Eutelsat SA Group

“Société anonyme” with a capital of 658,555,372.80 euros
Registered office: 70, rue Balard 75015 Paris
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CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 June 2014

CONSOLIDATED BALANCE SHEET

(in millions of euros)	Note	30 June 2013 [(1)]	30 June 2014
ASSETS			
Non-current assets			
Goodwill	5	47.9	296.2
Intangible assets	5	76.7	280.1
Satellites and other property and equipment	6	2,797.4	3,232.4
Construction in progress	6	460.8	847.6
Investments in associates	7	261.3	271.9
Non-current financial assets	8,14	3.0	12.5
Deferred tax assets	21	9.8	28.4
Total non-current assets		**3,656.9**	**4,969.1**
Current assets			
Inventories	9	1.2	1.4
Accounts receivable	10	273.3	323.9
Other current assets	11	18.2	15.6
Current tax receivable	21	1.7	43.6
Current financial assets	12.14	30.2	32.8
Cash and cash equivalents	13	216.1	285.9
Total current assets		**540.7**	**703.1**
Total assets		**4,197.7**	**5,672.2**

[(1)] The comparative accounts have been restated to include application of the IAS19R standard. See Note 3.7. - *Change in method*.

(in millions of euros)	Note	30 June 2013 [1]	30 June 2014
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	15	658.6	658.6
Additional paid-in capital	15	8.0	8.0
Reserves and retained earnings		854.9	907.6
Non-controlling interests		(20.3)	(19.7)
Total shareholders' equity		**1,501.2**	**1,554.4**
Non-current liabilities			
Non-current financial debt	16	2,124.4	3,158.4
Other non-current financial liabilities	17,18	83.0	294.1
Non-current provisions	22	80.3	86.5
Deferred tax liabilities	21	124.1	157.5
Total non-current liabilities		**2,411.8**	**3,696.5**
Current liabilities			
Current financial debt	16	34.8	48.1
Other current financial liabilities	17,18	28.8	34.6
Accounts payable		62.3	72.1
Fixed assets payable		66.8	52.8
Taxes payable		6.6	1.8
Other current payables	20	80.1	196.3
Current provisions	22	5.4	15.6
Total current liabilities		**284.7**	**421.3**
Total liabilities and shareholders' equity		**4,197.7**	**5,672.2**

[1] The comparative accounts have been restated to include application of the IAS19R standard. See Note 3.7. - *Change in method*.

CONSOLIDATED INCOME STATEMENT

(in millions of euros, except per share data)	Note	30 June 2013	30 June 2014
Revenues from operations	23.2	**1,286.4**	**1,350.7**
Operating costs		(120.5)	(132.1)
Selling. general and administrative expenses		(162.2)	(179.4)
Depreciation and amortisation	5.6	(300.1)	(356.9)
Other operating income and expenses		30.8	(7.9)
Operating income		**734.4**	**674.5**
Cost of debt		(62.2)	(101.9)
Financial income		2.3	12.4
Other financial items		(20.7)	(12.6)
Financial result	**24**	**(81.6)**	**(102.2)**
Income from associates	7	14.2	14.9
Net income before tax		**667.0**	**587.2**
Income tax expense	21	(235.0)	(211.5)
Net income		**432.1**	**375.8**
Attributable to the Group		431.8	375.3
Attributable to non-controlling interests		0.3	0.5
Earnings per share attributable to Eutelsat Communications' shareholders	**25**		
Basic and diluted earnings per share in euro		0.426	0.370

COMPREHENSIVE INCOME STATEMENT

(in millions of euros)	Note	30 June 2013 [1]	30 June 2014
Net income		**432.1**	**375.8**
Other recyclable items of gain or loss on comprehensive income			
Translation adjustment	15.5	(4.2)	7.7
Tax effect		-	-
Changes in post-employment benefits (IAS 19R)		(18.6)	2.5
Tax effect	21.2	6.7	(3.5)
Changes in fair value of hedging instruments	15.4	5.0	8.1
Tax effect	21.2	(1.7)	(3.2)
Total of other items of gain or loss on comprehensive income		**(12.8)**	**11.7**
Total comprehensive income		**419.3**	**387.5**
Attributable to the Group		419.0	387.0
Attributable to non-controlling interests		0.3	0.5

[1] The comparative accounts have been restated to include application of the IAS19R standard. See Note 3.7. - *Change in method*.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Note	30 June 2013	30 June 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net income		432.1	375.8
Income from equity investments	7	(14.2)	(14.9)
Tax and interest expense, other operating items		265.3	255.8
Depreciation, amortisation and provisions		307.5	386.8
Deferred taxes	21	29.9	30.4
Changes in accounts receivable		(9.7)	(80.4)
Changes in other assets		(16.5)	(0.8)
Changes in accounts payable		17.5	(4.0)
Changes in other debt		(17.3)	148.3
Taxes paid		(211.8)	(237.1)
Net cash flows from operating activities		**782.8**	**859.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of satellites, other property and equipment and intangible assets	6	(566.4)	(439.6)
Acquisition of equity investments and subsidiaries (net of cash acquired)	7.2, 3.8	(83.6)	(564.6)
Sale of Solaris	7.1	-	15.6
Dividends received from associates		3.2	2.6
Net cash flows from investing activities		**(646.8)**	**(985.9)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions		(283.9)	(334.3)
Increase in debt	16	445.5	930.0
Repayment of debt	16	(76.6)	(289.4)
Repayment in respect of performance incentives and long-term leases		(9.8)	(7.0)
Other loan-related expenses		(7.9)	(11.2)
Interest and other fees paid		(79.6)	(101.1)
Interest received		2.3	12.2
Other changes		2.3	(2.8)
Net cash flows from financing activities		**(7.6)**	**196.4**
Impact of exchange rate on cash and cash equivalents		0.1	(0.4)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**128.5**	**69.8**
Cash and cash equivalents, beginning of period		**87.4**	**215.9**
Cash and cash equivalents, end of period		**215.9**	**285.7**
Cash reconciliation			
Cash	13	216.0	285.7
Overdraft included under debt [1]	16	(0.1)	-
Cash and cash equivalents per cash flow statement		**215.9**	**285.7**

(1) Overdrafts are included in determining "Cash and cash equivalents" in the cash-flow statement as they are repayable on demand and form an integral part of the Group's cash-flow management. They are shown as "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 Number	Common stock Amount	Additional paid in capital	Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
As of 30 June 2012	**1,013,162,112**	**658.6**	**8.0**	**743.5**	**1,410.1**	**0.4**	**1,410.5**
Net income for the period				431.8	431.8	0.3	432.1
Other items of gain or loss on comprehensive income				(0.9)	(0.9)	-	(0.9)
Total comprehensive income				430.9	430.9	0.3	431.2
Transactions with non-controlling interests				1.2	1.2	(20.9)	(19.7)
Distributions				(283.9)	(283.9)	-	(283.9)
Benefits for employees upon exercising options and free shares granted				4.4	4.4	-	4.4
As of 30 June 2013 (published)	**1,013,162,112**	**658.6**	**8.0**	**896.1**	**1,562.7**	**(20.3)**	**1,542.5**
Restatement for IAS 19R				(41.3)	(41.3)	-	(41.3)
As of 30 June 2013 (restated)	**1,013,162,112**	**658.6**	**8.0**	**854.9**	**1,521.4**	**(20.3)**	**1,501.2**
Net income for the period				375.3	375.3	0.5	375.8
Other items of gain or loss on comprehensive income				11.7	11.7	-	11.7
Total comprehensive income				387.0	387.0	0.5	387.5
Treasury stock				0.2	0.2	-	0.2
Transactions with non-controlling interests				-	-	-	-
Distributions				(334.3)	(334.3)	-	(334.3)
Benefits for employees upon exercising options and free shares granted				(0.3)	(0.3)	-	(0.3)
Liquidity offer and others				0.1	0.1	0.1	0.1
As of 30 June 2014	**1,013,162,112**	**658.6**	**8.0**	**907.5**	**1,574.1**	**(19.7)**	**1,554.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. KEY EVENTS DURING THE FINANCIAL PERIOD

- Following its successful launch on 29 August 2013, the EUTELSAT 25B satellite went into operational service on 29 October 2013.

- On 13 December 2013, the Group raised 930 million euros through the issuance of a new 6-year bond (see Note 16 - *Financial debt*).

- On 1 January 2014, the acquisition of the Satmex Group announced on 31 July 2013 was finalised by the Group (see Note 3.8 - *Change in Group structure*).

- On 15 March 2014, the EXPRESS AT1 and EXPRESS AT2 satellites were successfully launched. EXPRESS AT1 went into operational service on 1 May 2014 and EXPRESS AT2on the beginning of July 2014.

- The EUTELSAT 3B satellite was successfully launched on 26 May 2014. It is due to enter service at the beginning of the financial year starting on 1 July 2014.

NOTE 2. GENERAL OVERVIEW

> 2.1. BUSINESS

The Eutelsat S.A. 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.

As of 30 June 2014, the Group operates via Eutelsat S.A. and its subsidiaries 37 satellites in geostationary orbit (including 4 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 2014 were prepared under the responsibility of the Board of Directors, which adopted them at its meeting on 30 July 2014.

They will be submitted to the approval of the Ordinary General Meeting of Shareholders to be held on 6 October 2014.

NOTE 3. BASIS OF PREPARATION OF FINANCIAL INFORMATION

> 3.1. COMPLIANCE WITH IFRSs

The financial statements at 30 June 2014 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 PRINCIPLES

Since 1 July 2013, the Group has applied the following standards and interpretations which have been adopted by the European Union:

- Amendments to IAS 19 “Employee Benefits” released in December 2011 on the removal of the "corridor" approach on the spreading of actuarial gains and losses. These amendments are effective for financial years beginning on or after 1 January 2013.
- IFRS 13 "Fair Value Measurement".
- IFRS 7 “Offsetting Financial Assets and Financial Liabilities”.
- 2009-2011 improvements.
- IAS 12 “Deferred Tax: Recovery of Underlying Assets”.

With the exception of the application of amendments to IAS 19, whose impacts are detailed in Section 3.7. "Change in method", none of these texts has had an impact on previous financial periods and on the consolidated accounts as of 30 June 2014.

Furthermore, none of the following standards, interpretations or amendments has been applied in advance. The Group is currently analysing the practical impact of these new texts and the effects of applying them in the financial statements. This concerns:

- IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", including the amendment on the transitional provisions of IFRS 10 and IFRS 11.
- Revised IAS 27 “Separate Financial Statements” and revised IAS 28 "Investments in Associates and Joint-Ventures" issued in May 2010 and applicable for financial years beginning on or after 1 January 2013.
- Amendment to IAS 32 "Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities", applicable for financial periods beginning on or after 1 January 2014.
- IFRIC 21 “Levies”.

Amendments to IFRS 1 "First-time Adoption - Government loans" and IFRIC 20 "Stripping costs" have had no impact on the Group.

> 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 (Business contribution on the added value) was considered by the Group as 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 satellites in addition to 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 ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the Group’s consolidated financial statements 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 S.A. 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

In preparing the financial statements for the period ended 30 June 2014, Management has exercised its judgement with regard to contingent liabilities and provisions.

> 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.

3.7. CHANGE IN METHOD

Since 1 July 2013, the Group has applied the revised version of IAS 19 "Employee Benefits".

The change in method consists in recognising all of the Group's retirement commitments in the consolidated financial statements, including all actuarial gains and losses and unvested past-service costs which were not recognised in their entirety under the corridor approach.

The impact of this change in method on the Group's share of equity stood at (41.3) million euros as of 1 July 2013. The impacts of this change in method on the 2012/2013 financial statements are detailed as below:

3.7.1 Impact on balance sheet as of 30 June 2013:

LIABILITIES AND SHAREHOLDERS' EQUITY (in millions of euros)	30 June 2013 Published	Impact IAS 19 R	30 June 2013 Restated
Equity			
Share capital	658.6		658.6
Additional paid-in capital	8.0		8.0
Reserves and retained earnings	896.2	(41.3)	854.9
Non-controlling interests	(20.3)		(20.3)
TOTAL SHAREHOLDERS' EQUITY	**1 542.5**	**(41.3)**	**1 501.2**
Non-current liabilities			
Non-current financial debt	2 124.4		2 124.4
Other non-current financial liabilities	83.0		83.0
Non-current provisions	15.7	64.6	80.3
Deferred tax liabilities	147.4	(23.3)	124.1
TOTAL NON-CURRENT LIABILITIES	**2 370.5**	**41.3**	**2 411.8**
TOTAL CURRENT LIABILITIES	**284.7**		**284.7**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4 197.7**		**4 197.7**

No impact on the asset as of 1 July 2013.

3.7.2 Impact on consolidated income statement as of 30 June 2013:

The amendment should have resulted in a 3.6 million euro decrease in other personnel expenses, which represents a 2.4 million euro increase in the consolidated net result.

The comparative accounts have not been restated to include the effects of application of IAS 19R to the consolidated income statement as these were not deemed as material, considering the size of the Group.

3.7.3 Impact on comprehensive income statement as of 30 June 2013:

(in millions of euros)	12-month period ended 30 June 2013 Published	Impact IAS 19R	12-month period ended 30 June 2013 Restated
Net income	**432.1**		**432.1**
OCI items that can be reclassified to profit or loss	**(0.9)**	-	**(0.9)**
Actuarial differences relating to post-employment benefits		(18.6)	**(18.6)**
Tax on OCI items that cannot be reclassified		6.7	**6.7**
OCI items that cannot be reclassified to profit or loss	-	**(11.9)**	**(11.9)**
Total comprehensive income	**431.2**	**(11.9)**	**419.3**
Group share of income	430.9	(11.9)	419.0
Portion attributable to non-controlling interests	0.3	-	0.3

3.8. CHANGE IN GROUP STRUCTURE

3.8.1 Satmex Group

On 31 July 2013, the Group announced the signature of an agreement to acquire Satmex. The acquisition which included the total number of shares and voting rights for an aggregate value of 831 million U.S. dollars was finalised on 1 January 2014.

The Satmex Group's financial statements for the financial year ended 1 January 2014 may be summarised as follows:

(in millions of euros)	1 January 2014
Intangible fixed assets	169.1
Tangible fixed assets	486.7
Accounts receivable	12.4
Other current assets	29.2
Cash	21.6
Total Assets	**719.0**
Bond debt	282.2
Accrued interest	3.3
Other current liabilities	73.8
Deferred revenues	17.0
Total Liabilities	**376.2**
Residual goodwill (provisional)	251.3
Acquisition price	**594.1**

Since 1 January 2014, the Satmex Group has contributed for:

- 52.6 million euros to the Group's consolidated revenues;
- 16.3 million euros to the Group's net income.

Furthermore, during the period between 1 July and 31 December 2013, the Satmex Group generated revenues amounting to 69.0 million US dollars and net income amounting to 3.1 million US dollars (i.e. 50.7 million and 2.3 million euros respectively).

3.8.2 Solaris

On 12 December 2013, the Group sold its interest in the Solaris Company (see Note 7.1 - *Solaris Mobile Ltd.*).

3.8.3 - Eutelsat VisAvision GmbH

On 20 May 2014, the Group announced the sale of Eutelsat Visavision GmbH, the operator of the KabelKiosk platform. Revenues generated by KabelKiosk over the financial year 2012-2013 stood at approximately 25 million euros. Subject to regulatory approvals and finalisation of other related conditions, the transaction, whose terms remain confidential and which includes standard guarantees, is expected to close in July 2014.

Considered in its entirety, the transaction has been estimated by the Group as representing a 10.6 million euro loss.

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 Group owns, directly or indirectly, 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 on which sole 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, post-acquisition changes in their reserves which are related to operations which had no 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

Business combinations are 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, as follows:

- 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 on the basis of their definition, 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, minority interests (known henceforth as "non-controlling 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.
- 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 entity 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, tax items and employee benefits which are recognised under IAS 12 and IAS 19 respectively.

  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

Changes in ownership interests in subsidiaries without change in control are accounted for as equity transactions and recognised directly within equity.

> 4.4. OPERATIONS IN FOREIGN CURRENCIES

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 reporting 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 1.362 US dollar for 1 euro and the average exchange rate for the period is 1.359 US dollar for 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 FIXED 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 taking into account 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 17.4 million euros on research and development during the financial period ended 30 June 2014, including development costs amounting to 14.1 million euros 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 valued at the date of the business combination as the difference between the aggregate of the fair value of consideration transferred and the amount of non-controlling interests, and the fair value of identifiable assets acquired and liabilities assumed.

Goodwill arising on the acquisition of a subsidiary is separately identified in the consolidated balance sheet, under "Goodwill". Goodwill arising on the acquisition of an associated company is included within the book value of the investment within the line item "Investments in associates".

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

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

> 4.7. SATELLITES AND OTHER PROPERTY AND EQUIPMENT

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

Borrowing costs 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 attributable 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 its 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 takes into account, as appropriate, the residual value of each asset or group of assets, starting from the date each asset enters into operational use.

The useful lives of the 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 new remaining useful life.

Construction in progress – The "Construction in progress" primarily consist 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 pertaining 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 “Customer Contracts & Relationships”, 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 2014, 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 UCITS (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 over the long term 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 determined 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, on account 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 loans 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 Derivatives

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

4.10.4 Impairment

At each balance sheet date, the Group applies impairment tests to all financial assets in order to determine 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 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 risks; (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 can be reliably measured; and (e) the effectiveness of the hedge is assessed on an ongoing basis and the hedge is qualified as 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 involves a hedge of the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable anticipated future transaction that might affect reported income.

Hedging of a net investment in a foreign operation involves a hedge of the foreign currency risk arising from nets assets held in a foreign operation which might affect Group net position.

For these two types of hedges, changes in the fair value of a hedging instrument relating to the effective portion of the hedge are recognised in shareholders’ equity. Changes in fair value relating to the ineffective portion of the 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 the income statement. Reclassified gains and losses are recorded under the income statement, 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 a liability extinguished, between knowledgeable, willing parties in an arm’s length transaction.

The fair value of financial assets and liabilities traded on an active market (this is the case of certain equity interests and certain marketable securities and certain derivative instruments) is determined on the basis of the listed price or at the market value at the balance sheet date.

The fair value of other financial instruments, assets or liabilities which are not listed on an active market is determined by the Group using various valuation methods and assumptions which reflect 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 constitute 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 lease 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 lease, payment of the difference between the contractual price and the price that would have been paid for a lease with a duration similar to the expired period, plus interest for late payment, or by paying a percentage of the annual price applied to the remaining duration of the lease. The revenues initially recognised are then adjusted to reflect the overall economic outcome of the contract.

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

Deferred revenues include 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 as impairment of intangible assets, launch failures and their related insurance reimbursements, as well as national and international non-commercial litigation, less the legal costs incurred;
- The impacts of changes in scope (including business combination costs and sales of tangible assets).

> 4.15. DEFERRED INCOME TAX

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 use of 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 to employees at year-end, using the projected unit credit method. This method accrues the employee's pension benefit by periods of service according to the formula for entitlement to benefits under the plan.

The 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.

The pension cost for the period, consisting of service cost, is posted to operating income

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 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 settle the present 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

"Goodwill and Other Intangibles" breaks down as follows:

Changes in gross assets, depreciation and amortisation

(in millions of euros)	Goodwill	Other intangibles	Total
GROSS ASSETS			
30 June 2012	**-**	**86.5**	**86.5**
Acquisitions	47.9	57.6	105.5
Disposals	-	-	-
Transfers	-	0.7	0.7
Foreign-exchange variation	-	(1.0)	(1.0)
30 June 2013	**47.9**	**143.8**	**191.7**
Change in scope of consolidation	264.8	178.2	443.0
Acquisitions		43.8	43.8
Transfers	(4.6)	10.3	5.7
Foreign-exchange variation	(12.0)	(7.7)	(19.7)
30 June 2014	**296.1**	**368.6**	**664.7**
DEPRECIATION AND AMORTISATION			
Accumulated depreciation as of 30 June 2012	**-**	**(55.8)**	**(55.8)**
Allowance	-	(11.3)	(11.3)
Reversals	-	-	-
Impairment	-	-	-
Accumulated depreciation as of 30 June 2013	**-**	**(67.1)**	**(67.1)**
Allowance	-	(21.3)	(21.3)
Reversals	-	-	-
Impairment	-	-	-
Foreign-exchange variation	-	0.2	0.2
Accumulated depreciation as of 30 June 2014	**-**	**(88.5)**	**(88.5)**
Net value as of 30 June 2012	-	30.7	30.7
Net value as of 30 June 2013	47.9	76.7	124.6
Net value as of 30 June 2014	**296.1**	**280.1**	**576.2**

Increases in goodwill and in intangible assets primarily result from acquistion of the Satmex Group (see Note 3.8 - *Change in Group structure*).

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 values, depreciations and amortisation

(in millions of euros)	Satellites [1]	Other property and equipment	Construction in progress	Total
GROSS ASSETS				
Gross value as of 30 June 2012	**4,129.4**	**299.2**	**718.6**	**5,147.1**
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 variation	(2.3)	-	-	(2.3)
Gross value as of 30 June 2013	**4,994.9**	**347.3**	**460.8**	**5,803.0**
Change in scope of consolidation	384.3	5.5	123.0	512.8
Acquisitions	218.3	29.7	433.3	681.3
Disposals and scrapping of assets	(127.2)	(1.7)	-	128.9
Foreign-exchange variation	(19.9)	(0.3)	(4.4)	(24.6)
Transfers	157.9	1.3	(164.9)	(5.7)
Gross value as of 30 June 2014	**5,608.6**	**381.5**	**847.6**	**6,837.7**
AMORTISATION AND DEPRECIATION				
Accumulated depreciation as of 30 June 2012	**(2,081.0)**	**(178.4)**	**-**	**(2,259.4)**
Allowance	(256.3)	(31.9)	-	(288.2)
Reversals	1.5	1.4	-	2.9
Impairment	-	-	-	-
Accumulated depreciation as of 30 June 2013	**(2,335.8)**	**(208.9)**	**-**	**(2,554.7)**
Allowance	(294.2)	(42.2)	-	(336.4)
Reversals (disposals and scrapping of assets)	127.2	1.7	-	128.9
Impairment	(6.4)	-	-	(6.4)
Foreign-exchange variation	0.5	-	-	0.5
Accumulated depreciation as of 30 June 2014	**2,508.6**	**249.2**	**-**	**2,757.8**
Net value as of 30 June 2012	2,048.4	120.8	718.6	2,887.8
Net value as of 30 June 2013	2,659.1	138.4	460.8	3,258.3
Net value as of 30 June 2014	**3,100.0**	**132.3**	**847.6**	**4,080.0**

[1] Including satellites under finance leases:

(in millions of euros)	
Gross value	**310.2**
Net value as of 30 June 2014	**229.1**

This item refers to four 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)]	65.7	12 transponders	Contract dated March 2004 covering the satellite's remaining useful life
TELSTAR 12 [(1)]	15.0	4 transponders	Contract 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
EXPRESS AT1	218.4	19 transponders	Agreement covering the satellite's remaining useful life, starting May 2014

(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 2013 correspond to the entry into operational service of the EUTELSAT 21B, EUTELSAT 70B and EUTELSAT 3D satellites launched during the financial year.

Satellite-related transfers as of 30 June 2014 mainly correspond to the entry into operational service of the EUTELSAT 25B satellite launched during the financial year.

During the financial year ended 30 June 2013, the fully-depreciated TELECOM 2D was de-orbited.

During the financial year ended 30 June 2014, the fully-depreciated EUTELSAT 25A was also de-orbited.

In January 2014, the satellite EUTELSAT 8WC encountered an anomaly on one of its on-board power transmission assemblies. Subsequently, the Group evaluated the damage incurred and reassessed the value of future cash flows generated by this satellite. As a result, the Group recognised an impairment charge amounting to 6.4 million euros.

> SATELLITES UNDER CONSTRUCTION

The satellites listed as below are currently under construction and should be brought into service during the financial years as indicated:

Projects	Expected year of commissioning
EXPRESS AT2 and EUTELSAT 3B	2014-2015
EUTELSAT 115WB, EUTELSAT 65WA, EUTELSAT 8WB, EUTELSAT 36C and EUTELSAT 9B	2015-2016
EUTELSAT 117WB	2016-2017

NOTE 7. INVESTMENTS IN ASSOCIATES

At 30 June 2013 and 30 June 2014, the “Investments in associates” item breaks down as follows:

(in millions of euros)	30 June 2013	30 June 2014
Solaris Mobile	3.9	-
Hispasat	257.4	271.9
Total	**261.3**	**271.9**

As of 30 June 2014, investments in associates consist in equity investments in the Hispasat Group.

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, the value of the S-band capacity was fully impaired as of 30 June 2009.

On 12 December 2013, the sale by the Group of its interest in the Solaris company generated a capital gain of 12 million euros.

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

(in millions of euros)	30 June 2013	30 June 2014
Value of the equity investment at beginning of period	**5.8**	**3.9**
Share of income	(1.9)	(0.7)
Transfer of shares	-	(3.2)
Value of the equity investment at end of period	**3.9**	**-**

> 7.2. HISPASAT GROUP

As of 30 June 2014, the Group owns, through its subsidiary Eutelsat Services und Beteiligungen GmbH, 33.69% of the Hispasat group, a private unlisted Spanish satellite operator, in which the Abertis Group is the majority shareholder.

On 27 December 2012, Eutelsat exercised its pre-emption 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 56 million euros (excluding acquisition costs), increasing its stake in the Spanish operator’s capital from 27.69% to 33.69%.

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

(in millions of euros)	30 June 2013	30 June 2014
Value of the equity investment at beginning of period	**188.0**	**257.4**
Acquisition of supplementary stake	57.9	-
Share of income	16.2	15.7
Impact of income and expenses directly recognised under equity and dividends	(4.7)	(1.2)
Value of the equity investment at end of period	**257.4**	**271.9**

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

(in millions of euros)	30 June 2013	30 June 2014
Goodwill	15.2	15.2
Intangible rights (1)	33.7	33.7
Service agreement (2)	0.7	0.1
Investment in Hisdesat	6.1	6.1
Sub-total	**55.7**	**55.1**
Hispasat net assets	201.8	216.6
Total	**257.4**	**271.9**

(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 summarises the annual financial statements released by the Hispasat group:

(in millions of euros)	31 December 2012	31 December 2013
Non-current assets	962.1	1,028.2
Current assets	183.5	197.4
Non-current liabilities	386.0	419.6
Current liabilities	128.3	130.8
Total net assets	**631.3**	**675.2**
Operating income	200.3	201.4
Net income	**51.4**	**54.3**

At 30 June 2013 and 2014, "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 as of 12 December 2013.

NOTE 8. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are mainly made up of long-term loans and advances, as well as derivative instruments that qualify for hedge accounting.

These represent an aggregate amount of 9.3 million euros as of 30 June 2014.

Long-term loans and advances mainly consist of loans to social welfare bodies for 1.7 million euros and guarantee deposits paid for renting Eutelsat S.A. premises in Paris.

NOTE 9. INVENTORIES

Gross and net inventories amount to 2.2 million euros and 1.3 million euros at 30 June 2013, and 2.3 million euros and 1.4 million euros as of 30 June 2014. They mainly includee receive antennas and modems.

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 the “accounts receivable” category and is followed up for each entity under the supervision of the financial personnel responsible. In the most important cases, the relevant financial personnel are assisted by a credit manager, acting in accordance with the instructions of the Group’s debt recovery service. This follow-up activity is based mainly on an analysis of the amounts due and can be accompanied by a more detailed study of the creditworthiness of 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 evaluation of the risk.

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

As of 30 June 2013, the net value of these receivables was 273.3 million euros. The corresponding impairment charge stood at 34.8 million euros.

As of 30 June 2014, the net value of these receivables was 323.9 million euros. The corresponding impairment charge stood at 46.1 million euros.

Accounts receivable at 30 June 2013 and 2014 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 2014 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 2013-2014, the Group further experienced the effects of the current economic crisis in some of the areas in which it operates. Consequently, particular vigilance is called for with regard to clients in geographical areas considered as being most exposed to the effects of the financial crisis.

The amount of bad debt represents 2.0 million euros and 1.3 million euros as of 30 June 2013 and 2014 respectively.

> 10.1. CHANGE IN IMPAIRMENT OF RECEIVABLE:

(in millions of euros)	Total
Value at 30 June 2012	**31.0**
Allowance	17.8
Reversals (used)	(1.3)
Reversals (unused)	(12.7)
Value at 30 June 2013	**34.8**
Allowance	24.3
Reversals (used)	(0.3)
Reversals (unused)	(12.7)
Value as of 30 June 2014	**46.1**

> 10.2. ANALYSIS OF ACCOUNTS RECEIVABLE (MATURED AND UNMATURED)

(in millions of euros)	30 June 2013	30 June 2014
Non-matured receivables	193.9	252.0
Unimpaired matured receivables	73.0	64.7
Between 0 and 30 days	51.7	50.1
Between 30 and 90 days	9.8	4.3
Exceeding 90 days	11.5	10.3
Matured and impaired receivables	41.2	53.3
Between 0 and 30 days	-	-
Between 30 and 90 days	13.2	12.9
Exceeding 90 days	28.0	40.3
Impairment	(34.8)	(46.1)
Total	**273.3**	**323.9**

> 10.3. GUARANTEES AND COMMITMENTS RECEIVED, WHICH MITIGATE CREDIT RISK

(in millions of euros)	30 June 2013		30 June 2014	
	Value of accounts receivable	Value of guarantee	Value of accounts receivable	Value of guarantee
Guarantee deposits	57.4	31.3	57.5	30.4
Bank guarantees	75.6	70.0	72.4	71.5
Guarantees from the parent company	16.5	16.5	23.6	23.6
Total	**149.5**	**117.8**	**153.5**	**125.4**

Guarantee deposits are posted to “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 2013	30 June 2014
Prepaid expenses	5.6	8.3
Tax and employee-related receivable	12.6	7.3
Total	**18.2**	**15.6**

NOTE 12. CURRENT FINANCIAL ASSETS

(in millions of euros)	30 June 2013	30 June 2014
Hedging instruments[1]	0.4	-
Other receivables	29.8	32.8
Total	**30.2**	**32.8**

(1) See Note 26 - Financial instruments.

NOTE 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are detailed as follows:

(in millions of euros)	30 June 2013	30 June 2014
Cash	105.9	60.8
Cash equivalents	110.2	225.1
Total	**216.1**	**285.9**

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 indicate its fair value, whether or not the instrument was recognised at fair value when the balance sheet was prepared.

		Net carrying amount at 30 June 2013				
(in millions of euros)	Category of financial instruments	Total	Instruments measured at amortised cost	Derivative instruments qualified as cash-flow hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2013
ASSETS						
Non-current financial assets						
Unconsolidated investments	Available for sale	-	-			-
Long-term loans and advances	Receivables	3.0	3.0			3.0
Current financial assets						
Accounts receivable	Receivables	273.3	273.3			273.3
Other receivables	Receivables	29.8	29.8			29.8
Financial instruments [1]						
Qualified as cash-flow hedges	N/A	-		-		-
No hedging	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	81.2		-	81.2	81.2
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).

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2014 Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	Fair value at 30 June 2014
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	323.9	323.9			323.9
Other receivables	Receivables	32.8	32.8			32.8
Financial instruments [1]						
- Qualified as cash-flow hedges	- N/A	9.3		9.3		9.3
- No hedging	- Held for trading purposes	-	-		-	-
Cash and cash equivalents						
Cash	N/A	225.1	225.1			225.1
Mutual fund investments [2]	Fair value	60.8		-	60.8	60.8
Other cash equivalents	Receivables	-	-			-

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

With the exception of financial instruments, the book value of financial assets represents a reasonable approximation of their fair value.

NOTE 15. SHAREHOLDERS'EQUITY

> 15.1. SHAREHOLDERS' EQUITY

As of 30 June 2014, the share capital of Eutelsat S.A. comprised 1,013,162,112 ordinary shares with a par value of 0.65 euro per share.

There has been no movement for the financial year ended 30 June 2014.

> 15.2. DIVIDENDS

On 7 October 2013, the Ordinary General Meeting of Shareholders closed the books of the financial year ended 30 June 2013, with a net result amounting to 376.3 million euros. A distribution of a gross amount of 0.37 euro per share was decided, taken from net income for a total amount of 374.9 million euros. The remaining portion of 1.4 million euros was allocated to "Retained Earnings". As the Board of Directors dated 7 February 2013 had already decided an interim dividend amounting to 40.5 million euros (i.e. 0.04 euro per share), the remaining dividend to pay amounted to 334.3 million euros, i.e. 0.33 euro per share.

The amount of the distribution for the financial year ended 30 June 2014, which is being proposed to the General Meeting of 6 October 2014, is 253.3 million euros, i.e. 0.25 euro per share.

> 15.3. SHARE-BASED COMPENSATION

There are currently three such plans implemented by the Group in July 2011, November 2012 and February 2014.

Under the three plans, the expense (excluding employer's contribution) recognised for the financial period ended 30 June 2014 was 1.2 million euros.

The expense was recognised within equity under the two first plans and it was provisioned under the third plan (as it was settled in cash).

The latter relates to a decision by the Board of Directors meeting on 13 February 2014 to implement a Long-Term Incentive Plan, based on cash-settled awards. These are calculated on the basis of a theoretical number of Eutelsat Communications shares, which are allocated by reference to the level reached by performance-related objectives.

Conditions	Plan 07/2011	Plan 11/2012	Plan 02/2014
Vesting period	July 2011-July 2014 [(1)]	November 2012-November 2015 [(2)]	February 2014-June 2016
Settled in	Shares	Shares	Cash
Lock-up period	July 2014-July 2016 [(3)]	November 2015- November 2017 [(3)]	Not applicable
Total number of attributable shares at inception	700,000	347,530	448,585
Expense/(income) over the period (in millions of euros) [(4)]	(0.1)	(0.2)	1.5
Aggregate valuation of plan as of 30/06/2014 (in millions of euros) [(4)]	2.9	1.0	9.5

(1) For foreign subsidiaries, the grant period covers July 2011 to July 2015.
(2) For foreign subsidiaries, the grant period covers November 2012 to November 2016.
(3) The lock-up period does not apply to foreign subsidiaries.
(4) Excluding employer's contribution

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

> 15.4. CHANGE IN THE REVALUATION SURPLUS OF FINANCIAL INSTRUMENTS

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

(in millions of euros)	Total
Balance at 30 June 2013	**-**
Changes in fair value within equity that can be reclassified to income	9.3
Transfer to income statement [(1)]	-
Balance as of 30 June 2014	**9.3**

(1) This amount corresponds to coupons due and matured on the interest rate hedging instruments (see Note 24 – Financial result).

The revaluation reserve of financial instruments does not include the Hispasat portion, whose change amounts to (0.5) million euros.

> 15.5. TRANSLATION RESERVE

(in millions of euros)	Total
Balance at 30 June 2013	**(2.8)**
Change over the period	8.2
Balance as of 30 June 2014	**5.4**

The translation reserve does not include the (0.5) million euro change in the translation adjustment for Hispasat.

NOTE 16. FINANCIAL DEBT

At 30 June 2013 and 2014, all debt was denominated in euros and US dollars.

> FINANCIAL INFORMATION AS OF 30 JUNE 2013 AND 2014

(in millions of euros)	Rate	30 June 2013	30 June 2014	Maturity
Loans with Eutelsat Communications Finance S.A.	Variable	67.0	138.8	6 December 2016
Bond 2017 (1)	4.125%	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	300.0	10 October 2022
Bond 2020 (1)	2.625%	-	930.0	13 January 2020
US EXIM's export credit	1.710%	42.0	43.0	15 November 2021
ONDD-guaranteed export credit	Variable	95.1	131.7	31 August 2024
Sub-total of debt (non-current portion)		**2,154.1**	**3,193.5**	
Loan set-up fees and premiums		(38.0)	(41.1)	
Total of debt (non-current portion)		**2,124.5**	**3,158.4**	
Bank overdrafts		0.1	-	
Accrued interest not yet due		34.6	48.1	
Total of debt (current portion)		**34.7**	**48.1**	

(1) Fair values are detailed below.

(in millions of euros)	30 June 2013	30 June 2014
Bond 2017	931.9	915.4
Bond 2019	927.7	929.8
Bond 2022	305.1	323.1
Bond 2020	-	982.5

The book values of the term loan and the export credit facilities are reasonably close to their fair values.

No amount was drawn on the revolving credit facility during the financial period ended 30 June 2014.

The Group also has 650 million euros available under its various active lines of undrawn revolving credit.

> CHANGE IN STRUCTURE

On 13 December 2013, the Group issued a 6-year 930 million euro Eurobond on the Luxembourg Stock Exchange regulated market, with maturity date of 13 January 2020. This bond was issued by the Eutelsat S.A. subsidiary. The bond carries a coupon of 2.625% per annum, issued at 99.289%, and redeemable at maturity at 100% of its principal amount.

> DEBT MATURITY ANALYSIS

At 30 June 2014, the debt maturity analysis is as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Loans with Eutelsat Communications Finance S.A.	138.8	-	138.8	-
US EXIM export credit	43.0	5.7	23.0	14.3
ONDD-guaranteed export credit	131.7	-	51.1	80.6
Bond 2017	850.0	-	850.0	-
Bond 2019	800.0	-	800.0	-
Bond 2022	300.0	-	-	300.0
Bond 2020	930.0	-	-	930.0
Total	**3,193.5**	**5.7**	**1,862.9**	**1,324.9**

> COMPLIANCE WITH BANKING COVENANTS

The new bond is linked to a financial covenant that is identical to those existing on other agreements (the total net debt to EBITDA ratio must remain less than or equal to 3.75 to 1). The banking covenants on financing facilities as of 30 June 2014 have not changed since their inception. As of 30 June 2014, 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 2013	30 June 2014
Financial instruments [(1)]	0.1	-
Performance incentives [(2)]	7.3	4.2
Finance leases	7.2	221.2
Other liabilities	97.1	103.2
Total	**111.7**	**328.6**
Incl. current portion	*28.8*	*34.6*
Incl. non-current portion	*82.9*	*294.0*

(1) See Note 26 - Financial instruments.

(2) Including interest on "Performance incentives" of 2.3 million euros as of 30 June 2013 and 1.0 million euros at 30 June 2014.

The financial instruments are measured at fair value (Level 2), and the other liabilities at amortized cost. For information, the amortized cost of financial liabilities represents a reasonable approximation of fair value.

Finance lease agreements are mainly impacted by the entry into commercial service of the EXPRESS AT satellite (see Note 6 - *Satellites and other property and equipment*).

Amounts shown for finance leases include accrued interest totalling 1.1 million euros as of 30 June 2014 (nil as of 30 June 2013).

"Other liabilities" mainly includee 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 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						
Loans with Eutelsat Communications S.A.	At amortised cost	67.0	67.0			67.0
Floating rate loans	At amortised cost	86.3	86.3			86.3
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	28.7	28.7			28.7
Financial instruments [(1)]						
- Qualified as cash-flow hedges		-		-		-
- No hedging		0.1			0.1	0.1
Accounts payable	At amortised cost	62.3	62.3			62.3
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).

(in millions of euros)	Category of financial instruments	Net carrying amount at 30 June 2014				Fair value at 30 June 2014
		Total	Instruments measured at amortised cost	Derivative instruments qualified as hedges	Instruments measured at fair value through the income statement	
LIABILITIES						
Financial debt						
Loans with Eutelsat Communications Finance S.A.	At amortised cost	138.8	138.8			138.8
Floating rate loans	At amortised cost	126.0	126.0			126.0
Bond	At amortised cost	2,854.6	2,854.6			3,150.8
Fixed rate loans	At amortised cost	41.3	41.3			41.3
Bank overdrafts	N/A	-	-			-
Other financial liabilities						
Non-current	At amortised cost	293.9	293.9			293.9
Current	At amortised cost	34.6	34.6			34.6
Financial instruments (1)						
- Qualified as cash-flow hedges		-		-		-
- No hedging		-			-	-
Accounts payable	At amortised cost	72.1	72.1			72.1
Fixed assets payable	At amortised cost	52.8	52.8			52.8

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

With the exception of financial instruments and bonds, the book value of financial assets represents a reasonable approximation of their fair value.

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 June 2014 for a fixed term nine year-period starting on 1 July 2014. The rent expense amounted to 4.0 million euros and 4.4 million euros for the financial years ended 30 June 2013 and 2014 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	Exceeding 5 years
Future payments for operating leases	32.2	-	16.1	16.1

> 19.2. FINANCE LEASES

The Group operates four satellites under finance leases. None of the finance leases contains any purchase option at the expiry of the lease term. The last finance lease contract expires in 2029.

As of 30 June 2014, two of the four finance leases were pre-paid.

Financial expenses for satellites operated under finance leases amounted to 0.4 million euros at 30 June 2013 and 0.2 million euros at 30 June 2014.

Finance lease contracts mature as follows:

(in millions of euros)	Amount	Maturity within 1 year	Maturity between 1 and 5 years	Maturity exceeding 5 years
Finance leases	286.7	18.3	65.2	203.2
Total	**286.7**	**18.3**	**65.2**	**203.2**

NOTE 20. OTHER PAYABLES AND DEFERRED REVENUES

> 20.1. NON-CURRENT PORTION

Other non-current debts only include deferred revenue.

> 20.2. CURRENT PORTION

Other current payables and deferred revenues were as follows as of 30 June 2013 and 2014:

(in millions of euros)	30 June 2013	30 June 2014
Deferred revenues	47.8	158.0
Tax liabilities	2.9	4.0
Liabilities for social contributions (1)	29.4	34.3
Total	**80.1**	**196.3**

(1) Including the liability related to the liquidity offer of 4.6 million euros at 30 June 2013 and 5.0 million euros at 30 June 2014.

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..

With a view to ensuring financial comparability, the claim or the debt in respect of the Group's head company for tax consolidation is recorded under "Current tax receivable" or "Taxes payable" in the consolidated balance sheet.

The entities Eutelsat Communications S.A. and Eutelsat S.A., which belong to the tax group headed by Eutelsat Communications S.A., were subject to a tax inspection procedure for the periods ended 30 June 2009, 2010 and 2011.

As a result of the tax inspection, the French tax authorities notified Eutelsat S.A., on 20 December 2012, of a tax adjustment of 26.1 million euros, including late payment interest and penalties.

During the financial year ended 30 June 2014, the Group signed an agreement with the French tax authorities providing for tax adjustments totalling 6.5 million euros, including late payment interest and penalties. This amount was paid during the second half-year of this financial year.

> 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 2013	30 June 2014
Current tax expense	(205.1)	(181.1)
Deferred tax income (expense)	(29.9)	(30.4)
Total income tax expense	**(235.0)**	**(211.5)**

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

(in millions of euros)	30 June 2013	30 June 2014
Income before tax and income from equity investments	652.9	572.4
Standard French corporate tax rate	*36.1 %*	*38.0 %*
Theoretical income-tax expense	(235.7)	(217.5)
Permanent differences and other items	0.7	6.0
Corporate tax expense in the income statement	**(235.0)**	**(211.5)**
Actual corporate tax rate	*36.0 %*	*36.9 %*

As of 30 June 2013 and 2014, the difference between the actual corporate income tax rate and the theoretical income tax rate is mainly explained by the new French tax laws which led to an increase of the standard income tax rate in France.

> 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 2013 and 30 June 2014 were as follows:

(in millions of euros)	30 June 2013	Change in scope of consolidation	Net income for the period	Recognised in equity	30 June 2014
DEFERRED TAX ASSETS					
Capitalisation of losses carried forward	8.7	55.1	11.3	-	75.1
Bad-debt provisions	19.5	0.4	5.7	-	25.6
Financial guarantee granted to the pension fund	23.6	-	(0.2)	(2.4)	21.0
Provisions for risks and expenses	1.2	1.2	0.9	-	3.4
Accrued liabilities	5.2	8.0	(2.2)	-	11.0
Pension provision	4.3		2.2	(1.3)	5.2
Sub-total (a)	**62.6**	**64.7**	**17.7**	**(3.7)**	**141.3**
DEFERRED TAX LIABILITIES					
Intangible assets	-	(4.9)	1.3	-	(3.6)
Tangible assets	(165.3)	(43.5)	(37.9)	-	246.7
Financial instruments	(0.1)	-	0.1	(3.5)	(3.5)
Capitalised interest	(2.1)	-	0.4	-	(1.7)
Finance leases	(0.9)	-	(1.5)	-	(2.4)
Performance incentives and capitalised salaries	(1.7)	(2.3)	(2.4)	-	6.4
Miscellaneous	(6.7)	8.7	(8.1)	-	(6.1)
Sub-total (b)	**(184.2)**	**(42.0)**	**(48.1)**	**(3.5)**	**(270.4)**
Total = (a) + (b)	**(114.2)**	**22.7**	**(30.4)**	**(7.2)**	**(129.1)**
REFLECTED AS FOLLOWS IN THE FINANCIAL STATEMENTS:					
Deferred tax assets	9.8				28.4
Deferred tax liabilities	(124.1)				(157.5)
Total	**(114.3)**				**(129.1)**

Deferred tax assets and liabilities break down as follows:

(in millions of euros)	Deferred tax assets	Deferred tax liabilities
Due within one year	(3.4)	0.3
Due after one year	31.8	(157.8)
Total	**28.4**	**(157.5)**

Deferred tax liabilities relate mainly to the taxable temporary difference generated by:
- the fair value recognisition of “Customer contracts and relationships” and other intangible assets in the context of the acquisition of Satmex;
- the accelerated depreciation of satellites.

Furthermore, the Group has a stock of unrecognised tax loss carryforwards amounting to 105 million euros as of 30 June 2014.

NOTE 22. PROVISIONS

(in millions of euros)	30 June 2013	Allowance	Reversal		Other [3]	30 June 2014
			Used	Unused		
Financial guarantee granted to a pension fund	65.4	2.0	-	-	(4.1)	63.4
Retirement indemnities	12.4	1.2	(0.1)	-	1.5	15.0
Post-employment benefits [1]	2.4	1.9	(0.2)	-	4.0	8.1
Total post-employment benefits	**80.3**	**5.1**	**(0.3)**	**-**	**1.4**	**86.5**
Litigation [2]	4.9	2.5	(2.0)	(1.1)	-	4.3
Other	0.5	11.3	(0.1)	(0.4)	-	11.3
Total provisions	**85.7**	**18.9**	**(2.4)**	**(1.5)**	**1.4**	**102.1**
Incl. non-current portion	*80.3*	*5.1*	*(0.3)*	-	*1.4*	*86.5*
Incl. current portion	*5.4*	*13.8*	*(2.1)*	*(1.5)*	-	*15.6*

(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-related and tax litigation.

(3) Change in scope of consolidation and other.

> 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 plan 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 offset future under-funding of the plan.

The actuarial valuation performed on 30 June 2013 and 2014 used the following assumptions:

	30 June 2013	30 June 2014
Discount rate [1]	3.00%	2.75%
Expected rate of return on assets	3.00%	2.75%
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 years	2.75%

[1] The discount rate applied is determined by reference to the yield, at measurement date, on high-quality corporate bonds with maturities in line with the maturity of the obligation.

As of 30 June 2013 and 2014, the position was as follows:

Comparative summary

	30 June				
(in millions of euros)	2010	2011	2012	2013	2014 (1)
Present value of obligations wholly or partly funded	163.9	151.7	202.7	225.3	217.4
Fair value of plan assets	(151.6)	(156.2)	(155.0)	(159.9)	154.1
Net financing requirement	**12.3**	**(4.5)**	**47.6**	**65.4**	**63.3**
Actuarial differences: gains/(losses) and other - amortised	(7.2)	6.9	(48.1)	-	-
Net (asset)/liability recognised in the balance sheet	**5.2**	**2.4**	**(0.5)**	**65.4**	**63.3**

(1) See Note 3.7 - *Change in method*

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

(in millions of euros)	30 June 2013	30 June 2014
Present value of the obligations at beginning of period	**202.7**	**225.3**
Service cost for the period	-	-
Finance cost	7.0	6.7
Actuarial differences: (gains)/losses	20.7	(10.5)
Benefits paid	(5.1)	(4.1)
Present value of the obligations at end of period	**225.3**	**217.4**

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 2013	30 June 2014
Fair value of plan assets at beginning of period	**155.0**	**159.9**
Expected return on plan assets	5.4	4.7
Actuarial differences: gains/(losses)	4.5	(6.4)
Contributions paid	-	-
Benefits paid	(5.0)	(41.1)
Fair value of plan assets at end of period	**159.9**	**154.1**

The fair value of plan assets includes no amount 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 0.9 million euros and 11.2 million euros as of 30 June 2013 and 2014 respectively.

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

(in millions of euros)	30 June 2013	30 June 2014
Service cost for the period	-	-
Finance cost	7.0	6.7
Expected return on plan assets	(5.4)	(4.7)
Net expense (net gains) recognised in the income statement	**1.6**	**2.0**

Reconciliation of assets and obligations recognised in the balance sheet:

(in millions of euros)	30 June 2013	30 June 2014
Provision at beginning of period	**47.6**	**65.4**
Net expense/(net gains) recognised in the income statement	1.6	2.0
Actuarial differences: (gains)/losses	16.2	(4.1)
Contributions paid	-	-
Provisions at end of period	**65.4**	**63.3**

> 22.2. POST-EMPLOYMENT BENEFITS

a) Retirement indemnities

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

The actuarial valuations performed at 30 June 2013 and 2014 were based on the following assumptions:

	30 June 2013	30 June 2014
Discount rate	3.00%	2.75%
Salary increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Mortality table	TH/TF04-06	TH/TF00-02
Retirement age	65 years	65 years
Type of retirement	Voluntary retirement	Voluntary retirement
Rate of employer's contributions	52%	52%

Staff turnover per age bracket is based on the history of experience within EUTELSAT S.A. The last valuation was performed during the financial year 2012-2013.

Age (years)	2013 turnover	2014 turnover
25	7.72	7.72
30	5.42	5.42
35	3.69	3.69
40	2.38	2.38
45	1.40	1.40
50	0.66	0.66
55	0.10	0.10
60	0.00	0.00

As of 30 June 2013 and 2014, the position was as follows:

Comparative summary:

	30 June				
(in millions of euros)	2010	2011	2012	2013	2014 (1)
Present value of obligations not financed	7.9	8.0	9.3	12.4	15.1
Past-service cost (amortised)	1.1	1.0	1.0	-	-
Actuarial differences: gains/(losses) - amortised	(2.4)	(1.5)	(2.3)	-	-
Liability recognised on balance sheet	**6.6**	**7.5**	**8.0**	**12.4**	**15.1**

(1) See Note 3.7 - *Change in method*

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

(in millions of euros)	30 June 2013	30 June 2014
Present value of the obligations at beginning of period	**9.3**	**12.4**
Service cost for the period	0.6	0.8
Finance cost	0.3	0.4
Actuarial differences: (gains)/losses	2.4	1.5
Termination indemnities paid	(0.2)	-
Present value of the obligations at end of period	**12.4**	**15.1**

Net expense recognised in the income statement:

(in millions of euros)	30 June 2013	30 June 2014
Service cost for the period	0.6	0.8
Finance cost	0.3	0.4
Net expense recognised in the income statement	**0.9**	**1.2**

History of experience and changes in assumptions

(in millions of euros)	30 June 2014
History of experience regarding the value of obligations: (gains)/losses	0.6
Impact of changes in assumptions	0.9
	1.5

b) Mandatory schemes

In accordance with French law, the Group meets its obligations to finance pensions for employees in France by paying contributions based on salaries to the relevant entities that manage mandatory pension schemes. There are no other commitments in relation to these contributions. The employer's contributions paid under these schemes were 6.9 million euros and 7.1 million euros at 30 June 2013 and 2014 respectively.

c) Supplementary schemes

The Group has a supplementary 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 1.6 million euros and 1.7 million euros as of 30 June 2013 and 2014 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 (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 2013	30 June 2014
Total revenues	**1,284.1**	**1,347.9**
Total operating costs	(288.8)	(314.7)
EBITDA	**995.3**	**1,033.2**
Depreciation and amortisation	(344.6)	(401.3)
Other operating income (expenses), net	30.8	(8.5)
Operating income	**681.5**	**623.4**
Total interest	(114.1)	(133.3)
Income tax	(208.4)	(189.8)
Other financial income (expenses)	(3.5)	(1.0)
Net income before revenue from equity investments and non-controlling interests	**355.5**	**301.3**
Income from equity investments	14.3	14.9
Net income	**369.8**	**316.2**
Non-controlling interests	(14.9)	(13.1)
Net income attributable to the Group	**354.9**	**303.2**
Tangible investments (cash flow)	566.4	439.6
Net debt (including finance leases)	**2,646.5**	**3,779.0**

NET INCOME RECONCILIATION

(In millions of euros)	30 June 2013	30 June 2014
Net income Eutelsat Communications Group	**369.8**	**316.2**
Holdings contributions, net	71.7	59.6
Intercopany transactions, net	(9.4)	-
Net income Eutelsat S.A. Group	**432.1**	**375.8**

NET DEBT RECONCILIATION

(In millions of euros)	30 June 2013	30 June 2014
Net Debt Eutelsat Communications Group	**2,646.5**	**3,779.0**
Holdings contributive net debt	(768.0)	(794.1)
Intercompany loans	67.0	138.8
Net Debt Eutelsat S.A. Group	**1,945.5**	**3,123.7**

> 23.2. INFORMATION PER GEOGRAPHICAL ZONE

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 30 June 2013 and 2014 are as follows:

(in millions of euros and as a percentage)	30 June 2013		30 June 2014	
Regions	**Amount**	**%**	**Amount**	**%**
France	156.3	12.2	150.2	11.1
Italy	203.7	15.8	208.0	15.4
United Kingdom	100.2	7.8	104.8	7.8
Europe (other)	410.7	31.9	402.6	29.8
Americas	169.1	13.1	210.4	15.6
Middle East	150.9	11.7	169.3	12.5
Africa	67.0	5.2	73.8	5.4
Asia	25.1	2.0	29.1	2.2
Other [1]	3.5	0.3	2.7	0.2
Total	**1,286.4**	**100.0**	**1,350.7**	**100.0**

(*) Including 9.8 million euros and 0.5 million euros in indemnity payments for late delivery for the periods ended 30 June 2013 and 2014 respectively.

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

NOTE 24. FINANCIAL RESULT

The financial result is made up as follows:

(in millions of euros)	30 June 2013	30 June 2014
Interest expense after hedging [1]	(85.1)	(115.0)
Loan set-up fees and commissions [2]	(4.5)	(9.0)
Capitalised interest [3]	26.3	22.1
Cost of gross debt	**(63.3)**	**(101.9)**
Financial income	2.3	12.4
Cost of net debt	**(61.0)**	**(89.5)**
Changes in financial instruments [4]	1.6	-
Foreign-exchange gains and losses	(1.6)	(7.4)
Other	(20.6)	(5.2)
Financial result	**(81.6)**	**(102.2)**

(1) The interest expense was not impacted by instruments qualified as interest-rate hedges during the financial periods ended 30 June 2013 and 30 June 2014.
(2) Issuing costs include amortisation of all loan issuing costs and premiums.
(3) The amount of capitalised interest mainly depends on the state of progress and number of satellite construction programmes recorded during the financial year concerned. The capitalisation rates used to determine the amount of interest expense eligible for capitalisation were 4.4% at 30 June 2013 and 3.5% at 30 June 2014.
(4) Changes in fair value of financial instruments mainly include:
- changes in fair value of derivatives not qualified as hedges;
- the ineffective portion of qualifying derivatives in a hedging relationship;
- the de-qualifications/sales of hedging instruments (see 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 2013 and 2014.

(in millions of euros)	30 June 2013	30 June 2014
Net income	**432.1**	**375.8**
Income from subsidiaries attributable to non-controlling interests. before taking into account dilutive instruments in subsidiaries	(0.3)	(0.5)
Net earnings used to compute diluted earnings per share	**431.8**	**375.3**

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, the fluctuation of revenues and cash-flows due to variations in interest rates and foreign-exchange rates. The Group's policy is to use derivatives to 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 possess, or about which it is uncertain whether it will subsequently possess them.

> 26.1. FOREIGN-EXCHANGE RISK

Through the sale of its satellite capacity, the Group is a net receiver of currencies, mainly the US dollar.

Consequently, the Group is primarily exposed to the US dollar/euro foreign exchange risk.

During the financial year ended 30 June 2014, the Group had to collect the amount in US dollars required for settling the acquisition of Satmex. For this, the Group used monetary instruments to hedge its purchase of US dollars. These instruments were designated as future cash flow hedges for the highly probable acquisition of Satmex. The effective portion of changes in their fair value posted to OCI at 31 December 2013 was recycled during the acquisition of the Satmex Group.

Due to the geographic diversification of its activities, the Group is exposed to conversion risk, which means that its balance sheet and income statement are impacted by fluctuations in exchange parities upon consolidation of the financial statements of its foreign subsidiaries outside the euro zone (translation risk). For investments in currencies not included in the euro zone, the Group's translational risk hedging policy consists of creating liabilities denominated in the same currency as the cash flows generated by these assets. Of the hedging instruments used, the Group also uses currency derivatives (cross-curency swaps) documented as net foreign investment hedges.

Given its exposure to foreign-currency risk, the Group believes that a 10% increase in the US dollar/euro exchange rate would have a non significant impact on Group income and would result in a negative change in Group OCI amounting to 55.1 million euros and a change of 115.9 million euros in the Group translation reserve.

> 26.2. INTEREST-RATE RISK

Interest rate risk management

The Group entered into a collar agreement in August 2010 for a notional amount of 100 millions euros over three years, in relation with the partial hedge of its 450 million euros revolving credit facility, undrawn as of 30 June 2014.

Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 30 June 2014, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would have no effect on the interest expense and an insignificant effect on the revaluation of financial instruments in the income statement.

> 26.3. FINANCIAL INFORMATION AS OF 30 JUNE 2013 AND 2014:

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 2013 and 2014. The instruments are valued by an independent expert and this valuation is verified/validated by .the Group's banking counterparts.

(in millions of euros)	Notional		Fair value		Change in fair value over the period	Impact on income (excl. coupons)	Impact on equity
	30 June 2013	30 June 2014	30 June 2013	30 June 2014			
Synthetic forward transaction with knock-in option (Eutelsat S.A.)	68.7	-	0.4	-	(0.4)	(0.4)	-
Cross currency swaps	-	500.0	-	9.3	9.3	-	9.3
Total foreign exchange derivatives	**68.7**	**500.0**	**0.4**	**9.3**	**8.9**	**(0.4)**	**9.3**
Collar	100.0	-	(0.1)	-	0.1	0.1	-
Total interest rate derivatives	**100.0**	**-**	**(0.1)**	**-**	**0.1**	**0.1**	**-**
Total derivatives	**168.7**	**500.0**	**(0.3)**	**9.3**	**9.0**	**(0.3)**	**9.3**
Equity interests							(1.2)
Total							**8.1**

At 30 June 2014, the cumulative fair value of financial instruments was positive at 9.3 million euros (see Note 8 - *Non current 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 hedges 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").
- the coupons on the cross currency swap that qualifies as net investment hedge, as well as its fair value excluding coupons ("clean fair value") are recognised directly in equity.

> 26.4. FINANCIAL 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 counterparts to respect their commitments under the agreements it has concluded.

As of 30 June 2014, the counterparty risk is not considered as significant.

> 26.5. LIQUIDITY RISK

The Group manages liquidity risk by using a tool that enables it to monitor and manage its recurring requirements and liquidity needs. This tool takes into account the maturity of financial investments, financial assets and estimated future cash flows from operating activities.

The Group's objective is to maintain a balance between continuity of its funding needs and their flexibility through the use of overdraft facilities, term loans, revolver 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 2013	Balance-sheet value	Total contractual cash flows	06/2014	06/2015	06/2016	06/2017	06/2018	Exceeding 5 years
Loan with Eutelsat Communications	(67.0)	(67.0)	(67.0)	-	-	-	-	-
Eutelsat S.A. bonds	(1.931.2)	(2.424.0)	(84.4)	(84.4)	(84.4)	(934.4)	(49.4)	(1.186.9)
US EXIM's export credit	(40.0)	(45.2)	(5.6)	(5.6)	(5.5)	(5.4)	(5.3)	(17.9)
ONDD-guaranteed export credit	(86.3)	(107.7)	(1.8)	(1.8)	(4.3)	(12.5)	(12.7)	(74.7)
Non-qualifying Eutelsat S.A. interest rate derivatives (1)	(0.1)	(0.1)	(0.1)	-	-	-	-	-
Bank overdrafts	(0.1)	(0.1)	(0.1)	-	-	-	-	-
Total financial debt	**(2 124.7)**	**(2 644.1)**	**(159.0)**	**(91.8)**	**(94.2)**	**(952.3)**	**(674.0)**	**(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	**(2 236.6)**	**(2 757.1)**	**(190.0)**	**(133.1)**	**(117.6)**	**(960.8)**	**(72.2)**	**(1 283.5)**
Non-qualifying Eutelsat S.A. interest rate derivatives (1)	0.4	0.4	0.4	-	-	-	-	-
Financial assets	32.8	32.8	29.8	-	-	-	-	3.0
Cash	105.9	105.9	105.9	-	-	-	-	-
Mutual fund investments	110.2	110.2	110.2	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
Total financial assets	**249.3**	**249.3**	**246.3**	**-**	**-**	**-**	**-**	**3**
Net position	**(1 987.1)**	**(2 507.8)**	**56.3**	**(133.1)**	**(117.6)**	**(960.8)**	**(72.2)**	**(1 280.5)**

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

At 30 June 2014	Balance-sheet value	Total contractual cash flows	06/2015	06/2016	06/2017	06/2018	06/2019	Exceeding 5 years
Loan with Eutelsat Communications Finance	(138.8)	(138.8)	(138.8)	-	-	-	-	-
Eutelsat S.A. bond	(2,854.6)	(3,418.2)	(108.9)	(108.9)	(958.9)	(73.8)	(873.8)	(1,294.0)
US EXIM's export credit	(41.3)	(46.0)	(6.4)	(6.3)	(6.2)	(6.1)	(6.0)	(14.8)
ONDD-guaranteed export credit	(123.5)	(147.6)	(2.5)	(7.1)	(17.9)	(17.6)	(17.3)	(85.3)
Finance leases	(221.2)	(281.5)	(18.1)	(14.3)	(15.9)	(16.2)	(17.7)	(199.4)
Qualified interest rate derivatives (1)	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-
Total financial debt	**(3,379.4)**	**(4,032.1)**	**(274.7)**	**(136.6)**	**(998.9)**	**(113.7)**	**(914.8)**	**(1,593.5)**
Other financial liabilities	(107.4)	(108.6)	(67.6)	(9.4)	(8.4)	(22.4)	(0.3)	(0.6)
Total financial liabilities	**(3,486.9)**	**(4,140.7)**	**(342.3)**	**(146.0)**	**(1,007.3)**	**(136.1)**	**(915.1)**	**(1,594.1)**
Eutelsat S.A. interest rate derivatives (1)	9.3	9.3	-	-	-	-	-	9.3
Financial assets	36.0	36.0	30.4	-	-	-	-	5.6
Cash	225.1	225.1	225.1	-	-	-	-	-
Mutual fund investments	60.8	60.8	60.8	-	-	-	-	-
Other cash equivalents	-	-	-	-	-	-	-	-
Total financial assets	**331.2**	**331.2**	**316.3**	**-**	**-**	**-**	**-**	**14.9**
Net position	**(3 155.6)**	**(3 809.5)**	**(26.0)**	**(146.0)**	**(1007.3)**	**(136.1)**	**(915.1)**	**(1 579.2)**

(*) 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:

	Fair value recognised in equity and to be reclassified to income						
(in millions of euros)	Total	Maximum 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Exceeding 5 years
Foreign exchange risk hedges	9.3	-	-	-	-	-	9.3
Net total at 30 June 2014 (1)	**9.3**	**-**	**-**	**-**	**-**	**-**	**9.3**

(1) Excluding equity investments for a negative amount of 2.6 million euros.

Furthermore, the amendment to IFRS7 on the offsetting of assets and liabilities has no impact: there was no offsetting agreement which could have an impact for the Group as of 30 June 2014 (neither on the balance sheet under IAS 32, nor on the net exposure).

NOTE 27. OTHER COMMITMENTS AND CONTINGENCIES

As of 30 June 2014, 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 2014, future payments under satellite construction, launch and financing contracts amount to 1,137 million euros (including 574 million euros with related parties). These future payments are spread over 17 years.

The Group has also entered into commitments with certain suppliers for the provision of services and the acquisition of fixed assets in relation with the monitoring and control of satellites.

The following table lists the payments for these services and acquisitions as of 30 June 2013 and 30 June 2014:

(in millions of euros)	At 30 June 2013	At 30 June 2014
2014	53	-
2015	24	51
2016	17	25
2017	16	22
2018 and beyond [(1)]	62	19
2019 and beyond		75
Total	**172**	**192**

(1) for the period reported in respect of the financial year ended 30 June 2013.

At 30 June 2014, the above total includes 3 million euros for purchase commitments entered into with related parties (see Note 28 - *Related-party transactions*).

Furthermore, the Group may receive penalties related to incidents affecting the performance of its operational satellites.

> 27.2. FLEET INSURANCE

As of 30 June 2014, the Group's existing "Launch + 1 year" and in-orbit insurance policies have been taken out with insurance syndicates generally with ratings of between AA- and A+. Counterparty risk is therefore limited and, if any of the insurers should default, that entity's share of the insurance cover could be taken on by a new player.

The in-orbit insurance plan taken out by the Group was renewed for a 12-month period starting on 1 July 2013. 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. Satellites covered under this policy are insured for their net book value.

On 1 July 2014, this policy was renewed for a 12-month period.

> 27.3. COMMITMENTS RECEIVED

The Group holds a put option vis-à-vis a related party, with no limited validity, exercisable twice a year with respect to its equity interest in Hispasat.

> 27.4. DISPUTES

The Group is involved in certain 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 Media Broadcast 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 S.A. and Deutsche Telekom whose satellite activity has since been transferred to Media Broadcast. 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 purpose is to coordinate Eutelsat's and SES's respective operations at several orbital positions, including 28.2° East and 28.5° East.

On 29 January 2014, Eutelsat and SES have concluded a series of agreements including a comprehensive settlement of legal proceedings concerning the right to operate at the 28.5° East orbital position and containing long-term commercial as well as frequency coordination elements.

> 27.5. CONTINGENT LIABILITY

As of 30 June 2014, the contingent liability presented in Note 27.5 - *Contingent liability* to the financial statements for the year ended 30 June 2013 no longer exists (see Note 21 - *Income Tax*)

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 THAT ARE NOT MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

Amounts due by or owed to related parties and included on the balance sheet within current assets and liabilities as of 30 June 2013 and 2014 are as follows:

(in millions of euros)	30 June 2013	30 June 2014
Gross receivables (including unbilled revenues) (1)	5.8	4.8
Debt (including accrued invoices)	67.9	316.2

(1) Including 0.2 million euros and 0.3 million euros for entities accounted for via the equity method as of 30 June 2013 and 2014 respectively.

As of 30 June 2014, debt includees a finance lease agreement entered into in respect of the AT1 EXPRESS satellite.

Related party transactions included in the income statements for the periods ended 30 June 2013 and 2014 are as follows:

(in millions of euros)	30 June 2013	30 June 2014
Revenues (1)	26.8	29.8
Operating costs, selling, general and administrative expenses	2.7	(3.4)
Financial result	(14.0)	(2.3)

(1) Including 1.6 million euros and 1.3 million euros for entities accounted for via the equity method as of 30 June 2013 and 2014 respectively.

For the year ended 30 June 2014, no related party transaction accounts individually for more than 10% of revenues.

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

> 28.2. COMPENSATION PAID TO MEMBERS OF THE "KEY MANAGEMENT PERSONNEL"

(in millions of euros)	30 June 2013	30 June 2014
Compensation excluding employer's charges	-	-
Short-term benefits: employer's charges	-	-
Total short-term benefits	**-**	-
Post-employment benefits (1)	-	-
Other long-term benefits (indemnity payment for unintended termination of activity	-	-
Share-based payment	-	-

Since 1 July 2012, the directors and corporate officers ("mandataires sociaux") do not receive any salaries, attendance fees nor free shares plans.

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 2013	30 June 2014
Operating costs	46.3	50.9
Selling, general and administrative expenses	61.3	72.1
Total	**107.6**	**123.0**

(1) Including 3.8 million euros and 1.1 million euros at 30 June 2013 and 2014 respectively for expenses related to share-based payments.

The average number of employees is as follows:

	30 June 2013	30 June 2014
Operations	359	399
Selling, general and administrative	431	511
Total	**790**	**910**

As of 30 June 2014, the Group had 1,011 employees, against 822 as of 30 June 2013.

The directors do not receive any salaries nor attendance fees.

The Group has a corporate savings plan ("Plan d'épargne d'entreprise or PEE) reserved for Eutelsat S.A. employees with more than three months of service, funded through voluntary contributions by employees.

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

NOTE 30. SCOPE OF CONSOLIDATION

As of 30 June 2014, the list of companies included in the scope of consolidation is as follows:

Company	Country	Consolidation method	% control at 30 June 2014	% interest as of 30 June 2014
- 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	FC	100.00%	96.34%
- Satmex Holding	Mexico	FC	100.00%	96.34%
- Satmex Holding BV	Netherlands	FC	100.00%	96.34%
- Satelites Mexicanos SMVS	Mexico	FC	100.00%	96.34%
- Alterna	USA	FC	100.00%	96.34%
- Satelites Mexicanos Administracion SMVS	Mexico	FC	100.00%	96.34%
- Satelites Mexicanos Tecnicios SMVS	Mexico	FC	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 Latin America	Panama	FC	100.00%	96.34%
- Eutelsat Russia	Russia	FC	100.00%	96.34%
- Eutelsat Services und Beteiligungen GmbH	Germany	FC	100.00%	96.34%
- 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 do 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	Luxembourg	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%

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

Consolidation of these subsidiaries under the full consolidation method was performed using financial statements prepared as of 30 June 2014.

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

	Ernst & Young				Mazars			
	Amount		Amount		Amount		Amount	
(in thousands of euros)	N	%	N-1	%	N	%	N-1	%
AUDIT								
Statutory audit, certification, review of separate and consolidated financial statements								
All subsidiaries	706	82%	582	81 %	330	90%	299	91 %
Other due care and services directly linked to the statutory audit task								
All subsidiaries	40	5%	63	9 %	37	10%	31	9 %
Sub-total	**746**	**87%**	**645**	**90 %**	**367**	**100%**	**330**	**100 %**
OTHER SERVICES, WHEN APPROPRIATE								
Legal, tax, social	109	13%	74	10 %				
Information technology	-		-					
Internal audit	-		-					
Others (to be specified if more than 10% of statutory audit fees)	-		-					
Sub-total	**109**	**13%**	**74**	**10%**				
Total	**855**	**100%**	**719**	**100 %**	**367**	**100 %**	**330**	**100 %**