: INVENTORIES

Gross and net inventories amount to €2.8 million and €0.9 million at 30 June 2012 and €2.2 million and €1.3 million at 30 June 2013. They mainly comprise receiving antennas and modems.

The allowance for stock depletion is €1.9 million and €0.9 million respectively for the financial periods ended 30 June 2012 and 2013.

NOTE 10: ACCOUNTS RECEIVABLE

Credit risk is the risk that a debtor of the Group will not pay when the debt matures. This is a risk that mainly affects "accounts receivable" and is followed up for each entity under the supervision of the financial personnel responsible. In the most important cases, the relevant financial personnel are assisted by a credit manager, acting in accordance with the instructions of the Group's debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and may be accompanied by a more detailed investigation of the creditworthiness of a number of debtors. Depending on the assessment conducted by the financial staff, the entities concerned may, after validation by the Group, be asked to hedge the credit risk by taking out credit insurance or obtaining guarantees compatible with the assessed level of risk.

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

As of 30 June 2012, the net value of these receivables was €270.9 million. The corresponding impairment charge stood at €31.0 million.

As of 30 June 2013, the net value of these receivables is €272.7 million. The corresponding impairment charge stood at €34.8 million.

Accounts receivable at 30 June 2012 and 2013 are for short-term amounts and bear no interest.

The Group considers that it is not subject to concentration risk, owing to the diversity of its customer portfolio at 30 June 2013 and the fact that no legal entity billed by the Group accounts individually for more than 10% of its revenues. Credit risk is managed primarily through bank guarantees with leading financial institutions, by deposits and credit insurance.

During the financial year 2012-2013, the Group continued to feel the impact of the current economic crisis in some of the areas in which it operates. Consequently, special vigilance is called for with regard to clients in geographical areas considered as being most exposed to the effects of the financial crisis. Nonetheless, the Company considers that bad debt represents only a limited risk, as unrecoverable debt is estimated at around 3.2 % of the value of accounts receivable at 30 June 2013.
The amount of bad debt represents €1.2 million and €1.3 million at 30 June 2012 and 2013 respectively.

10.1 – Change in the allowance for bad debt

(In millions of euros)	Total
Value at 30 June 2011	**26.6**
Annual allowance	15.1
Reversals (used)	(1.2)
Reversals (unused)	(9.5)
Value at 30 June 2012	**31.0**
Annual allowance	17.8
Reversals (used)	(1.3)
Reversals (unused)	(12.7)
Value at 30 June 2013	**34.8**

10.2 – Analysis of accounts receivable (matured and unmatured)

(In millions of euros)	30 June 2012	30 June 2013
Non-matured receivables	192.0	193.7
Unimpaired matured receivables	74.9	72.3
Between 0 and 30 days	*59.9*	*51.0*
Between 30 and 90 days	*3.9*	*9.8*
More than 90 days	*11.1*	*11.5*
Matured and impaired receivables	35.0	41.4
Between 0 and 30 days	-	-
Between 30 and 90 days	*9.7*	*13.4*
More than 90 days	*25.3*	*28.0*
Impairment	**(31.0)**	**(34.8)**
Total	**270.9**	**272.7**

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

(In millions of euros)	30 June 2012		30 June 2013	
	Value of accounts	Value of guarantee	Value of accounts	Value of guarantee
Guarantee deposits	86.8	32.1	57.4	31.3
Bank guarantees	81.2	61.4	75.6	70.0
Guarantees from the parent company	15.9	15.9	16.5	16.5
Total	**183.9**	**109.4**	**149.5**	**117.8**

Guarantee deposits are recognised under "Other liabilities" (see Note 17 – *Other Financial Liabilities*). Bank guarantees and guarantees from parent companies are not shown on the balance sheet.

NOTE 11: OTHER CURRENT ASSETS

Other current assets are as follows:

(In millions of euros)	**30 June 2012**	**30 June 2013**
Prepaid expenses	6.2	5.7
Tax and employee-related receivable	11.8	12.9
Total	**18.0**	**18.6**

NOTE 12: CURRENT FINANCIAL ASSETS

(In millions of euros)	**30 June 2012**	**30 June 2013**
Hedging instruments [1]	0.3	0.6
Other receivables	19.3	29.7
Total	**19.6**	**30.3**

[1] See Note 26.3 – *Financial Instruments.*

NOTE 13: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(In millions of euros)	**30 June 2012**	**30 June 2013**
Cash	38.3	105.9
Cash equivalents	66.8	142.1
Total	**105.1**	**248.0**

Cash equivalents are mainly made up of deposit certificates, which mature less than three months from the date of acquisition, and mutual fund investments qualifying as “cash equivalents” (see Note 4.11 – *Cash and cash equivalents*).

NOTE 14: FINANCIAL ASSETS

The following tables give a breakdown of each balance sheet item representing financial instruments by category, and indicates its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared:

(In millions of euros)	*Category of financial instruments*	**Net carrying amount at 30 June 2012**				**Fair value at 30 June 2012**
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	
Assets						
Non-current financial assets						
Unconsolidated investments	*Available for sale*	-	-			-
Long-term loans and advances	*Receivables*	3.2	3.2			3.2
Current financial assets						
Accounts receivable	*Receivables*	270.9	270.9			270.9
Other receivables	*Receivables*	19.3	19.3			19.3
Financial instruments [(1)]						
Qualified as cash-flow hedges	*N/A*	0.3		0.3		0.3
Non-qualified as cash-flow hedges	*Held for trading purposes*	-			-	-
Cash and cash equivalents						
Cash	*N/A*	38.3	38.3			38.3
Mutual fund investments [(2)]	*Fair value*	59.6		-	59.6	59.6
Other cash equivalents	*Receivables*	7.2	7.2			7.2

[(1)] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
[(2)] Fair value hierarchy: level 1 (reflecting quoted prices).

(In millions of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2013				**Fair value at 30 June 2013**
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	
Assets						
Non-current financial assets						
Unconsolidated investments	*Available for sale*					
Long-term loans and advances	*Receivables*	4.4	4.4			4.4
Current financial assets						
Accounts receivable	*Receivables*	272.7	272.7			272.7
Other receivables	*Receivables*	29.7	29.7			29.7
Financial instruments [1]						
Qualified as cash-flow hedges	*N/A*	0.2		0.2		0.2
Non-qualified as cash-flow hedges	*Held for trading purposes*	0.4			0.4	0.4
Cash and cash equivalents						
Cash	*N/A*	105.9	105.9			105.9
Mutual fund investments [2]	*Fair value*	113.1		-	113.1	113.1
Other cash equivalents	*Receivables*	29.0	29.0			29.0

[1] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).
[2] Fair value hierarchy: level 1 (reflecting quoted prices).

NOTE 15: SHAREHOLDERS'EQUITY

15.1 – Shareholders' equity

As of 30 June 2013, the share capital of Eutelsat Communications S.A. comprised 220 113 982 ordinary shares with a par value of €1 per share. As of the same date, in terms of treasury stock, the Group holds 176,110 treasury shares amounting to €4.2 million under a liquidity agreement. As of 30 June 2012, the Group was holding 151 895 such shares corresponding to a total amount of €3.4 million. Furthermore, under the free share allocation plans (see below), the Group holds 263,909 equity shares amounting to € 6.1 million. The aggregate amount of treasury stock is deducted from shareholders' equity.

Changes in the share capital and the additional paid-in capital of the Company since 30 June 2012 are presented below:

Definitive date of each operation	Operations	Number of shares issued/ cancelled	Nominal capital increase/reduction (in millions of euros)	Additional paid-in capital (in millions of euros)	Nominal share capital after each operation (in millions of euros)	Cumulative number of shares	Par value of shares (in euros)
30/06/2012		-	-	453.2	220.1	220,113,982	1
08/11/2012	Distribution of dividends (GM of 08/11/2012)	-	-	-	220.1	220,113,982	1
30/06/2013		**-**	**-**	**453.2**	**220.1**	**220,113,982**	**1**

15.2 – Dividends

On 8 November 2012, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €1.00 per share, i.e. a total of €219.2 million, taken from net income for the financial year 2011-2012.

The amount of the distribution for the financial year ended 30 June 2013, which is being proposed to the General Meeting on 07 November 2013, is €237.7 million, i.e. €1.08 per share.

15.3 – Share-based remuneration

Free Share Allocation

There are currently three such plans implemented by the Group in February 2010, July 2011 and November 2012.

Under the three plans, the expense recognised for the financial period ended 30 June 2013, with a double entry to shareholders' equity, was €4.3 million.

Features	Plan 02/2010	Plan 07/2011	Plan 11/2012
Vesting period	February 2010 - February 2013	July 2011 – July 2014 (1)	November 2012- November 2015(2)
Settled in	Shares	Shares	Shares
Lock-up period	February 2013 - February 2015	July 2014 – July 2016 (3)	November 2015- November 2017(3)
Maximum number of attributable shares	700,000	700,000	347,530
Expense for the period (In millions of euros)	2.1	1.5	0.7
Aggregate valuation of plan at 30/06/2012 (In millions of euros)	11.7	4.6	3.6

(1) For foreign subsidiaries, the vesting period is July 2011 to July 2015.
(2) For foreign subsidiaries, the vesting period is November 2012 to November 2016
(3) There is no lock-up period for foreign subsidiaries.

The plan started in February 2010 matured on 1 February 2013. 536,091 vested shares were ultimately granted.

Furthermore, in accordance with IAS 32 “Financial Instruments: Presentation”, the acquisition cost of shares bought back by the Group under the above free share allocation plans will be recorded as a reduction to the Group’s share of shareholders’ equity.

Liquidity offer for employees of the Group who are shareholders in Eutelsat S.A.
Since 30 June 2012, under a liquidity agreement implemented in December 2012 and May 2013, the Group has acquired 35,233 Eutelsat S.A. shares from Eutelsat S.A. employees. The acquisition cost amounted to €0.2 million.

15.4 – Change in the revaluation reserve of financial instruments

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

(In millions of euros)	**Total**
Balance at 30 June 2012	**(32.5)**
Recyclable changes in fair value within equity	(3.4)
Transfer to the income statement [1]	25.9
Balance at 30 June 2013	**(10.0)**

[1] This amounts corresponds to coupons due and matured on the interest rate heding instruments (see Note 24 – *Financial result*).

The revaluation reserve of financial instruments does not include the Hispasat portion, which amounts to €1.1 million.

15.5 – Translation reserve

(In millions of euros)	**Total**
Balance at 30 June 2012	**1.3**
Change over the period	(4.2)
Balance at 30 June 2013	**(2.9)**

The translation reserve does not include the €(2.6) million change in the translation adjustment for Hispasat.

NOTE 16: FINANCIAL DEBT

At 30 June 2012 and 2013, all debt was denominated in euros and US dollars.

- *Financial information at 30 June 2012 and 2013:*

(In millions of euros)	**Rate**	**30 June 2012**	**30 June 2013**	**Maturity**
Term loan 2016	Variable	800.0	800.0	06 December 2016
Bond 2017 (1)	4.145%	850.0	850.0	27 March 2017
Bond 2019 (1)	5.000%	800.0	800.0	14 January 2019
Bond 2022 (1)	3.125%	-	300.0	10 October 2022
US Exim financing debt	1.710%	-	42.0	15 November 2021
ONDD financing debts	Variable	-	95.1	31 August 2024
Sub-total of debt (non-current portion)		**2,450.0**	**2,887.1**	
Loan set-up fees and premiums		(28.9)	(38.0)	
Total of debt (non-current portion)		**2,421.1**	**2,849.1**	
Bank overdrafts		17.3	0.1	
Accrued interest not yet due		35.6	35.8	
Total of debt (current portion)		**53.0**	**35.9**	

(1) The fair values are presented below:

(In millions of euros)	**30 June 2012**	**30 June 2013**
Bond 2017	939.8	931.9
Bond 2019	886.5	927.7
Bond 2022	-	305.1

The weighted average interest rate on amounts drawn under the revolving credit facility for the period ended 30 June 2013 is 1.47%.

As of 30 June 2013, the Group also has €650.0 million available under its various lines of undrawn revolving credit.

- *Change in structure*

The Group has issued a 10-year €300 million bond issued on 1 October 2012 on the Luxembourg Stock Exchange regulated market, with maturity date of 10 October 2022. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 3.125% per annum, issued at 99.148%, and redeemable at maturity at 100% of its nominal amount.

In May 2012, the Group signed a financing agreement with the US Ex-Im bank (Export-Import Bank of the United States) over USD 66.2 million for the investment in one geostationary satellite.
As of 30 June 2013, the Group has drawn USD 54.9 million. The loan will be repaid in 17 equal semi-annual instalments starting on 15 November 2013. The final maturity will be eight years after the initial repayment date. The facility bears interest at a fixed rate of 1.71%.

In April 2013, the Group signed a financing agreement with the "Office National du Ducroire" (or ONDD), the Belgian export financing department, over € 208.9 million for an investment in one geostationary satellite and one launcher.
As of 30 June 2013, the Group has drawn €95.1 million. The loan will be repaid in 17 equal semi-annual instalments starting on 31 December 2015 at the earliest. The final maturity will be eight years after the initial repayment date. The facility bears interest at a variable rate.

- *Debt maturity analysis*

At 30 June 2013, the debt maturity analysis is as follows:

(In millions of euros)	**Amount**	**Maturity within one year**	**Maturity between 1 and 5 years**	**Maturity exceeding 5 years**
Term loan	800.0	-	800.0	-
Bond 2017	850.0	-	850.0	-
Bond 2019	800.0	-	-	800.0
Bond 2022	300.0	-	-	300.0
US Exim financing debt	42.0	4.9	19.7	17.3
ONDD financing debts	95.1	-	21.6	73.5
Total	**2,887.1**	**-**	**1,730.1**	**1,157.0**

- *Compliance with banking covenants*

The new ONDD and US Exim financing agreements are linked to financial covenants identical to those existing on other agreements (the ratio between total net debt and EBITDA must remain less than or equal to 3.75 to 1). The banking covenants over existing financing agreements at 30 June 2013 did not evolve since their inception. As of 30 June 2013, the Group was in compliance with all banking covenants under its credit facilities.

- *Risk management*

Information on interest rate risk and liquidity risk is available in Note 18 – *Financial Liabilities* and Note 26 – *Financial Instruments.*

NOTE 17: OTHER FINANCIAL LIABILITIES

Other financial liabilities break down as follows:

(In millions of euros)	30 June 2012	30 June 2013
Financial instruments [(1)]	38.5	11.2
Performance incentives [(2)]	12.5	7.3
Finance leases [(3)]	11.2	7.2
Other liabilities	62.2	97.7
Total	**124.4**	**123.4**
- incl. current portion	*78.5*	*40.5*
- incl. non-current portion	*45.9*	*82.9*

[(1)] See Note 26 – *Financial Instruments*

[(2)] Including interest related to "Performance incentives" of €4.1 million at 30 June 2012 and €2.3 million at 30 June 2013.

[(3)] Including interest related to finance leases for amounts lower than €0.1 million at 30 June 2012 and at 30 June 2013.

"Other liabilities" mainly comprise advance payments and deposits from clients, and debts over non-controlling interests.

NOTE 18: FINANCIAL LIABILITIES

18.1 - Breakdown by category

(In millions of euros)	*Category of financial instruments*	**Net carrying amount at 30 June 2012**				**Fair value at 30 June 2012**
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	
Liabilities						
Financial debt						
Floating rate loans	*At amortised cost*	789.1	789.1			789.1
Bond	*At amortised cost*	1 631.9	1 631.9			1 826.3
Fixed rate loans	*At amortised cost*	-	-			-
Bank overdrafts	*N/A*	17.3	17.3			17.3
Other financial liabilities						
Non-current	*At amortised cost*	45.9	45.9			45.9
Current	*At amortised cost*	40.0	40.0			40.0
Financial instruments [1]						
Qualified as cash-flow hedges		33.8		33.8		33.8
Qualified as trading instruments		4.7			4.7	4.7
Accounts payable	*At amortised cost*	47.2	47.2			47.2
Fixed assets payable	*At amortised cost*	16.5	16.5			16.5

[1] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

(In millions of euros)	*Category of financial instruments*	Net carrying amount at 30 June 2013				Fair value at 30 June 2013
		Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	
Liabilities						
Financial debt						
Floating rate loans	*At amortised cost*	877.9	877.9			877.9
Bond	*At amortised cost*	1,931.2	1,931.2			2,164.7
Fixed rate loans	*At amortised cost*	40.0	40.0			40.0
Bank overdrafts	*N/A*	0.1	0.1			0.1
Other financial liabilities						
Non-current	*At amortised cost*	82.9	82.9			82.9
Current	*At amortised cost*	29.3	29.3			29.3
Financial instruments [1]						
Qualified as cash-flow hedges		11.1		11.1		11.1
Qualified as trading instruments		0.1			0.1	0.1
Accounts payable	*At amortised cost*	64.9	64.9			64.9
Fixed assets payable	*At amortised cost*	66.8	66.8			66.8

[1] Fair value hierarchy: level 2 (observable inputs other than quoted prices in active markets).

NOTE 19: OPERATING AND FINANCE LEASES

19.1 – Operating leases

Eutelsat S.A. pays rent for use of its registered office located in Paris. The operating lease was renewed in advance on 25 November 2009 for a nine year-period starting on 1 August 2009 with contractual maturity date at 31 July 2018 and a fixed term of six years and five months. The rent expense amounted to €3.9 million and €4.0 million for the financial years ended 30 June 2012 and 2013 respectively. Future payments with respect to the lease agreement are detailed in the following table:

(In millions of euros)	Total	Less than 1 year	From 1 to 5 years	More than 5 years
Future payments for operating leases	10.8	4.3	6.5	-

19.2 – Finance leases

The Group operates three satellites under finance leases. None of the finance leases includes a purchase option at the expiry of the lease term. The last finance lease contract expires in 2016.

At 30 June 2013, two of the three finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to €0.6 million at 30 June 2012 and €0.4 million at 30 June 2013.

NOTE 20: OTHER PAYABLES AND DEFERRED REVENUES

20.1 – Non-current portion

Other non-current debts only comprise deferred revenue.

20.2 – Current portion

Other current payables and deferred revenues were as follows at 30 June 2012 and 2013:

(In millions of euros)	**30 June 2012**	**30 June 2013**
Deferred revenues	54.4	47.8
Tax liabilities	10.9	3.1
Liabilities for social contributions (1)	32.2	35.2
Total	**97.5**	**86.1**

(1) Including the liability related to the liquidity offer of €4.8 million at 30 June 2012 and €4.6 million at 30 June 2013.

NOTE 21: INCOME TAX

The scope of the tax consolidation for the Group headed by Eutelsat Communications includes the following subsidiaries: Eutelsat S.A., Eutelsat VAS S.A.S., Eutelsat Communications Finance S.A.S., Fransat S.A. and Skylogic France S.A.S..

The companies Eutelsat Communications and Eutelsat S.A. which are included in the tax consolidation group headed by Eutelsat Communications are subject to a tax audit for financial years ended 30 June 2009, 2010 and 2011;
Subsequent to the inspection, the tax authorities notified Eutelsat Communications and Eutelsat S.A., on 20 December 2012, of tax adjustments of €1.5 million and €26.1 million respectively, including late payment interests and any penalties.

In view of the strong arguments held by Eutelsat Communications S.A. and Eutelsat S.A., the proposed tax reassessments have been challenged.

Based on the information available at balance sheet date, Eutelsat S.A. did not book any provision in respect of the tax inspection, and considered it a contingent liability.

21.1 – Income-statement tax balances

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

The Group's income tax expense is as follows:

(In millions of euros)	30 June 2012	30 June 2013
Current tax expense	(178.3)	(193.6)
Deferred tax income (expense)	(3.8)	(14.8)
Total income tax expense	**(182.1)**	**(208.4)**

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

(In millions of euros)	30 June 2012	30 June 2013
Income before tax and income from equity investments	511.8	564.0
Standard French corporate tax rate	36.10%	36.10%
Theoretical income-tax expense	(184.8)	(203.6)
Permanent differences and other items	2.7	(4.8)
Corporate tax expense in the income statement	**(182.1)**	**(208.4)**
Actual corporate tax rate	*35.6%*	*37.0%*

As of 30 June 2012, the difference between the actual corporate income tax rate and the theoretical income tax rate was mainly explained by the recognition of a deferred tax asset.

As of 30 June 2013, the difference between the actual corporate income tax rate and the theoretical income tax rate is largely explained by the new French tax laws.

21.2 – Balance-sheet tax balances

Deferred tax assets and liabilities correspond to the aggregate net financial positions of the consolidated entities. Changes in the deferred tax balances between 30 June 2012 and 30 June 2013 were as follows:

(In millions of euros)	30 June 2012	Net income for the period	Recognised in equity	30 June 2013
Deferred tax assets				
Financial Instruments	12.4	(0.6)	(8.1)	3.7
Provisions for impairment of assets	9.5	(2.1)	-	7.4
Capitalisation of losses carried forward	12.0	(3.3)	-	8.7
Bad-debt provisions	17.5	2.0	-	19.5
Financial guarantee granted to the pension fund	5.3	1.0	-	6.3
Provisions for risks and expenses	1.5	0.3	-	1.8
Accrued liabilities	4.8	0.4	-	5.2
Pension provision	2.8	0.2	-	3.0
Sub-total (a)	***65.8***	***(2.1)***	***(8.1)***	***55.6***
Deferred tax liabilities				
Intangible assets	(209.9)	15.3	-	(194.6)
Exceptional depreciation	(146.2)	(26.4)	-	(172.6)
Capitalised interest	(2.6)	0.5	-	(2.1)
Finance leases	(1.1)	0.2	-	(0.9)
Capitalised salaries and performance incentives	(0.4)	(1.3)	-	(1.7)
Other	(5.9)	(1.0)	-	(6.9)
Sub-total (b)	***(366.1)***	***(12.7)***	***-***	***(378.8)***
Total = (a) + (b)	***(300.3)***	***(14.8)***	***(8.1)***	***(323.2)***
Reflected as follows in the financial statements:				
Deferred tax assets	23.9			13.0
Deferred tax liabilities	(324.2)			(336.2)
Total	***(300.3)***			***(323.2)***

Deferred tax assets and liabilities break down as follows:

(In millions of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	3.8	(20.7)
Due after one year	9.2	(315.5)
Total	**13.0**	**(336.2)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by:

- The accounting treatment at fair value of "Customer contracts and relationships" and of the Eutelsat brand, valued at €929.8 million (see Note 5 - *Goodwill and other Intangibles*), giving rise, on the occasion of the acquisition of Eutelsat S.A., to an initial deferred tax liability of €320.1 million. The €44.4 million amortisation of customer contracts over 20 years generates a deferred tax income.

- Accelerated depreciation ("amortissements dérogatoires") of satellites.

NOTE 22: PROVISIONS

(In millions of euros)	30 June 2012	Allowance	Reversal		30 June 2013
			Used	Unused	
Financial guarantee granted to a pension fund	15.3	3.1	-	-	18.4
Retirement indemnities	8.0	0.9	(0.2)	-	8.7
Post-employment benefits[1]	2.3	0.4	(0.3)	-	2.4
Total post-employment benefits	**25.6**	**4.4**	**(0.5)**	**-**	**29.5**
Litigation[2]	5.9	5.3	(0.2)	(4.0)	7.0
Other	0.6	0.1	-	(0.2)	0.5
Total provisions	**32.0**	**9.8**	**(0.7)**	**(4.2)**	**37.0**
- non-current portion	**25.6**	**4.4**	**(0.5)**	**-**	**29.6**
- current portion	**6.5**	**5.4**	**(0.2)**	**(4.2)**	**7.5**

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

[2] Litigation recorded at end of period comprises business, employee and tax litigation.

22.1 – Financial guarantee granted to a pension fund

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

This guarantee can be called under certain conditions to compensate for future under-funding of the plan.

The actuarial valuation performed on 30 June 2012 and 2013 used the following assumptions:

	30 June 2012	**30 June 2013**
Discount rate	3.50%	3.00%
Expected rate of return on assets	3.50%	3.00%
Rate for pension increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Overall expenses (as a % of assets)	0.58%	0.58%
Mortality table	TGH2005-TGF2005	TGH2005-TGF2005
Pensionable age	61	61

As of 30 June 2012 and 2013, the position was as follows:

Comparative summary:

(In millions of euros)	30 June				
	2009	**2010**	**2011**	**2012**	**2013**
Present value of obligations wholly or partly funded	134.2	163.9	151.7	202.7	225.3
Fair value of plan assets	(148.0)	(151.6)	(156.2)	(155.0)	(159.9)
Net financing requirement	**(13.8)**	**12.3**	**(4.5)**	**47.7**	**65.4**
Actuarial differences and other gains/(losses) – amortised	36.5	9.6	23.6	(32.4)	(47.0)
Net (asset)/liability recorded in the	**22.7**	**21.9**	**19.1**	**15.3**	**18.4**

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

(In millions of euros)	**30 June 2012**	**30 June 2013**
Present value of the obligations at beginning of period	**151.7**	**202.7**
Service cost for the period	-	-
Finance cost	7.5	7.0
Actuarial differences: (gains)/losses	49.1	20.7
Benefits paid	(5.6)	(5.1)
Present value of the obligations at end of period	**202.7**	**225.3**

The absence of service costs is explained by the fact that rights were frozen and that the IGO pension fund was closed prior to the transfer of business on 2 July 2001.

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

(In millions of euros)	**30 June 2012**	**30 June 2013**
Fair value of plan assets at beginning of period	**156.2**	**155.0**
Expected return on plan assets	6.2	5.4
Actuarial differences: gains/(losses)	(5.9)	4.5
Contributions paid	4.1	-
Benefits paid	(5.6)	(5.0)
Fair value of plan assets at end of period	**155.0**	**159.9**

The fair value of plan assets does not include any amounts relating to any financial instruments issued by Eutelsat S.A. nor any property occupied by or other assets used by, Eutelsat S.A..

The actual return on the plan's assets was €0.4 million and €0.9 million at 30 June 2012 and 2013 respectively.

Net expense (net gains) recognised in the income statement:

(In millions of euros)	30 June 2012	30 June 2013
Service cost for the period	-	-
Finance cost	7.5	7.0
Expected return on plan assets	(6.3)	(5.4)
Actuarial differences: (gains)/losses - amortised	(0.9)	1.5
Net expense (net gains) recognised in the income statement	**0.3**	**3.1**

Reconciliation of assets and obligations recognised in the balance sheet:

(In millions of euros)	30 June 2012	30 June 2013
Provision at beginning of period	**19.1**	**15.3**
Net expense/(net gains) recognised in the income statement	0.3	3.1
Contributions paid	(4.1)	-
Provisions at end of period	**15.3**	**18.4**

22.2 – Post-employment benefits

a) Retirement indemnities

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

The actuarial valuations performed at 30 June 2012 and 2013 were based on the following assumptions:

	30 June 2012	30 June 2013
Discount rate	3.50%	3.00%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TF/TH04-06	TF/TH04-06
Retirement age	65	65
Type of retirement	Volutary	Volutary
Rate of employer’s contributions	52%	52%

Staff turnover per age bracket is based on past experience within Eutelsat S.A. and is reviewed every three years. The latest review was carried out during the period 2012-2013.

Age (years)	2012 Turnover	2013 Turnover
25	10.72	7.72
30	7.21	5.42
35	5.21	3.69
40	3.97	2.38
45	3.14	1.40
50	2.23	0.66
55	0.00	0.10
60	0.00	0.00

As of 30 June 2012 and 2013, the position was as follows:

Comparative summary:

(In millions of euros)	30 June				
	2009	**2010**	**2011**	**2012**	**2013**
Present value of obligations not	**7.1**	**7.9**	**8.0**	**9.3**	**12.4**
Past-service cost (amortised)	1.2	1.1	1.0	1.0	0.9
Actuarial differences: gains/(losses) -	(2.2)	(2.4)	(1.5)	(2.3)	(4.6)
Liability recognised on balance sheet	**6.1**	**6.6**	**7.5**	**8.0**	**8.7**

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

(In millions of euros)	30 June 2012	30 June 2013
Present value of the obligations at beginning of period	**7.9**	**9.3**
Service cost for the period	0.5	0.6
Finance cost	0.4	0.3
Actuarial differences and (gains)/losses	0.8	2.4
Termination indemnities paid	(0.3)	(0.2)
Present value of the obligations at end of period	**9.3**	**12.4**

Net expense recognised in the income statement:

(In millions of euros)	30 June 2012	30 June 2013
Service cost for the period	0.5	0.6
Financial cost	0.4	0.3
Amortisation of past service cost	(0.1)	(0.1)
Actuarial differences: (gains)/losses - amortised	-	0.1
Net expense recognised in the income statement	**0.8**	**0.9**

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

(In millions of euros)	30 June 2012	30 June 2013
Provision at beginning of period	**7.4**	**8.0**
Net expense recognised in the income statement	0.9	0.9
Termination indemnities paid	(0.3)	(0.2)
Provision at end of period	**8.0**	**8.7**

Past experience and changes in assumptions:

(In millions of euros)	30 June 2013
History of experience regarding the value of obligations: (gains)/losses	0.9
Impact of changes in assumptions	1.4
	2.3

b) Supplementary schemes

The Group also has a defined-contribution funded plan for its employees working in France (excluding directors and corporate officers who are employees), financed by employees' and employer's contributions of 6% of gross annual salary, limited to eight times the French Social Security threshold. There are no other commitments in relation to these contributions. Employer's contributions paid under the plan stood at €1.5 million and €1.6 million as of 30 June 2012 and 2013 respectively.

Some directors and corporate officers of Eutelsat Communications S.A. and Eutelsat S.A. (among key management personnel) have a supplementary defined benefits plan, which is financed by quarterly contributions to the fund managers. As of 30 June 2012, the expense for the period totalled €0.1 million. In view of the fact that since 30 June 2012, no directors or corporate officers have been eligible for the plan, all vested rights were settled by the Company and outstanding liabilities were paid off.

c) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant bodies that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were €6.6 million and €6.9 million at 30 June 2012 and 2013 respectively.

NOTE 23: SEGMENT INFORMATION

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

The performance indicators that are monitored by the decision making body include turnover, EBITDA (EBITDA is defined as the operating result before amortisation and depreciation, impairment of assets and other operating income and expense), 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 lease 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 than the one used in 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, the share attributable to non-controlling interests and the share attributable to the Group.

23.1 – Segment reporting

(In millions of euros)	**30 June 2012**	**30 June 2013**
Total revenues	**1,222.2**	**1,284.1**
Total operating costs	**(265.0)**	**(288.8)**
EBITDA	**957.2**	**995.3**
Depreciation and amortisation:	(308.9)	(344.6)
Other operating income (expenses), net	(7.0)	30.8
Operating income	**641.3**	**681.5**
Total interest	(132.4)	(114.1)
Income tax	(182.1)	(208.4)
Other financial income (expenses)	2.8	(3.5)
Net income before revenue from equity investments and non-controlling interests	**329.7**	**355.5**
Income from equity investments	11.4	14.3
Net income	**341.1**	**369.8**
Non-controlling interests	(15.0)	(14.9)
Net income attributable to the Group	**326.1**	**354.9**
Tangible investments (cash flow)	**487.5**	**566.4**
Net debt (including finance leases)	**2,373.6**	**2,646.5**

23.2 – Information per geographical zone

Group revenues by geographical zone, based on invoice addresses, for the financial periods ended 30 June 2012 and 2013 are as follows:

(In millions of euros and as a percentage)	**30 June 2012**		**30 June 2013**	
Regions	**Amount**	**%**	**Amount**	**%**
France	145.2	11.9	153.9	12.0
Italy	194.5	15.9	203.7	15.9
United Kingdom	94.3	7.7	100.2	7.8
Europe (other)	402.2	32.9	410.7	32.0
Americas	171.8	14.1	169.1	13.2
Middle-East	141.3	11.6	150.9	11.8
Africa	65.4	5.4	67.0	5.2
Asia	9,5	0,8	25.1	2.0
Other (*)	(2,0)	(0,2)	3.5	0.3
Total	**1,222.2**	**100.0**	**1,284.1**	**100.0**

(*) Including €3.5 million and €9.8 million in indemnity payments for late delivery for the periods ended 30 June 2012 and 2013 respectively.

Most of the Group's assets are satellites in orbit. The remaining assets are mainly located in France and in Italy.

NOTE 24: FINANCIAL RESULT

The financial result is made up as follows:

(In millions of euros)	30 June 2012	30 June 2013
Interest expense after recycling[1]	(119.6)	(133.2)
Debt issuing expenses[2]	(15.9)	(8.2)
Capitalised interests[3]	23.0	26.3
Cost of debt	**(112.5)**	**(115.1)**
Financial income	3.9	2.5
Cost of net debt	**(108.6)**	**(112.6)**
Change in valuation of financial instruments[4]	(24.3)	1.5
Foreign exchange impact	4.0	(1.6)
Other	(0.6)	(4.8)
Financial result	**(129.6)**	**(117.5)**

[1] The interest expense was affected by instruments qualified as interest-rate hedges to the amount of €28.3 million and €25.8 million as of 30 June 2012 and 30 June 2013 respectively.

[2] The debt issuing expenses are made up of the amortization of all debt issuing costs and premiums.

[3] The amount of capitalised interest greatly depends on the progress and number of satellite construction programmes during the financial period concerned.
The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.8% at 30 June 2012 and 4.4% at 30 June 2013.

[4] The fair value variations of financial instruments mainly include:
- the changes in fair value of financial instruments not qualified for hedging,
- the ineffective portion of financial instruments qualified for a hedge relationship,
- the de-qualifications/sales of hedging instruments (cf. Note 26 – Financial instruments).

NOTE 25: EARNINGS PER SHARE

The following table shows the reconciliation between net income and net earnings attributable to shareholders (basic and diluted) used to compute earnings per share (basic and diluted). There are no dilutive instruments as of 30 June 2012 and 30 June 2013.

(In millions of euros)	30 June 2012	30 June 2013
Net income	**341.1**	**369,8**
Income from subsidiaries attributable to non-controlling interests, before taking into account the dilutive instruments in the subsidiaries	(14.8)	(14.9)
Net earnings used to compute diluted earnings per share	**326.3**	**354,9**

NOTE 26: FINANCIAL INSTRUMENTS

The Group is exposed to market risks, principally in terms of currency and interest-rates. Exposure to such risks is actively managed by Management, and for this purpose the Group employs a certain number of derivatives, the objective of which is to limit, where appropriate, revenue and cash-flow fluctuations due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to hedge such exposure and comply with its financial covenants. The Group does not engage in financial transactions whose associated risk cannot be quantified at maturity, i.e. the Group never sells assets it does not own, or about which it is uncertain whether or not it will own them subsequently.

26.1 – Foreign-exchange risk

During the financial years ended 30 June 2012 and 2013, the Group only sold synthetic forwards with a knock-in option.

The net position in terms of controlling foreign-exchange risk at 30 June 2013 is as follows:

The net foreign currency exchange position, presented below, mainly includes monetary items denominated in USD, of subsidiaries whose functional currency is the euro.

(In millions of euros)

Assets	115.3
Liabilities	(90.2)
Net position before risk management	**25.1**
Off-balance-sheet position (foreign exchange hedging)	(22.9)
Net position after risk management	**2.2**

The Group's main exposure to foreign exchange risk concerns the US dollar.
The Group has hedge instruments against its exposure to the risk of euro/US dollar volatility on its future turnover in US dollars of up to US$90 million over the next six months.

Given its exposure to foreign-currency risk, the Group believes that a 10-cent increase in the US dollar/euro exchange rate would have a €3.3 million impact on Group income and would result in a negative change in Group OCI amounting to €9.0 million and a change of €26.2 million in Group translation reserve.

26.2 – Interest rate risk

Interest-rate risk management

During the financial year ended 30 June 2013 and in accordance with its hedging policy, the Group hedges its exposure to changes in interest rates by the use of hedging instruments such as:
- 2 swaps for a notional amount of €350 million,
- 2 collars for a notional amount of €350 million, and
- 1 cap for a notional amount of €100 million.

Sensitivity to interest-rate risk

Given the full range of financial instruments available to the Group at 30 June 2013, a ten base-point increase (+0.10 %) over the EURIBOR interest rate would have an insignificant impact on the interest expense, and the revaluation of financial instruments in the income statement. It would result in a positive change amounting to €1.5 million in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

26.3 – Key figures at 30 June 2021 and 2013

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives by type of contract as of 30 June 2012 and 2013. The instruments are valued by an independent expert and this valuation is verified/validated by the Group's banking counterparts.

(In millions of euros)	**Notionnal**		**Fair Values**		**Change in fair value over the period**	***Impact on income (excl. coupons)*** **(1)**	***Impact on equity***
	30 June 2012	**30 June 2013**	**30 June 2012**	**30 June 2013**			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	103.3	68.7	(4.8)	0.4	5.2	1.3	3.9
Total forex derivatives	***103.3***	**68.7**	***(4.8)***	**0.4**	**5.2**	**1.3**	**3.9**
Swap	800.0	-	(27.1)	-	27.1	-	23.2
Future Swaps	350.0	350.0	(3.9)	(6.8)	(2.9)	-	(2.7)
Collars	350.0	350.0	(2.2)	(4.3)	(2.1)	-	(2.0)
Caps	100.0	100.0	0.3	0.2	(0.1)	(0.1)	-
Collars (2)	100.0	100.0	(0.4)	(0.1)	0.3	0.3	-
Total interest rate derivatives	***1,700.0***	**900.0**	***(33.3)***	**(11.0)**	**22.3**	**0.2**	**18.6**
Total derivatives			**(38.1)**	**(10.6)**	**27.5**	**1.5**	**22.5**
Equity interests							1.1
Total							**23.6**

(1) The ineffective portion of the hedges was not significant and has not been isolated.
(2) Instrument not qualifying as hedges.

At 30 June 2013, the cumulative fair value of financial instruments was positive at €0.6million and negative at €11.2 million (cf. Note 17 – *Other Financial Liabilities* and Note 12 – *Other Financial Assets*).

Impact on income statement and equity

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

- The coupons on swaps that qualify as cash flow hedges are directly recognised under income. Changes recognised in equity with respect to these instruments correspond to changes in fair value excluding coupons (“clean fair value”).

26.4 – 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, execution and credit risk by acquiring financial products from first-rate financial institutions and banks. Exposure to these risks is closely monitored and maintained within predetermined limits.

The Group does not foresee any loss resulting from a failure by its counterparties to fulfil their contractual obligations.

26.5 – Liquidity risk

The Group manages liquidity risk by using a tool enabling it to monitor and manage its recurrent cash flow needs. This tool takes account of 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 the continuity and flexibility of its funding requirements through the use of overdraft facilities, term loans, and revolving lines of credit from banks, bond loans and satellite lease agreements.

The Group’s debt maturity is reflected in the table below.

Breakdown of net financial liabilities by maturity (In millions of euros):

At 30 June 2012	Balance-sheet value	Total contractual cash flows	06/2013	06/2014	06/2015	06/2016	06/2017	More than 5 years
Term loan Eutelsat Com.	(789.1)	(919.3)	(26.5)	(26.5)	(26.5)	(26.5)	(813.3)	-
Eutelsat S.A. bond	(1,631.9)	(2,105.3)	(75.0)	(75.1)	(75.0)	(75.1)	(925.1)	(880.0)
Eutelsat S.A. foreign exchange derivatives*	(4.8)	(4.8)	(4.8)	-	-	-	-	-
Eutelsat Communications interest rate derivatives	(33.2)	(33.2)	(27.9)	-	-	(5.3)	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	(0.5)	(0.5)	(0.5)	-	-	-	-	-
Bank overdrafts	(17.3)	(17.3)	(17.3)	-	-	-	-	-
Total financial debt	**(2,476.8)**	**(3,080.4)**	**(152.0)**	**(101.6)**	**(101.5)**	**(106.9)**	**(1,738.4)**	**(880)**
Other financial liabilities	(86.0)	(88.6)	(40.3)	(8.5)	(7.0)	(0.6)	-	(32.2)
Total financial liabilities	**(2,562.8)**	**(3,169.0)**	**(192.3)**	**(110.1)**	**(108.5)**	**(107.5)**	**(1,738.4)**	**(912.2)**
Non-qualifying Eutelsat S.A. interest rate derivatives*	0.3	0.3	0.3	-	-	-	-	-
Financial assets	22.5	22.5	19.2	-	-	-	-	3.3
Cash	38.3	38.3	38.3	-	-	-	-	-
Mutual fund investments	59.6	59.6	59.6	-	-	-	-	-
Other cash equivalents	7.2	7.2	7.2	-	-	-	-	-
Total financial assets	**127.9**	**127.9**	**124.6**	**-**	**-**	**-**	**-**	**3.3**
Net position	**(2,434.9)**	**(3,041.1)**	**(67.7)**	**(110.1)**	**(108.5)**	**(107.5)**	**(1,738.4)**	**(908.9)**

(*) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

At 30 June 2013	**Balance-sheet value**	**Total contractual cash flows**	**06/2014**	**06/2015**	**06/2016**	**06/2017**	**06/2018**	**More than 5 years**
Term loan Eutelsat Com.	(791.6)	(868.6)	(19.6)	(19.6)	(19.6)	(809.8)	-	-
Eutelsat S.A. bonds	(1,931.2)	(2,464.0)	(84.4)	(84.4)	(84.4)	(934.4)	(49.4)	(1,186.9)
US Exim financing debt	(40.0)	(45.2)	(5.6)	(5.6)	(5.5)	(5.4)	(5.3)	(17.9)
ONDD financing debts	(86.3)	(107.7)	(1.8)	(1.8)	(4.3)	(12.5)	(12.7)	(74.7)
Eutelsat Communications interest rate derivatives	(11.1)	(11.1)	(0.7)	-	(10.4)	-	-	-
Non-qualifying Eutelsat S.A. interest rate derivatives*	(0.1)	(0.1)	(0.1)	-	-	-	-	-
Bank overdrafts	(0.1)	(0.1)	(0.1)	-	-	-	-	-
Total financial debt	**(2,860.4)**	**(3,456.9)**	**(112.4)**	**(111.4)**	**(124.2)**	**(1,762.1)**	**(67.3)**	**(1,279.5)**
Other financial liabilities	(112.2)	(113.6)	(31.7)	(41.3)	(23.3)	(8.5)	(4.8)	(4.0)
Total financial liabilities	**(2,972.6)**	**(3,570.5)**	**(144.1)**	**(152.5)**	**(147.5)**	**(1,770.6)**	**(72.1)**	**(1,283.5)**
Non-qualifying Eutelsat S.A. interest rate derivatives*	0.4	0.4	0.4	-	-	-	-	-
Non-qualifying Eutelsat Communications interest rate derivatives*	0.2	0.2	0.2	-	-	-	-	-
Financial assets	34.1	34.1	29.7	-	-	-	-	4.4
Cash	105.8	105.8	105.8	-	-	-	-	-
Mutual fund investments	113.1	113.1	113.1	-	-	-	-	-
Other cash equivalents	29.0	29.0	29.0	-	-	-	-	-
Total financial assets	**282.6**	**282.6**	**278.2**	**-**	**-**	**-**	**-**	**4.4**
Net position	**(2,690.0)**	**(3,287.9)**	**134.1**	**(152.5)**	**(147.5)**	**(1,770.6)**	**(72.1)**	**(1,279.1)**

(*) Amounts broken down under derivative instruments are recognised at fair value (not as contractual cash flows).

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

(In millions of euros)	Fair value recognised in equity and to be reclassified to income						
	Total	**One year at most**	**One to two years**	**Two to three years**	**Three to four years**	**Four to five years**	**More than 5 years**
- Foreign-exchange-risk hedges	-	-	-	-	-	-	-
- Interest-rate risk hedges	(10.0)	-	-	(10.0)	-	-	-
Net total at 30 June 2013 (*)	**(10.0)**	**-**	**-**	**(10.0)**	**-**	**-**	**-**

* Excluding equity investments for a negative amount of €2.6million.

NOTE 27: OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2013, Management considers that, to the best of its knowledge, no commitments exist that may have an impact on the Group's present or future financial position with the exception of the following items:

27.1 – Purchase commitments

At 30 June 2013, future payments under satellite construction and financing contracts amount to €1,1141 million (including €859 million with related parties), and future payments under launch agreements amount to €352 million. These commitments are spread over 18 years.

The Group also has commitments with suppliers for the acquisition of assets and provision of services for satellite monitoring and control.

The following table lists the payments for these services and acquisitions as of 30 June 2012 and 30 June 2013:

(In millions of euros)	**30 June 2012**	**30 June 2013**
2013	43	-
2014	27	53
2015	24	24
2016	18	17
2017 and beyond(*)	67	16
2018 and beyond	-	62
Total	**179**	**172**

(*) For the period ended 30 June 2012 only.

At 30 June 2013, the above total includes € 4 million for purchase commitments entered into with related parties.

The Group may receive penalty payments linked to incidents affecting the performance of its operational satellites.

27.2 – Fleet insurance

As of 30 June 2013, the Group's existing Launch + 1 year insurance and in-orbit insurance policies have been taken out with insurance syndicates, generally with ratings of between AA- and A+. Counterpart risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2012. The programme has been designed with a view to minimising, at an acceptable cost, the impact of one or several satellite losses on the balance sheet and the income statement. The satellites covered under this policy are insured for their net book value.

On 1 July 2013, this policy was replaced by a new 12-month programme.

27.3 – Commitments received

The Group has received a purchase commitment with no time limit, which it can exercise twice a year in respect of its equity in Hispasat.

27.4 – Litigation

The Group is involved in a number of cases of litigation in the normal course of its business. In respect of the expected cost of such litigation, regarded as probable by the Company and its advisers, the Company has set aside provisions considered to be sufficient enough to cover the risks incurred (see Note 22 – *Provisions*).

On 6 April 2011, Eutelsat initiated a request for arbitration before the International Chamber of Commerce against Deutsche Telekom and MediaBroadcast to enforce its rights at the orbital position 28.5° East.

The rights to certain frequencies at this orbital position are currently exploited by Eutelsat under an agreement dated June 1999 between Eutelsat and Deutsche Telekom whose satellite activity has since been transferred to MediaBroadcast.

Pursuant to a settlement agreement signed between Eutelsat S.A. and Deutsche Telekom on 7 February 2013, the Court of Arbitration terminated the arbitration proceedings between the two companies.

In an initial ruling, the Arbitration Court declared it had no competent jurisdiction with respect to Media Broadcast. This prompted Eutelsat to appeal against the court's decision, seeking its revocation by the Paris Court of Appeal.

On 16 October 2012, Eutelsat filed a request for arbitration against SES before the International Chamber of Commerce. This request is grounded on a breach by SES of the Intersystem Coordination Agreement signed with Eutelsat in 1999, whose object is to coordinate Eutelsat's and SES's respective operations at several orbital positions, including 28.2 degrees East and 28.5 degrees East.

At this stage, the Group is confident of its ability to have its rights enforced.

27.5 – Contingent Liability

The companies Eutelsat Communications and Eutelsat S.A. which are included in the tax consolidation group headed by Eutelsat Communications are subject to a tax audit for financial years ended 30 June 2009, 2010 and 2011;

Subsequent to the inspection, the tax authorities notified Eutelsat Communications and Eutelsat S.A., on 20 December 2012, of their respective tax adjustments of €1.5 million and €26.1 million, including late payment interest and penalties.

In view of the strong arguments held by Eutelsat Communications S.A. and Eutelsat S.A., the proposed tax reassessments have been challenged.

Based on elements held at the balance sheet date, Eutelsat S.A. did not book any provision in respect of the tax inspection, and considered it a contingent liability.

NOTE 28: RELATED-PARTY TRANSACTIONS

Related parties consist of:

- direct and indirect shareholders, and their subsidiaries, 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 Group entity;

- minority shareholders of entities which the Group consolidates under the full consolidation method;

- companies in which the Group has an equity interest that it consolidates under the equity method, and

- key management personnel.

The Group considers that the concept of "key management personnel" as applied to Eutelsat's governance 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.

28.1 – Related parties other than "key management personnel"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities as of 30 June 2012 and 2013 are as follows:

(In millions of euros)	**30 June 2012**	**30 June 2013**
Gross receivables including unbilled revenues [1]	8.6	5.1
Liabilities (including accrued invoices)	0.2	0.5

[1] Including €0.3 million and €0.02 million for entities accounted for via the equity method as of 30 June 2012 and 2013 respectively.

Related party transactions included in the income statements for the periods ended 30 June 2012 and 2013 are as follows:

(In millions of euros)	30 June 2012	30 June 2013
Revenues [(1)]	37.8	24.6
Operating costs, selling, general and administrative expenses	0.8	2.1
Financial result	-	-

[(1)] Including €1.6 million and €1.6 million for entities accounted for via the equity method as of 30 June 2012 and 2013 respectively.

For the year ended 30 June 2013, no related party transaction accounts individually for more than 10% of revenues.

In addition, the Group has entered into agreements with some shareholders for the provision of services related to the monitoring and control of its satellites.

28.2 – Remuneration paid to members of the "key management personnel"

(In millions of euros)	30 June 2012	30 June 2013
Remunerationexcluding employer's charges	1.9	1.0
Short-term benefits: employer's charges	0.5	0.3
Total short-term benefits	**2.4**	**1.3**
Post-employment benefits [(1)]	-	-
Other long-term benefits (indemnity payment for unintended termination of activity	-	-
Share-based payment	0.7	0.5

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

Share-based payment

At its meetings of 1st February 2010, 28 July 2011 and 8 November 2012, the Board of Directors approved free share allocation plans for the benefit of members of the Group's administrative and management bodies subject to conditions set out in the plan and to set 50% holding rate for all fully vested shares during the terms of office of the Company's directors and corporate officers ("mandataires sociaux").

The value of the benefit granted is spread over a three-year vesting period. The expense recognised with a double entry to shareholders' equity for the periods ended 30 June 2012 and 2013, was €0.7 million and €0.5 million respectively.

NOTE 29: STAFF COSTS

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

(In millions of euros)	30 June 2012	30 June 2013
Operating costs	43.2	46.0
Selling, general and administrative expenses	57.0	64.4
Total [1]	**100.2**	**110.4**

[1] Including €5.3 million and €4.3 million at 30 June 2012 and 30 June 2013 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	30 June 2012	30 June 2013
Operations	338	359
Selling, general and administrative	409	431
Total	**747**	**790**

As of 30 June 2013, the Group had 822 employees, against 756 on 30 June 2012.

Remuneration paid to the Eutelsat Communications' directors and corporate officers ("mandataires sociaux") employed by the Group was €1.3 million for the year ended 30 June 2013. €0.1 million were paid to the members of the Board of Directors as attendance fees during the reporting period.

The Group has a corporate savings plan (“Plan d’Epargne d’Entreprise” or PEE) for Eutelsat S.A. employees with more than three months of service, funded by employees’ voluntary contributions.

The Group also has an employee incentive scheme /profit sharing agreement (“Accord d’intéressement") for its Eutelsat S.A. subsidiary, which was set up for a three-year period, based on objectives reviewed annually.

NOTE 30: COMPANIES INCLUDED IN THE CONSOLIDATION

As of 30 June 2013, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2013	% interest at 30 June 2013
Eutelsat Communications Finance S.A.S.	France	FC	100.00%	100.00%
Eutelsat S.A.	France	FC	100.00%	96.34%
Eutelsat S.A. Sub-Group				
- EUTELSAT VAS S.A.S.	France	FC	100.00%	96.34%
- Fransat S.A.	France	FC	100.00%	96.34%
- Eutelsat do Brasil S.A. (1)	Brazil	FC	100.00%	96.34%
- Eutelsat Participaoes (1)	Brazil	IG	100.00%	96.34%
- Eutelsat Italia S.r.l	Italy	FC	100.00%	96.34%
- Skylogic S.p.a.	Italy	FC	100.00%	96.34%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.34%
- Eutelsat VisAvision GmbH	Germany	FC	100.00%	96.34%
- Eutelsat Inc.	United States	FC	100.00%	96.34%
- Eutelsat America Corp.	United States	FC	100.00%	96.34%
- Eutelsat UK Ltd	United Kingdom	FC	100.00%	96.34%
- Eutelsat Polska spZoo	Poland	FC	100.00%	96.34%
- Skylogic Polska spZoo	Poland	FC	100.00%	96.34%
- Skylogic Finland Oy	Finland	FC	100.00%	96.34%
- Skylogic France SAS	France	FC	100.00%	96.34%
- Skylogic Germany GmbH	Germany	FC	100.00%	96.34%
- Skylogic Mediterraneo S.r.l	Italy	FC	100.00%	96.34%
- Irish Space Gateways	Ireland	FC	100.00%	96.34%
- CSG Cyprus Space Gateways	Cyprus	FC	100.00%	96.34%
- Skylogic Eurasia	Turkey	FC	100.00%	96.34%
- Skylogic Greece	Greece	FC	100.00%	96.34%
- Skylogic Espana S.A.U.	Spain	FC	100.00%	96.34%
- Eutelsat Madeira Unipessoal Lda	Madeira	FC	100.00%	96.34%
- Wins Ltd (1)	Malta	FC	100.00%	67.44%
- Wins GmbH	Germany	FC	100.00%	67.44%
- DH Intercomm	Germany	FC	100.00%	50.58%
- Eutelsat Asia	Singapore	FC	100.00%	96.34%
- DSat Cinéma	Luxemburg	FC	100.00%	48.33%
- Eutelsat Middle-East	Dubai	FC	100.00%	96.34%
- Eutelsat International	Cyprus	FC	100.00%	49.13%
- Eutelsat Network	Russia	FC	100.00%	49.13%
- Hispasat S.A.(1)	Spain	EM	33.69%	32.45%
- Solaris Mobile Ltd (1)	Ireland	EM	50.00%	48.17%

FC: Full consolidation method
EM: Equity method
(1) Companies with financial years ending on 31 December.
NB: The other companies' financial year ends on 30 June.

Consolidation of these subsidiaries under the full consolidation method was performed using financial statements prepared as of 30 June 2013.

NOTE 31: SUBSEQUENT EVENTS

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

NOTE 32: STATUTORY AUDITORS' FEES

(In thousands of euros)	ERNST & YOUNG				MAZARS			
	Amount N	**%**	**Amount N-1**	**%**	**Amount N**	**%**	**Amount N-1**	**%**
Statutory audit								
Statutory audit, certification, review of separate and consolidated financial statements								
Eutelsat communications	168	18%	190	22%	133	29%	156	33%
Other subsidiaries	582	63%	517	59%	299	65%	259	55%
Other due care and services directly linked to the statutory audit task								
Eutelsat communications	34	4%	-	-			-	-
Other subsidiaries	63	7%	87	10%	31	7%	60	13%
Sub-total	**847**	**92%**	**794**	**90%**	**463**	**100%**	**475**	**100%**
Other services, when appropriate								
Legal, tax, social	74	8%	88	10%	-	-	-	-
Information technology	-	-	-	-	-	-	-	-
Internal audit	-	-	-	-	-	-	-	-
Others (to be specified if more than 10% of statutory audit fees)	-	-	-	-	-	-	-	-
Sub-total	**74**	**8%**	**88**	**10%**	**-**	**-**	**-**	**-**
TOTAL	**921**	**100%**	**882**	**100%**	**463**	**100%**	**475**	**100%**