Eutelsat S.A. Group

Société anonyme with a capital of 658 555 372.80 euros
Registered office: 70, rue Balard 75 015 Paris
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CONDENSED CONSOLIDATED HALF-YEAR ACCOUNTS AS OF 31 DECEMBER 2013

CONSOLIDATED BALANCE SHEET

(In millions of euros)

ASSETS	Note	30 June 2013 [1]	31 December 2013
Non-current assets			
Goodwill	4	47.9	41.8
Intangible assets	4	76.7	77.5
Satellites and other property and equipment, net	5	2,797.4	2,760.6
Construction in progress	5	460.8	468.7
Investments in associates	6	261.3	264.3
Non-current financial assets	7	3.0	48.1
Deferred tax assets		9.8	18.0
TOTAL NON-CURRENT ASSETS		**3,656.9**	**3,679.0**
Current assets			
Inventories		1.2	1.2
Accounts receivable		273.3	264.7
Other current assets		18.2	18.2
Current tax receivable		1.7	2.6
Current financial assets	7	30.2	580.3
Cash and cash equivalents	8	216.1	499.8
TOTAL CURRENT ASSETS		**540.7**	**1,366.9**
TOTAL ASSETS		**4,197.7**	**5,045.9**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	30 June 2013	31 December 2013
Shareholders' equity			
Share capital		658.6	658.6
Additional Paid-in capital		8.0	8.0
Reserves and retained earnings		854.9	680.9
Non-controlling interests		(20.2)	(20.1)
TOTAL SHAREHOLDERS' EQUITY	9	**1,501.2**	**1,327.4**
Non-current liabilities			
Non-current financial debt	10	2,124.4	3,141.0
Other non-current financial liabilities	11	82.9	79.8
Other non-current debt		0.1	0.2
Non-current provisions		80.3	82.0
Deferred tax liabilities		124.1	136.5
TOTAL NON-CURRENT LIABILITIES		**2,411.7**	**3,439.5**
Current liabilities			
Current financial debt	10	34.8	69.2
Other current financial liabilities	11	28.8	40.1
Accounts payable		62.3	59.8
Fixed assets payable		66.8	29.8
Taxes payable		6.6	12.4
Other current payables		80.1	63.6
Current provisions		5.4	4.1
TOTAL CURRENT LIABILITIES		**284.7**	**279.0**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,197.7**	**5,045.9**

[1] The comparative accounts have been restated to include application of the IAS19R standard. See Note 3.6 "Change in method".

CONSOLIDATED INCOME STATEMENT

(In millions of euros, except per share data)

	Note	Six-month period ended 31 December 2012	Twelve-month period ended 30 June 2013	Six-month period ended 31 December 2013
Revenues	13	634.8	1,286.4	648.5
Revenues from operations		**634.8**	**1,286.4**	**648.5**
Operating costs		(55.2)	(120.5)	(56.4)
Selling, general and administrative expenses		(74.1)	(162.2)	(88.6)
Depreciation and amortisation		(141.0)	(300.1)	(167.8)
Other operating income and expenses		-	30.8	8.9
Operating income		**364.5**	**734.4**	**344.7**
Cost of debt		(27.3)	(62.2)	(43.8)
Financial income		0.9	2.3	1.7
Other financial items		(2.3)	(20.7)	(9.0)
Financial result	14	**(28.7)**	**(81.6)**	**(51.1)**
Income from associates		6.2	14.2	7.3
Net income before tax		**342.1**	**667.0**	**300.9**
Income tax expense	12	(122.8)	(235.0)	(122.8)
Net income		**219.3**	**432.1**	**178.1**
Group share of net income		219.0	431.8	178.0
Portion attributable to non-controlling interests		0.3	0.3	0.1
Earnings per share attributable to Eutelsat SA' shareholders				
Basic earnings and diluted earnings per share in €	15	0.216	0.426	0.180

COMPREHENSIVE INCOME STATEMENT
(In millions of euros)

	Note	Six-month period ended 31 December 2012 [1]	Twelve-month period ended 30 June 2013 [1]	Six-month period ended 31 December 2013
Net income		**219.3**	**432.1**	**178.1**
Other recyclable items of gain or loss on comprehensive income				
Translation adjustment		(4.7)	(4.2)	(11.9)
Tax effect		-	-	-
Changes in pension commitments (IAS19R)	3.6	(8.2)	(16.3)	-
Tax effect		3.4	6.7	-
Changes in fair value of cash-flow hedging instruments	9.3, 16	1.3	5.0	(8.1)
Tax effect		(0.5)	(1.7)	3.1
Total other items of gain or loss on comprehensive income		**(8.7)**	**(10.5)**	**(16.9)**
Total comprehensive income statement		**210.6**	**421.6**	**161.2**
Group share of net income		210.3	421.3	161.1
Portion attributable to non-controlling interests		0.3	0.3	0.1

[1] The comparative accounts have been restated to include application of the IAS19R standard. See Note 3.6 “Change in method”.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)

	Note	Six-month period ended 31 December 2012	Twelve-month period ended 30 June 2013	Six-month period ended 31 December 2013
Cash flow from operating activities				
Net income		219.3	432.1	178.1
Income from equity investments		(6.3)	(14.2)	(7.3)
Tax and interest expenses, other operating items		133.0	265.3	146.4
Depreciation, amortisation and provisions		143.9	307.5	181.7
Deferred taxes		9.5	29.9	7.3
Changes in accounts receivable		11.0	(9.7)	(6.3)
Changes in other assets		(1.1)	(16.5)	(12.3)
Changes in accounts payable		(2.8)	17.5	(2.4)
Changes in other debt		(9.1)	(17.3)	64.4
Taxes paid		(111.3)	(211.8)	(129.9)
NET CASH INFLOW FROM OPERATING ACTIVITIES		**386.1**	**782.8**	**423.3**
Cash flows from investing activities				
Acquisitions of satellites, other property and equipment and intangible assets		(388.7)	(566.4)	(148.2)
Acquisition/disposal of equity investments		-	(83.6)	16.0
Changes in other financial assets		(0.3)	0.6	(581.2)
Dividends received from associates		2.6	2.6	2.6
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(386.4)**	**(646.8)**	**(710.8)**
Cash flows from financing activities				
Distributions	9.1	(243.3)	(283.9)	(334.3)
Increase in debt		411.7	445.5	930.0
Repayment of debt on incentives		(76.6)	(76.6)	(2.7)
Repayment of export credit facilities and long-term leases		(4.7)	(9.8)	(3.0)
Other debt-related expenses		(6.5)	(7.9)	(9.6)
Interest and other fees paid	14	(0.4)	(79.6)	(10.8)
Interest received		0.9	2.3	2.1
Other changes		2.7	2.3	(0.1)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**83.9**	**(7.6)**	**571.6**
Impact of exchange rate fluctuations on cash and cash equivalents		(0.3)	0.1	(0,2)
Increase (decrease) in cash and cash equivalents		**83.4**	**128.5**	**283.9**
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**87.4**	**87.4**	**215.9**
CASH AND CASH EQUIVALENTS, END OF PERIOD		**181.5**	**215.9**	**499.8**
Cash reconciliation				
Cash		170.8	216.0	499.8
Overdraft included under debt [1]		-	(0.1)	-
Cash and cash equivalents per cash flow statement		**170.8**	**215.9**	**499.8**

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

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

	Common stock			Reserves and retained earnings	Shareholders' equity Group share	Non-controlling interests	Total
	Number	Amount	Additional paid-in capital				
As of 30 June 2012 [1]	**1,013,162,112**	**658.6**	**8.0**	**711.9**	**1,378.5**	**0.4**	**1,378.9**
Net income for the period				**219.0**	**219.0**	**0.3**	**219.3**
Other items of gain or loss on comprehensive income				(8.7)	(8.7)	-	(8.7)
Total comprehensive income statement				**210.3**	**210.3**	**0.3**	**210.6**
Treasury stock				-	-	-	-
Transactions with non-controlling interests				-	-	-	-
Distributions				(243.2)	(243.2)	-	(243.2)
Benefits for employees upon exercising options and free shares granted				3.2	3.2	-	3.2
Liquidity offer				-	-	-	-
As of 31 December 2012 [1]	**1,013,162,112**	**658.6**	**8.0**	**682.2**	**1,348.8**	**0.7**	**1,349.5**
As of 30 June 2013 [1]	**1,013,162,112**	**658.6**	**8.0**	**854.9**	**1,521.5**	**(20.2)**	**1,501.2**
Net income for the period				**178.0**	**178.0**	**0.1**	**178.1**
Other items of gain or loss on comprehensive income				(16.9)	(16.9)	-	(16.9)
Total comprehensive income statement				**161.1**	**161.1**	**0.1**	**161.2**
Treasury stock				-	-	-	-
Transactions with non-controlling interests				-	-	-	-
Distributions				(334.3)	(334.3)	-	(334.3)
Benefits for employees upon exercising options and free shares granted				(0.9)	(0.9)	-	(0.9)
Other				(0.4)	(0.4)	-	(0.4)
Liquidity offer				(0.2)	(0.2)	-	(0.2)
As of 31 December 2013	**1,013,162,112**	**658.6**	**8.0**	**680.9**	**1,347.6**	**(20.1)**	**1,327.4**

[1] The comparative accounts have been restated to include application of the IAS19R standard. See Note 3.6 "Change in method".

NOTE 1: KEY EVENTS DURING THE PERIOD

- On 31 December 2013, the Group acquired a 9.9% interest in the Satmex Group. The acquisition of all of the group's shares as announced on 31 July 2013 was finalised on 1 January 2014 (see Note 18 - *Subsequent events*).

- 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 10 - *Financial debt*).

NOTE 2: APPROVAL OF THE ACCOUNTS

The condensed consolidated half-year accounts of Eutelsat SA as of 31 December 2013 have been prepared under the responsibility of the Board of Directors, which approved them at its meeting held on 13 February 2014.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 – Compliance with IFRSs

The consolidated half-year accounts as of 31 December 2013 have been prepared in accordance with IFRSs, as adopted by the European Union and effective as of that date. The relevant texts are available for consultation at the following Web site:

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

They have been prepared on a going concern basis and under the historical cost convention, except for those items for which the standards require fair value valuations. The financial information disclosed in these financial statements is prepared in accordance with the option contained in IAS 34 "Interim Financial Reporting" in a condensed format. The accounts as presented do not therefore contain all the information and Notes required under IFRSs for the preparation of consolidated full-year financial statements and must be read in conjunction with the consolidated full-year financial statements for the year ended 30 June 2013.

3.2 – Published standards and interpretations

The accounting methods and rules used in preparing these condensed interim accounts are identical to those used for the consolidated full-year financial statements for the year ended 30 June 2013, with the exception of the new standards and interpretations as described below, which are adopted by the European Union and are to be applied after 1 July 2013:

- Amendments to IAS 19 "Employee Benefits" released in December 2011 on the removal of the "corridor" approach and the spreading of actuarial gains and losses. 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 3.6. "Change in method", none of these texts has had an impact on previous financial periods nor on the consolidated half-year accounts at 31 December 2013.

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.

Furthermore, in accordance with Note 4.8 - *Impairment of non-current assets* and Note 5 - *Goodwill and other intangibles* to the financial statements published as of 30 June 2013, the Group carried out an impairment test on assets as of 31 December 2013. The method used to carry out the mandatory annual test on goodwill and non-depreciable assets has remained unchanged. As in the previous financial year, the Group took into account its capacity utilisation conditions to determine its CGU as of 31 December 2013, in particular the ability for some of its satellites to serve as back-up for other satellites.

3.3 – Periods presented and comparatives

The six-month period extends from 1 July to 31 December 2013.
The functional currency and the currency used in the presentation of the accounts is the euro.

3.4 – Use of estimates

Preparation of the Group’s consolidated accounts requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying Notes. Eutelsat 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.

As of 31 December 2013, the Group has not identified any major source of uncertainty relating to estimates realised as of the balance sheet date and which would be most likely to change within the coming twelve months, thereby requiring significant adjustments in the amounts recognised.

Judgements

When preparing the half-year consolidated accounts for the period ended 31 December 2013, Management reassessed all risks to which the Group is exposed, particularly those related to the dispute with SES (see Note 17.3 - *Litigation*).

3.5 – Taxes

The interim income tax expense is calculated by applying the average effective rate estimated for the financial year to earnings before taxes for the period (see Note 12 - *Income tax expense*).

3.6 – 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:

3.6.1 Impact on balance sheet as of 30 June 2013

LIABILITIES AND SHAREHOLDERS' EQUITY *(in millions of euros)*	**30 June 2013 Published**	**Impact IAS 19R**	**30 June 2013 Restated**
Shareholders' equity			
Share capital	658.6		658.6
Additional paid-in capital	8.0		8.0
Reserves and retained earnings	896.2	(41.3)	854.95
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	82.9		82.9
Other non-current debt	0.1		0.1
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 assets as of 1 July 2013.

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

The amendment should have resulted in a 3.5 million euro decrease in other personnel expenses, which represents a 2.3 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.

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

(in millions of euros)	**12-month period ended 30 June 2013 Published**	**Impact IAS 19 R**	**12-month period ended 30 June 2013 Restated**
Net income	**432.1**	**2.3**	**434.4**
OCI items that can be reclassified to profit or loss	**(0.9)**	**0**	**(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 statement	**431.2**	**(9.7)**	**421.5**
Group share of income	430.9	(9.7)	421.2
Portion attributable to non-controlling interests	0.3	-	0.3

NOTE 4: GOODWILL AND OTHER INTANGIBLES

Goodwill and Other Intangibles breaks down as follows:

(in millions of euros)	**Goodwill**	**Customer contracts and relation-ships**	**Other intangibles**	**Total**
Net value as of 30 June 2013	**47.9**	**30.0**	**46.7**	**124.6**
Net value as of 31 December 2013	**41.8**	**33.2**	**44.3**	**119.3**

NOTE 5: SATELLITES AND OTHER PROPERTY AND EQUIPMENT

Changes in gross values, depreciations and amortisation

(in millions of euros)	Satellites	Other property and equipment	Construction in progress	Total
Gross value at 30 June 2013	**4,994.9**	**347.3**	**460.8**	**5,803.0**
Acquisitions		10.7	129.0	139.7
Disposals and scrapping of assets	(127.2)	(1.0)		(128.2)
Transfers	119.9	0	(121.1)	(1.2)
Foreign-exchange variation	(6.8)	(0.1)	0	(6.9)
Gross value at 31 December 2013	**4 980.8**	**356.9**	**468.7**	**5,806.4**
Accumulated depreciation as of 30 June 2013	**(2,335.8)**	**(208.9)**	**-**	**(2,544.7)**
Allowance	(143.9)	(17.3)	-	(161.2)
Disposals and scrapping of assets	127.3	0.5	-	127.8
Foreign-exchange variation	0.8	0.1	-	0.9
Accumulated depreciation as of 31 December 2013	**(2,351.6)**	**(225.6)**	**-**	**(2,577.2)**
Net value as of 30 June 2013	**2,659.1**	**138.4**	**468.7**	**3,258.3**
Net value as of 31 December 2013	**2,629.3**	**131.3**	**468.7**	**3,229.3**

During the half-year ended 31 December 2013, the Group brought into service the EUTELSAT 25B satellite on 29 October following its successful launch on 29 August 2013. The fully amortised EUTELSAT 4B satellite was de-orbited in October 2013.

Construction in progress

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

Projects	Expected year of commissioning
EXPRESS AT1, EXPRESS AT2 and EUTELSAT 3B	*1 January- 30 June 2014*
EUTELSAT 9B	*2014-2015*
EUTELSAT 65WA, EUTELSAT 8WB and EUTELSAT 36C	*2015-2016*

NOTE 6: INVESTMENTS IN ASSOCIATES

On 12 December, the sale by Eutelsat of its interest in the Solaris company generated a capital gain of 12.4 million euros.

As of 31 December 2013, investments in associates consist in equity investments in the Hispasat Group.

NOTE 7: FINANCIAL ASSETS

Financial assets mainly include:

- The portion of Satmex shares acquired on 31 December 2013 (i.e. 9.9%) for 43.8 million euros and recognised as non-current assets, and
- A 537.3 million euro deposit entrusted to a notary representing 90.1% of the shareholding in Satmex still to be purchased and recorded under current financial assets. The deposited amount was used on 2 January 2014 to finalise the acquisition of Satmex shares (see Note 18 – *Subsequent events*).

NOTE 8: CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

(in millions of euros)	**30 June 2013**	**31 December 2013**
Cash	105.9	131.1
Cash equivalents	110.2	368.7
Total	**216.1**	**499.8**

Cash equivalents are mainly composed of deposit warrants maturing within less than three months after the date of acquisition, and UCITS qualifying as "cash equivalents".

UCITS were measured at fair value (Level 1).

NOTE 9: SHAREHOLDERS' EQUITY

9.1 – Shareholders' equity

As of 31 December 2013, the share capital having remained unchanged since 30 June 2013, comprised 1,013,162,112 ordinary shares with a par value of €0.65 per share.

On 7 October 2013, the Ordinary and Extraordinary General Meeting of Shareholders decided to distribute a gross amount of €0.37 per share, i.e. a total amount of 374.9 million euros, taken from net income and to allocate the remaining amount, i.e. 3.4 million euros to "Retained earnings".

9.2 –Share-based payment

Free allotments of shares

The Group manages two free share plans initiated in July 2011 and November 2012 respectively.

Under the two plans, the income recognised for the period ended 31 December 2013, with a double entry to shareholders' equity, was 1.0 million euros.

The income recognised represents:

- The cancellation of a provision recognised in the financial years 2011-2012 and 2012-2013 in respect of the July 2011 plan (1.0 million euros) and the November 2012 plan (0.5 million euros) as a result of the valuation update of both plans. This offsets:
- A provision recorded in respect of the July 2011 plan (0.4 million euros) and the November 2012 plan (0.1 million euros).

Conditions	July 2011 Plan	November 2012 Plan
Grant Period	July 2011 - July 2014 (1)	November 2012- November 2015 (2)
Settled in	Shares	Shares
Lock-up period	July 2014 - July 2016 (3)	November 2015- November 2017 (3)
Total number of attributable shares	700,000	347,530
Income over the period (in millions of euros)	0.6	0.4
Plan aggregate valuation as of 31/12/2013 (in millions of euros)	2.8	1.0

(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) There is no lock-up period for foreign subsidiaries.

9.3 – Change in the revaluation reserve of financial instruments

All financial instruments that have an impact on the revaluation reserve are cash-flow 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	(8.5)
Changes in fair value within equity that cannot be reclassified to income	-
Transfer to income statement (1)	-
Balance at 31 December 2013	**(8.5)**

The change over the period does not include the change in the revaluation reserve for Hispasat, which amounts to 0.4 million euros.

9.4 – Translation reserve

(in millions of euros)	**Total**
Balance at 30 June 2013	**(2.9)**
Change over the period	(10.4)
Balance at 31 December 2013	**(13.3)**

The (10.4) million euro change does not include the (1.5) million euro change in the translation reserve for Hispasat.

NOTE 10: FINANCIAL DEBT

As of 30 June and 31 December 2013, debt is denominated in Euros and US dollars.

- *Financial information as of 30 June 2013 and 31 December 2013*

(in millions of euros)	Rate	30 June 2013	31 December 2013	Maturity
Loans with Eutelsat Communications Finance S.A.S.	Variable	67.0	146.8	N/A
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 export credit	1.710%	42.0	45.5	15 November 2021
ONDD guaranteed export credit	Variable	95.1	105.5	31 August 2024
Sub-total of debt (non-current portion)		**2,154.1**	**3,177.8**	
Loan set-up fees and premiums		(29.6)	(36.8)	
Total of debt (non-current portion)		**2,124.4**	**3141.0**	
Bank overdrafts		0.1	-	
Accrued interest not yet due		34.6	69.2	
Total of debt (current portion)		**34.7**	**69.2**	

(1) Fair values are detailed below:

(in millions of euros)	30 June 2013	31 December 2013
Eurobond 2017	931.9	945.5
Eurobond 2019	927.7	940.5
Eurobond 2022	305.1	298.0
Eurobond 2020	-	921.6

The fair values of bonds are valued from quoted prices.

The book values of the loan with Eutelsat Communications Finance S.A.S. and the export credit facilities are reasonably close to their fair values.

The weighted average interest rate on amounts drawn under the revolving credit facilities for the period ended 31 December 2013 is 0.47% and 5.33% after the effects of hedging activities are included.

The Group also has 450 million euros available under its various lines of undrawn revolving credit.

- *Changes in debt structure since 30 June 2013*

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*

As of 31 December 2013, 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.S.	146.8	-	146.8	-
US EXIM export credit	45.5	5.7	22.8	17.0
ONDD guaranteed export credit	105.5		34.1	71.4
Bond 2017	850.0		850.0	-
Bond 2019	800.0	-	-	800.0
Bond 2020	930.0	-	-	930.0
Bond 2022	300.0	-	-	300.0
Total	**3,177.8**	**5.7**	**1 053.7**	**2,118.4**

- *Compliance with banking covenants*

The ONDD and US Exim financing agreements are linked to financial covenants that are 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 31 December 2013 have not changed since their inception. As of 31 December 2013, the Group was in compliance with all banking covenants under its credit facilities.

NOTE 11: OTHER FINANCIAL LIABILITIES

(in millions of euros)	30 June 2013	31 December 2013
Financial instruments (1)	0.1	11.2
Performance incentives (2)	7.3	5.5
Finance leases (3)	7.2	5.1
Other liabilities	97.1	98.1
Total	**111.7**	**119.9**
- incl. current portion	*28.8*	*40.1*
- incl. non-current portion	*82.9*	*79.8*

(1) See Note 16 – *Financial instruments*
(2) Including interest on “Performance incentives” of 2.3 million euros as of 30 June 2013 and 2.0 million euros at 31 December 2013.
(3) As of 30 June 2013 and 31 December 2013, amounts of interest on finance leases were not material.

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

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 constitutes a reasonable approximation of fair value.

NOTE 12: INCOME TAX EXPENSE

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

As of 31 December 2013, the Group's tax expense amounted to 41.8%. This rate is mainly explained by the 2014 Finance Act which provides for an increase to 10.7% of the 5% exceptional contribution to the corporate income tax, the standard income tax rate standing now at 38%. Previous Finance Acts which introduced an additional 3% contribution on dividends and capped the deductibility of financial expenses at 85% resulted in a significant rise in the effective corporate tax.

12.1 – Tax audit

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 Communications and Eutelsat S.A., on 20 December 2012, of tax adjustments of 1.5 million euros and 26.1 million euros respectively, including late payment interest and penalties.

In view of the strong arguments held by Eutelsat Communications S.A. and Eutelsat S.A., the proposed tax reassessments have been challenged. As of 30 June 2013, Eutelsat S.A. had not booked any provision for risks in respect of the tax inspection, considering it a contingent liability (see Note 17.4 – *Contingent liability*).

During the first half of the financial year ending 30 June 2014, the Group signed an agreement with the French tax authorities providing for tax adjustments totalling 7.4 million euros, including late payment interest and penalties. This amount was entirely expensed.

NOTE 13: SEGMENT INFORMATION

Over the period ended 31 December 2013, there was no change in the Group's organisation which could affect the nature of and method used for reporting financial information and business performance data to the Group's chief operating decision maker.

Therefore, as with the period ended 30 June 2013, 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.

Group revenues by geographical zone, based on invoice addresses, for the twelve-month periods ended 31 December 2012 and 2013 are as follows:

(in millions of euros and as a percentage)	**6-month period ended 31 December 2012**		**6-month period ended 31 December 2013**	
Regions	**Amount**	**%**	**Amount**	**%**
France	74.9	11.8	74.9	11.6
Italy	100.8	15.9	101.6	15.7
United Kingdom	47.8	7.5	52.7	8.1
Europe (other)	206.9	32.6	201.9	31.1
Americas	85.5	13.5	81.1	12.5
Middle-East	73.5	11.6	84.3	13.0
Africa	33.2	5.2	36.2	5.6
Asia	12.0	1.9	13.4	2.1
Other	0.2	0.0	2.4	0.4
Total	**634.8**	**100.0**	**648.5**	**100.0**

NOTE 14: FINANCIAL RESULT

The financial result breaks down as follows:

(in millions of euros)	6-month period ended 31 December 2012	6-month period ended 31 December 2013
Interest expense after hedging [1]	(41.5)	(46.4)
Loan set-up fees and commissions [2]	(2.2)	(4.6)
Capitalised interest [3]	16.4	7.2
Cost of gross debt	**(27.3)**	**(43.8)**
Financial income	0.9	1.7
Cost of net debt	**(26.4)**	**(42.1)**
Changes in financial instruments [4]	3.1	(2.8)
Foreign-exchange gains and losses	(1.6)	(3.5)
Other	(3.8)	(2.7)
Financial result	**(28.7)**	**(51.1)**

[1] The interest expense was not affected by interest-rate hedging instruments as of 31 December 2012 and 30 June 2013.

[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 4.9% at 31 December 2012 and 3.3% at 31 December 2013.

[4] The fair value variations 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 16 – *Financial instruments*).

NOTE 15: 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):

	31 December 2012	31 December 2013
Net income	219.3	175.3
Income from subsidiaries attributable to non-controlling interests before taking into account the dilutive instruments in the subsidiaries	(0.3)	(0.1)
Net earnings used to compute diluted earnings per share	**219.0**	**175.2**

There are no dilutive instruments as of 31 December 2012 and 31 December 2013.

NOTE 16: FINANCIAL INSTRUMENTS

16.1 – 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 half-year ended 31 December 2013, the Group had to collect the amount in US dollars required for settling the acquisition of Satmex (see Note 18 – *Subsequent events*). For this, the Group used monetary instruments to cover the cost of the acquisition in US dollars.

Given its exposure to foreign-currency risk, the Group believes that a 10-cent increase in the US dollar/euro exchange rate would have a 42.1 million euro impact on Group income and would result in a negative change in Group OCI amounting to 30.4 million euros and a change of 26.3 million euros in the Group translation reserve.

16.2 - Sensitivity to interest-rate risk

Considering the full range of financial instruments available to the Group as of 31 December 2013, an increase of ten base points (+ 0.10%) over the EURIBOR interest rate would have an insignificant effect on the interest expense and the revaluation of financial instruments in the income statement. It would involve a positive change of 1.5 million euros in equity related to the effective portion of the change in the fair value of hedging instruments qualified as cash flow hedges.

16.3 – Key figures as of 31 December 2013

The following tables analyse the contractual or notional amounts and fair value of the Group's derivatives as of 31 December 2013 by contract type. The instruments are valued by the Group's banking counterparts, and this valuation is verified/validated by an independent expert.

(in millions of euros)	**Notional**		**Fair value**			**Change in fair value over the period**	***Impact on income (excl. coupons)***[(1)]	***Impact on equity***
	30 June 2013	**31 December 2013**	**30 June 2013**	**Initial premium**	**31 December 2013**			
Forward purchase knock-ins	-	289.8	-	0.3	(3.8)	(4.1)	*(0.7)*	(3.4)
Call purchase	-	315.6	-	2.4	0.6	(1.8)	*(1.8)*	-
Forward purchase	-	301.5	-	(2.7)	(7.3)	(4.6)	*0.5*	(5.1)
Forward sale	-	301.5	-	7.8	7.3	(0.5)	*(0.5)*	-
Forward sale knock-ins	68.7	-	0.4	-	-	(0.4)	*(0.4)*	
Total forex derivatives	***68.7***	***1,208.4***	***0.4***	***7.8***	***(3.2)***	***(11.4)***	***(2.9)***	***(8.5)***
Collar	100.0	-	(0.1)	-	-	0.1	0.1	-
Total interest rate derivatives	***100.0***	***-***	***(0.1)***	***-***	***-***	***0.1***	***0.1***	***-***
Total derivatives			**(0.3)**	**7.8**	**(3.2)**	**(11.3)**	**(2.8)**	**(8.5)**
Equity interests								0.4
Total								**(8.1)**

As of 31 December 2013, the cumulative fair value of financial instruments was positive at 8.0 million euros and negative at 11.2 million euros (see Note 11 - *Other Financial Liabilities*).

NOTE 17: OTHER OFF-BALANCE SHEET COMMITMENTS

17.1 – Purchase commitments

As of 31 December 2013, Group purchases from satellite manufacturers and launch service providers totalled 1,068 million euros and future payments for launch service agreements reached 310 million euros. These future payments are spread over 18 years.

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

Future minimum payments in respect of such acquisitions of assets and provision of services at 31 December 2013 are scheduled as follows:

(in millions of euros)	**At 31 December 2013**
2013	63
2014	22
2015	18
2016	15
2017 and beyond	55
Total	**173**

17.2 - Fleet insurance

As of 30 June 2013, 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. The satellites covered under this policy are insured for their net book value.

17.3 – Litigation

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 (ICA) 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 16 September 2013, the Paris International Chamber of Commerce (CCI) drew its conclusions on the first phase of the arbitration initiated by the Company against SES in October 2012.

As a result of this first phase, the Arbitral Tribunal decided that:

- The ICA does not bar SES from using the disputed bands if and when Eutelsat does not hold the "regulatory" right to operate in these bands;
- SES did agree that Eutelsat would use the disputed bands as long as Eutelsat held the "regulatory" right to operate in these bands.

The Arbitral Tribunal did not decide on whether Eutelsat has the "regulatory" right. Eutelsat firmly believes and can demonstrate it has the "regulatory" right to operate in the disputed frequency bands.

On 30 August 2013, Media Broadcast obtained a preliminary injunction before the Regional Civil Court of Bonn preventing the use by Eutelsat of the disputed frequencies in the event that this creates harmful interference. Eutelsat may appeal this preliminary decision and confirms it does not intend to create harmful interference.

The purpose of the second phase of the arbitration with the ICC is to decide, amongst other issues, whether SES was entitled to sign an agreement in 2005 with Media Broadcast without breaching its obligations under the ICA.

Following these decisions, SES and the Company worked together in the best interest of clients to ensure a smooth transition of operations on frequencies at 28.5°E under a German filing. As of 4 October 2013, SES is operating and Eutelsat has ceased operating on these frequencies. The transfer was successfully completed in the night of 3-4 October 2013.

As of 31 December 2013, discussions were held between Eutelsat and SES to find a solution with respect to the subject matter of the arbitral procedure (see Note 18 – *Subsequent events*).

17.4 – Contingent Liability

The contingent liability presented in Note 27.5 - *Contingent liability* to the financial statements ended 30 June 2013 no longer exists as of 31 December 2013 (see Note 12.1 – *Tax audit).*

NOTE 18: SUBSEQUENT EVENTS

- On 1 January 2014, the Group finalised the closing of the transaction to acquire the entire share capital of Satélites Mexicanos, S.A. de C.V. ("Satmex"). The transaction amounts to an aggregate of 831.0 million US dollars and covers 100% of the share capital, as well as transaction-related costs. The Group is examining the acquired assets and liabilities.

- In January 2014, the satellite EUTELSAT 8WC encountered an anomaly on power transmission assemblies. This anomaly has no impact on the nominal provision of service of this satellite in its current mission. The Group is currently analysing potential impacts.

- 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.