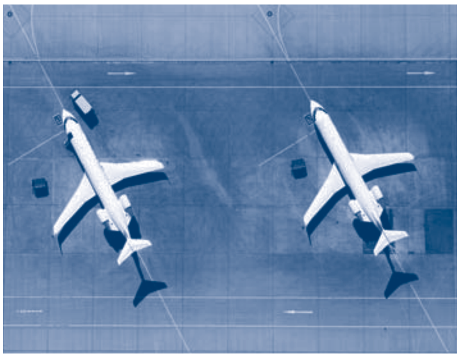
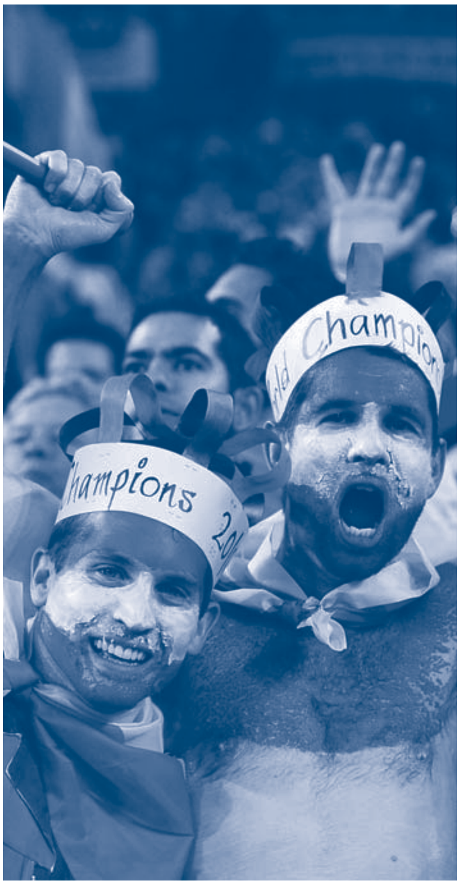
ANNUAL REPORT 2010

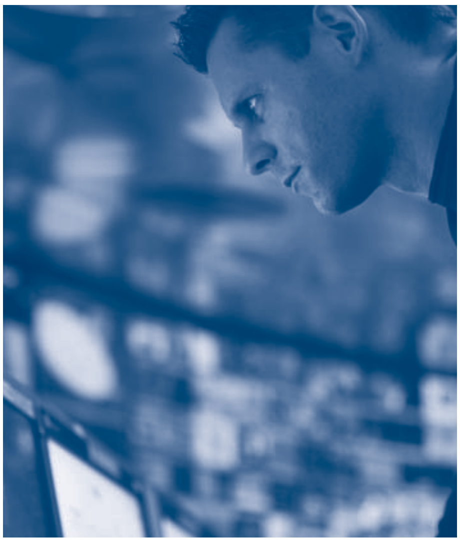
SES

Your Satellite Connection to the World







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Highlights

Financial highlights[1]

Revenue (EUR million)

2010	1,735.7
2009	1,620.3
2008	1,521.2

EBITDA (EUR million)

2010	1,296.4
2009	1,193.7
2008	1,094.2

Average weighted earnings per share (EUR)

2010	1.24
2009	1.22
2008	0.98

Net debt/EBITDA

2010	2.91
2009	2.99
2008	3.16

Reported revenue +7.1%

€1,735.7m

2009: €1,620.3m

Recurring[2] revenue +5.1%

€1,718m

2009: €1,635m

Reported EBITDA +8.6%

€1,296.4m

2009: €1,193.7m

Recurring EBITDA +5.0%

€1,307m

2009: €1,245m

Operating profit +10.8%

€797.4m

2009: €719.6m

Proposed dividend[3] +9.6%

€0.80

2009: €0.73

Average weighted earnings per share +1.6%

€1.24

2009: €1.22

Operational highlights

- **Four new satellites brought into operation**
- **Net fleet inventory increased by 76 to 1,249 available transponders[4]**
- **Utilisation rate of 79.3% with strengthened coverage of emerging markets**
- **Participation in the final equity financing round of O3b Networks**

[1] 2009 and 2008 figures restated for the presentation of discontinued operations under IFRS 5.

[2] 'Recurring' is a measure designed to represent underlying revenue/EBITDA performance by removing currency exchange effects, eliminating one-time items, considering changes in consolidation scope and excluding revenue/EBITDA from new business initiatives that are still in the start-up phase.

[3] Per Class A share proposed.

[4] 36 MHz equivalent.

SES looks into the future with confidence. Executing on our mission to provide even better service to our customers, we are planning to launch seven satellites and payloads in 2011.

René Steichen
Chairman of the Board of Directors

Continuity, reorganisation and growth
On behalf of the Board of Directors, I am proud to announce a strong set of results for the business year 2010. In line with the outstanding achievements of the past several years, the 2010 results are yet again testimony to the successful execution of the company's growth strategy over time. The 2010 results were achieved despite operational challenges and the delayed launches of new satellites; they underline the company's resilience and ability to adapt.

2010 was a year of refocusing the SES group's activities on the core business of providing satellite infrastructure. Following our decision to sell a majority interest in the satellite services unit ND SatCom, we reached an agreement with Astrium, who acquired a 75.1% interest in ND SatCom. We also commited to invest a further USD 75 million in the final equity financing round of O3b Networks, an exciting Ka-band service that is to provide backbone connectivity via satellite to the 'Other 3 billion' people in developing areas of the world who are devoid of broadband access today.

As stressed before we pursued our ambitious multi-year investment programme to renew and expand our satellite fleet, launching two satellites (SES-1 and ASTRA 3B) and bringing two more into commercial service (NSS-12, launched in late 2009, and SES-7 (ProtoStar 2), an in-orbit satellite acquired during 2010). The new spacecraft, after accounting for orbital relocations and adjustments, added a net 76 transponders to the available capacity on the SES fleet.

We ordered a new spacecraft, SES-6, from Astrium. In early 2011, we announced the procurement of the SES-8 satellite with Orbital Sciences Corp. In all, SES now has 13 satellites under construction, all to be launched until 2014. Providing replacement and incremental capacity, they will add 293 transponders to the fleet, an increase of 23% compared to year-end 2010.

During 2010, we commercialised most of the newly-launched capacity targeting the growth economies of the world. ASTRA 3B's Middle Eastern beam was fully contracted by year-end; so was the Indian beam on SES-7. NSS-12 over the Indian Ocean region reached full utilisation shortly after entering commercial service.

In 2010, we extended the core business by providing transmission capacity for four new DTH platforms, Wananchi in East Africa, Claro TV in Puerto Rico, AVG in Vietnam and Top TV in South Africa. At 67° West, we brought a new orbital position into use for the Andean Community. In Europe, we continued to develop the Eastern European customer base at 31.5° East, and we registered a favourable development in the core DTH markets.

Revenue and EBITDA growth at the top end of the guidance range
Overall, SES achieved steady progress in 2010. The group's strong financial results arose from contributions from both SES ASTRA and SES WORLD SKIES. Recurring[1] revenue and EBITDA both grew at the top end of the guidance range of 4% to 5%, buoyed by a strong fourth quarter 2010.

Revenue increased to EUR 1,735.7 million (+7.1%); on a recurring basis, revenue rose 5.1% to EUR 1,718 million. EBITDA increased by 8.6% to EUR 1,296.4 million on a reported basis, and by 5.0% to EUR 1,307 million on a recurring basis. The reported growth rates of full-year revenue and EBITDA also benefited from the stronger U.S. dollar.

EBITDA margins were strong at 74.7% on a reported and 76.1% on a recurring basis; the core infrastructure business reached an EBITDA margin of 83.0%.

The growth in EBITDA drove a 10.8% increase in reported operating profit, to EUR 797.4 million.

Net profit from continuing operations after tax increased by 4.9%, to EUR 523.8 million. Net profit of the group was EUR 487.3 million, up 2.3% compared to the prior year.

Closing net debt rose by 5.6% to EUR 3,760.8 million, but with the expansion at the EBITDA level, the net debt/EBITDA ratio fell in the course of 2010 from 2.99 to 2.91 times, being well under the group's self-imposed ceiling of 3.3 times.

Earnings per share rose to EUR 1.24 per Class A share. Reflecting our progressive dividend policy, the Board of Directors proposed to increase the dividend to EUR 0.80 per Class A share, up from EUR 0.73 per share of Class A in 2009.

The fully protected contract backlog stood at EUR 6.6 billion at the year end, with contracts concluded in early 2011 adding EUR 0.5 billion to the backlog.

Outlook and guidance
SES' growth is essentially based on the delivery of new capacity to serve the strong demand in the emerging markets. In 2011, new capacity contributions will derive from QuetzSat-1 (+32 transponders), which is fully contracted by EchoStar and expected to enter service in Q4 2011; from SES-4 (+27 transponders), expected to start operational service in Q4 as well, while YahSat-1A (+23 transponders), supporting the YahLive! offering, is expected to start commercial operations by mid-year 2011.

Revenue growth in 2011 will largely be contributed by SES WORLD SKIES from full year contributions of contracts initiated during 2010 and from new capacity launched during 2011.

SES' revenue growth does not develop on a linear basis. It depends on the timing of satellite launches and of the entry into service of a spacecraft, on the ending of customer contracts and the timing of new agreements. Taking these factors into account, SES anticipates recurring revenue growth of approximately 3% in 2011. It will rise strongly thereafter as the group will benefit from the full-year impact of the new capacity launched in 2011. SES identifies a range of 4-5% for its three-year revenue CAGR (2010-2012) guidance.

Group indebtedness in 2011 is foreseen to stay within the group's self-imposed net debt/EBITDA ceiling of 3.3 times.

We have also decided to adapt the company's organisation. By consolidating the operations of SES ASTRA and SES WORLD SKIES, as well as of SES' ENGINEERING arm under a single management structure, we expect to achieve even stronger market and customer focus for the planned new growth capacity, offering a single face to the market for our global satellite fleet. aThe new organisational structure is anticipated to deliver enhanced efficiencies with corresponding revenue, operating expense and EBITDA synergies for ongoing and future growth.

We look forward to a busy year 2011
SES looks into the future with confidence. We look forward to a busy year 2011. Executing on our mission to provide ever better service to our customers, we are planning to launch seven satellites and payloads in 2011: in addition to the above-mentioned QuetzSat-1, SES-4 and the YahLive payload on YahSat-1A, we will launch replacement capacity on ASTRA 1N, SES-3, SES-2 and replacement and expansion capacity on SES-5/ASTRA4B. Following extensive testing, these spacecraft will typically enter commercial service three months after launch, creating a host of new opportunities for our customers.

I would like to thank the SES management and employees for their commitment and strong achievements in 2010. I am convinced that they will continue to invest their expertise, their imagination and their dedication to ensure that SES continues to provide the highest level of service to our customers, and the best value to our shareholders.

René Steichen
Chairman of the Board of Directors

[1] 'Recurring' figures represent the underlying revenue and EBITDA performance by removing currency effects, eliminating one-time items, considering changes in consolidation scope and excluding revenue and EBITDA from new business initiatives that are still in a start-up phase.

SES shareholders[1]

	Number of shares	% Voting shareholding	% Economic participation
Class A shares			
Sofina Group	18,800,000	3.76%	4.70%
Luxempart Invest S.à r.l.	11,538,264	2.31%	2.89%
Santander Telecommunications S.A.	9,000,000	1.80%	2.25%
Other shareholders	8,529,362	1.71%	2.13%
BCEE FDRs (free float)	285,117,504	57.08%	71.35%
Total A Shares	**332,985,130**	**66.67%**	**83.33%**
Class B shares			
BCEE	54,336,756	10.88%	5.44%
SNCI	54,329,979	10.88%	5.44%
Etat du Grand-Duché de Luxembourg	57,825,830	11.58%	5.79%
Total B shares[2]	**166,492,565**	**33.33%[3]**	**16.67%**
Total shares (actual)	**499,477,695**		
Total shares (economic)	**399,582,156**		

[1] Significant shareholdings as of January 28, 2011.

[2] A share of Class B carries 40% of the economic rights of a Class A share.

[3] These figures have been rounded up to the second decimal, as a result of which the Class B shareholders appear to hold a total of 33.34 % of the voting interest in the company. The actual total voting interest of the Class B shareholders is, however, one-third.

Chairman's report on corporate governance and internal control procedures

Introduction

SES is listed on the Luxembourg Stock Exchange and on Euronext Paris. The company follows the 'Ten Principles of Corporate Governance' adopted by the Luxembourg Stock Exchange (its home market) and the governance rules applied by companies listed in Paris, where most of the trading in SES FDRs takes place. Where those rules conflict, e.g. with regard to the publication of the individual remuneration of the members of its Executive Committee, SES follows the rules of its home market by reporting the aggregate amount of the direct and indirect remuneration of the members of the Executive Committee, with the fixed and the variable components of the benefits being separately identified.

SES meets all the recommendations made by the 'Ten Principles' except two. With regard to Recommendation 3.9, stating that any of the committees created by the board should only have advisory powers, the SES board has delegated some decision-making powers to the Remuneration Committee. For the full details of these powers, see the charter of the Remuneration Committee on the SES website (www.ses.com). Also, SES does not follow Recommendation 10.6. Under this recommendation any shareholder who holds at least 5% of the company's shares should be allowed to put topics on the agenda of the annual general meeting and propose draft resolutions to be voted upon. However, SES follows the Luxembourg law in this respect, granting such right to one or more shareholders holding at least 10% of its shares. Since no registered shareholder currently holds more than 5% but less than 10% of the SES shares, this difference between the SES articles of incorporation and Recommendation 10.6 is not considered material.

The company has also continued its policy to increase the flow of information to its shareholders via its website.

In this context, the section on corporate governance contains a regularly updated stream of information, such as the latest version of the company's main governance documents, be it the articles of incorporation, the corporate governance charter (including the charters of the various committees set up by the board) or the separate sections on the composition and the mission of the board, the board's committees and the Executive Committee. This section also contains the SES Code of Conduct and Ethics, the financial calendar and any other information which may be of interest to the company's shareholders.

Organisation principles

Created on March 16, 2001 under the name of SES GLOBAL, SES is incorporated in Luxembourg. Following the completion of the acquisition of GE Americom on November 9, 2001, SES became the parent company of SES ASTRA, originally created in 1985. In 2001, the Board of Directors approved a set of internal regulations to complement the legal and regulatory obligations, as well as the articles of incorporation of SES. A copy of SES' articles of incorporation, in its latest version, is available in the corporate governance section of the company's website.

The annual general meeting of shareholders

Under Luxembourg company law, the company's annual or extraordinary general meetings represent the entire body of shareholders of the company. They have the widest powers, and resolutions passed by such meetings are binding upon all shareholders, whether absent, abstaining from voting or voting against the resolutions.

The meetings are presided by the Chairman or, in case of his absence, by one of the Vice Chairmen of the Board or, in their absence, by any other person hereto appointed by the meeting. Any shareholder who is recorded in the company's shareholder register at least eight business days before the meeting is authorised to attend and to vote at the meeting. A shareholder may act at any meeting by appointing a proxy who does not need to be a shareholder.

The company has issued two classes of shares: Class A and Class B shares.

Although they constitute separate classes of shares, Class A and Class B shares have the same rights except that the shares of Class B, held by the State of Luxembourg and by two entities wholly-owned by the State of Luxembourg, entitle their holders to only 40% of the dividend, or in case the company is dissolved, to 40% of the net liquidation proceeds paid to shareholders of Class A. Class B shares are not freely traded. Each share, whether of Class A or B, is entitled to one vote. In accordance with the company's articles of incorporation, no shareholder of Class A may hold, directly or indirectly, more than 20%, 33% or 50% of the company's shares unless it has obtained prior approval from the meeting of the shareholders. Such limit is calculated by taking into account the shares of all classes held by a shareholder of Class A.

A shareholder or a potential shareholder that plans to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company must inform the Chairman of the Board of such intention. The Chairman will then inform the government of Luxembourg of the planned acquisition which may only be opposed by the government within three months from receiving such information, should the government determine that such acquisition is against the general public interest.

In case of no opposition from the government, the board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of August 10, 1915, as amended, regarding commercial companies, to authorise the demanding party to acquire more than 20%, 33% or 50% of the shares.

The annual general meeting is held on the first Thursday in April. Each registered shareholder will receive written notice of the annual general meeting, including the time of the meeting, the agenda, as well as the draft resolutions which will be proposed for approval at the meeting, by registered mail at least 20 days prior to the meeting. At the same time, each shareholder will receive a copy of the annual accounts and the consolidated accounts, including the balance sheets and the income statements of the company. Holders of the company's FDRs will be represented at the meeting by Banque et Caisse d'Epargne de l'Etat acting as Fiduciary. Each FDR will represent one Class A share. If a holder of FDRs wants to attend the annual general meeting of shareholders in person, that shareholder needs to convert at least one FDR into an A share. In order to facilitate the attendance of the meeting by FDR holders, the company will pay the applicable charge for a conversion of up to 10,000 FDRs for a short period prior to the annual general meeting.

Notice of the meeting and of the proposed agenda will also be published in the press. The Fiduciary will circulate the draft resolutions to both international clearing systems, Clearstream and Euroclear, allowing FDR holders to give their voting instructions to the Fiduciary in time for the meeting. At the same time, the draft resolutions will be made available on the company's website. Unless the Fiduciary has received specific instructions from the FDR holder, the Fiduciary will vote in favour of the proposals submitted by the board.

The meeting may deliberate validly only if at least half of the shares of Class A and at least half of the shares of Class B are represented. In the event that the required quorum is not reached, the meeting will be reconvened in accordance with the form prescribed by the articles of incorporation. It may then validly deliberate without consideration of the number of represented shares.

The proceedings are held in French, but an English translation is provided by the company. A French version of the AGM minutes and the results of the shareholders' votes can be found on the SES website.

All the resolutions of the meeting are adopted by a simple majority vote except if otherwise provided for by Luxembourg company law. The annual general meeting held on April 1, 2010 was attended by 98.859 % of the company's shareholders. However, the 6,618,078 FDRs held by SES did not participate in the vote, reducing the participation in the vote to 97.534% of the company's shares.

Following the resignation of Mr Georges Schmit at the end of 2009,the shareholders elected Mr Serge Allegrezza with 99.458% of the votes. His mandate will end like the original mandate of Mr Georges Schmit at the annual general meeting of 2011. A short biography on each of the 17 directors is published on page 5.

During the 2010 annual general meeting, the shareholders further approved the 2009 financial results and the allocation of the 2009 profits, granted discharge to the external auditor and the directors, elected Ernst & Young as the company's external auditor for another year and granted an authorisation to SES to buy back its own shares. The shareholders also approved the directors' fees which remained unchanged in comparison to 2009. All of the board's proposals were carried by a majority of at least 94.81% of the votes expressed. In accordance with article 67-1 of the Luxembourg company law, abstentions are not considered when determining whether a resolution has been passed or not. The detailed results of the shareholders' votes are available in the corporate governance section of the company's website.

During 2010, no extraordinary meeting of shareholders was held.

The Board of Directors and its committees

Mission

The Board of Directors is responsible for defining the company's strategic objectives as well as its overall corporate plan. The board approves, upon proposal from the Executive Committee, the annual consolidated accounts of the company and the appropriation of results, the group's medium-term business plan, the consolidated annual budget of the company and the management report to be submitted to the meeting of shareholders. It also approves major investments and is responsible vis-à-vis shareholders and third parties for the management of the company, which it delegates to the Executive Committee.

Composition

Following its election by the shareholders in April 2008, the board of SES was composed throughout the year of 17 directors, all of them non-executive directors. In accordance with the company's articles of association, 11 board members represent holders of Class A shares and six board members represent holders of Class B shares. The mandates of the current directors will expire at the annual general meeting of shareholders in April 2011, when shareholders will be asked to elect a board composed of 18 directors, six of which will be elected for one year, six for two years and six for three years.

Mr René Steichen is the Chairman of the Board of Directors. He was elected by the members of the board in the meeting which followed the annual general meeting on April 3, 2008. René Steichen is currently assisted by two Vice Chairmen, Messrs François Tesch and Jean-Paul Zens, each one elected on the basis of proposals submitted by directors representing shareholders of Class A and of Class B shares, respectively.

In the event of a vacancy in the board, the remaining directors may, upon a proposal from the Nomination Committee and on a temporary basis, fill such a vacancy by a majority vote. In this case, the next annual general meeting of shareholders will definitively elect the new director who will complete the term of the director whose seat became vacant.

In accordance with internal regulations, at least one third of the board members must be independent directors. A board member is considered independent if he has no relationship of any kind with the company or management which may impact his judgment. This is defined as:

- not having been a director for more than 12 years;
- not having been an employee or officer of the company over the last five years;
- not having had a material business relationship with the company in the last three years; and
- not representing a significant shareholder owning directly or indirectly more than 5% of the company's shares.

Nine of the current board members are considered independent:

Ms Bridget Cosgrave and Messrs Marcus Bicknell, Hadelin de Liedekerke Beaufort, Jacques Espinasse, Robert W. Ross, Christian Schaack, Terry Seddon, Marc Speeckaert and François Tesch.

Rules of functioning

The Board of Directors meets when required by the company's business, and at least once in a quarter. It can only validly deliberate if a majority of the directors are present or represented. The resolutions of the board are passed by a simple majority of votes of the voting directors present or represented, not considering abstentions. Any material contract that is proposed to be signed by the company or any of its wholly controlled operating subsidiaries with a shareholder owning, directly or indirectly, at least 5% of the shares of the company is subject to a prior authorisation by the board.

Activities of the Board of Directors in 2010

The Board of Directors held six meetings in 2010, with an average attendance rate of more than 96%. After endorsement by the Audit Committee, the board approved the 2009 audited accounts, including the proposed dividend as well as the results for the first half of 2010. During the year, the board approved an update to the strategic plan as well as a business plan for the period 2010–2017, which served as the basis for the 2011 budget discussed by the board in December.

During 2010, the board decided to launch a new share buyback programme, which was implemented on Euronext Paris through the filing of a 'notice d'information' on June 10. The 2010 programme was limited to the following two objectives:

- to meet the company's obligations under its executive share ownership and stock option plans; as well as
- to operate under the framework of a liquidity contract signed with BNP Exane.

In its first meeting of the year, the board co-opted Mr Serge Allegrezza as a director, in lieu of Mr Georges Schmit who had resigned from the board at the end of 2009.

During the year 2010, the board approved the procurement of SES-8. It decided that the company should acquire the remaining 10% of shares in SES SIRIUS held until then by Swedish Space Corporation. It approved the proposal to increase the company's stake in O3b Networks Limited, a Jersey-based company which intends to provide 'fiber-like' connectivity to telecommunication customers in emerging markets by using a Medium Earth Orbit (MEO) satellite constellation. The board also decided to divest from ND SatCom, keeping only a minority stake. As this transaction had not closed before the end of the year, the board was asked in its December meeting to approve a Special Security Agreement between ND SatCom Inc. and the Department of Defense of the U.S. Government.

Finally during 2010, the SES board did not evaluate its workings as it is company practice to do so every 18 months only. In its last meeting of the year, the board approved the changes proposed by the Remuneration Committee to the company's long-term equity plans and it decided to review and adapt the SES Dealing Code to reflect the latest recommendations from the AMF.

The board is regularly informed by the Executive Committee on the group's activities and financial situation. Within that context, the board received three presentations on regional development plans that will be part of the basis for the strategic plan to be approved by the board in June 2011. At each meeting, the Executive Committee briefs the board further on ongoing matters as well as on possible upcoming investment or divestment decisions. At each board meeting, the chairmen of the three committees set up by the board present a report on the latest developments discussed in these respective committees. In addition, a business report is distributed to the members of the board on a monthly basis.

The current members of the Board of Directors are:

Mr René Steichen
Born November 27, 1942. Mr Steichen became a director on June 1, 1995. He was elected Chairman on April 15, 1996. Prior to that time, he was a member of the Luxembourg government (1984–1993) and member of the European Commission (1993–1995). He is currently an attorney at law in Luxembourg. He is also a member of the Board of Directors of SES ASTRA, SES ASTRA Services Europe and of the Special Shareholder Committee of SES WORLD SKIES. Mr Steichen is Chairman of the Board of Luxconnect s.a and a director of Dexia-Banque Internationale à Luxembourg. Mr Steichen studied law and political science in Aix-en-Provence and Paris. He holds a doctorate in law and also earned the final degree in economics and finance from the Institut d'Etudes Politiques of Paris. Mr Steichen is the Chairman of the Board as well as of the company's Nomination and Remuneration Committees.

Mr Steichen is not an independent director because he represents an important shareholder.

Mr François Tesch
Born on January 16, 1951. Mr Tesch became director on April 15, 1999. He is Chief Executive Officer of Foyer S.A. and Luxempart S.A. He graduated in economics from the Faculté d'Aix-en-Provence and holds an MBA from INSEAD (Institut Européen d'Administration des Affaires). Mr Tesch is also board member of Atenor Group S.A. and Vice Chairman of the Board of SES and a member of its Audit Committee.

Mr Tesch is an independent director.

Mr Jean-Paul Zens
Born January 8, 1953. Mr Zens became a director on May 7, 2002, and was elected Vice Chairman on the same date. Mr Zens is also a member of the Board of Directors of SES ASTRA, SES ASTRA Services Europe, the Special Shareholder Committee of SES WORLD SKIES and Entreprise des Postes et Télécommunications, Luxembourg. He is currently Director of the Media and Communications department of the Ministry of State in Luxembourg. He holds a law degree as well as a degree in psychology and communications sciences from the University of Strasbourg. Mr Zens is a member of the Remuneration Committee and of the Nomination Committee of SES.

Mr Zens is not an independent director because he represents an important shareholder.

Mr Serge Allegrezza
Born October 25, 1959. Mr Allegrezza became a director on February 11, 2010. He is currently the Director General of Statec, the Luxembourg Institute for Statistics and Economic Studies, a post he has held since April 2003. He was Conseiller de Gouvernement 1ère classe at the Ministry of Economics, responsible for internal market policy and is the Chairman of the Observatory for Competitiveness. He is also the Chairman of the Board of LuxTrust S.A. and a Vice Chairman of the Conseil Economique et Social as well as of the Board of Directors of Entreprise des Postes et Télécommunications. Mr Allegrezza, a part-time lecturer at the IAE/University of Nancy 2 , has a Master's in Economics and a PhD in Applied Economics.

Mr Allegrezza is not an independent director, because he represents an important shareholder.

Mr Marcus Bicknell
Born February 28, 1948. Mr Bicknell was appointed to the Board of Directors of SES on May 6, 2005. Mr Bicknell is a director of New Media Foundry Ltd, a non-listed company in the United Kingdom. From 1986 to 1990 he was Commercial Director of Société Européenne des Satellites. Mr Bicknell holds an MA Honours Degree in Physical Anthropology from Cambridge University. Mr Bicknell is a member of both the Remuneration and the Nomination Committees.

Mr Bicknell is an independent director.

Ms Bridget Cosgrave
Born July 1, 1961. Ms Cosgrave became a director on April 3, 2008. She is Director General of DIGITALEUROPE. Ms Cosgrave is a member of the Board of Directors of SES ASTRA, SES ASTRA Services Europe and the Special Shareholder Committee of SES WORLD SKIES. Ms Cosgrave was with Belgacom S.A. from 2001-2007 as a member of the Executive Committee. Her roles there included Executive Vice President of the Enterprise division, Chairman of the International Carrier Services division, and Board Member of Belgacom Mobile (Proximus) and Telindus Group. Ms Cosgrave holds an MBA from London Business School and a BA (Hons) in Economics & History from Queen's University in Canada.

Ms Cosgrave is an independent director.

Mr Hadelin de Liedekerke Beaufort

Born April 29, 1955. Mr de Liedekerke Beaufort became a director on April 17, 2000. He is currently a director of Santander Telecommunications, a privately held company, as well as a director of other private companies with interests in various fields such as financial, communication and real estate developments. Mr de Liedekerke Beaufort graduated from the Ecole Hôtelière de Lausanne. Mr de Liedekerke Beaufort is a member of both the Remuneration and the Nomination Committees of SES.

Mr de Liedekerke Beaufort is an independent director.

Mr Jacques Espinasse

Born May 12, 1943. Mr Espinasse was appointed a director of SES by the annual general meeting of May 6, 2005. In May 2007, after five years of duty, he retired as a member of the Management Board and Chief Financial Officer of Vivendi. Mr Espinasse is the former Chief Operations Officer of TPS. He is a member of the Supervisory Boards of Maroc Telecom, LBPAM, Axa Belgium, Axa Holdings Belgium and Hammerson Plc and holds a BBA and an MBA from the University of Michigan. Mr Espinasse is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr Espinasse is an independent director.

Mr Jean-Claude Finck

Born January 22, 1956. Mr Finck became a director on May 31, 2001. Mr Finck is Chief Executive Officer of Banque et Caisse d'Epargne de l'Etat, a member of the Boards of Directors of Bourse de Luxembourg, Luxair, Cargolux, insurance companies La Luxembourgeoise, La Luxembourgeoise Vie, and Paul Wurth. Mr Finck graduated with a degree in economics from the University of Aix/Marseille. Mr Finck is a member of the Audit Committee of SES.

Mr Finck is not an independent director because he represents an important shareholder.

Mr Gaston Reinesch

Born May 17, 1958. Mr Reinesch became a director on July 1, 1998. Mr Reinesch is invited Professor at the University of Luxembourg. He is Chairman of the Société Nationale de Crédit et d'Investissement, and of the Board of Directors of Entreprise des Postes et Télécommunications and of BGL BNP Paribas. He is also, among others, a member of the Board of Directors of Enovos and the European Investment Bank. Mr Reinesch is General Administrator of the Ministry of Finance, Luxembourg, and graduated with a Master of Science in economics from the London School of Economics. Mr Reinesch is a member of the Audit Committee of SES.

Mr Reinesch is not an independent director because he represents an important shareholder.

Mr Victor Rod

Born April 26, 1950. Mr Rod became a director on November 23, 1995. He is President of Commissariat aux Assurances and Chairman of the Board of Directors of Banque et Caisse d'Epargne de l'Etat, Luxembourg. Mr Rod graduated with a degree in law from the University of Nancy.

Mr Rod is not an independent director because he represents an important shareholder.

Mr Robert W. Ross

Born January 8, 1941. Mr Ross became a director of SES on June 28, 2007. He has had a long career in the field of media and telecommunications in which he has held senior executive and director positions. He retired as CEO of New Skies in January 2002 but continued to serve as adviser to the company until July 2004. He is a member of the Special Shareholder Committee of SES WORLD SKIES. Mr Ross graduated from Brown University and holds MA and JD degrees from Boston University in the United States.

Mr Ross is an independent director.

Mr Luis Sanchez-Merlo

Born October 10, 1947. Mr Sanchez-Merlo became a director on April 17, 2000. Mr Sanchez-Merlo is the Chairman of the Board of ASTRA Iberica S.A. and Lantana Capital S.A., as well as a member of the Board of Abantia SA. Mr Sanchez-Merlo graduated with a degree in law and economics from the Universidad Comercial de Deusto. He also holds a Master's in law from the College of Europe and a Master's in economics from the University of Louvain.

Mr Sanchez-Merlo is not an independent director because he has a material relationship with the company.

Mr Christian Schaack

Born March 21, 1958. Mr Schaack became a director on December 7, 2000. Mr Schaack spent twenty years in senior management positions in BGL BNP PARIBAS and its parent, in both Luxembourg and Brussels. He is now an independent management consultant and director. He is a member, among others of the Board of Directors of internaxx Bank, a Luxembourg subsidiary of TD Bank. Christian Schaack graduated from the Massachusetts Institute of Technology, in Cambridge, MA, with a PhD in Operations Research and from MIT's Sloan School of Management with a Master of Science in Management. He holds an Engineering degree from Ecole Polytechnique in Paris.

Mr Schaack is an independent director.

Mr Terry Seddon

Born February 14,a 1941. Mr Seddon joined the Board of Directors of SES in 2005. He is a member of the Special Shareholder Committee of SES WORLD SKIES. He has had a long international career in the field of telecommunications, in which he held several senior executive and director positions. He was Chairman of New Skies Satellites Ltd and was the founding CEO of AsiaSat. He has also held several non-executive directorships of U.K. manufacturing and operating companies. Mr Seddon graduated from Blackburn Polytechnic and Leeds University of the U.K. Mr Seddon is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr Seddon is an independent director.

Mr Marc Speeckaert

Born May 23, 1951. Mr Speeckaert joined the Board of Directors of SES in 2005. He is the General Manager of Sofina S.A. and a Director of several non-listed corporations as well as of Rapala which is listed on the Helsinki Stock Exchange and of Mersen, listed on Euronext Paris. Mr Speeckaert graduated with a degree in Applied Economics and holds a Master's in Business and Administration from the Université Catholique de Louvain (UCL) in Belgium. He also participated in an Advanced Management Program from Wharton, University of Pennsylvania (USA).
Mr Speeckaert is the Chairman of the Audit Committee.

Mr Speeckaert is an independent Director.

Mr Gerd Tenzer

Born August 4, 1943. Mr Tenzer became a director on March 11, 1999, and was Vice Chairman from May 2002 until April 2006. From January 1990 to November 2002, Mr Tenzer was a member of the Board of Management of Deutsche Telekom AG where he was responsible for networks, purchasing, environmental protection, wholesale services for carriers, broadband cable and broadcasting services. He was special adviser to the CEO of Deutsche Telekom AG from December 2002 until December 2004. He also sits on the Board of SES ASTRA and of SES ASTRA Services Europe in Luxembourg. He is Chairman of the Advisory Board of Sutter Verzeichnisverlag GmbH&Co.KG in Essen and of the Advisory Board of Cryptsec GmbH in Cologne. He is member of the Board of Transmode Holding AB in Stockholm, of VascoDe Technologies Ltd. in Tel Aviv and of Combiphone GmbH in Cologne. Mr Tenzer graduated with a degree in Communications Engineering (Dipl. Ing.) from the Technical University in Aachen.

Mr Tenzer is not considered an independent director, because he has been a member of the Board of Directors for more than 12 years.

Committees of the Board of Directors

The Chairman's Office

The Chairman and the two Vice Chairmen are members of the Chairman's Office. The Chairman's Office prepares the agenda for the board meetings, allowing the Vice Chairmen to coordinate the preparation of the board meetings with the directors of their share class.

Current members are:

Mr René Steichen
Mr François Tesch
Mr Jean-Paul Zens.

The Chairman's Office met six times during 2010 with a members' attendance rate of more than 94%.

The Remuneration Committee

In accordance with general corporate governance standards, the company's board established a Remuneration Committee which determines the remuneration of the members of the Executive Committee, and which advises on the overall remuneration policies applied throughout the company. It reports to the board at each meeting through its Chairman. The Remuneration Committee is composed of six members, a majority of whom are independent board members in line with the SES internal regulations. After the annual general meeting, Mr Jean-Paul Zens replaced Mr Gaston Reinesch as a member of the Remuneration Committee, which is now composed of the following six non-executive directors:

Mr René Steichen
Mr Marcus Bicknell (independent)
Mr Jacques Espinasse (independent)
Mr Hadelin de Liedekerke Beaufort (independent)
Mr Terry Seddon (independent)
Mr Jean-Paul Zens.

The Remuneration Committee was chaired in 2010 by the Chairman of the Board.

The Remuneration Committee held four meetings with an attendance rate of 100%. Matters addressed related to the determination of the 2010 stock option grant and the 2009 bonus for members of the Executive Committee. The Remuneration Committee further determined the number of performance shares allocated to the members of the Executive Committee for their performance in 2009 and it adopted the 2010 business objectives which are used as one element in the determination of their bonus for 2010. The Remuneration Committee reviewed the STAR Plan, a share-based plan for non-executives and decided to align it with the two existing Long Term Equity Plans wherever possible. The Remuneration Committee also oversees the implementation of the decision under which the members of the Executive Committee must within five years hold the equivalent of an annual salary's worth of registered shares in the company (with the President and CEO of SES having to hold shares worth two years of his salary).

The Audit Committee

As part of its overall corporate governance, the board established an Audit Committee, which assists the board in carrying out its oversight responsibilities in relation to corporate policies, internal control, internal and external audit and financial and regulatory reporting practices. The Committee has an oversight function and provides a link between the internal and external auditors and the board. The Audit Committee is composed of six members, four of whom are independent board members.

The current members of the Audit Committee are:

Mr Marc Speeckaert, Chairman of the Audit Committee (independent)
Mr Jacques Espinasse (independent)
Mr Jean-Claude Finck
Mr Gaston Reinesch
Mr Terry Seddon (independent)
Mr François Tesch (independent).

The Audit Committee held four meetings with a members' attendance rate of 100%.

The meetings were dedicated in particular to the review of the 2009 financial results before their submission to the board and their subsequent approval by the shareholders at the statutory annual general meeting, and to the results of the first half of 2010. Members of the board also had the opportunity to channel any comments they had on the company's quarterly results through the Chairman of the Audit Committee prior to the publication of these results.

The Audit Committee reviewed the company's statement on internal control systems prior to its inclusion in the annual report, and endorsed the proposal to reappoint Ernst & Young for another year.

It approved the Internal Audit plan, and received bi-annual updates on the Internal Audit activities and on the follow-up of the major recommendations. It also reviewed the Ernst & Young Management letter.

The Audit Committee also continued to encourage management in its efforts to eliminate as many as possible non-operating legal entities. The Audit Committee approved the banking policy and the liquidity and funding policy, two major parts of the group's treasury policy.

In its last meeting of the year, the Audit Committee approved the new SES Dealing Code before its submission to the board. It also had a broad exchange of views on risk management, noting both the proposed risk management policy and its planned implementation. This will lead to a change in the Audit Committee's charter to be submitted to the board for approval in early 2011. The Audit Committee will in future receive bi-annual updates on risk management from the newly established risk management committee.

The Nomination Committee

In line with best practice in corporate governance, the board established a Nomination Committee whose role is to identify and nominate suitable candidates for the Board of Directors, for election by the annual general meeting of shareholders. Such proposals are based on submissions from shareholders for a number of candidates at least equal to the number of posts to be filled for each class of shareholders. The Nomination Committee also proposes candidates for Executive Committee membership for election by the board.

The Nomination Committee is composed of six members, a majority of whom are independent board members in line with the SES internal regulations:

Mr René Steichen
Mr Marcus Bicknell (independent)
Mr Jacques Espinasse (independent)
Mr Hadelin de Liedekerke Beaufort (independent)
Mr Terry Seddon (independent)
Mr Jean-Paul Zens.

The Nomination Committee was chaired in 2010 by the Chairman of the Board. The Nomination Committee met three times with an attendance rate of more than 94%. The main topics discussed related to the Management Succession Plan 2010 as well as to the preparation of the board renewal in 2011.

The Executive Committee

Mission

The Executive Committee is in charge of the daily management of the group. It functions as a collegial body. The Executive Committee is mandated to prepare and plan the overall policies and strategies of the company for approval by the board. It may approve intra-group transactions, irrespective of the amount, provided that they are consistent with the consolidated annual budget of the company as well as specific transactions with third parties for an amount up to EUR 10 million per project. It informs the board at its next meeting on each such transaction, it being understood that the aggregate amount for such projects can at no time be higher than EUR 30 million.

The Executive Committee may approve any external credit facilities or external guarantees, pledges, mortgages and any other encumbrances of the company, or any wholly-owned affiliate, for as long as the company will not lose its investment grade rating as a result of such facility or guarantee. It may approve increases of up to 5% in the capital expenditure budget for a satellite procurement already approved by the board, it being understood that the Internal Rate of Return will need to comply with certain specific thresholds defined by the board. The Executive Committee shall inform the board at its next meeting of each such increase.

The Executive Committee submits to the board those measures which it deems necessary to be taken in order to meet the purposes of the company. Prior to the beginning of each fiscal year, the Executive Committee submits to the board a consolidated budget for approval.

The Executive Committee is in charge of implementing all decisions taken by the board and by the committees specially mandated by the board. The Executive Committee may, in the interests of the company, sub-delegate part of its powers and duties to its members acting individually or jointly.

The Chairman of the Executive Committee organises the work of the Executive Committee and coordinates the activities of its members, who report directly to him. In order to facilitate the implementation by the board of its overall duty to supervise the affairs of the company, the Chairman of the Executive Committee informs the Chairman of the Board on a regular basis of the company's activities. The latter receives the agenda and the minutes of all meetings of the Executive Committee in due time. During 2009, the Executive Committee met 42 times with an attendance rate of more than 90%. Mr Pierre Margue, Vice President Legal and Corporate Affairs, the secretary of the Board of Directors, also acted as secretary to the Executive Committee.

Composition

The following persons are members of the Executive Committee:

the President and CEO of SES who assumes the chairmanship of the Executive Committee, the Chief Financial Officer of SES, the President and CEO of SES ASTRA, the President and CEO of SES WORLD SKIES as well as the President of SES ENGINEERING.

Members of the Executive Committee are nominated by the Board of Directors upon a proposal from the Nomination Committee. During 2010, Mr Andrew Browne replaced Mr Mark Rigolle as Chief Financial Officer, following the latter's appointment as CEO of O3b Networks.

On December 31, 2010, the members of the Executive Committee were:

Mr Romain Bausch

Born July 3, 1953, and appointed President and Chief Executive Officer in July 2001. Mr Bausch is also Chairman of the Board of Directors of SES ASTRA, SES ASTRA Services Europe, as well as of the Special Shareholder Committee of SES WORLD SKIES. Mr Bausch became the Director General and the Chairman of the Management Committee of SES in 1995, following a career in the Luxembourg civil service (Ministry of Finance). Mr Bausch occupied key positions in the banking, media and telecommunications sectors and spent a five-year term as a Director and Vice Chairman of SES. Mr Bausch is also a Vice-President of ESOA - European Satellites Operators Association, Vice Chairman of Fedil - Business Federation Luxembourg and a member of the Board of Directors of BIP Investment Partners, Aperam and O3b Networks. He graduated with a degree in economics (specialisation in business administration) from the University of Nancy. He holds an honorary doctorate from the Sacred Heart University in Luxembourg.

Mr Robert Bednarek

Born October 6, 1957, and appointed President and Chief Executive Officer of SES WORLD SKIES, on July 10, 2009. He joined SES as Executive Vice President, Corporate Development, in January 2002 and also was President and CEO of SES NEW SKIES. Mr Bednarek came to SES from PanAmSat, where he served as Executive Vice President and Chief Technology Officer since 1997 and as Senior Executive for Engineering and Operations since 1990. Prior to joining PanAmSat, Mr Bednarek co-founded a technology consulting firm based in Washington D.C. where he was a partner from 1984 to 1990, and served as the Deputy Chief Scientist for the U.S. Corporation for Public Broadcasting from 1979 to 1984. Mr Bednarek graduated with a degree in electrical engineering (with a speciality in communications theory and mathematical analysis) from the University of Florida and holds several U.S. patents related to GPS (Global Positioning Systems). Mr Bednarek is also a member of the Boards of SES ASTRA, SES ASTRA Services Europe and a member of the Special Shareholder Committee of SES WORLD SKIES. Mr Bednarek is also a member of the Board of the Space Foundation.

Mr Andrew Browne

Born June 4, 1955, Mr Browne became Chief Financial Officer of SES effective April 1, 2010. Mr Browne previously held CFO and board positions at a number of global companies and organisations, specialising in the telecommunications and high-technology sectors. Mr Browne was the CFO of Intelsat from 1995-1999, and subsequently at New Skies Satellites following the company's spin-off from Intelsat in which Mr Browne played a significant role. Mr Browne was CFO at SES NEW SKIES until 2008. He also served as acting CEO for the completion of the integration process into the SES group. Since then, Mr Browne has held a number of board and advisory positions with a number of companies, most recently as Chairman of TomTom, the Dutch satellite navigation company. Mr Browne's earlier career has included senior financial positions at Advanced Micro Devices (AMD) in California and the Development Bank of Ireland. He holds an MBA, International Business and Finance, from Trinity College, Dublin, and is a member of the Institute of Certified Public Accountants of Ireland (CPA). Andrew Browne is a member of the boards of SES ASTRA and SES ASTRA Services Europe and a member of the Special Shareholder Committee of SES WORLD SKIES.

Mr Martin Halliwell

Born April 20, 1959, and appointed President of SES ENGINEERING as of January 1, 2008. Prior to this assignment, Martin Halliwell held the position of SVP and Chief Technology Officer at SES ASTRA where he was responsible for all engineering and operational activities. In the course of his career at SES ASTRA, Mr Halliwell held a number of positions, including General Manager, Global Multimedia Networks, Technical Director of SES Multimedia and Deputy to the Technical Director of SES ASTRA. Prior to joining SES, Martin Halliwell worked for Cable & Wireless and for Mercury Communications. Mr Halliwell holds a BA in Mathematics and Mechanical Engineering and an MBA specialising in external environment and strategic management from the Open University. Martin Halliwell is a member of the Boards of SES ASTRA, SES ASTRA Services Europe and a member of the Special Shareholder Committee of SES WORLD SKIES.

Mr Ferdinand Kayser

Born July 4, 1958, and appointed President and Chief Executive Officer of SES ASTRA as of January 2002. Mr Kayser came to SES from Premiere World, the digital pay-TV bouquet of Germany's Kirch Group, where he was Managing Director between 1997 and 2001. Prior to joining the Kirch Group, Mr Kayser held a number of executive positions at CLT, Europe's largest commercial broadcaster, including Senior Vice President in charge of German TV and radio activities (1989–1992), Managing Director in charge of the launch of RTL2 (1993) and Executive Vice President and member of the Management Board responsible for all TV activities of CLT (1993–1996). Mr Kayser holds a Master of Economics from the University of Paris 1, Panthéon-Sorbonne, and has concluded specialised university studies in Media Law and Management of Electronic Media. Mr Kayser is a member of the Boards of SES ASTRA, SES ASTRA Services Europe and SES SIRIUS, and a member of the Special Shareholder Committee of SES WORLD SKIES.

Remuneration

Remuneration of the members of the Board of Directors

The annual general meeting of shareholders determines the remuneration of the members of the Board of Directors for attending board and committee meetings. In 2010, 99.98% of the shareholders decided to maintain the fees paid to the directors at the previous year's level. Directors receive a fixed fee of EUR 40,000 per year, whereas the Vice Chairmen receive an annual fixed fee of EUR 48,000 and the Chairman receives EUR 100,000 per year. The Chairman of the Audit Committee receives an additional EUR 8,000 per year for chairing the Audit Committee.

The shareholders also maintained the fees per meeting at EUR 1,600 for each meeting of the board or a committee of the board attended. Half of that fee will be paid if the director participates via telephone or videoconference in the meeting.

All these fees are net of any Luxembourgish withholding taxes. The total net remuneration fees paid for the year 2010 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR 1,070,400 of which EUR 306,400 were paid as variable fees, with the remaining EUR 764,000 representing the fixed part of the board fees. The gross overall figure for the year 2010 was EUR 1,338,000.

Company stock owned by members of the Board of Directors

On December 31, 2010, the members of the Board of Directors owned a combined total of 655,525 shares and FDRs (representing 0.13% of the company's share capital).

Remuneration of the members of the Executive Committee

The remuneration of the members of the Executive Committee is determined by the Remuneration Committee. It is composed of a fixed and a variable part. The total gross remuneration paid to the members of the Executive Committee relative to the year 2010 amounted to EUR 11,537,956.68, of which EUR 2,976,547.89 represented the fixed part and EUR 8,561,408.79 the variable part. The direct remuneration paid to the members of the Executive Committee amounted to EUR 4,154,243.98 whereas the indirect remuneration was EUR 7,383,712.70. The indirect remuneration also contains the benefits derived by the members of the Executive Committee from the company's executive stock option plan and the long-term incentive plan, as adopted by the Board of Directors. During 2010, the members of the Executive Committee were awarded a combined total of 168,931 options to acquire company FDRs at an exercise price of EUR 18.23, the price being based on the average of the closing price on Euronext Paris of the first 15 trading days following the Remuneration Committee meeting at which the options were authorised. A quarter of those options vested on January 1, 2011, the remaining quarters vesting on January 1, 2012, 2013 and 2014, respectively. In 2010, members of the Executive Committee were granted 80,848 restricted shares as part of the company's long-term incentive plan as well as 31,829 performance shares. These shares will vest on June 1, 2013.

During 2010, Messrs Romain Bausch, Rob Bednarek and Ferdinand Kayser exercised some of their stock options, whereas all the members of the Executive Committee sold some or all of the restricted shares which vested on July 1. SES publishes the details of all transactions made by its board members, the members of its Executive Committee and the members of the Management Committees of its main operating companies on its website: http://www.ses.com/ses/siteSections/corporateGovernance1/Management_Disclosures/.

Company stock owned by members of the Executive Committee

On December 31, 2010, the five members of the Executive Committee then in place owned a combined total of 162,479 shares and FDRs, 329,760 unvested restricted shares and 1,126,030 options. Transactions made by members of the Executive Committee or members of the Management Committees of SES ASTRA, SES WORLD SKIES and SES ENGINEERING are published on the company's website under Management Disclosures.

External auditor

In accordance with the Luxembourg law on commercial companies, the company's annual and consolidated accounts are certified by an external auditor appointed by the annual general meeting of shareholders. On April 1, 2010, the shareholders retained Ernst & Young for another year and approved its remuneration, with a majority of 94.81%. The mandate of Ernst & Young will expire at the annual general meeting on April 7, 2011.

Internal control procedures

Objective

The Board of Directors has overall responsibility for ensuring that the SES group maintains a sound system of internal controls, including financial, operational and compliance controls. Such a system is an integral part of the corporate governance strategy of the group.

Internal control procedures help to ensure the proper management of risks and provide reasonable assurance that the business objectives of the company can be achieved.

The internal control procedures are defined and implemented by the company to ensure:

– the compliance of actions and decisions with applicable laws, regulations, standards, internal rules and contracts;

– the efficiency and effectiveness of operations and the optimal use of the group's resources;

– the correct implementation of the company's internal processes, notably those to ensure the safeguarding of assets;

– the integrity and reliability of financial and operational information, both for internal and external use;

– that management's instructions and directions are properly applied; and

– that material risks are properly identified, assessed, mitigated and reported.

Like all control systems, internal controls cannot provide an absolute guarantee that risks of misstatement, losses or human error have been totally mitigated or eliminated.

Organisational principles

The Board of Directors has delegated the design, implementation and maintenance of a rigorous and effective system of internal controls to the Executive Committee of SES, which in turn works closely with the management of its subsidiaries and other controlled affiliates in establishing control policies and procedures.

Each operating company of the group applies two levels of internal control policies and procedures:

– common policies formalised by several coordination committees or cross-functional teams to apply to the employees, officers and directors of the group company, its subsidiaries and other controlled affiliates as the general framework for their own business process design; and

– the policies and procedures specific to each company and adapted to their activity, size and organisation, and to their relevant legal and regulatory environment.

The organisation, application and monitoring of these policies and procedures, and therefore, risk management, are the responsibility of each operating company's management.

Internal control procedures

The group has adopted a robust internal control framework based on a set of guidelines prepared by a recognised body, COSO (Committee of Sponsoring Organisations of the Treadway Commission). This framework provides reasonable assurance that the internal control objectives are being achieved; it is also consistent with the reference framework proposed by the French securities regulator, the 'Autorité des Marchés Financiers' (AMF).

The control environment is an essential element of the company's internal control framework as it sets the tone for the organisation. This is the foundation of the other components of internal control, providing discipline and structure.

Furthermore, the group has adopted in 2010 a risk management policy based on principles proposed by COSO and ISO31000. The coordination of the implementation of this policy and the development of a risk register is the role of a Risk Management Committee which reports to the Executive Committee of SES S.A. on a quarterly basis. The Executive Committee in turn reports to the Board of Directors which has the ultimate responsibility for oversight of company's risk and ensuring an effective risk management system is in place. Common definitions and measures of risk management have been agreed and training is underway to ensure that the risk management policy is properly implemented.

A 'Code of Conduct and Ethics' has been established to reinforce the corporate governance principles and control environment. This code is applicable to all employees, officers and directors of the company, its subsidiaries or other controlled affiliates.

The policies outlined in this code are designed to ensure that all employees, officers and directors act at all times in accordance with the applicable laws, regulations and norms of conduct, and with the highest standards of integrity. The code was submitted to the Audit Committee and has been approved by the Board of Directors.

Employees and officers in all entities of the group have been informed of the content of the Code of Conduct and its applicable principles. For new hires, training on the code is integrated in the induction training. In SES, there is also a group-wide Compliance Committee which is chaired by the Compliance Officer of SES S.A. The main role of this Committee, composed of designated Compliance Officers of each SES subsidiary, is to raise the staff's awareness of the code and to ensure a consistent roll-out and training programme for the code.

During 2010, mandatory refresher training sessions have been continued in the major locations where employees are based.

In 2010 the SES dealing code has been revised particularly with regard to the duration of the closed periods in order to adopt the recommendations provided by the AMF.

Regarding the internal controls in the area of accounting and financial reporting, the following should be noted:

– staff involved in the group's accounting and financial reporting are appropriately qualified and are, where it is relevant, kept up-to-date concerning changes in International Financial Reporting Standards (IFRS). Additionally, specific training and written guidance on particular matters is provided where needed. A group reporting handbook, regularly updated for business developments and regulatory changes, is available to all relevant staff members which provides a summary of the group's accounting and financial reporting guidelines and policies;

– controls have been established in the processing of accounting transactions to ensure appropriate authorisations for transactions, effective segregation of duties, and the complete and accurate recording of financial information;

– activities with a significant potential risk, for instance financial derivative transactions, take place within a clearly defined framework set by the board, or are brought to the board for specific approval. In accordance with the requirements of IFRS, SES discloses detailed information on the market, credit and foreign exchange risks to which the group is exposed, as well as its strategy for managing those risks;

– a Financial Risk Committee has been created during 2010 which oversees compliance with SES financial policies.This Committee meets on a quarterly basis. It met for the first time in November 2010;

– any weaknesses in the system of internal controls identified by either internal or external auditors are promptly and fully addressed;

– the group relies on a comprehensive system of financial reporting. Strategic plans, business plans, budgets and the interim and full-year consolidated accounts of the company are drawn up and brought to the Board of Directors for approval. The board also approves all significant investments. The board receives monthly financial reports setting out the group's financial performance in comparison to the approved budget and prior year figures; and

– the external auditors perform a limited review of the group's half-year financial statements and a full audit of the group's annual consolidated financial statements.

Regarding the internal controls in the area of treasury management, the following should be noted:

– a specific software package helps to ensure the efficiency and control of the Treasury function in the implementation of the strategy to hedge the group's risk associated with interest rate and foreign currency fluctuations. This package also aims to centralise the cash management of the SES operating subsidiaries;

– in order to ensure enhanced security and efficiency of the bank payments process for the SES group, the existing banking payments system has been updated and upgraded to allow for secured authorisation and transition of payments from the existing accounting systems directly to the bank;

– a clear segregation of duties and assignment of bank mandates between members of the SES operating subsidiaries' management, treasury and accounting departments has been defined, approved by the Audit Committee and implemented in the new polices;

– the foreign exchange hedging policy was approved by the Audit Committee in December 2009. The banking policy and liquidity and funding policy were approved by the Audit Committee in July 2010 and in December 2010, respectively. The two last sections (interest rate hedging policy and cash management & in-house bank) will follow during the course of 2011. Upon completion of the new treasury policy, all policy and manual sections will be submitted to the Board of Directors for their approval;

– the activities of the group Treasurer, and in particular the hedging activities engaged during the year, are authorised within the framework approved by the Board of Directors; and

– the group Treasurer reports on a formal basis every quarter to the Board of Directors as part of the financial reporting.

Regarding the internal controls in the area of tax management, the following should be noted:

- the tax management department aims to seek upfront tax clearance with relevant local tax authorities with regard to the tax ramifications of main business ventures, corporate reorganisations and financing structures of the group. Where this is not possible, the tax treatment is analysed based on best authoritative interpretations and laid down in internal tax technical memos or tax opinions from external tax consultancy firms;

- in order to ensure full coordination with regard to developments of important financing and group structures after implementation, the SES internal 'tax programmes review platform', consisting of corporate and operating company support functions has been instigated and has met 11 times in 2010; and

- the transfer pricing team is responsible for continuously improving and fine-tuning the required contemporaneous transfer pricing documentation (in accordance with local regulations) underpinning all inter-company transactions of the group.

Regarding the internal controls in the area of satellite operations, the following should be noted:

- the procurement of satellites, launch vehicles and satellite related ground infrastructure as well as the administration, control and operations of the satellite system are the responsibility of the group-wide SES ENGINEERING segment;

- a satellite operations risk management process is in place to monitor and assess sources of technical risks and to develop qualitative, quantitative and statistical methods which allow the mitigation of risk at the satellite fleet level;

- operational procedures for satellite control and payload management exist and cover manoeuvres and configuration changes required in nominal situations as well as in case of technical emergencies. These procedures are periodically reviewed to ensure that they are up to date. A major enhancement of the satellite control software has been implemented in 2009. The practice to use fully validated electronic station-keeping procedures are being extended to the whole SES fleet;

- crisis management systems and supporting infrastructure and tools have been designed in order to address satellite in-orbit anomaly situations at the appropriate level of responsibility. In 2010, the Trouble Tickets escalation process has been enhanced to provide better support to customers;

- the procurement and maintenance of the ground infrastructure required to support the administration, control and operations of the global satellite ecosystem are the responsibility of the SES ENGINEERING Ground Infrastructure segment; and

- a significant enhancement of the satellite control backup capabilities has been implemented in 2010 utilising the U.S. based Satellite Operations Centre.

Regarding the internal controls in the area of information and communication technology, the following should be noted:

- management is committed to ensure that data, infrastructure and information technology systems are as secure as is reasonably practicable. Security controls, policies and procedures are in place to prevent unauthorised access to premises, computer systems, networks and data. In order to address the more rigorous regulations governing handling of personally identifiable data, an assessment and update of the security policies and controls have been initiated in 2009 and the policy was implemented in 2010. A new change management policy was also implemented in 2010;

- regular back-up of electronic information is ensured and copies are stored off-site; and

- for non-satellite related business applications, disaster recovery plans exist and two disaster recovery tests have been performed in 2010.

Evaluation of the internal control procedures

The SES group Internal Audit function was established in 2000. Internal Audit evaluates the relevance of, and compliance with, internal control procedures.

The mission of the Internal Audit function is to provide independent and objective assistance and assurance regarding the effectiveness and efficiency of business operations, the reliability of financial and operational reporting, and the group's compliance with legal and regulatory requirements. In this context, Internal Audit is also tasked to support management with identifying, preventing and minimising risks, as well as with the safeguarding of the group's assets.

Under its charter, which was revised and amended in 2008, the Internal Audit function reports to the President and CEO of SES, but may also report directly to the Audit Committee.

The activities of the Internal Audit function are executed in accordance with an annual audit plan which is reviewed and approved by the Audit Committee. This annual plan is derived from an annual risk assessment based on a risk mapping exercise. The introduction of an annual risk assessment responds to the need to dynamically link the audit plan to risks and exposures that may affect the organisation and its operations. This exercise involves identifying the inherent risks relative to all business processes and then assessing the levels of residual risks after consideration of specific mitigating controls.

Internal Audit monitors the implementation of internal control recommendations and regularly reports on effective compliance to the President and CEO of SES and to the Audit Committee.

Internal Audit also regularly coordinates audit planning and exchanges relevant information with the group's external auditors.

As a result of an external quality assessment conducted in 2007, which confirmed that the Internal Audit function generally conforms to the international standards for the professional practice of internal auditing defined by the Institute of Internal Auditors (IIA), the Internal Audit function initiated and implemented an improvement action plan. In accordance with the same standards, an internal quality assessment performed through self-assessment has been performed in 2010.

The proxy structure of the SES WORLD SKIES U.S. Government Solutions entity, in line with common practice for businesses serving certain segments of the U.S. Government, imposes certain restrictions on the SES Board of Directors and executive management in directly supervising the maintenance of an internal control system and imposing an internal audit structure. The SES Internal Audit function did not perform any internal control review of this entity during 2010. However, these restrictions are mitigated through having agreement on a required internal control framework which will be subject to evaluation and testing from a third-party internal audit function going forward. SES WORLD SKIES U.S. Government Solutions is in the process of setting up this function which will report to the Proxy Board of this entity. It should be noted that in any event Ernst & Young, as external auditor, audited the stand-alone accounts of SES WORLD SKIES U.S. Government Solutions as included in the consolidated financial statements of the SES group.

Human resources

Human resources strategy

SES aims to be the employer of choice in the industry. The company identifies, secures, engages, develops and retains the best talent to further expand its technological reach and business objectives.

SES respects and trusts its people, embraces diversity and lives by its values. SES senior managers have a responsibility as role models to all SES employees, and must therefore act in accordance with the guidelines laid down for SES senior management. SES employees are engaged, committed and proud to be associated with their company.

To leverage the employees' full potential, SES focuses on competency development, alignment of objectives and knowledge sharing. SES ensures that every employee has the necessary resources and support to be successful in his or her career within the context of its performance management system. Human Resources is the catalyst to drive organisational and cultural initiatives leading to sustainable stakeholders' value creation.

SES employees

At year-end 2010, SES employed a total of 1,578[1] staff.

The detail is shown in the table below.

	2010
SES S.A.[2]	65
SES ASTRA	292
SES WORLD SKIES	346
SES ENGINEERING	390
ASTRA Platform Services (APS)	176
ND SatCom	309
Total	**1,578**

[1] Full-time equivalents.
[2] Includes SES Finance S.à r.l.

SES values and culture

The SES companies observe a common set of core values, which provide guidance for their activities. These values inspire a unique organisational culture and reflect SES' aspirations, which are geared towards achieving the highest performance at the service of customers, shareholders and society at large. SES' values are primarily focused on providing highest-quality customer service.

They are:

Excellence
Having the passion and commitment to be the best in the industry.

Partnership
Developing and maintaining co-operative relationships that build upon strengths and skills within the group to achieve common goals and benefits at the service of the customers.

Leadership
Articulating strategic vision, demonstrating values and creating an environment in which SES can meet the needs of the marketplace.

Integrity
Consistently applying the principles of honesty, accountability, responsibility, fairness and respect.

Innovation
Establishing a business culture that stimulates creativity across the organisation, develops employees' skills and improves processes, products and services.

Remuneration

The SES companies apply a performance-based compensation philosophy. Remuneration includes: base salaries, performance bonuses, stock options, stock appreciation rights, long-term incentives and fringe benefits that are continuously reviewed in line with best market practices.

Stock-related compensation schemes
SES applies an equity incentive compensation plan. The purpose of the plan is to attract and retain highly qualified leadership level staff. This policy applies to executive-level employees of SES. 1,194,282 options were granted in 2010 to 182 executive participants, including the members of the Executive Committee.

Long-term incentive scheme for executives
SES' long-term incentive scheme for executives is based on restricted shares (restricted for a vesting period of three years) and on performance shares (shares which are only granted in case the company and the executive meet or exceed a certain performance threshold over a three-year period). 262,941 restricted shares and 213,922 performance shares were granted in 2010. These figures include the members of the Executive Committee.

Stock appreciation rights plan
SES operates a stock appreciation rights (STAR) plan, which applies to the non-executive-level staff. Through the grant of stock appreciation rights, the company aims to encourage the long-term commitment of the staff towards the company, and to provide the possibility to share in the value-creation of the company. 870,054 STARs were granted in 2010.

A variety of awards are being used to acknowledge and reinforce the contributions of SES' employees. In 2010, these mechanisms included management awards, spot awards and deal attainment bonuses.

The Human resources (HR) function

SES was supported at year end by a team of HR professionals based across all SES companies. A Human Resources Coordination Committee ensures that the HR strategy and objectives are aligned within the group and with the business objectives, decisions and guidance of SES' Executive Committee. Employee satisfaction is being periodically monitored by an employee survey, internally called 'Voice of the Employee' (VoE). A VoE survey was performed in 2010. A strong focus is placed on employee communications through a variety of instruments, such as employee meetings, breakfast talks and forums pertaining to specific topics.

Development across the group of the company's intranet has been ongoing, ensuring employees receive the most up-to-date and relevant information according to location and entity. The intranet continues to be the main vehicle for employee communications. Additionally, the company's vision and business strategy are conveyed successfully to all employees to strengthen awareness and engagement.

A learning organisation
Employee satisfaction is consistently monitored and measured and we strive to make improvements based on employee feedback. In line with its vision of being a continuous learning organisation, SES continued, in 2010, to offer its employees a wide range of training courses. The percentage of staff taking advantage of training opportunities, offered both in-house and externally, reached 80% at the Luxembourg campus, 100% in The Hague and 57% in the North America operations. On average, the training budget per employee reached EUR 1,000 in 2010.

Building outstanding leadership talent
SES focuses on identifying and developing high-potential leadership talent by means of succession planning. This includes participation in executive assessments, executive development programmes, coaching and stretch assignments.

SES continued its successful global 'Developing Tomorrow's Leaders' programme in 2010. The programme covers 61 top-level executives identified as high performers with high potential. The third and final module of the programme took place in March, 2010. SES has a 'Global Development Programme' (GDP) which is used for cross-functional and cross-continent talent and knowledge exchange. The global 'SES Associate Programme', targeted at graduates, was continued in 2010. The two-year programme currently covers five associates participating in four six-month assignments.

Social dialogue within SES
In its dealings with their employees and associates, SES and its operating entities rely upon best practices of social dialogue and openness. These principles are applied at all levels of the organisation and are rooted both in legal requirements and in management culture.

At SES ASTRA and SES ENGINEERING, the legal framework provides for a personnel delegation and a mixed committee, whereas SES ASTRA TechCom also has a personnel delegation.

The personnel delegations of SES ASTRA and SES ENGINEERING consist of five members each whereas SES ASTRA TechCom has a personnel delegation composed of two delegates. All delegates have been elected for a five-year term. Their mandate consists in protecting the interests of the workforce with regard to working conditions, job security and social matters. The personnel delegation is informed on the developments affecting the company and advises on amendments to work rules.

The mixed committee consists of three employer representatives and three employee representatives. The mixed committee has co-decision powers in matters covering performance assessment, health and safety and in the general criteria applied in the recruitment, promotion and dismissal policies. The mixed committee is consulted on all important decisions regarding investments in plant or equipment, work processes and working conditions. The committee is informed about the general development of the company and employment trends. In other SES companies, the social dialogue is conducted according to the rules laid out in the local legal frameworks, for instance by means of works councils in SES WORLD SKIES, ASTRA Platform Services (APS) and ND SatCom.

As SES ASTRA benefits from a concession granted by the Luxembourg State, three employee representatives sit on the Board of Directors of SES ASTRA. One of them sits as an observer on the board of SES.

Investor Relations
SES has a dedicated Investor Relations function reporting to the Chief Financial Officer and working closely with the President and CEO. Its purpose is to develop and coordinate the group's external financial communications and interactions with equity and debt investors, investment analysts, credit rating agencies, financial journalists and other external audiences, to monitor stock market developments and to provide feedback and recommendations to the SES Executive Committee.

Investor Relations is responsible for the definition and execution of SES' active Investor Relations programme and participation in investor conferences and similar events. Investor Relations also works closely with the group's General Counsel to ensure that the group's external communications comply with applicable legal and regulatory requirements.

Corporate social responsibility (CSR) policy
In 2010, SES implemented a range of corporate social responsibility projects and activities in geographic areas where the SES group has commercial activities, provides communication services or otherwise interacts with local communities.

The policy
SES' CSR policy is aimed at supporting educational projects, with a focus on reflecting the group's position as a leading provider of global communications infrastructure and services.

SES believes it has a responsibility to support projects that contribute to the development of a communications-based society and a knowledge-based economy. We believe that progress in this area should help develop more resilient and flexible economic structures, contribute to enhance social mobility development, and should also contribute to the emergence of more sustainable economic development models.

Projects supported by SES
In 2010, SES entered into a multi-year partnership with the University of Luxembourg. The company committed to support the university's efforts to develop a centre of excellence and innovation for advanced information and communications technology in satellite systems, by cooperating with the university's Interdisciplinary Centre for Security, Reliability and Trust, and by financing a chair in satellite, telecommunications and media law.

In 2010, SES continued its scholarship programme with the International Space University (ISU) in Strasbourg, France, supporting students in advanced space applications.

SES also supported an executive MBA programme at the International Institute of Space Commerce (IISC) based in the Isle of Man. The IISC is an off-shoot of the ISU, and the programme benefits students from the Isle of Man.

SES continued to provide support to the scholarship programme of the 'Society of Satellite Professionals International' (SSPI), a U.S.-based non-profit organisation focusing on the skills and career development of satellite industry professionals worldwide.

SES supported the 2010 edition of the St. Gallen Symposium, an academic and networking event for representatives of business, politics, and students at the University of St. Gallen, Switzerland.

SES is a member of the IDATE Foundation, based in Montpellier, France, which provides assistance in strategic decision-making to the telecommunications, internet and media industries. SES is also a member of the International Astronautical Federation, a global organisation that promotes awareness of space activities worldwide.

SES made a financial contribution to the project 'Business Initiative 123 – GO' aiming to advance and support the development of innovative business projects in Luxembourg.

In 2010, SES was a member of Luxembourg's 'Groupement d'intérêt économique Shanghai 2010' whose mission was to implement Luxembourg's representation at the World Exhibition in Shanghai in 2010.

The company matched donations from its employees to emergency relief organisations providing help to earthquake victims in Haiti and flood victims in Pakistan. SES also donated satellite bandwidth to support humanitarian organisations in Haiti in the aftermath of the earthquake that hit the island in early 2010.

In a multi-year plan, SES donates bandwidth to the International Polar Foundation, enabling the foundation's Princess Elisabeth research station in Antarctica to communicate via satellite. This unique facility is the first 'zero emission' polar research station, and is the only polar research facility that was conceived and built to operate entirely on renewable energies.

SES made a donation to the Institut St. Joseph in Betzdorf, Luxembourg, a home for mentally handicapped persons.

SES continued its financial support to 'Musek am Syrdal', a local music festival in Luxembourg, and also supported a Luxembourg-based theatre production.

Through its SES WORLD SKIES division, SES donated educational material to a local school in Baikonur, Kazakhstan, and made corporate donations to the Juliana Children's Hospital in The Hague.

The U.S. offices of SES supported social initiatives such as the Trenton Soup Kitchen.

Environmental initiatives

The SES companies are committed to respecting the world's natural environment, and to aligning the companies' and the staff's conduct and, to the extent possible, those of their suppliers, to the principles of sustainable development.

Compliance is benchmarked against the legal rules and regulations applied in the countries in which the SES companies operate, as well as against industry-wide best practices. SES' objective is to continuously improve its environmental performance and to further reduce the environmental impact of its activities.

The activities of SES and its companies are mainly office and technology-based and overall have a light environmental impact. In SES' operations, it promotes the most efficient use of energy and natural resources. It has successfully implemented a programme to rely on cogeneration power. SES applies a waste recycling programme which aims to avoid, reduce and recycle waste material as efficiently as possible; this programme is subject to independent third-party audits and quality control. SES also conducts environmental training on a regular basis and encourage its staff to adopt environmentally correct attitudes in their professional activities.

SES conducts a group-wide carbon footprint assessment covering the company's operations. In 2009, the company's activities related to operating and commercialising SES' satellite fleet, as well as general administration, finance and marketing generated approximately 52,500 tonnes of CO_2e worldwide. Emissions from Scope 2 electricity consumption represented the largest component of SES' total emissions (approximately 61%) with Scope 1 emissions (approximately 33%) and Scope 3 business travel (5%) providing the remaining contribution. Teleports represented approximately 71% of the emissions from Scope 1 and 2 sources. Details of the carbon footprint are disclosed as part of the Carbon Disclosure Project, in which SES participates (www.cdproject.net).

Based on the 2008 carbon footprint study, SES implemented measures to reduce its carbon emissions at its headquarters in Betzdorf, Luxembourg, which also houses one of the company's largest teleports. Modified heating burners operating on natural gas were installed, and the efficiency of the cold water chiller installations was improved in 2010. Also, since January 2010, the Luxembourg campus uses electricity sourced from renewable hydropower, which can be considered carbon-free. These initiatives had a significant impact on the carbon emissions of the company in Luxembourg.

The operating entities of SES apply best practices in minimising the environmental impact of the outsourced activities, such as the manufacturing and launching of spacecraft. The companies also ensure that the amount of radiation emitted from their earth stations respects or remains below the maximum levels defined by the countries of operation; compliance is checked through yearly internal and third-party audits by accredited organisations, which are specialised in the field of industrial safety.

Responsibility statement

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure the group's business operations are carried out efficiently and transparently. In accordance with Article 3 of the law of January 11, 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the consolidated financial statements for the year ended December 31, 2010, prepared in accordance with IFRS as adopted for use in the E.U. give a true and fair view of the assets, liabilities, financial position and profit of the year. In addition, the management report includes a fair review of the development and performance of the group's operations during the year and of business risks, where appropriate, facing the group.

René Steichen
Chairman of the
Board of Directors

Romain Bausch
President and CEO

All amounts are in millions of euro unless stated otherwise

Quarterly development 2010

	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
Revenue	415.1	411.1	433.8	442.3	448.5
Operating expenses	(126.2)	(100.4)	(111.8)	(113.5)	(113.6)
EBITDA	288.9	310.7	322.0	328.8	334.9
Depreciation expenses	(109.0)	(108.8)	(120.4)	(115.0)	(120.2)
Amortisation expenses	(8.6)	(8.5)	(8.7)	(8.4)	(9.0)
Operating profit	171.3	193.4	192.9	205.4	205.7

Transponder utilisation

Transponder count at end of quarter (36 MHz-equivalent)	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
SES ASTRA					
Utilised transponders	272	273	287	285	288
Available transponders	318	318	322	317	317
Utilisation rate	85.5%	85.8%	89.1%	89.9%	90.9%
SES WORLD SKIES North America					
Utilised transponders	353	330	323	322	324
Available transponders	465	450	448	434	430
Utilisation rate	75.9%	73.3%	72.1%	74.2%	75.3%
SES WORLD SKIES International					
Utilised transponders	345	360	358	370	378
Available transponders	390	472	472	490	502
Utilisation rate	88.5%	76.3%	75.8%	75.5%	75.3%
SES group					
Utilised transponders	970	963	968	977	990
Available transponders	1,173	1,240	1,242	1,241	1,249
Utilisation rate	82.7%	77.7%	77.9%	78.7%	79.3%

At the end of Q4 2010, thirteen additional transponders were utilised, raising the utilisation rate to 79.3%, an increase of 0.6 percentage points.

U.S. dollar exchange rate

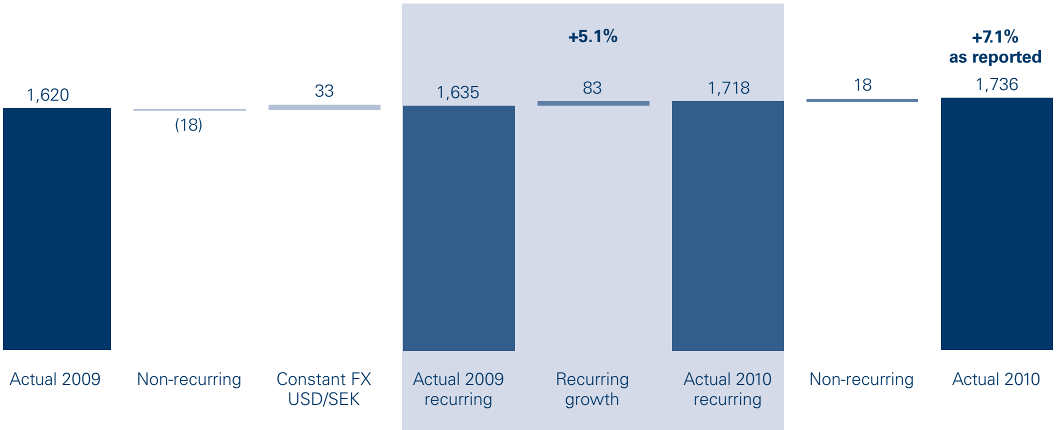
EUR 1 =	Average rate 2010	Closing rate 2010	Average rate 2009	Closing rate 2009
United States dollar	1.3294	1.3362	1.3922	1.4406

Revenue

	2010	2009	Variance	%
Revenue	1,735.7	1,620.3	+115.4	+7.1%

SES' reported revenue increased by 7.1%, driven by recurring growth and the strengthening U.S. dollar. On a recurring basis, revenue growth of 5.1%, or EUR 83 million was contributed by both operating companies, particularly due to the incremental revenues generated by the ASTRA 3B, NSS-12 and AMC-21 satellites and the full-year impact of Ciel-2, which was augmented by its full consolidation in the fourth quarter. Infrastructure and services business segments both developed favourably. The components of the revenue development from 2009 to 2010 are illustrated in the following table.

SES group revenue



Operating expenses and EBITDA

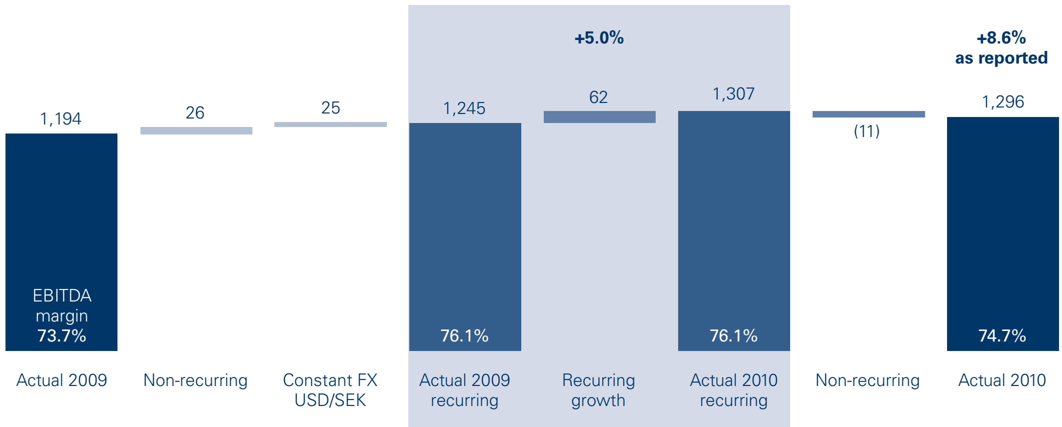
	2010	2009	Variance	%
Operating expenses	**(439.3)**	(426.6)	-12.7	-3.0%
EBITDA	**1,296.4**	1,193.7	+102.7	+8.6%
EBITDA % margin	**74.7%**	73.7%	+1.0 pp	–

The moderate rise in total operating expenses reflects the increase in costs of sales directly attributable to the increase in services revenues, and the strengthening U.S. dollar. 2009 operating expenses included a one-off charge of EUR 19 million taken to impair launch prepayments made to Sea Launch before its Chapter 11 filing.

The favourable revenue development, coupled with the moderate operating expense increase, translated into a reported EBITDA growth of 8.6%. Recurring EBITDA growth reached EUR 62 million, or 5.0%, in line with the revenue growth, and was contributed by both segments. SES' recurring EBITDA margin in 2010 was 76.1%, the same as in 2009.

The components of the EBITDA development from 2009 to 2010 are illustrated in the following table.

SES group EBITDA



All amounts are in millions of euro unless stated otherwise

	Infrastructure	Services	Start-up activity	Elimination / Unallocated	Total
Revenue	1,544.1	311.2	16.0	(135.6)	1,735.7
EBITDA	1,282.2	57.7	(6.2)	(37.3)	1,296.4
2010 % margin	83.0%	18.5%			74.7%
2009 % margin	82.9%	14.8%			73.7%

Operating profit

	2010	2009	Variance	%
Depreciation expenses	**(464.4)**	(435.6)	-28.8	-6.6%
Amortisation expenses	**(34.6)**	(38.5)	+3.9	+10.1%
Operating profit	**797.4**	719.6	+77.8	+10.8%

The higher depreciation charges reported for 2010 are almost exclusively attributable to the impact of the stronger U.S. dollar on the depreciation charges for SES WORLD SKIES and SES Satellite Leasing. Adjustments totalling EUR 13.1 million were made to the carrying value of the AMC-4 and AMC-16 satellites.

The additions to the depreciable fleet compared to 2009 were as follows: ASTRA 1M (January 2009); Ciel-2 (February 2009); NSS-9 (April 2009); NSS-12 (December 2009); SES-7 (May 2010); SES-1 (June 2010); and, ASTRA 3B (June 2010). AMC-5 completed its depreciation cycle in May 2010.

Net financing charges

	2010	2009	Variance	%
Net interest expense	**(237.5)**	(209.9)	-27.6	-13.1%
Capitalised interest	**58.6**	46.7	+11.9	+25.5%
Net foreign exchange gain / (loss)	**(17.0)**	34.7	-51.7	–
Net financing charges	**(195.9)**	(128.5)	-67.4	-52.5%

The EUR 27.6 million increase in the net interest expense reflected primarily an increase of EUR 17.0 million in debt servicing costs arising from the higher level of borrowings during the year; the balance of EUR 10.6 million related almost exclusively to increases in the amortisation of loan origination costs and payment of facility commitment fees.

On the net foreign exchange result, the gains recorded in 2009 on the revaluation of U.S. dollar liabilities in a weakening dollar environment could not be matched in 2010 where the dollar strengthened overall. The reported 2010 net foreign exchange loss of EUR 17.0 million arose in Q1 on the revaluation of certain operational inter-company balances and the revaluation of currency holdings – which were both set off by equal and opposite accretions to the group's currency exchange reserve and had neither a cash nor an overall shareholders' equity impact.

Profit on continuing operations and income tax expense

	2010	2009	Variance	%
Profit on continuing operations before tax	**601.5**	591.1	+10.4	+1.8%
Income tax expense	**(73.9)**	(91.5)	+17.6	+19.2%
Share of associates' result	**(3.8)**	(0.4)	-3.4	Nm
Profit on continuing operations after tax	**523.8**	499.2	+24.6	+4.9%
Reported tax rate	**12.3%**	15.5%	-3.2 pp	–

The reduction in the reported tax rate from 15.5% to 12.3% reflects a combination of favourable impacts during the year including, and most significantly, the high level of investment-related tax credits arising as a consequence of the group's substantial ongoing capital expenditure programme.

Net profit attributable to equity holders of the parent and earnings per share

	2010	2009	Variance	%
Loss after tax from discontinued operations	**(36.3)**	(21.8)	-14.5	-66.5%
Net profit of the group attributable to equity holders of parent	**487.3**	476.5	+10.8	+2.3%
Earnings per Class A share (in euro)				
On continuing operations	**1.33**	1.27	+0.06	+4.7%
On discontinued operations	**(0.09)**	(0.05)	-0.04	-80.0%
On total operations	**1.24**	1.22	+0.02	+1.6%

In 2010 the group announced its intention to dispose of its controlling interest in ND SatCom, a supplier of satellite communication systems and equipment. On October 22, 2010, SES announced that Astrium, a wholly-owned subsidiary of EADS, would purchase a 75.1 % stake in the ND SatCom group. It is expected that the transaction will close during the first quarter of 2011, subject to the satisfaction of certain conditions including regulatory approvals. Therefore ND SatCom is presented as a disposal group held for sale and as a discontinued operation.

The full-year charge taken of EUR 36.3 million is set out below:

	2010	2009	Variance	%
Loss of the period after tax	**(18.3)**	(21.8)	+3.5	+16.1%
Loss on re-measurement to fair value	**(18.0)**	–	-18.0	Nm
Total	**(36.3)**	(21.8)	-14.5	-66.5%

Cash flow

	2010	2009	Variance	%
Net operating cash flow	**1,107.1**	1,076.2	+30.9	+2.9%
Investing activities	**(912.4)**	(753.7)	-158.7	-21.1%
Free cash flow	**194.7**	322.5	-127.8	-39.6%

Despite increased tax payments in 2010, net operating cash flow moved up slightly compared to 2009. Contributing to this was the profit from continuing operations and stronger working capital management. Investing activity outflows increased in 2010, with outflows for capital expenditure of EUR 804.5 million (2009: EUR 761.2 million), and the acquisition of the outstanding 10% shareholding in SES ASTRA AB (formerly SES SIRIUS).

Net debt

	2010	2009	Variance	%
Cash and cash equivalents[1]	**(323.7)**	(286.6)	-37.1	-12.9%
Loans and borrowings	**4,084.5**	3,848.5	+236.0	+6.1%
Net debt	**3,760.8**	3,561.9	+198.9	+5.6%
Net debt / EBITDA	**2.91**	2.99	-0.08	-2.7%

[1]Including cash holdings of EUR 2.7 million held by discontinued operations.

The rise in net debt reflected the impact of investing activities of the year. Due to the growth in the group's EBITDA, on total operations, the net debt/EBITDA ratio fell nonetheless year-on-year.

To the shareholders of
SES
L-6815 Château de Betzdorf

Report on the consolidated financial statements
Following our appointment by the annual general meeting of the shareholders dated April 1, 2010, we have audited the accompanying consolidated financial statements of SES, which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements
The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'réviseur d'entreprises agréé'
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the 'réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the financial position of SES as at December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements
The consolidated management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé
Thierry BERTRAND
Luxembourg
February 17, 2011

Consolidated income statement
For the year ended December 31, 2010

	Note	2010 EUR million	2009 Restated[3] EUR million
Continuing operations			
Revenue	6	**1,735.7**	1,620.3
Cost of sales	7	**(129.5)**	(115.2)
Staff costs	7	**(179.8)**	(163.0)
Other operating expenses[1]	7	**(130.0)**	(148.4)
Depreciation expense	14	**(464.4)**	(435.6)
Amortisation expense	16	**(34.6)**	(38.5)
Operating profit	6	**797.4**	719.6
Finance revenue	9	**5.6**	52.2
Finance costs	9	**(201.5)**	(180.7)
Profit before tax		**601.5**	591.1
Income tax expense	10	**(73.9)**	(91.5)
Profit after tax		**527.6**	499.6
Share of associates' result		**(3.8)**	(0.4)
Profit from continuing operations		**523.8**	499.2
Discontinued operations			
Loss after tax from discontinued operations	4	**(36.3)**	(21.8)
Profit for the year		**487.5**	477.4
Attributable to:			
Equity holders of the parent		**487.3**	476.5
Non-controlling interests		**0.2**	0.9
		487.5	477.4
Earnings per share (in euro)[2]			
Class A shares		**1.24**	1.22
Class B shares		**0.50**	0.49
Earnings per share on continuing operations (in euro)			
Class A shares		**1.33**	1.27
Class B shares		**0.53**	0.51

[1] 2009 'Other operating expenses' includes (0.4) non-recurring satellite programme costs relating to the Solaris S-band payload anomaly (Note 5).
[2] Earnings per share are calculated by dividing the net profit attributable to ordinary shareholders for the period by the weighted average number of shares outstanding during the year as adjusted to reflect the economic rights of each class of share. Fully diluted earnings per share are insignificantly different from basic earnings per share.
[3] Restated for the presentation of discontinued operations under IFRS 5.

The notes are an integral part of the consolidated financial statements.

Consolidated financial statements
Consolidated statement of comprehensive income
For the year ended December 31, 2010

	Note	2010 EUR million	2009 EUR million
Profit for the year		**487.5**	477.4
Other comprehensive income			
Impact of currency translation		**342.0**	(156.3)
Net loss on hedge of net investment		**(97.0)**	(72.6)
Income tax effect		**21.4**	12.2
		(75.6)	(60.4)
Net movements on cash flow hedges	11	**10.2**	8.8
Income tax effect		**(2.5)**	6.1
		7.7	14.9
Total other comprehensive income for the year, net of tax		**274.1**	(201.8)
Total comprehensive income for the year, net of tax		**761.6**	275.6
Attributable to:			
Equity holders of the parent		**757.3**	274.7
Non-controlling interests		**4.3**	0.9

The notes are an integral part of the consolidated financial statements.

Consolidated statement of financial position
As at December 31, 2010

	Note	2010 EUR million	2009 EUR million
Non-current assets			
Property, plant and equipment	14	**3,093.2**	2,801.0
Assets in the course of construction	15	**1,311.6**	1,020.6
Total property, plant and equipment		**4,404.8**	3,821.6
Intangible assets	16	**2,866.0**	2,766.1
Investments in associates	17	**128.2**	57.3
Other financial assets	18	**25.1**	14.0
Deferred income tax assets	10	**32.0**	33.9
Total non-current assets		**7,456.1**	6,692.9
Current assets			
Inventories		**9.2**	20.5
Trade and other receivables	19	**277.0**	374.2
Prepayments		**35.0**	34.2
Valuation of financial derivatives	20	**2.5**	–
Cash and cash equivalents	22	**321.0**	286.6
Total current assets		**644.7**	715.5
Assets of disposal group classified as held for sale	4	**127.7**	–
Total assets		**8,228.5**	7,408.4
Equity			
Attributable to equity holders of the parent	23	**2,093.0**	1,587.7
Non-controlling interests		**35.5**	7.9
Total equity		**2,128.5**	1,595.6
Non-current liabilities			
Interest-bearing loans and borrowings	25	**2,995.9**	3,481.6
Provisions and deferred income	26	**298.0**	311.3
Valuation of financial derivatives	20	**14.1**	4.3
Deferred tax liabilities	10	**737.6**	756.2
Other long-term liabilities	27	**36.2**	–
Total non-current liabilities		**4,081.8**	4,553.4
Current liabilities			
Interest-bearing loans and borrowings	25	**1,088.6**	366.9
Trade and other payables	27	**348.9**	345.6
Valuation of financial derivatives	20	**–**	53.3
Income tax liabilities	2	**162.4**	204.9
Deferred income		**320.6**	288.7
Total current liabilities		**1,920.5**	1,259.4
Liabilities directly associated with the assets classified as held for sale	4	**97.7**	–
Total liabilities		**6,100.0**	5,812.8
Total liabilities and equity		**8,228.5**	7,408.4

The notes are an integral part of the consolidated financial statements.

Consolidated financial statements
Consolidated statement of cash flow
For the year ended December 31, 2010

	2010 EUR million	2009 EUR million
Profit from continuing operations before tax	**601.5**	591.1
Loss from discontinued operations before tax	**(62.1)**	(22.5)
Profit before tax – Total	**539.4**	568.6
Taxes paid during the year	**(131.5)**	(58.2)
Net financing charges paid on non-operating activities	**87.2**	88.3
Depreciation and amortisation	**522.0**	489.0
Amortisation of client upfront payments	**(47.8)**	(29.0)
Impairment loss recognised on the remeasurement to fair value less cost to sell (Note 4)	**30.8**	–
Impairment of Sea Launch receivable (Note 7)	**(3.9)**	19.6
Other non-cash items in consolidated income statement	**28.5**	16.5
Consolidated operating profit before working capital changes	**1,024.7**	1,094.8
Changes in operating assets and liabilities		
(Increase) / decrease in inventories	**(2.6)**	(5.4)
(Increase) / decrease in trade and other debtors	**9.8**	(39.7)
(Increase) / decrease in prepayments and deferred charges	**(8.9)**	(9.2)
Increase / (decrease) in trade and other creditors	**35.8**	8.6
Increase / (decrease) in payments received on account	**0.5**	(9.8)
Increase / (decrease) in upfront payments and deferred income	**47.8**	36.9
Net cash generated by operations	**82.4**	(18.6)
Net operating cash flow	**1,107.1**	1,076.2
Cash flow from investing activities		
Net disposal / (purchase) of intangible assets	**2.1**	(12.2)
Purchase of tangible assets	**(804.5)**	(761.2)
Disposal of tangible assets	**4.2**	3.5
Proceeds arising from Solaris anomaly (Note 5)	**–**	66.5
Acquisition of non-controlling interests	**(27.0)**	–
Acquisition of other consolidated investments	**–**	(5.7)
Investment in equity-accounted investments	**(0.7)**	(28.5)
Realised proceeds on settlement of net investment hedge instruments	**(74.2)**	(15.9)
Other investing activities	**(12.3)**	(0.2)
Net cash absorbed by investing activities	**(912.4)**	(753.7)
Cash flow from financing activities		
Proceeds from borrowings	**810.6**	800.7
Repayment of borrowings	**(651.1)**	(857.5)
Dividends paid on ordinary shares, net of dividends received	**(287.5)**	(258.5)
Net financing charges paid on non-operating activities	**(87.2)**	(88.3)
Net investment in other treasury shares	**43.3**	8.2
Exercise of share-based payments	**(0.6)**	–
Net cash absorbed by financing activities	**(172.5)**	(395.4)
Net foreign exchange movements	**14.9**	(76.0)
Net (decrease) / increase in cash	**37.1**	(148.9)
Net cash at beginning of the year (Note 22)	**286.6**	435.5
Net cash at end of the year (Note 22)	**323.7**	286.6

The notes are an integral part of the consolidated financial statements.

Consolidated statement of changes in shareholders' equity
For the year ended December 31, 2010

	Issued capital EUR million	Share premium EUR million	Treasury shares EUR million	Other reserves EUR million	Retained earnings EUR million	Cash flow hedge reserve EUR million	Foreign currency translation reserve EUR million	Total EUR million	Non-controlling interests EUR million	Total equity EUR million
At January 1, 2009	**624.4**	**477.1**	**(108.4)**	**918.0**	**387.5**	**(30.6)**	**(714.9)**	**1,553.1**	**8.2**	**1,561.3**
Result for the year	–	–	–	–	476.5	–	–	476.5	0.9	477.4
Other comprehensive income (loss)	–	–	–	–	–	14.9	(216.7)	(201.8)	–	(201.8)
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**–**	**476.5**	**14.9**	**(216.7)**	**274.7**	**0.9**	**275.6**
Allocation of 2008 result	–	–	–	129.5	(129.5)	–	–	–	–	–
Dividends paid[1]	–	–	–	–	(258.0)	–	–	(258.0)	–	(258.0)
Movements on treasury shares	–	–	11.2	–	–	–	–	11.2	–	11.2
Share-based payment adjustment	–	7.3	(1.3)	–	–	–	–	6.0	–	6.0
Acquisition of non-controlling Interests	–	–	–	(1.3)	–	–	–	(1.3)	(1.2)	(2.5)
Other movements	–	–	–	3.8	–	–	(1.8)	2.0	–	2.0
At December 31, 2009	**624.4**	**484.4**	**(98.5)**	**1,050.0**	**476.5**	**(15.7)**	**(933.4)**	**1,587.7**	**7.9**	**1,595.6**

	Issued capital EUR million	Share premium EUR million	Treasury shares EUR million	Other reserves EUR million	Retained earnings EUR million	Cash flow hedge reserve EUR million	Foreign currency translation reserve EUR million	Total EUR million	Non-controlling interests EUR million	Total equity EUR million
At January 1, 2010	**624.4**	**484.4**	**(98.5)**	**1,050.0**	**476.5**	**(15.7)**	**(933.4)**	**1,587.7**	**7.9**	**1,595.6**
Result for the year	–	–	–	–	487.3	–	–	487.3	0.2	487.5
Other comprehensive income (loss)	–	–	–	–	–	7.7	262.3	270.0	4.1	274.1
Total comprehensive income (loss) for the year	**–**	**–**	**–**	**–**	**487.3**	**7.7**	**262.3**	**757.3**	**4.3**	**761.6**
Allocation of 2009 result	–	–	–	189.0	(189.0)	–	–	–	–	–
Dividends paid[1]	–	–	–	–	(287.5)	–	–	(287.5)	–	(287.5)
Movements on treasury shares	–	–	43.3	–	–	–	–	43.3	–	43.3
Share-based payment adjustment	–	10.7	(0.6)	–	–	–	–	10.1	–	10.1
Acquisition of non-controlling interests	–	–	–	(17.5)		–	–	(17.5)	(9.5)	(27.0)
Other movements	–	–	–	(0.4)	–	–	–	(0.4)	–	(0.4)
Ciel business combination	–	–	–	–	–	–	–	–	32.8	32.8
At December 31, 2010	**624.4**	**495.1**	**(55.8)**	**1,221.1**	**487.3**	**(8.0)**	**(671.1)**	**2,093.0**	**35.5**	**2,128.5**

[1]Dividends are shown net of dividends received on treasury shares.

The notes are an integral part of the consolidated financial statements

Note 1 – Corporate information

SES ('the company') was incorporated on March 16, 2001 as a limited liability company (Société Anonyme) under Luxembourg law. References to the 'group' in the following notes are to the company and its subsidiaries, joint ventures and associates. SES trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris.

The consolidated financial statements of SES for the year ended December 31, 2010 were authorised for issue in accordance with a resolution of the directors on February 17, 2011. Under Luxembourg law the financial statements are approved by the shareholders at the annual general meeting.

Note 2 – Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except where fair value is required by IFRS as described below. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the International Accounting Standards Board, and endorsed by the European Union, as at December 31, 2010.

Basis of consolidation

Basis of consolidation as from January 1, 2010

The consolidated financial statements comprise the financial statements of the company and its controlled subsidiaries, after the elimination of all material inter-company transactions. Subsidiaries are consolidated from the date the company obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries and affiliates are prepared for the same reporting period as the company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. For details regarding the subsidiaries included see Note 31.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary;
– derecognises the carrying amount of any non-controlling interest;
– derecognises the cumulative translation differences, recorded in equity;
– recognises the fair value of the consideration received;
– recognises the fair value of any investment retained;
– recognises any surplus or deficit in profit or loss;
– reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to January 1, 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– losses incurred by the group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to January 1, 2010 were not reallocated between non-controlling interests and the parent equity holders;
– upon loss of control, the group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at January 1, 2010 has not been restated.

Application of IFRS 1

The group adopted IFRS on January 1, 2004 and applied the provisions of IFRS 1 for this transition. In particular, goodwill arising on business combinations (IFRS 3) that occurred before January 1, 2004 has not been restated. In accordance with IFRS 1, the group has elected not to apply IAS 21 (as revised in 2003) retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before January 1, 2004.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended IFRS and IFRIC interpretations as of January 1, 2010:

– IFRS 2 – 'Share-based Payment': Group Cash-settled Share-based Payment Transactions effective 1, January 2010;
– IFRS 3 – 'Business Combinations (Revised)' and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39;
– IAS 39 – 'Financial Instruments': Recognition and Measurement – Eligible Hedged Items effective July 1, 2009;
– IFRIC 17 – 'Distributions of Non-cash Assets to Owners effective' July 1, 2009;
– Improvements to IFRSs (May 2008);
– Improvements to IFRSs (April 2009).

Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the group. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies. The adoption of the standards or interpretations is described below.

IFRS 2 – 'Share-based Payment (Revised)'

The standard has been amended to clarify the accounting for group cash-settled share-based payment transactions. This amendment also supersedes IFRIC 8 and IFRIC 11. The group adopted this amendment as of January 1, 2010. It did not have an impact on the financial position or performance of the group.

IFRS 3 – 'Business Combinations (Revised) 'and IAS 27 'Consolidated and Separate Financial Statements' (Amended)
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 – (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after January 1, 2010. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

IAS 39 – 'Financial Instruments': Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The group has concluded that the amendment will have no impact on the financial position or performance of the group, as the group has not entered into any such hedges.

IFRIC 17 – "Distribution of Non-cash Assets to Owners'
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The group has not made non-cash distribution to shareholders.

Improvements to IFRSs
The group has adopted all improvements issued in May 2008 and April 2009 which have effective application date for annual periods beginning on or after July 1, 2009.

Issued in May 2008
- IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations': clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position nor financial performance of the group.

Issued in April 2009
- IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations': clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in IFRS 5. The disclosure requirements of other IFRSs only apply if specifically required for such non-current assets or discontinued operations. As a result of this amendment, the group amended its disclosures in Note 6 Operating Segment and new disclosure is shown in Note 4.

- IFRS 8 – 'Operating Segments': clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the group's chief operating decision maker does review segment assets, the group has continued to disclose this information in Note 6.

The following improvements to IFRS relevant to the activity of the group were also adopted:
- IFRS 2 – 'Share-based Payment';
- IAS 1 – 'Presentation of Financial Statements';
- IAS 7 – 'Statement of Cash Flows';
- IAS 34 – 'Interim Financial Reporting';
- IAS 36 – 'Impairment of Assets';
- IAS 38 – 'Intangible Assets';
- IAS 39 – 'Financial Instruments: Recognition and Measurement';
- IFRIC 9 – 'Reassessment of Embedded Derivatives';
- IFRIC 16 – 'Hedge of a Net Investment in a Foreign Operation'.

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the group.

Interests in joint ventures
The group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The group recognises its interest in the joint venture using proportional consolidation. The group combines its share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

When the group contributes or sells assets to the joint venture, any portion of gain or loss from the transaction is recognised based on the substance of the transaction. When the group purchases assets from the joint venture, the group does not recognise its share of the profits of the joint venture from the transaction until it resells the assets to an independent party. The joint venture is proportionately consolidated until the date on which the group ceases to have joint control over the joint venture.

Investments in associates

The group has investments in associates which are accounted for under the equity method. An associate is an entity in which the group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the group determines whether it is necessary to recognise any additional impairment loss with respect to the group's net investment in the associate. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

In general the financial statements of associates are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring in line any dissimilar accounting policies that may exist. Where differences arise in the reporting dates the group adjusts the financial information of the associate for significant transactions in the intervening period.

Significant accounting judgements and estimates

1) Judgements

In the process of applying the group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

1.1) Treatment of orbital slot licence rights

The group's operating companies have obtained rights to operate satellites at certain orbital locations and using certain frequency bands. These licences are obtained through application to the relevant national and international regulatory authorities, and are generally made available for a defined period. On the expiry of such agreements, the operating company will generally be in a position to re-apply for the usage of these positions and frequency rights. Where the group has obtained such rights through the acquisition of subsidiaries and associates, the rights have been identified as an asset acquired and recorded at the fair value attributed to the asset at the time of the acquisition as a result of purchase accounting procedure. Such assets are deemed to have an indefinite life where the group has a high probability that it will be able to successfully re-apply for these rights as and when they expire. Hence these assets are not amortised, but rather are subject to regular impairment reviews to confirm that the carrying value in the group's financial statements is still appropriate. More details are given in Note 16.

1.2) Taxation

The group operates in numerous tax jurisdictions and management is required to assess tax issues and exposures across its entire operations and to accrue for potential liabilities based on its interpretation of country-specific tax law and best estimates. In conducting this review management assesses the materiality of the issue and the likelihood, based on experience and specialist advice, as to whether it will result in a liability for the group. If this is deemed to be the case then a provision is made for the potential taxation charge arising. These provisions are recorded as current liabilities in the consolidated balance sheet. As at December 31, 2010 an amount of EUR 163.2 million (2009: EUR 118.4 million) is disclosed under 'Income tax liabilities'.

One significant area of management judgement is in the area of transfer pricing. Whilst the group employs dedicated members of staff to establish and maintain appropriate transfer pricing structures and documentation, judgement still needs to be applied and hence potential tax exposures can be identified. The group, as part of its overall assessment of liabilities for taxation, reviews in detail the transfer pricing structures in place and makes provisions where this seems appropriate on a case by case basis.

2) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3) Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. More details are given in Note 16.

Business combinations

Business combinations as from January 1, 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Business combinations prior to January 1, 2010
In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Property, plant and equipment

Property, plant and equipment is initially recorded at acquisition or manufacturing cost and is depreciated over the expected useful economic life. The manufacturing cost of internally generated property, plant and equipment includes directly attributable costs as well as appropriate overheads. Costs for the repair and maintenance of these assets are recorded as expense. Relevant finance charges arising during the construction period of satellites are capitalised.

Property, plant and equipment is depreciated using the straight-line method, generally based on the following useful lives:

Buildings	25 years
Space segment assets	10 to 16 years
Ground segment assets	3 to 15 years
Other fixtures, fittings, tools and equipment	3 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any loss or gain arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Assets in the course of construction

Amounts payable in respect of the purchase of future satellites, launch costs and other related expenses including ground segment expenditure and financing costs are included in the balance sheet when accepted and billed. When the asset is subsequently put into service, the expenditure is transferred to assets in use and depreciation commences.

Intangible assets

1) Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The carrying value of acquisition goodwill is reviewed for impairment annually, or more frequently if required to establish whether the value is still recoverable. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. Impairment charges are taken as charges against net profit where a non-recoverable component is identified. Impairment losses relating to goodwill cannot be reversed in future periods. The group estimates value in use on the basis of the estimated discounted cash flows to be generated by a cash-generating unit which are based upon business plans approved by management. Beyond a five-year period, cash flows may be estimated on the basis of stable rates of growth or decline.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2) Other intangibles
Intangible assets, consisting principally of rights of usage of orbital frequencies and acquired transponder service agreements, are reviewed at acquisition to establish whether they represent assets with a definite or indefinite life. Those assessed as being definite life assets are amortised on a straight-line basis over a period not exceeding 21 years. Indefinite life intangible assets are held at cost in the balance sheet but are subject to impairment testing in line with the treatment outlined for goodwill above. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Impairment of non-financial assets
The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the recoverable amount.

The group's long-lived assets and definite-life intangible assets, including its in-service satellite fleet, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Impairments can arise from complete or partial failure of a satellite as well as other changes in expected discounted future cash flows. Such impairment tests are based on a comparison of estimated discounted future cash flows to the recorded value of the asset. The estimated discounted cash flows are based on the most recent business plans. If impairment is indicated, the asset value will be written down to fair value based upon discounted cash flows using an appropriate discount rate.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Investments and other financial assets
Financial assets in the scope of IAS 39 are classified as one of: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; or available-for-sale financial assets; as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the group is committed to the purchase or sale of the asset.

The following categories of financial asset as defined in IAS 39 are relevant in the group's financial statements.

1) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated and effective hedging instruments. Gains or losses on investments held for trading are recognised in income.

2) Held-to maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the group has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognised or impaired, as well as through the amortisation process.

3) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

4) Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement totally or partially.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Inventories
Inventories primarily consist of work-in-progress, related accessories and network equipment spares and are stated at the lower of cost or market value, with cost determined on an average-cost method and market value based on the estimated net realisable value.

Trade and other receivables
Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the group will not be able to collect the debts. Bad debts are written off when identified.

Inter-company transactions
The group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Treasury shares
Acquired own equity instruments (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

Cash and cash equivalents
Cash and cash equivalents comprise cash at banks and on hand, deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost. For the purposes of the consolidated statement of cash flow, 'Net Cash' consists of cash and cash equivalents, net of outstanding bank overdrafts.

Revenue recognition
The group enters into contracts to provide high-quality satellite transponder capacity and broadcasting services through which television, radio and data broadcasting make available programming services to the general public. Revenues are generated primarily from service agreements with customers to provide satellite transponder services.

All amounts received from customers under contracts for satellite capacity are recognised, at the fair value of the consideration received or receivable, over the duration of the respective contracts on a straight-line basis. Payments received in advance are deferred and included in the balance sheet as deferred income. Interest is accrued on advance payments received using the incremental borrowing rate of the group at the time the advance payments are received. Payments of receivables in arrears are accrued and included in trade debtors.

The group also has a number of long-term construction contracts. Revenue is recognised on these contracts by reference to the stage of completion of the contract where the outcome can be estimated reliably.

Dividends
The company declares dividends after the financial statements for the year have been approved. Accordingly dividends are recorded in the subsequent year's financial statements.

Provisions
Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred taxes
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 the balance sheet date.

Income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Translation of foreign currencies

The consolidated financial statements are presented in euro (EUR), which is the company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency.

Transactions in foreign currencies are initially recorded in the functional currency ruling at the date of transaction. The cost of non-monetary assets is translated at the rate applicable at the date of the transaction. All other assets and liabilities are translated at closing rates of exchange. During the year, expenses and income expressed in foreign currencies are recorded at exchange rates prevailing on the date they occur or accrue. All exchange differences resulting from the application of these principles are included in the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of a 100%-owned foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. In accordance with IFRS 1, the group has elected not to apply IAS 21 'The Effects of Changes in Foreign Currency Exchange Rates' (as revised in 2003) retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRS.

The assets and liabilities of consolidated subsidiaries are translated into euro at the year-end exchange rates, while the income and expense items of these subsidiaries are translated at the average exchange rate of the year. The related foreign exchange differences are included in the currency exchange reserve within equity. On disposal of a foreign subsidiary or joint venture, the deferred cumulative amount recognised in equity relating to that particular foreign operation is reclassified to the income statement.

The U.S. dollar exchange rates used by the group during the year were as follows:

EUR 1 =	Average rate for 2009	Closing rate for 2009	Average rate for 2010	Closing rate for 2010
United States dollar	USD 1.3922	USD 1.4406	USD 1.3294	USD 1.3362

Basic and diluted earnings per share

The company's capital structure consists of Class A and Class B shares, entitled to the payment of annual dividends as approved by the shareholders at their annual meetings. Holders of Class B shares participate in earnings and are entitled to 40% of the dividends payable per Class A share.

Basic and diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are also adjusted for the effects of dilutive options.

Derivative financial instruments and hedging

The group recognises all derivatives as assets and liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are recorded in the income statement or in accordance with the principles below where hedge accounting is applied. The group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuation. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. On the date a hedging derivative instrument is entered into, the group designates the derivative as one of the following:

1) a hedge of the fair value of a recognised asset or liability or of an unrecognised firm commitment (fair value hedge);
2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability (cash flow hedge); or
3) a hedge of a net investment in a foreign operation.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

1) Fair value hedges
In relation to fair value hedges (Interest Rate Swaps on fixed-rate debt) which meet the conditions for hedge accounting, any gain or loss from re-measuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement as finance revenue or cost.

2) Cash flow hedges
In relation to cash flow hedges (forward foreign currency contracts and interest rate swaps) to hedge firm commitments or forecasted transactions which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement as finance revenue or cost.

When the hedged commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or carrying amount of the asset or liability.

3) Hedge of a net investment in a foreign operation
Changes in the fair value of a derivative or non-derivative instrument that is designated as and meets all the required criteria for a hedge of a net investment are recorded in the currency exchange reserve to the extent that it is deemed to be an effective hedge. The ineffective portion is recognised in the income statement as finance revenue or cost.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, the hedge no longer qualifies for hedge accounting, or the group revokes the designation. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The group formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes allocating all derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The group also formally assesses, both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge or if a derivative ceases to be a highly effective hedge, the group will discontinue hedge accounting prospectively.

Derecognition of financial assets and liabilities
1) Financial assets
A financial asset is derecognised where:

– the rights to receive cash flows from the asset have expired;
– the group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass- through' arrangement; or
– the group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of that asset.

Where the group has transferred its rights to receive cash flows from an asset and have neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset continues to be recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including cash-settled options or similar provision) on the transferred asset, the extent of the group's continuing involvement is the amount of the transferred asset that the group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Accounting for pension obligations
The company and certain subsidiaries operate defined benefit pension plans and/or defined contribution plans. The cost of providing benefits under the defined benefit pension plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised gains or losses for each individual plan exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans. Costs relating to the defined contribution plan are recognised in the income statement as incurred on an accruals basis.

Share-based payments

Employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

1) Equity-settled transactions

The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 24. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the company's shares, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest.

The group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards and has applied IFRS 2 only to equity-based awards granted after November 7, 2002 that had not vested on January 1, 2004.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 12).

2) Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model taking into account the terms and conditions upon which the instruments were granted (see Note 24). This fair value is expensed over the period until settlement with recognition of a corresponding liability. The liability is remeasured at each balance sheet date up to and including the settlement date with changes in fair value recognised in the consolidated income statement.

Note that the last options under equity settled schemes were granted in 2005 and the exercise period for these options expired during 2010 such that at the balance sheet date the group has no options outstanding under cash-settled schemes.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

Finance leases, which transfer to the group substantially all risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair market value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to expense. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

IFRS standards and interpretations issued but not yet effective

Standards and interpretations issued but not yet effective up to the date of issuance of the group's financial statements and which are expected to be relevant for the group at a future date are listed below. The group intends to adopt those standards when they become effective and /or once endorsed by the E.U.

IAS 24 Related Party Disclosures (Amendment) –
The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The group does not expect any impact on its financial position or performance.

IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment) –
The amendment to IAS 32 is effective for annual periods beginning on or after February 1, 2010 and amends the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. This amendment will have no impact on the group after initial application.

IFRS 9 Financial Instruments: Classification and Measurement – IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as well as classification, measurement and de-recognition of financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address amortised cost, impairment methodology for financial assets and hedge accounting. The completion of this project is expected in early 2011. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the group's financial assets and liabilities. The group is in process of analysing the impact of this standard on their operations as well as the date at which they plan to adopt the standard. The date of the adoption of this standard by the group will also be dependent on the timing of the E.U. endorsement process.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss. The adoption of this interpretation will have no effect on the financial statements of the group.

Improvements to IFRSs (issued in May 2010) –
The IASB issued *Improvements to IFRSs,* an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below are considered to have a reasonable possible impact on the group:

- IFRS 3 – 'Business Combinations';
- IFRS 7 – 'Financial Instruments': Disclosures;
- IAS 1 – 'Presentation of Financial Statements';
- IAS 27 – 'Consolidated and Separate Financial Statements';
- IAS 34 – 'Interim Financial reporting'.

The group, however, expects no impact from the adoption of the amendments on its financial position or performance.

Note 3 – Business combinations and acquisition of non-controlling interests

1. Ciel Satellite Limited Partnership, Canada – Business combination

In 2010 the regulatory framework governing Canadian satellite operators was amended to allow control by non-resident shareholders. SES holds a 70% interest in Ciel Satellite Limited Partnership ('Ciel LP') but due to the previous regulations SES was not able to demonstrate control over the entity and hence it was reported as a joint venture with the group consolidating its 70% proportional share of Ciel LP's results.

Once the regulatory change was passed, the shareholder agreement of Ciel LP was amended to allow SES to exercise its voting rights over its full shareholding and hence to exercise control over Ciel LP's operations. Consequently Ciel LP has been fully consolidated from the effective date of this amendment, September 29, 2010.

The fair value of the identifiable assets and liabilities of Ciel LP at the effective date of control are set out below. Note that for the purposes of the transaction the book value of the assets and liabilities of Ciel LP were deemed to be fair values and no goodwill arose on the transaction.

	Fair value recognised on acquisition EUR million
Assets	
Property, plant and equipment	202.4
Intangible assets	3.1
Current assets	2.7
Total assets	208.2
Liabilities	
Current liabilities	0.8
Upfront payments	101.8
Total liabilities	102.6
Total identifiable net assets at fair value	**105.6**

2. Acquisition of additional interests in SES ASTRA AB, Sweden

On March 4, 2010, the group acquired the remaining 10% interest of the voting shares of SES ASTRA AB (former SES SIRIUS AB). A cash consideration of EUR 27.0 million was paid to the non-controlling interest shareholders. The carrying value of the additional interest acquired was EUR 9.5 million and the difference of EUR 17.5 million between the consideration and the carrying value of the interest acquired has been recognised in other reserves within equity.

Note 4 – Discontinued operations – ND SatCom group

During the year the group indicated its intention to dispose of its controlling interest in ND SatCom, a supplier of satellite communication systems and equipment, which is part of the SES ASTRA segment. On October 22, 2010, SES announced that Astrium, a wholly-owned subsidiary of EADS, would purchase a 75.1% stake in the ND SatCom group. It is expected that the transaction will close during the first quarter of 2011, subject to the realisation of certain conditions.

For that reason it is expected that proceeds from the participation in ND SatCom will be predominantly from the sale of the controlling shareholding rather than from a continuing controlling interest. Therefore ND SatCom is disclosed as a disposal group held for sale and as a discontinued operation. Immediately before the classification of ND SatCom as a discontinued operation, the recoverable amount attributable goodwill was impaired by an amount of EUR 15.7 million. An additional impairment of EUR 30.8 million was recognised to remeasure the current net segment assets to fair value less cost to sell.

The prior year Statement of Comprehensive Income, and the segmental information, have been restated according to the provisions of IFRS 5.

The results of ND SatCom for the year ended December 31 are as follows:

	2010 EUR million	2009 EUR million
Revenue	**59.8**	81.4
Cost of sales	**(31.8)**	(51.2)
Staff costs	**(27.1)**	(28.6)
Other operating expenses	**(5.6)**	(5.9)
Depreciation expense	**(1.9)**	(4.2)
Amortisation expense	**(21.0)**	(10.8)
Operating profit	**(27.6)**	(19.3)
Finance revenue	**4.0**	6.7
Finance costs	**(9.7)**	(12.7)
Profit before tax	**(33.3)**	(25.3)
Income tax expense	**(0.3)**	0.7
Profit after tax	**(33.6)**	(24.6)
Share of associates' result	**2.0**	2.8
Impairment loss recognised on the remeasurement to fair value less cost to sell	**(30.8)**	–
Related tax impact	**26.1**	–
Loss after tax from discontinued operations	**(36.3)**	(21.8)
Earnings per share on discontinued operations (in euro)		
Class A shares	**(0.09)**	(0.05)
Class B shares	**(0.03)**	(0.02)

The statement of financial position of ND SatCom for the year ended December 31 is as follows:

	2010 EUR million
Non-current assets	
Property, plant and equipment	**5.9**
Assets in the course of construction	**0.1**
Total property, plant and equipment	**6.0**
Intangible assets	**29.8**
Financial assets	**3.4**
Deferred income tax assets	**3.3**
Total non-current assets	**42.5**
Current assets	
Inventories	**14.1**
Trade and other receivables	**59.7**
Prepayments	**8.7**
Cash and cash equivalents	**2.7**
Total current assets	**85.2**
Total assets	**127.7**
Non-current liabilities	
Provisions and deferred income	**42.4**
Deferred tax liabilities	**6.7**
Total non-current liabilities	**49.1**
Current liabilities	
Trade and other payables	**39.7**
Income tax liabilities	**0.6**
Deferred income	**8.3**
Total current liabilities	**48.6**
Total liabilities	**97.7**

Below are presented the net cash flows of ND SatCom for the years ended December 31, 2010 and 2009.

	2010 EUR million	2009 EUR million
Net operating cash flow	**20.5**	(11.1)
Net cash (absorbed) generated by investing activities	**1.8**	(7.5)
Net cash (absorbed) generated by financing activities	**(24.4)**	16.0
Net foreign exchange movements	**3.1**	(0.1)
Net (decrease) / increase in cash	**1.0**	(2.7)

Note 5 – Interest in a joint venture

1. Ciel Satellite Limited Partnership, Canada

Until September 29, 2010, the group had a 70.0% economic interest in Ciel Satellite Limited Partnership, Canada ('Ciel LP'), an entity which is involved in similar business to the group's other main operational entities. As set out in Note 3 above, Ciel LP ceased to be presented as a joint venture with effect from the date of the change to the shareholder agreement dated September 29, 2010.

The share of assets, liabilities, income and expenses of the entity as at December 31, 2009 and the share of income and expenses for the period prior to full control in 2010, which are included in the consolidated financial statements, are as follows:

	2010 EUR million	2009 EUR million
Non-current assets	**–**	122.7
Current assets	**–**	1.8
Non-current liabilities	**–**	(58.6)
Current liabilities	**–**	(0.8)
Revenue	**18.5**	19.4
Operating expenses	**(3.3)**	(1.6)
Depreciation and amortisation	**(7.5)**	(8.2)
Finance costs	**(2.5)**	–
Net income / (loss)	**5.2**	9.6

2. Solaris Mobile Limited, Ireland

In 2007, SES ASTRA and Eutelsat entered into a joint venture, Solaris Mobile Limited based in Dublin, to develop next-generation entertainment services via satellite. With S-band frequencies, Solaris Mobile services should provide TV, video and radio as well as two-way communication with handheld multimedia devices and computer networks.

On April 6, 2009, the S-band payload was launched on board Eutelsat's W2A satellite. On May 14, 2009, the European Commission granted one of two 15 MHz blocks of S-band capacity for a European coverage to Solaris Mobile Ltd., subject to certain conditions, with the second block assigned to Inmarsat. On the same day Eutelsat and SES announced an anomaly in the functioning of the payload.

On June 22, 2009, Solaris Mobile filed a constructive total loss insurance claim for the full insured value of the payload which was fully impaired on June 30, 2009. The insurance proceeds were collected in full towards the end of 2009.

The impact of the above developments on the group's financial statements is that SES recognised a charge of EUR 66.9 million for the impairment of the payload, which is largely offset by the accrued insurance proceeds of EUR 66.5 million. An amount of EUR 2.7 million for the impairment of attributable capitalised interest charges was recognised as part of the depreciation charge of the year.

The group, as well as the other shareholder, remains committed to establishing a economically viable business through the commercialisation of the awarded S-band frequencies. Since the loss on launch of its satellite payload in 2009, Solaris Mobile Ltd has worked to develop commercial offers as well as demonstration showcases with the residual capacity of the S-band payload, with the first network being launched in Paris in spring 2010 and subsequently extended to Rennes and Nancy as well as Brussels.

To date, Solaris Mobile was granted licenses for Mobile Satellite Services in 11 countries, and is in talks for these licenses in remaining E.U. member states.

The company is currently in discussions with several potential partners to define an industrial plan for deployment of the Solaris Mobile S-band spectrum, with a focus on the complementary ground infrastructure as well as consideration of a follow-on S-band payload.

The share of assets, liabilities, income and expenses of the joint venture as at December 31, 2009 and 2010 and for the years then ended, which are included in the consolidated financial statements, are as follows:

	2010 EUR million	2009 EUR million
Non-current assets	**2.0**	1.8
Current assets	**8.6**	71.9
Non-current liabilities	**–**	–
Current liabilities	**0.9**	1.6
Revenue	**–**	1.4
Operating expenses	**(2.8)**	(3.2)
Depreciation and amortisation	**(0.2)**	(0.1)
Finance income, net	**0.6**	0.2
Net loss	**(2.4)**	(1.7)

Note 6 – Operating segments

For reporting purposes, the group is divided into three operating segments, reflecting the group's internal reporting and responsibility structure, as well as its geographical regions of activity:

1. SES ASTRA serves primarily European and Middle-Eastern markets, as well as the African market for certain products;
2. SES WORLD SKIES serves the other regions, and Africa for those services not offered by SES ASTRA;
3. SES S.A. and other participations provide corporate services for the group.

As at December 31, 2010	SES ASTRA EUR million	SES WORLD SKIES EUR million	SES S.A. and other participations EUR million	Elimination EUR million	Total EUR million
Segmental results					
Revenue					
With third parties	953.7	782.0	–	–	1,735.7
With other segments	11.3	2.3	–	(13.6)	–
Operating expenses	(224.1)	(191.9)	(36.9)	13.6	(439.3)
EBITDA	**740.9**	**592.4**	**(36.9)**	**–**	**1,296.4**
Depreciation expenses	(171.2)	(292.9)	(0.3)	–	(464.4)
Amortisation expenses	(31.6)	(3.0)	–	–	(34.6)
Operating profit	**538.1**	**296.5**	**(37.2)**	**–**	**797.4**
Finance revenue					5.6
Finance costs					(201.5)
Profit before tax					**601.5**
Segmental assets					
Property, plant and equipment	1,767.9	2,620.7	16.2	–	4,404.8
Intangible assets	448.5	2,417.4	0.1	–	2,866.0
Allocated non-current assets	**2,216.4**	**5,038.1**	**16.3**	**–**	**7,270.8**
Non-allocated assets					957.7
Total assets					**8,228.5**

As at December 31, 2009	SES ASTRA EUR million	SES WORLD SKIES EUR million	SES S.A. and other participations EUR million	Elimination EUR million	Total EUR million
Segmental results					
Revenue					
With third parties	907.9	712.4	–	–	1,620.3
With other segments	1.5	2.9	–	(4.4)	–
Operating expenses	(198.7)	(199.8)	(32.5)	4.4	(426.6)
EBITDA	**710.7**	**515.5**	**(32.5)**	**–**	**1,193.7**
Depreciation expenses	(175.1)	(260.2)	(0.3)	–	(435.6)
Amortisation expenses	(31.8)	(6.7)	–	–	(38.5)
Operating profit	**503.8**	**248.6**	**(32.8)**	**–**	**719.6**
Finance revenue					52.2
Finance costs					(180.7)
Profit before tax					**591.1**
Segmental assets					
Property, plant and equipment	1,503.2	2,302.0	16.4	–	3,821.6
Intangible assets	522.9	2,243.1	0.1	–	2,766.1
Allocated non-current assets	**2,026.1**	**4,545.1**	**16.5**	**–**	**6,587.7**
Non-allocated assets					820.7
Total assets					**7,408.4**

In analysing the financial performance of these operating segments, the group's management follows in particular the development of revenue and EBITDA ('Earnings Before Interest, Taxation, Depreciation and Amortisation') of the segment as a whole, as well as in the 'Infrastructure' and 'Services' components of the segments' results. In this context 'Infrastructure' refers to the sale of satellite transponder capacity and directly attributable services. The 'Services' business refers to the provision of products such as engineering services, retail broadband two-way internet access, and playout and transmission services.

Sales between these two segments, primarily sales of infrastructure capacity through to the 'Services' businesses, are eliminated on consolidation. Start-up initiatives, that is to say new market initiatives in the pre-commercial phase, or initial phase of operations, are excluded from the 'Infrastructure' and 'Services' results analysis.

As at December 31, 2010	SES ASTRA EUR million	SES WORLD SKIES EUR million	SES S.A. and other participations EUR million	Elimination EUR million	Total EUR million
Infrastructure					
Revenue	868.6	677.2	–	(1.7)	1,544.1
EBITDA	721.1	561.1	–	–	1,282.2
Margin	83.0%	82.9%	–	–	83.0%
Services					
Revenue	121.2	190.0	–	–	311.2
EBITDA	26.7	31.0	–	–	57.7
Margin	22.0%	16.3%	–	–	18.5%
Elimination/start-up initiative/other					
Revenue	(36.1)	(85.2)	–	1.7	(119.6)
EBITDA	(7.0)	0.4	(36.9)	–	(43.5)
Total					
Revenue	953.7	782.0	–	–	1,735.7
EBITDA	740.8	592.5	(36.9)	–	1,296.4
Total margin					74.7%

As at December 31, 2009	SES ASTRA EUR million	SES WORLD SKIES EUR million	SES S.A. and other participations EUR million	Elimination EUR million	Total EUR million
Infrastructure					
Revenue	835.8	609.7	–	–	1,445.5
EBITDA	694.7	503.7	–	–	1,198.4
Margin	83.1%	82.6%	–	–	82.9%
Services					
Revenue	109.1	165.0	–	–	274.1
EBITDA	22.0	18.5	–	–	40.5
Margin	20.1%	11.2%	–	–	14.8%
Elimination/start-up initiative/other					
Revenue	(37.0)	(62.3)	–	–	(99.3)
EBITDA	(6.0)	(6.7)	(32.5)	–	(45.2)
Total					
Revenue	907.9	712.4	–	–	1,620.3
EBITDA	710.7	515.5	(32.5)	–	1,193.7
Total margin					73.7%

The group's revenues from external customers analysed by country using the customer's billing address is as follows:

	2010 EUR million	2009 EUR million
Luxembourg (SES country of domicile)	**44.5**	46.2
United States of America	**456.7**	473.3
Germany	**374.9**	354.9
United Kingdom	**301.3**	296.4
France	**91.4**	91.9
Others	**466.9**	357.6
Total	**1,735.7**	1,620.3

No single customer accounted for 10% or more of total revenue in 2010 or 2009.

The group's non-current assets are located as set out in the following table. Note that satellites are allocated to the country where the legal owner of the asset is incorporated. Similarly orbital slot rights and goodwill balances are allocated to the attributable subsidiary.

	2010 EUR million	2009 EUR million
Luxembourg (SES country of domicile)	**1,498.3**	1,558.8
United States of America	**3,091.2**	2,893.0
The Netherlands	**1,065.9**	965.7
Isle of Man	**1,290.0**	794.6
Sweden	**257.0**	257.8
Others	**249.2**	223.0
Total	**7,451.6**	6,692.9

Note 7 – Operating expenses

The operating expense categories disclosed include the following types of expenditure:

1) Cost of sales (excluding staff costs and depreciation) represents cost categories which generally vary directly with revenue development. Such costs include the rental of third-party satellite capacity, the cost of goods sold (for example on the disposal of space segment assets), and costs directly attributable to the facilitation of customer contracts.

2) Staff costs includes gross salaries and employer's social security payments, payments into pension schemes for employees, and charges arising under share-based payment schemes.

3) Other operating expenses are by their nature less variable to revenue development. Such costs include facility costs, in-orbit insurance costs, marketing expenses, general and administrative expenditure, consulting charges, travel-related expenditure and movements on provisions for debtors.

Provision on deposits made to Sea Launch

On June 22, 2009, Sea Launch Company LLC, Sea Launch Limited Partnership – and their subsidiaries – filed voluntary petitions to reorganise under Chapter 11 in a U.S. Bankruptcy Court. Prior to this filing, SES had made deposits to Sea Launch, for an amount of USD 29.6 million in connection with a launch contract which was terminated by SES before the Sea Launch filing. Whilst SES actively pursued the repayment of this amount, management elected to make a full provision against this receivable as at December 31, 2009. This charge was disclosed as part of the 'Other operating expenses' of the year.

In 2010 this provision has been reduced by USD 5.1 million reflecting the progress made in the bankruptcy proceedings and increased visibility over expected settlements with creditors. The reduction in this provision has also being recorded through 'Other operating expenses'.

Note 8 – Audit fees

For the year ended December 31, the group has recorded charges – both billed and accrued – from its independent auditor and affiliated companies thereof, as set out below:

	2010 EUR million	2009 EUR million
Total audit fees		
Audit fees	**1.2**	0.9
Tax advisory fees	**0.3**	0.7
Other services	**0.3**	0.1
Total	**1.8**	1.7

Note 9 – Finance revenue and costs

	2010 EUR million	2009 EUR million
Finance revenue		
Interest income	**5.6**	17.5
Net foreign exchange gains	**–**	34.7
Total	**5.6**	52.2
Finance costs		
Interest expense on loans and borrowings (net of amounts capitalised)	**(184.5)**	(180.7)
Net foreign exchange charges	**(17.0)**	–
Total	**(201.5)**	(180.7)

Note 10 – Income taxes

Taxes on income comprise the taxes paid or owed on income in the individual countries, as well as deferred taxes. Current and deferred taxes can be analysed as follows:

	2010 EUR million	2009 EUR million
Consolidated income statement		
Current income tax		
Current income tax charge	**(128.5)**	(74.0)
Adjustments in respect of prior periods	**18.0**	4.0
Deferred income tax		
Relating to origination and reversal of temporary differences	**8.5**	0.1
Relating to tax losses brought forward	**28.1**	(21.6)
Income tax expense per consolidated income statement	**(73.9)**	(91.5)
Consolidated statement of changes in equity		
Deferred income tax related to items (charged) or credited directly in equity		
Net loss on revaluation of financial instruments – Cash flow hedge	**(2.5)**	6.1
Unrealised loss on loans and borrowings – Net Investment hedge	**21.4**	12.2
Income taxes reported in equity	**18.9**	18.3

A reconciliation between tax expenses and the profit before tax of the group multiplied by theoretical tax rate of 29.34% which corresponds to the Luxembourg domestic tax rate for the year ended 31 December 2010 is as follows:

	2010 EUR million	2009 EUR million
Profit before tax from continuing operations	**601.5**	591.1
Loss before tax from discontinued operations	**(64.1)**	(25.3)
Multiplied by theoretical tax rate of 29.34%	**157.7**	166.0
Investment tax credits	**(42.4)**	(30.5)
Tax exempt income	**(5.3)**	(3.7)
Deferred tax asset on previously unrecognised tax losses	**(0.7)**	(12.0)
Not income related taxes	**–**	0.4
Use of previous years unrecognised tax losses	**–**	0.1
Effect of different local tax rates	**(72.4)**	(44.3)
Taxes related to prior years	**(18.0)**	(4.0)
Non-deductible expenditures	**29.1**	8.0
Effects of change in tax rate	**(2.0)**	–
Reversal of previously recognised deferred tax assets	**–**	2.8
Other	**2.1**	8.0
Income tax attributable to discontinued operations	**25.8**	0.7
Income tax reported in the consolidated income statement	**73.9**	91.5

The accounts related to deferred taxes included in the consolidated financial statements can be analysed as follows:

	Deferred tax assets 2010 EUR million	Deferred tax assets 2009 EUR million	Deferred tax liabilities 2010 EUR million	Deferred tax liabilities 2009 EUR million	Deferred tax in income 2010 EUR million	Deferred tax in income 2009 EUR million
Loss carried forward	89.9	66.4	–	–	(28.1)	21.6
Tax-based special depreciation	–	–	47.0	15.9	8.6	2.4
Amortisation	–	–	150.7	247.8	(5.9)	(6.6)
Depreciation	–	–	426.9	496.4	(40.1)	(18.5)
Retirement benefit obligation	–	7.3	2.1	–	(0.4)	0.2
Value adjustments on financial asset	–	–	6.3	6.3	–	–
Value adjustments on treasury shares	–	2.9	–	–	(0.2)	0.3
Measurement of financial instruments at fair value	–	–	33.5	43.1	(6.5)	17.4
Receivables	–	–	0.7	24.5	(0.6)	(3.3)
Payables	–	28.8	20.5	–	6.1	1.4
Other provisions and accruals	–	9.4	119.1	–	(0.6)	18.5
Other	11.3	–	–	3.1	31.1	(13.0)
Subtotal	101.2	114.8	806.8	837.1	(36.6)	20.4
Offset of deferred taxes	(69.2)	(80.9)	(69.2)	(80.9)	–	–
Total	32.0	33.9	737.6	756.2	(36.6)	20.4

Deferred tax assets have been offset against deferred tax liabilities where they relate to the same taxation authority and the entity concerned has a legally enforceable right to set off current tax assets against current tax liabilities.

In addition to the tax losses for which the group recognised deferred tax assets, the group has tax losses of EUR 217.4 million (2009: EUR 222.7 million) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group and they have arisen in subsidiaries that are not expected to generate taxable profits against which these profits could be offset in the foreseeable future.

Note 11 – Components of other comprehensive income

	2010 EUR million	2009 EUR million
Cash flow hedges		
Gains (losses) arising during the year:		
On currency forward contracts	**7.4**	(1.1)
On interest rate swaps	**7.5**	7.1
Reclassification adjustments for (gains) / losses included in the fixed assets	**(4.7)**	2.8
Total	**10.2**	8.8

Note 12 – Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of each class of shares by the weighted average number of shares outstanding during the year. Earnings per share calculated on a fully diluted basis are insignificantly different from the basic earnings per share.

For the year 2010, earnings per share of EUR 1.24 per A share (2009: EUR 1.22), and EUR 0.50 per B share (2009: EUR 0.49) have been calculated on the following basis:

	2010 EUR million	2009 EUR million
Profit attributable to equity holders of the parent	**487.3**	476.5

Weighted average number of shares, net of own shares held, for the purpose of calculating earnings per share:

	2010	2009
Class A shares (in million)	**327.2**	324.5
Class B shares (in million)	**166.5**	166.5
Total	**493.7**	491.0

The weighted average number of shares is based on the capital structure of the company as described in Note 23.

Note 13 – Dividends paid and proposed

Dividends declared and paid during the year:

	2010 EUR million	2009 EUR million
Class A dividend for 2009: EUR 0.73 (2008: EUR 0.66)	**243.1**	219.7
Class B dividend for 2009: EUR 0.29 (2008: EUR 0.22)	**48.6**	44.0
Total	**291.7**	263.7

Dividends proposed for approval at the annual general meeting to be held on April 7, 2011, which are not recognised as a liability as at December 31, 2010.

	2010 EUR million	2009 EUR million
Class A dividend for 2010: EUR 0.80	**266.4**	243.1
Class B dividend for 2010: EUR 0.32	**53.3**	48.6
Total	**319.7**	291.7

Note 14 – Property, plant and equipment

	Land and buildings EUR million	Space segment EUR million	Ground segment EUR million	Other fixtures and fittings, tools and equipment EUR million	Total EUR million
Movements in 2009 on cost					
As at January 1	169.5	5,342.1	383.4	176.9	6,071.9
Additions	13.8	0.9	14.7	9.1	38.5
Disposals	(0.2)	–	(2.4)	(4.5)	(7.1)
Retirements	(0.3)	(111.3)	(27.8)	(1.0)	(140.4)
Reclassifications	(14.7)	2.0	–	14.7	2.0
Transfers from assets in course of construction (Note 15)	–	668.8	6.8	18.0	693.6
Impact of currency translation	(1.3)	(79.0)	(3.0)	(1.0)	(84.3)
As at December 31	166.8	5,823.5	371.7	212.2	6,574.2
Movements in 2009 on depreciation					
As at January 1	(82.4)	(3,024.2)	(281.5)	(131.0)	(3,519.1)
Depreciation	(7.6)	(381.6)	(28.0)	(22.6)	(439.8)
Depreciation on disposals	0.1	–	0.2	3.3	3.6
Depreciation on retirements	0.3	111.3	27.8	1.0	140.4
Reclassifications	3.3	–	–	(3.3)	–
Transfers	–	(2.0)	–	–	(2.0)
Impact of currency translation	0.5	39.7	1.2	2.3	43.7
As at December 31	(85.8)	(3,256.8)	(280.3)	(150.3)	(3,773.2)
Net book value as at December 31, 2009	**81.0**	**2,566.7**	**91.4**	**61.9**	**2,801.0**

	Land and buildings EUR million	Space segment EUR million	Ground segment EUR million	Other fixtures and fittings, tools and equipment EUR million	Total EUR million
Movements in 2010 on cost					
As at January 1	166.8	5,823.5	371.7	212.2	6,574.2
Additions	1.1	62.3	13.1	27.2	103.7
Disposals	(1.2)	–	(2.7)	(0.8)	(4.7)
Retirements	(0.3)	(175.2)	(28.0)	(4.3)	(207.8)
Reclassifications	1.3	–	(2.4)	1.1	–
Transfers from assets in course of construction (Note 15)	–	452.2	7.4	4.4	464.0
Transfer to another heading	–	–	–	(10.8)	(10.8)
Impact of scope change	–	67.5	0.8	–	68.3
Reclassification to discontinued operations	(1.0)	–	–	(20.3)	(21.3)
Impact of currency translation	2.1	253.4	18.0	3.0	276.5
As at December 31	168.8	6,483.7	377.9	211.7	7,242.1
Movements in 2010 on depreciation					
As at January 1	(85.8)	(3,256.8)	(280.3)	(150.3)	(3,773.2)
Depreciation	(7.4)	(397.8)	(27.7)	(18.4)	(451.3)
Impairment on AMC-4 and AMC-16	–	(13.1)	–	–	(13.1)
Depreciation on disposals	0.1	–	0.2	0.8	1.1
Depreciation on retirements	0.3	175.2	28.0	4.3	207.8
Depreciation from discontinued operations	(0.1)	–	–	(1.8)	(1.9)
Transfers	(1.9)	–	1.9	–	–
Transfer to another heading	–	–	–	3.1	3.1
Impact of scope change	–	(7.4)	–	–	(7.4)
Reclassification to discontinued operations	–	–	–	15.3	15.3
Impact of currency translation	(0.9)	(112.5)	(14.1)	(1.8)	(129.3)
As at December 31	(95.7)	(3,612.4)	(292.0)	(148.8)	(4,148.9)
Net book value as at December 31, 2010	**73.1**	**2,871.3**	**85.9**	**62.9**	**3,093.2**

Note 15 – Assets in the course of construction

	Land and buildings EUR million	Space segment EUR million	Ground segment EUR million	Total EUR million
Cost and net book value as at January 1, 2009	0.2	1,197.0	46.0	1,243.2
Movements in 2009				
Solaris failure (Note 5)	–	(66.5)	–	(66.5)
Additions	0.5	580.4	14.4	595.3
Transfers to assets in use (Note 14)	(0.2)	(668.8)	(24.6)	(693.6)
Transfers to current assets	–	(19.6)	(6.4)	(26.0)
Impact of currency translation	–	(31.2)	(0.6)	(31.8)
Cost and net book value as at December 31, 2009	**0.5**	**991.3**	**28.8**	**1,020.6**

	Land and buildings EUR million	Space segment EUR million	Ground segment EUR million	Total EUR million
Cost and net book value as at January 1, 2010	0.5	991.3	28.8	1,020.6
Movements in 2010				
Additions	4.6	668.2	24.0	696.8
Transfers to assets in use (Note 14)	–	(452.2)	(11.8)	(464.0)
Transfers to current assets	–	(0.2)	(1.7)	(1.9)
Reclassification to discontinued operations	–	–	(0.1)	(0.1)
Transfer to another heading	–	–	(0.4)	(0.4)
Disposals	–	–	(0.4)	(0.4)
Impact of currency translation	–	59.8	1.2	61.0
Cost and net book value as at December 31, 2010	**5.1**	**1,266.9**	**39.6**	**1,311.6**

Borrowing costs of EUR 58.6 million (2009: EUR 46.7 million) arising on financing specifically relating to satellite construction were capitalised during the year and are included in 'Space segment' additions in the above table.

A weighted average capitalisation rate of 5.35% (2009: 4.83%) was used, representing the borrowing group's average weighted cost of borrowing. Excluding the impact of the loan origination costs the average weighted interest rate was 4.63% (2009: 4.38%).

Note 16 – Intangible assets

	Indefinite life				
	Orbital slot licence rights EUR million	Goodwill EUR million	Other EUR million	Definite life intangibles EUR million	Total EUR million
Book value as at January 1, 2009	**716.0**	**1,736.4**	**5.5**	**424.2**	**2,882.1**
Movements in 2009 on cost					
As at January 1	716.0	1,736.4	5.5	698.5	3,156.4
Additions	0.4	4.0	–	8.9	13.3
Transfers	–	–	(2.6)	2.6	–
Transfers to another heading	–	–	–	(1.4)	(1.4)
Impairment	–	(4.4)	–	–	(4.4)
Impact of currency translation	(19.9)	(56.5)	–	(2.1)	(78.5)
As at December 31	696.5	1,679.5	2.9	706.5	3,085.4
Movements in 2009 on amortisation					
As at January 1	–	–	–	(274.3)	(274.3)
Amortisation	–	–	–	(41.9)	(41.9)
Impairment	–	–	–	(3.0)	(3.0)
Impact of currency translation	–	–	–	(0.1)	(0.1)
As at December 31	–	–	–	(319.3)	(319.3)
Book value as at December 31, 2009	**696.5**	**1,679.5**	**2.9**	**387.2**	**2,766.1**
Movements in 2010 on cost					
As at January 1	696.5	1,679.5	2.9	706.5	3,085.4
Additions	0.2	0.4	–	2.7	3.3
Transfers	–	–	–	(0.1)	(0.1)
Transfers to another heading	–	–	(0.1)	–	(0.1)
Disposal	–	–	–	(0.2)	(0.2)
Impairment from discontinued operations	–	(15.7)	–	(5.2)	(20.9)
Impact of scope change	0.9	–	–	–	0.9
Reclassification to discontinued operations	–	(8.0)	(2.8)	(45.0)	(55.8)
Impact of currency translation	52.8	123.1	–	4.1	180.0
As at December 31	750.4	1,779.3	–	662.8	3,192.5
Movements in 2010 on amortisation					
As at January 1	–	–	–	(319.3)	(319.3)
Amortisation	–	–	–	(34.6)	(34.6)
Amortisation from discontinued operations	–	–	–	(5.3)	(5.3)
Transfers to another heading	–	–	–	8.5	8.5
Reclassification to discontinued operations	–	–	–	25.9	25.9
Impact of currency translation	–	–	–	(1.7)	(1.7)
As at December 31	–	–	–	(326.5)	(326.5)
Book value as at December 31, 2010	**750.4**	**1,779.3**	**–**	**336.3**	**2,866.0**

Indefinite life intangible assets

Effective January 1, 2010, the group combined its cash-generating units for SES AMERICOM and SES NEW SKIES. Both segments are now co-managed, being operated as one single segment. No results are reviewed by management at a lower level than SES WORLD SKIES segment. The indefinite life intangible assets as at December 31, 2010 have a net book value of EUR 2,529.7 million (2009: EUR 2,378.9 million) made up as set out per cash-generating unit in the table below.

	2010 EUR million	2009 EUR million
SES WORLD SKIES	**2,363.5**	2,198.1
SES ASTRA AB (formerly SES SIRIUS AB)	**87.7**	85.2
ASTRA Platform Services	**33.9**	33.9
ND SatCom (discontinued operation)	**–**	26.5
SES ASTRA SA	**13.7**	13.7
Others	**30.9**	21.5
Total	**2,529.7**	2,378.9

1. Orbital slot licence rights

Interests in orbital slot licence rights were acquired in the course of the acquisitions of SES WORLD SKIES entities and SES ASTRA AB, as well as through the targeted acquisition of such rights from third parties. The group believes that it has a high probability of being able to achieve the extension of these rights as the current agreements expire and hence these assets are not amortised, but rather are held on the balance sheet at acquisition cost. Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate.

2. Goodwill

An impairment of EUR 4.4 million was recorded in 2009 following the recognition of deferred tax assets not valued at the date of acquisition of SES NEW SKIES.

Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate. The recoverable amount of the goodwill is determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by senior management which covers a period of up to seven years. This relatively long period for the business plan is derived from the long-term contractual base for the satellite business.

Discount rates in 2010 are between 6.60% and 7.50% (2009: 6.90% and 9.30%) and were selected to reflect: market interest rates and commercial spreads; the capital structure of businesses in the group's business sector; and the specific risk profile of the businesses concerned. Terminal growth rates used in the valuations are set at 0.0% or 1.0%, which can be supported by reference to the trading performance of the companies concerned over a longer period.

Definite life intangible assets

The group's primary definite life intangible asset is the agreement concluded by SES ASTRA with the Luxembourg government in relation to the usage of the Luxembourg frequencies in the orbital positions of the geostationary arc from 45˚ West to 50˚ East for the period of January 1, 2001 to December 31, 2021. Given the finite nature of this agreement, these usage rights – valued at EUR 550.0 million on acquisition – are being amortised on a straight-line basis over the 21-year term of the agreement.

In December 2009, the group recorded an impairment charge of EUR 3.0 million on 'Other Definite Life assets' in the light of a new valuation of certain technology related assets.

Impairment testing of goodwill and intangibles with indefinite lives

The cash-generating units (CGUs) for impairment testing of goodwill and intangible assets relating to SES WORLD SKIES, SES ASTRA AB are the smallest identifiable group of satellite assets that are largely independent of the cash flows from other groups of satellites. In identifying these CGUs the group takes into account fleet utilisation considerations, particularly the ability of individual satellites to provide back-up services to other satellites in the light of their available frequency spectrum and geographical footprint.

For ASTRA Platform Services the companies operations as a whole are treated as a CGU.

The calculations of value in use are most sensitive to:

- movements in the underlying business plan assumptions for the satellites concerned;
- changes in discount rates; and
- the growth rate assumptions used to extrapolate cash flows beyond the business plan period.

Movements in the underlying business plan assumptions: the group's subsidiaries draw up annually a business plan which generally provides an assessment of the expected developments for a seven-year period beyond the end of the year when the plan is drawn up. These business plans reflect both the most up-to-date assumptions concerning the CGU's markets and also developments and trends in the business of the CGU. For the provision of satellite capacity business these will particularly take account of the following factors:

– the expected developments in transponder fill rates, including the impact of the launch of new capacity;
– new products and services to be launched during the business plan period;
– any changes in the expected capital expenditure cycle – due to technical degradation of a satellite or through the identified need for additional capacities; and
– any changes in satellite procurement, or launch, cost assumptions.

Changes in discount rates: discount rates reflect management's estimate of the risks specific to each unit. Management uses a weighted average cost of capital as the discount rate for each entity. This reflects the market interest rates on ten-year bonds in the market concerned, the capital structure of the group, and other factors, as necessary, applying specifically to the CGU concerned.

Growth rate assumptions used to extrapolate cash flows beyond the business planning period: rates are based on the commercial experience relating to the CGUs concerned and the expectations for developments in the markets which they serve.

As part of standard impairment testing procedures the company assesses the impact of changes in the discount rates and growth assumptions on the valuation surplus, or deficit as the case may be, revealed by the impairment testing. Discount rates are simulated up to 1% below and above the CGU specific rate used in the base valuation. Likewise terminal growth assumptions are simulated at 1% higher and lower than the base assumption in the valuation. In this way a matrix of valuations is generated which reveals the exposure to impairment charges for each CGU based on movements in the valuation parameters which are within the range of outcomes foreseeable at the valuation date.

The most recent testing showed that all three CGUs tested would have no impairment even in the least favourable case – a combination of lower terminal growth rates and higher discount rates.

Note 17 – Investment in associates

On November 16, 2009, SES made an initial investment of $75 million to acquire 25% of O3b Networks Limited ('O3b'), a company establishing a new Medium Earth Orbit satellite-based backbone for telecommunications operators and internet service providers in emerging markets. In addition to its cash investment, SES agreed to provide in-kind services, including technical and commercial services, to O3b in the pre-service commercialization period in return for additional shares.

On November 29, 2010, SES announced its participation in a further financing round. This 'full funding' round raised a total of USD 1.2 billion from a group of investors and banks, securing the financing required to take O3b through to its service launch in the first half of 2013. SES's participation on the full financing round comprised the subscription for additional shares to be fully paid based on current estimates by 2013. In addition SES committed to provide two tranches of loans in a total amount of USD 66 million to O3b in the pre-commercialisation period, if required, at fixed rates. In return for making these commitments SES received additional shares in the company.

After the full financing agreement, and reflecting the additional shares arising under that agreement, SES has an equity interest of 33.32% of the O3b group of companies, compared to 25.15%, including in-kind service shares, at the end of the previous year.

The carrying value of the O3b investment has risen from EUR 49.5 million to EUR 128.2 million in 2010, including a fair value of EUR 30.9 million placed on the contingent funding described above.

The share of assets, liabilities, income and expenses of O3b Networks Limited as at December 31, 2009 and 2010 and for the years then ended, which are included in the consolidated financial statements, are as follows:

	2010 EUR million	2009 EUR million
Non-current assets	**74.5**	17.5
Current assets	**59.3**	2.5
Non-current liabilities	**35.7**	–
Current liabilities	**1.6**	1.1
Revenue	**–**	–
Operating expenses	**(3.1)**	(0.4)
Depreciation and amortisation	**–**	–
Finance income, net	**(0.7)**	–
Net loss	**(3.8)**	(0.4)

On December 31, 2010, the group held no other significant investments in associates (2009: EUR 7.8 million).

Note 18 – Other financial assets

	2010 EUR million	2009 EUR million
Loans and receivables		
Amounts receivable from associates after one year	**12.7**	13.6
Other non-current receivables	**–**	0.4
	12.7	14.0
Other financial assets		
Sundry financial assets	**12.4**	–
Total other financial assets	**25.1**	14.0

Amounts receivable from associates after one year relates to a loan made to QuetzSat S. de R. L. de C.V., a Mexican company in which the group has a participating interest.

Other financial assets comprises mainly a receivable of EUR 12.3 million from ODM (Proprietary) Limited, South Africa.

During the year SES reached agreement to acquire the ProtoStar 2 satellite at an auction sale arising out of the bankruptcy proceedings of ProtoStar. ProtoStar 2 is a hybrid S-band / Ku-band satellite with a footprint over South-East Asia. Shortly after the successful acquisition of the satellite announced on May 5, 2010, SES reached an agreement with MCI Indovision, the anchor customer on the S-band payload, to sell to them, subject to regulatory approvals, the S-band payload and the transaction closed in November 2010. Hence there was an equal addition and disposal to other financial assets during the year of the euro equivalent of $95.0 million.

Note 19 – Trade and other receivables

	2010 EUR million	2009 EUR million
Net trade debtors	**152.5**	158.5
Unbilled accrued revenue	**82.4**	156.2
Other receivables	**42.1**	59.5
Total trade and other receivables	**277.0**	374.2

Unbilled accrued revenue represents revenue for use of satellite capacity under long-term contracts but not billed. Billing will occur based on the terms of the contracts. An amount of EUR 2.4 million was recognised to income in 2010 concerning movement on debtor provisions (2009: EUR 3.3 million was recognised to income). This amount is disclosed in ‘Other operating charges’.

Trade debtors and other receivables at December 31, 2010 included EUR 15.9 million (2009: EUR 16.2 million) of amounts becoming due and payable after more than one year.

As at December 31, 2010, trade receivables with a nominal amount of EUR 20.7 million (2009: EUR 25.5 million) were impaired and fully provided for. Movements in the provision for the impairment of receivables were as follows:

	2010 EUR million	2009 EUR million
As at January 1	**25.5**	28.8
Net charge to income for the year	**2.4**	3.3
Utilised	**(10.3)**	(6.2)
Impact of currency translation	**3.5**	(0.4)
Discontinued operations	**(0.4)**	–
As at December 31	**20.7**	25.5

The impaired Sea Launch receivable (Note 7) is recorded under ‘Other receivables’ and is not included in the above table.

Note 20 – Financial instruments

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the group's financial instruments that are carried in the financial statements.

	Carried at amortised cost		Carried at fair value	Total
As at December 31, 2010	Carrying amount EUR million	Fair value EUR million	Carrying amount EUR million	Balance Sheet EUR million
Financial assets				
Non-current financial assets:				
Loans and receivables	12.7	12.7	–	12.7
Other	12.4	12.4	–	12.4
Total other financial assets	25.1	25.1	–	25.1
Current financial assets:				
Valuation of financial derivatives	–	–	2.5	2.5
Trade & other receivables	275.4	275.4	–	275.4
Cash and cash equivalents	321.0	321.0	–	321.0
Total	596.4	596.4	2.5	598.9
Financial liabilities				
Interest-bearing loans and borrowings:				
At floating rates:				
Syndicated loan 2015	97.2	97.2	–	97.2
Commercial papers	135.0	135.0	–	135.0
Uncommitted loans	179.6	179.6	–	179.6
COFACE	97.2	97.2	–	97.2
At fixed rates:				
Euro Private Placement 2016 (EUR 150 million) issued under EMTN	148.8	161.8	–	148.8
Eurobond 2020 (EUR 650 million)	643.3	658.0	–	643.3
Eurobond 2014 (EUR 650 million)	645.0	692.6	–	645.0
Eurobond 2013 (EUR 500 million)	500.0	526.1	–	500.0
Eurobond 2011 (EUR 650 million)	649.8	654.4	–	649.8
German Bond 2012 (EUR 100 million), non-listed	99.8	107.6	–	99.8
German Bond 2012 (EUR 100 million), non-listed	99.7	108.1	–	99.7
Series A (USD 400 million)	126.3	138.6	–	126.3
Series B (USD 513 million)	383.9	428.2	–	383.9
Series C (USD 87 million)	65.1	75.6	–	65.1
Series D (GBP 28 million)	13.9	15.2	–	13.9
European Investment Bank (EUR 200 million)	199.9	199.9	–	199.9
Total interest-bearing loans and borrowings:	4,084.5	4,275.1	–	4,084.5
Of which: Non-current	2,995.9	3,160.7	–	2,995.9
Of which: Current	1,088.6	1,114.4	–	1,088.6
Interest rate swaps	–	–	13.2	13.2
Forward currency contracts	–	–	0.9	0.9
Total valuation of financial derivatives	–	–	14.1	14.1
Of which: Non-current	–	–	14.1	14.1
Of which : Current	–	–	–	–
Trade & other payables	348.9	348.9	–	348.9

As at December 31, 2009	Carried at amortised cost Carrying amount EUR million	Carried at amortised cost Fair value EUR million	Carried at fair value Carrying amount EUR million	Total Balance Sheet EUR million
Financial assets				
Non-current financial assets:				
Loans and receivables	13.6	13.6	–	13.6
Other	0.4	0.4	–	0.4
Total other financial assets	14.0	14.0	–	14.0
Current financial assets:				
Valuation of financial derivatives	–	–	–	–
Trade & other receivables	374.2	374.2	–	374.2
Cash and cash equivalents	286.6	286.6	–	286.6
Total	660.8	660.8	–	660.8
Financial liabilities				
Interest-bearing loans and borrowings:				
At floating rates:				
Bilateral multi-currency	91.4	91.4	–	91.4
Bilateral 2010 (EUR 100 million) issued under EMTN	100.0	100.0	–	100.0
Syndicated loan 2012	594.6	594.6	–	594.6
Commercial papers	55.0	55.0	–	55.0
Committed loans	48.6	48.6	–	48.6
Uncommitted loans	27.8	27.8	–	27.8
At fixed rates:				
Euro Private Placement 2016 (EUR 150 million) issued under EMTN	148.6	155.6	–	148.6
Eurobond 2014 (EUR 650 million)	643.0	678.6	–	643.0
Eurobond 2013 (EUR 500 million)	500.0	515.0	–	500.0
Eurobond 2011 (EUR 650 million)	649.1	662.9	–	649.1
German Bond 2012 (EUR 100 million), non-listed	99.4	111.0	–	99.4
German Bond 2012 (EUR 100 million), non-listed	99.5	110.3	–	99.5
Series A (USD 400 million)	157.0	174.3	–	157.0
Series B (USD 513 million)	356.1	403.2	–	356.1
Series C (USD 87 million)	60.4	69.6	–	60.4
Series D (GBP 28 million)	18.0	19.9	–	18.0
European Investment Bank (EUR 200 million)	200.0	200.0	–	200.0
Total interest-bearing loans and borrowings:	3,848.5	4,017.8	–	3,848.5
Of which: Non-current	3,481.6	3,650.8	–	3,481.6
Of which: Current	366.9	367.0	–	366.9
Interest rate swaps	–	–	20.7	20.7
Forward currency contracts	–	–	36.9	36.9
Total valuation of financial derivatives	–	–	57.6	57.6
Of which: Non-current	–	–	4.3	4.3
Of which : Current	–	–	53.3	53.3
Trade & other payables	345.6	345.6	–	345.6

Set out below is an analysis of financial derivatives valuation by category of hedging / trading activities and derivatives.

Analysis of financial derivatives	December 31, 2010 Fair value asset EUR million	December 31, 2010 Fair value liability EUR million	December 31, 2009 Fair value asset EUR million	December 31, 2009 Fair value liability EUR million
Derivatives held for trading:				
Currency forwards, futures and swaps	–	–	–	1.6
Cash flow hedges:				
Currency forwards, futures and swaps	2.5	0.9	–	1.1
Interest rate swaps	–	13.2	–	20.7
Net investment hedges:				
Currency forwards, futures and swaps	–	–	–	34.2
Total valuation of financial derivatives	2.5	14.1	–	57.6
Of which: Non-current	–	14.1	–	4.3
Of which: Current	2.5	–	–	53.3

Fair value hierarchy
The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments valued at fair value held by the group as at December 31, 2010 and December 31, 2009 fall under the level 2 category.

The fair value of the borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates except for the listed Eurobonds for which the quoted market price has been used. The fair value of foreign currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of the interest rate swap contracts is determined by reference to market values for similar instruments.

All interest-bearing loans and borrowings are at amortised cost.

Note 21 – Financial risk management objectives and policies
The group's financial instruments, other than derivatives, comprise a syndicated loan, Eurobonds, German Bonds, European Investment Bank loan, U.S.-dollar borrowings under a Private Placement issue, euro-denominated commercial papers, drawings under COFACE for specified satellites under construction, uncommitted loans with banks, cash and short-term deposits. The main purpose of these financial instruments is to raise cash to finance the group's day-to-day operations. The group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into derivative transactions, principally interest rate and forward currency contracts, in order to manage the interest rate and exchange rate exposure on the group's assets, liabilities and finance operations.

The main risks arising from the group's financial instruments are liquidity risks, foreign currency risks, interest rate risks and credit risks. The general policies are reviewed and approved by the board, and are summarised below.

The risks are managed on a weekly basis through a review of the risks and hedges in place. This review includes a market update and forecasting of interest and exchange rates which are important for the portfolio of the group. The risk analysis is reviewed on a quarterly basis by the Board of Directors.

The group's accounting policies in relation to derivatives and other financial instruments are set out in Note 2.

Liquidity risk
The group's objective is to efficiently use cash generated so as to maintain short-term debt and bank loans at a low level. In case of liquidity needs, the group can call on uncommitted loans and a syndicated loan. In addition, if deemed appropriate based on prevailing market conditions, the group can access additional funds through the European Medium Term Note or commercial paper programme. The group's debt maturity profile is tailored to allow the company to cover repayment obligations as they fall due.

The group operates a centralised treasury function which manages the liquidity of the group in order to optimise the funding costs. This is supported by a daily cash pooling mechanism.

Liquidity is monitored on a daily basis through a review of the drawn and issued amounts and the availability of additional funding under credit lines or the commercial paper programme (EUR 2,845.0 million as at December 31, 2010, excluding COFACE, more details in Note 25). In addition the liquidity risk is analysed weekly.

The table below summarises the projected contractual undiscounted cash flows based on the maturity profile of the group's interest-bearing loans and borrowings as at December 31, 2010. The interest assumption for all floating debts is based on the interest rate of the last drawing.

	Within 1 year EUR million	Between 1 and 5 years EUR million	After 5 years EUR million	Total EUR million
Maturity profile:				
As at December 31, 2010	1,273.4	2,567.5	1,051.7	4,892.6
As at December 31, 2009	547.7	3,572.4	409.9	4,530.0

Foreign currency risk

The group's balance sheet can be impacted by movements in the U.S. dollar / euro exchange rate as the group has significant operations whose functional currency is the U.S. dollar and liabilities denominated in U.S. dollar. To mitigate this exposure the group could enter into forward foreign exchange contracts to hedge the exposure on financial debt or on the net assets. Currently no hedge derivatives are in place to cover this currency exposure.

The group also has a corresponding exposure in the Income Statement. Approximately 43.5% (2009: 42.7%) of the group's sales and 39.2% (2009: 39.4%) of the group's operating expenses are denominated in U.S. dollars. The group does not enter into any hedging derivatives to cover this currency exposure.

The group uses forward currency contracts to eliminate or reduce the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. The foreign currency risk might be in EUR or USD. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the group's policy not to enter into forward contracts until a firm commitment is in place, and to match the terms of the hedge derivatives to those of the hedged item to maximise effectiveness.

Cash flow hedges in relation to contracted commitments for capital expenditure
At December 31, 2010 and 2009, the group held forward exchange contracts designated as hedges of future contracted commitments to suppliers relating to satellite procurements.

The cash flow hedges were assessed to be highly effective and a net unrealised gain of EUR 1.2 million (2009: unrealised loss of EUR 1.1 million) net of deferred tax of EUR 0.4 million (2009: EUR 0.0 million) relating to the hedging instruments is included in equity. During the year 2010, EUR 4.7 million (2009: EUR 2.8 million) was removed from equity and included in the initial carrying value of the acquired satellites. As at December 31, 2010 the fair value of the contracts amounted to a liability of EUR 0.9 million and an asset of EUR 2.5 million (2009: a liability of EUR 1.1 million).

Set out below are the periods when the cash flows in USD and EUR for the capital expenditure programme are expected to occur.

The USD portfolio was not hedged in 2009 and 2010 as all U.S. dollar procurements are currently located in entities which have the U.S. dollar as their functional currency.

EUR portfolio	Within 1 year EUR million	Between 1 and 5 years EUR million	After 5 years EUR million	Total EUR million
As at December 31, 2010:				
Cash outflows for procurement	236.5	285.4	–	521.9
Amount covered by cash flow hedges	73.1	45.2	–	118.3
As at December 31, 2009:				
Cash outflows for procurement	308.9	418.4	–	727.3
Amount covered by cash flow hedges	44.0	–	–	44.0

Hedge of investment in foreign operations
In October 2009 certain group borrowings and derivative instruments were designated as a hedge of the net investments in SES WORLD SKIES, SES Satellite Leasing and SES Re International (Bermuda) to hedge the group's exposure to foreign exchange risk on these investments. As at December 31, 2009, the net investment hedges were assessed to be highly effective and an unrealised loss of EUR 60.4 million net of deferred tax of EUR 12.2 million relating to the hedging instruments is included in equity.

In January 2010 all foreign currency contracts were closed, however certain USD group borrowings remained designated as a hedge of the net investments in SES AMERICOM, SES NEW SKIES, and SES Re International (Bermuda).

	December 31, 2010 USD million	December 31, 2009 USD million
USD balance sheet exposure:		
SES WORLD SKIES	**6,811.1**	6,902.6
SES Satellite Leasing	**1,112.2**	977.0
SES Re International (Bermuda)	**58.8**	28.4
Total	**7,982.1**	7,908.0
Hedged with:		
Foreign exchange forward contracts	**–**	2,700.0
Private Placement	**771.4**	828.6
External borrowings	**240.0**	241.7
Total	**1,011.4**	3,770.3
Hedged proportion	**13%**	48%

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar exchange rate on the nominal amount of the group's U.S. dollar net investment, with all other variables held constant.

December 31 2010	Amount in USD million	Amount in euro at closing rate of 1.3362 EUR million	Amount in euro at rate of 1.68 EUR million	Amount in euro at rate of 1.05 EUR million
USD balance sheet exposure:				
SES WORLD SKIES	6,811.1	5,097.3	4,054.2	6,486.7
SES Satellite Leasing	1,112.2	832.4	662.0	1,059.3
SES Re International (Bermuda)	58.8	44.0	35.0	56.0
Total	7,982.1	5,973.7	4,751.2	7,602.0
Hedged with:				
Foreign exchange forward contracts	–	–	–	–
Private Placement	771.4	577.3	459.2	734.7
External borrowings	240.0	179.6	142.9	228.6
Total	1,011.4	756.9	602.1	963.3
Absolute difference without hedging			(1,222.5)	1,628.3
Absolute difference with hedging			(1,067.7)	1,421.9

Cash flow hedges in relation to U.S. dollar denominated borrowings
In October 2009 the designation of the hedging of the U.S. dollar denominated borrowings was revoked. The U.S. dollar borrowings were used as natural hedge for the net investment portfolio.

USD portfolio	Within 1 year USD million	Between 1 and 5 years USD million	After 5 years USD million	Total USD million
As at December 31, 2010:				
USD debt exposure:				
External borrowings	240.0	–	–	240.0
Private Placement	159.7	611.7	–	771.4
Total	399.7	611.7	–	1,011.4
Hedged with:				
Foreign exchange forward contracts	–	–	–	–
Hedged proportion				0%
As at December 31, 2009:				
USD debt exposure:				
External borrowings	241.7	–	–	241.7
Private Placement	57.1	581.8	189.6	828.5
Total	298.8	581.8	189.6	1,070.2
Hedged with:				
Foreign exchange forward contracts	–	–	–	–
Hedged proportion				0%

Interest rate risk

The group's exposure to risk of changes in market interest rates relates primarily to the group's floating rate borrowings. The group carefully monitors and adjusts the mix between fixed and floating rate debt from time to time following market conditions. Interest rate swaps are used to manage the interest rate risk. The terms of the hedge derivatives are negotiated to match the terms of the hedged item to maximise hedge effectiveness.

The table below summarises the split of the nominal amount of the group's debt between fixed and floating rate.

	At fixed rates EUR million	At floating rates EUR million	Total EUR million
Excluding the impact of interest rate swaps:			
Borrowings at December 31, 2010	3,591.3	544.5	4,135.8
Borrowings at December 31, 2009	2,943.2	942.8	3,886.0
Including the impact of interest rate swaps:			
Borrowings at December 31, 2010	3,770.9	364.9	4,135.8
Borrowings at December 31, 2009	3,559.8	326.2	3,886.0

During the year 2010 the group repaid the floating EUR 100.0 million rate note issued under the EMTN Programme (2009: EUR 300.0 million Eurobond) and two tranches of the U.S. Private Placement – USD 57.1 million and GBP 4.0 million (2009: USD 57.1 million and GBP 4.0 million), which is a fixed rate obligation. In March 2010 the group issued a fixed EUR 650.0 million Eurobond. Furthermore, in April 2010 SES started drawing floating rate loans under the COFACE facility.

Fair value hedges

The group had no fair value hedges in place, neither in 2009 nor in 2010.

Cash flow hedges in relation to interest commitments under several drawings

At December 31, 2010 the group had no EUR interest rate swaps outstanding. The four outstanding EUR interest rate swaps at December 2009 matured in May and October 2010.

At December 31, 2010, as in 2009, the group held four USD interest rate swaps, which were designated as hedges of expected future interest expenses on USD 240.0 million of the bilateral multi-currency facilities in 2009 and USD 240.0 million of uncommitted floating rate loans in 2010.

The cash flow hedges of the expected future interest expense arising in 2010 were assessed to be highly effective and as at December 31, 2010 a net unrealised loss of EUR 13.2 million (2009: a net unrealised loss of EUR 14.6 million), stated net of deferred tax of EUR 3.9 million (2009: EUR 6.1 million), is included in equity in respect of these hedge instruments. The ineffective portion of this hedging relationship on December 31, 2009 and December, 31, 2010 was nil.

Set out below are the periods when the cash flows for the following interest rate payments are expected to occur in 2011:

Bilateral multi-currency facility (EUR drawings) Syndicated loan 2015, and bilateral 2010 issued under EMTN	Within 1 year EUR million	Between 1 and 5 years EUR million	After 5 years EUR million	Total EUR million
As at December 31, 2010:				
Cash outflows for interest payments (floating)	–	–	–	–
Cash inflows from interest rate swap (floating)	–	–	–	–
Cash outflows from interest rate swap (fixed)	–	–	–	–
Total	–	–	–	–
As at December 31, 2009:				
Cash outflows for interest payments (floating)	(14.2)	(25.2)	–	(39.4)
Cash inflows from interest rate swap (floating)	3.3	–	–	3.3
Cash outflows from interest rate swap (fixed)	(12.8)	–	–	(12.8)
Total	(23.7)	(25.2)	–	(48.9)

Uncommitted loans (USD drawings)	Within 1 year USD million	Between 1 and 5 years USD million	After 5 years USD million	Total USD million
As at December 31, 2010:				
Cash outflows for interest payments (floating)	(0.7)	–	–	(0.7)
Cash inflows from interest rate swap (floating)	0.7	0.5	–	1.2
Cash outflows from interest rate swap (fixed)	(12.3)	(9.3)	–	(21.6)
Total	(12.3)	(8.8)	–	(21.1)
As at December 31, 2009:				
Cash outflows for interest payments (floating)	(1.0)	–	–	(1.0)
Cash inflows from interest rate swap (floating)	1.9	9.6	–	11.5
Cash outflows from interest rate swap (fixed)	(12.4)	(21.7)	–	(34.1)
Total	(11.5)	(12.1)	–	(23.6)

The following table demonstrates the sensitivity of the group's pre-tax income to reasonably possible changes in interest rates affecting the interest charged on the floating rate borrowings (after excluding those floating-rate borrowings swapped to fixed through interest rate swaps). All other variables are held constant. The group believes that a reasonably possible development in euro-zone interest rates would be an increase of 100 basis points or decrease of 25 basis points (2009: an increase of 100 or decrease of 25 basis points). In the U.S. dollar zone the group does not consider a fall below current interest levels as likely but management believes an increase of up to 75 basis points to be possible (2009: an increase of up to 150 basis points and no possible decrease).

U.S. dollar interest rates	Floating Rate borrowings USD million	Increase in rates Pre-tax impact USD million	Decrease in rates Pre-tax impact USD million
Borrowings at December 31, 2010	–	–	–
Borrowings at December 31, 2009	1.7	–	–

Euro interest rates	Floating Rate borrowings EUR million	Increase in rates Pre-tax impact EUR million	Decrease in rates Pre-tax impact EUR million
Borrowings at December 31, 2010	364.9	(3.6)	0.9
Borrowings at December 31, 2009	325.0	(3.3)	0.8

Credit risk
It is the group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the group's exposure to bad debts is historically not significant.

The carrying value of unprovided net debtors of continuing operations at December 31, 2010 is EUR 152.5 million (2009: EUR 158.5 million). The group's largest customers are substantial media companies and government agencies and the credit risk associated with these contracts is assessed as low.

Aging of net trade debtors	Neither past due nor impaired EUR million	Less than 1 month EUR million	Between 1 and 3 months EUR million	More than 3 months EUR million	Total EUR million
2010	124.9	8.2	11.4	8.0	152.5
2009	78.5	33.8	26.7	19.5	158.5

Financial credit risk
With respect to the credit risk relating to financial assets (cash and cash equivalents, held for trading financial assets, loans receivable and derivative instruments), this exposure relates to the potential default of the counterparty, with the maximum exposure being equal to the carrying amount of these instruments.

The counterparty risk from a cash management perspective is reduced by the implementation of several cash pools, accounts and related paying platforms with different counterparties.

To mitigate the counterparty risk, the group only deals with recognised financial institutions with an appropriate credit rating – generally 'A' and above. All counterparties are financial institutions which are regulated and controlled by the federal financial supervisory authorities of the associated countries. The counterparty risk portfolio is analysed on a quarterly basis. Moreover to reduce this counterparty risk the portfolio is diversified as regards the main counterparties ensuring a well-balanced relation for all categories of products (derivatives as well as deposits).

Satellite in-orbit insurance
It is the group's policy to retain part of the in-orbit insurance risk for the satellite fleet.

Capital management

The group's policy is to attain, and retain, a stable BBB rating with Standard & Poors and Fitch, and a Baa2 rating with Moody's. This investment grade rating serves to maintain investors, creditors, rating agency and market confidence. Within this framework, the group manages its capital structure and liquidity in order to reflect changes in economic conditions to keep its cost of debt low, maintain the confidence of debt investors at a high level and to create added value for the shareholder.

Note 22 – Cash and cash equivalents

	2010 EUR million	2009 EUR million
Cash at bank and in hand	**211.4**	242.0
Short-term deposits	**109.6**	44.6
Cash and cash equivalents from continuing operations	**321.0**	286.6
Cash at bank and in hand attributable to discontinued operations	**2.7**	–
Total cash and cash equivalents	**323.7**	286.6

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

Note 23 – Issued capital and reserves

The company has share capital of EUR 624.4 million (2009: EUR 624.4 million), represented by Class A and Class B shares with no par value. The movement between the opening and closing number of shares issued per class of share can be summarised as follows:

	Class A shares	Class B shares	Total shares
As at January 1, 2010	332,985,130	166,492,565	499,477,695
Cancellation of A and B shares	–	–	–
As at December 31, 2010	332,985,130	166,492,565	499,477,695

FDRs with respect to Class A shares are listed on the Luxembourg Stock Exchange and on Euronext Paris. They can be traded freely and are convertible into Class A shares at any time at the option of the holder under the conditions applicable in the company's articles of association and in accordance with the terms of the FDRs.

All Class B shares are currently held by the State of Luxembourg, or by Luxembourg public institutions. Dividends paid for one share of Class B equal 40% of the dividend for one share of Class A.

A shareholder or a potential shareholder who envisages to acquire by whatever means, directly or indirectly, more than 20%, 33% or 50% of the shares of the company (a 'Demanding Party') must inform the chairperson of the board of the company of such intention. The chairperson of the board shall forthwith inform the government of the Grand Duchy of Luxembourg of the envisaged acquisition which may be opposed by the government within three months from such information should the government determine that such acquisition would be against the general public interest. In case of no opposition from the government, the board shall convene an extraordinary meeting of shareholders which may decide at a majority provided for in article 67-1 of the law of 10 August 1915, as amended, regarding commercial companies, to authorise the Demanding Party to acquire more than 20%, 33% or 50% of the shares. If the Demanding Party is a shareholder of the company, it may attend the general meeting and will be included in the count for the quorum but may not take part in the vote.

SES has, in agreement with the shareholders, purchased Fiduciary Deposit Receipts in respect of 'A' shares for use in connection with executives' and employees' option schemes as well as for cancellation. At the year-end, the company held FDRs in connection with the above schemes as set out below. These FDRs are disclosed as treasury shares in the balance sheet and are carried at their historic cost to the group.

	2010	2009
FDRs held as at December 31	**4,254,011**	7,928,510
Carrying value of FDRs held (EUR million)	**55.8**	98.5

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit (statutory) is transferred to a legal reserve from which a distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital. As at December 31, 2010 an amount of EUR 62.4 million (2009: EUR 62.4 million) is included within other reserves. Other reserves include a further undistributable amount of EUR 385.7 million (2009: EUR 363.5 million) linked to local tax legislation in Luxembourg (Net worth tax).

Note 24 – Share-based payment plans

The group has four share-based payment plans, the details of which are as follows. In the case of schemes 2, 3 and 4 the relevant strike price is defined as the average of the market price of the underlying shares at the time of the grant.

1. IPO plan

The IPO plan is an equity-settled scheme which was open to members of staff working for SES ASTRA S.A. at the time of its IPO on the Luxembourg Stock Exchange in 1998. Employees were granted options to acquire shares at a fixed price of EUR 12.64. In 2005, the exercise period of this plan was extended to June 30, 2013. All such options were vested as at December 31, 2005.

	2010	2009
Outstanding options at the end of the year	**628,641**	961,241
Weighted average exercise price in EUR	**12.64**	12.64

2. The Stock Appreciation Rights Plan ('STAR Plan')

The STAR Plan, initiated in 2000, is a scheme available to non-executive staff of controlled group subsidiaries. Under the plan employees are granted rights to receive remuneration payments reflecting the movement of the share price in relation to the strike price. A third of the STAR Plan rights vest each year over a three-year period and the rights have a two-year exercise period once fully vested.

Until 2005 the STAR Plan was structured as a cash-settled scheme. The 2005 STAR Plan expired on June 1, 2010 and therefore there are no outstanding cash-settled options outstanding as of December 31, 2010.

	2010	2009
Outstanding options at the end of the year	**–**	185,615
Weighted average exercise price in EUR	**–**	10.64

In 2006 the STAR Plan was converted into an equity-settled scheme. The options granted since 2006, and not exercised, are set out below:

	2010	2009
Outstanding options at the end of the year	**3,177,700**	3,007,608
Weighted average exercise price in EUR	**15.20**	14.12

3. Executive Incentive Compensation Plan ('EICP')

The EICP, initiated in 2002, is available to group executives. Under the plan, options are granted with an effective date of January 1. One quarter of the entitlement vests on each anniversary date of the original grant. Once vested, the options can be exercised until the tenth anniversary of the original grant.

	2010	2009
Outstanding options at the end of the year	**5,778,291**	7,460,008
Weighted average exercise price in EUR	**14.41**	13.02

4. Long-term Incentive programme ('LTI')

The LTI programme, initiated in 2005, is also a programme for executives and senior executives of the group. Under the scheme, until end of 2008, restricted shares were allocated to executives on July 1 and these vest on the third anniversary of the grant. Senior executives also had the possibility to be allocated performance shares whose granting was dependent on the achievement of defined performance criteria. Where these criteria were met, the shares vested on the third anniversary of the original grant. Since January 1, 2009, both executives and senior executives are granted restricted and performance shares.

	2010	2009
Restricted and performance shares granted at the end of the year	**1,291,501**	1,064,315
Weighted average fair value in EUR	**13.12**	12.74

The fair value of equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the average value of inputs to the model used for the years ended December 31, 2010, and December 31, 2009.

2009	EICP	STARs	LTI
Dividend yield (%)	6.03%	6.18%	4.56%
Expected volatility (%)	33.13%	33.20%	37.12%
Risk-free interest rate (%)	2.51%	2.81%	1.94%
Expected life of options (years)	9.66	5	3
Share price at inception (EUR)	13.99	13.71	13.42

2010	EICP	STARs	LTI
Dividend yield (%)	5.16%	5.76%	4.66%
Expected volatility (%)	35.68%	36.30%	42.18%
Risk-free interest rate (%)	2.27%	1.76%	1.02%
Expected life of options (years)	9.75	5	3
Share price at inception (EUR)	18.55	16.95	17.20

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may or may not necessarily be the actual outcome.

The last cash-settled options expired in June 2010 such that the company now only has equity-settled options in place. Up to this time, the fair value of the cash-settled options is measured at the grant date using a binomial model which takes into account the terms and conditions upon which the instruments were granted. The services received, and a liability to pay for those services, are recognised over the expected vesting period. Until the liability is settled it is remeasured at each reporting date with changes in fair value recognised in the income statement.

The carrying amount of the liability relating to the cash-settled options at December 31, 2010 is EUR 0.0 million (2009: EUR 0.8 million). The total charge for the period for share-based compensation payments amounted to EUR 11.4 million (2009: EUR 5.8 million).

Note 25 – Interest-bearing loans and borrowings
As at December 31, 2010 and 2009, the group's interest-bearing loans and borrowings were:

			Carried at amortised cost	
	Effective interest rate	Maturity	Amounts outstanding 2010 EUR million	Amounts outstanding 2009 EUR million
Non-current				
U.S. Private Placement				
Series A (USD 400 million)	5.74%	September 2013	83.5	117.4
Series B (USD 513 million)	5.82%	September 2015	307.1	356.1
Series C (USD 87 million)	5.63%	September 2015	65.1	60.4
Series D (GBP 28 million)	5.63%	September 2013	9.3	13.5
Euro Private Placement 2016 (EUR 150 million) issued under EMTN	5.05%	August 2016	148.8	148.6
Eurobond 2020 (EUR 650 million)	4.625%	March 2020	643.3	–
Eurobond 2014 (EUR 650 million)	4.875%	July 2014	645.0	643.0
Eurobond 2013 (EUR 500 million)	4.375%	October 2013	500.0	500.0
Eurobond 2011 (EUR 650 million)	4.00%	March 2011	–	649.1
European Investment Bank (EUR 200 million)	3.618%	May 2017	199.9	200.0
German bond (EUR 100 million), non-listed	5.75%	November 2012	99.8	99.5
German bond (EUR 100 million), non-listed	6.00%	November 2012	99.7	99.4
Syndicated loan 2015	EURIBOR + 0.95%	April 2015	97.2	594.6
COFACE	EURIBOR + 1.7%	2022	97.2	–
			2,995.9	3,481.6
Current				
U.S. Private Placement				
Series A (USD 400 million)	5.74%	September 2011	42.8	39.6
Series B (USD 513 million)	5.82%	September 2011	76.8	–
Series D (GBP 28 million)	5.63%	September 2011	4.6	4.5
Bilateral multi-currency credit facilities	EURIBOR/LIBOR + 0.275%	April 2010	–	91.4
Bilateral (EUR 100 million) issued under EMTN	EURIBOR + 0.6%	October 2010	–	100.0
Eurobond 2011 (EUR 650 million)	4.00%	March 2011	649.8	–
Commercial paper	0.943%	February 2011	135.0	55.0
Committed loans	2.123%	February 2010	–	48.6
Uncommitted loans	1.117%	February 2011	179.6	27.8
			1,088.6	366.9

U.S. Private Placement

On September 30, 2003, the group issued in the U.S. Private Placement market four series of unsecured notes amounting to USD 1,000.0 million and GBP 28.0 million. These notes comprised:

1. Series A USD 400.0 million of 5.29% Senior Notes due September 2013, amortising as of September 2007.
2. Series B USD 513.0 million of 5.83% Senior Notes due September 2015, amortising as of September 2011.
3. Series C USD 87.0 million of 5.93% Senior Notes due September 2015.
4. Series D GBP 28.0 million of 5.63% Senior Notes due September 2013, amortising as of September 2007.

On these four series, the group pays interest semi-annually. SES is committed under the U.S. Private Placement to maintaining covenants requiring certain financial ratios to be upheld within agreed limits in order to provide sufficient security to the lenders. Of these, the covenant which management monitors the most actively is the requirement to maintain the net debt/EBITDA ratio at a level of 3.5 or below.

European Medium-Term Note Programme (EMTN)

On December 6, 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES GLOBAL-Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On September 24, 2010 this programme has been extended for one further year.

As of December 31, 2010, SES has issued EUR 2,600.0 million (2009: EUR 2,050.0 million) under the EMTN Programme with maturities ranging from 2011 – 2020.

EUR 150.0 million Private Placement (2016)

On July 13, 2009, SES issued a EUR 150.0 million Private Placement under the company's European Medium-Term Note Programme with Deutsche Bank. The Private Placement has a 7-year maturity, beginning August 5, 2009, and bears interest at a fixed rate of 5.05%.

EUR 650.0 million Eurobond (2020) issue

On March 9, 2010, SES issued a EUR 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

EUR 650.0 million Eurobond (2014)

On July 9, 2009 (pricing June 30, 2009), SES issued a Euro 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 4.875%.

EUR 500.0 million Eurobond (2013)

On October 20, 2006, SES issued a Euro 500.0 million bond under the company's European Medium-Term Note Programme. The bond has a 7-year maturity and bears interest at a fixed rate of 4.375%.

EUR 650.0 million Eurobond (2011)

On March 15, 2006, SES issued a Euro 650.0 million bond under the company's European Medium-Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 4.0%.

EUR 300.0 million Eurobond (2009) repayment

On October 20, 2006, SES issued a Floating Rate Note for a nominal amount of EUR 300.0 million with a floating coupon of 3-month-EURIBOR plus a margin of 0.25%. It was settled at its maturity date October 20, 2009.

Bilateral EUR 100 million (2010), repayment

On October 20, 2008, the company issued a floating rate note for general refinancing purposes for a nominal amount of EUR 100 million with a floating rate of 3-month EURIBOR plus a margin of 0.6%. The note was repaid at its maturity date October 20, 2010.

EUR 200.0 million European Investment Bank funding

On April 21, 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.618%, is repayable in six annual instalments between May 2012 and May 2017.

German Bond issue of EUR 200.0 million

On May 21, 2008, the group also concluded an agreement to issue EUR 200 million in two equal tranches in the German Bond ('Schuldschein') market. The agreement for the first tranche was signed on May 30, 2008 with the funds being drawn down in June 2008, and bearing interest at fixed rate of 5.75%. The agreement for the second tranche was signed on July 14, 2008 with the funds being drawn down in July 2008 and bearing interest at fixed rate of 6.0%. Both German bonds mature in November 2012.

Syndicated loan 2015

In April 2009 SES signed a syndicated loan facility maturing in 2012 with a consortium of 24 banks. On September 2010, the syndicated loan has been amended and restated. The amended facility, maturing April 2015, is for EUR 1,200.0 million and can be drawn in EUR and USD.

The interest rate is based on EURIBOR or U.S. LIBOR, depending on the drawing currency, plus a margin based on the rating of the company. The current rating of the company is BBB/Baa2 (S&P/Moody's) leading to a margin of 0.95%.

EUR 522.9 million COFACE facility

On December 16, 2009, SES signed a financing agreement with COFACE (Compangnie Française d 'Assurance pour le Commerce Extérieur) in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the loans are based on invoices from the supplier of the satellites. The first drawing was done on April 23, 2010. Each loan will be repaid in 17 equal semi-annual instalments starting the earlier of the in-orbit date of the satellite being financed by such loan and April 1, 2014 and the estimated final maturity of the facility will be by the end of 2022. The facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

Bilateral multi-currency facilities repayment

On December 31, 2009, SES had unsecured bilateral multi-currency revolving credit facilities in place with one bank for a total of EUR 100.0 million of which EUR 91.4 million was drawn as at year-end. These bilateral facilities were available to both SES and SES GLOBAL-Americas Holdings GP. The margin was 2.75% LIBOR or EURIBOR depending on the drawdown maturity and currency. The outstanding bilateral multi-currency facility was settled at its final maturity date April 7, 2010.

Commercial paper programme

On October 25, 2005, SES put in place a EUR 500.0 million 'Programme de Titres de Créances Négociables' in the French market where the company issued 'Billets de Trésorerie' (commercial paper) in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and decree n°92.137 of February 13, 1992 and all subsequent regulations. The maximum outstanding amount of 'Billet de Trésorerie' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currencies. On June 7, 2010, this programme was extended for one further year. As of December 31, 2010 borrowings of EUR 135.0 million (2009: EUR 55.0 million) were outstanding under this programme. The average rate of the outstanding commercial paper amounts to 0.943% (2009: 0.605%).

Note 26 – Provisions and deferred income

	Provisions EUR million	Deferred income EUR million	Total EUR million
As at January 1, 2010	65.3	246.0	311.3
Increase in provisions	59.6	–	59.6
Decrease in provisions	(27.6)	–	(27.6)
Movement on deferred income	–	(13.1)	(13.1)
Discontinued operations	(18.0)	(24.4)	(42.4)
Impact of currency translation	2.3	7.9	10.2
As at December 31, 2010	**81.6**	**216.4**	**298.0**

	Provisions EUR million	Deferred income EUR million	Total EUR million
As at January 1, 2009	65.1	279.3	344.4
Increase in provisions	23.6	–	23.6
Decrease in provisions	(22.2)	–	(22.2)
Movement on deferred income	–	(29.2)	(29.2)
Impact of currency translation	(1.2)	(4.1)	(5.3)
As at December 31, 2009	**65.3**	**246.0**	**311.3**

Provisions relate primarily to liabilities arising for withholding taxes, for post-retirement benefit schemes and other items arising in the normal course of business.

In U.S. operations, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at December 31, 2010, accrued premiums of EUR 8.9 million (2009: EUR 8.7 million) are included in this position.

Contributions made in 2010 to group pension schemes totalled EUR 8.3 million (2009: EUR 7.3 million), which are recorded in the income statement under 'staff costs'.

Note 27 – Trade and other payables

	2010 EUR million	2009 EUR million
Trade creditors	**58.1**	93.9
Payments received in advance	**61.9**	61.6
Interest on loans	**81.3**	62.7
Personnel-related liabilities	**25.4**	23.9
Tax liabilities other than for income tax	**5.3**	5.4
Other liabilities	**116.9**	98.1
Total	**348.9**	345.6

In the framework of receivables securitisation transaction completed in June 2010, the group received a net cash amount of EUR 50.6 million from a financial institution as advance settlement of future receivables arising between 2011 and 2013 under contracts with a specific customer. A corresponding liability of EUR 52.8 million, representing SES' obligation towards the financial institution to continue to provide services to the customer in accordance with the terms of the customer contract, is recorded in the Statement of Financial Position as at December 31, 2010 under 'Other long-term liabilities', for EUR 36.2 million, and 'Trade and other payables' for EUR 16.6 million.

Note 28 – Commitments and contingencies

Capital commitments

The group had outstanding commitments in respect of contracted capital expenditure totalling EUR 820.4 million at December 31, 2010 (2009: EUR 1,122.5 million). These commitments largely reflect the purchase and launch of future satellites for the expansion and replacement of the group satellite system, together with the necessary expansion of the associated ground station and control facilities. In the case of termination by the group of these contracts, contractual penalty provisions apply.

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows as at December 31:

	2010 EUR million	2009 EUR million
Within one year	**9.0**	9.7
After one year but not more than five years	**23.5**	20.8
More than five years	**3.4**	6.3
Total	**35.9**	36.8

Commitments under transponder service agreements

The group has entered into transponder service agreements for the purchase of satellite capacity from third parties under contracts with a maximum life of eight years. The commitment arising under these agreements as at December 31 is as follows:

	2010 EUR million	2009 EUR million
Within one year	**43.7**	59.2
After one year but not more than five years	**61.5**	106.2
After more than five years	**2.0**	2.0
Total	**107.2**	167.4

Other commitments

Under the O3b Networks Limited ('O3b') full financing agreement, SES entered into commitments to provide, if needed in the pre-commercialisation phase, additional shareholder loans to O3b totalling USD 66 million. See Note 17.

Litigation

SES is in dispute with the manufacturer of one of its satellites concerning the non-payment by SES of in-orbit incentive payments. SES believes that the payments are not due since the satellite is not operating as specified. As the payment of the incentives is subject to delivery of a 'successfully operating spacecraft' complying with the original specification and mission capabilities, SES is confident that its position will be upheld in the ongoing arbitration proceedings and has not provided for the EUR 14 million including accrued interests and legal fees, which is being claimed. There were no other significant litigation claims against the group as of December 31, 2010.

Guarantees

On December 31, 2010 the group had outstanding bank guarantees for an amount of EUR 16.2 million (2009: EUR 10.5 million). This relates mainly to a bank guarantee SES has towards ND SatCom for EUR 15.0 million (2009: nil) and to performance guarantees for services of satellite operations.

Restrictions on use of cash

At the year-end, there were no restricted cash balances (2009: nil).

Note 29 – Related parties

The state of Luxembourg holds a direct 11.58% voting interest in the company and two indirect interests, both of 10.88%, through two state owned banks, Banque et Caisse d'Epargne de l'Etat and Société Nationale de Crédit et d'Investissement. These shares constitute the company's Class B shares, which are described in more detail in Note 23.

The total payments to directors for attendance at board and committee meetings in 2010 amounted to EUR 1.3 million (2009: EUR 1.3 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at board and committee meetings.

There were no other significant transactions with related parties.

The key management of the group, defined as the group's Executive Committee, received compensation as follows:

	2010 EUR million	2009 EUR million
Remuneration including bonuses	**4.2**	4.1
Pension benefits	**0.5**	0.5
Share-based payments	**6.6**	1.4
Other benefits	**0.2**	0.1
Total	**11.5**	6.1

Total share-based payment instruments allocated to key management as at December 31, 2010 were 1,638,239 (2009: 1,614,155).

Note 30 – Events after the balance sheet date

SES-8 procurement

On February 16, 2011, SES entered into a contract with Orbital Sciences Corporation for the procurement of the SES-8 spacecraft. The satellite is scheduled for launch during the first half of 2013, and will be positioned at 95° East, together with NSS-6, to support key strategic customers in West Asia, India and South-East Asia. The full programme costs of the SES-8 satellite, including launch and related services, is expected to be around EUR 160 million.

Note 31 – Consolidated subsidiaries, joint ventures and affiliates

The consolidated financial statements include the financial statements of the material subsidiaries, joint ventures and associates listed below:

	Effective interest (%) 2010	Effective interest (%) 2009	Method of consolidation
Held directly by SES:			
SES ASTRA S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL-Americas Inc., U.S.A.	**100.00**	100.00	Full
SES GLOBAL Americas Holdings General Partnership, U.S.A.	**100.00**	100.00	Full
SES GLOBAL-Americas Finance Inc., U.S.A.	**100.00**	100.00	Full
SES GLOBAL Africa S.A., Luxembourg	**100.00**	100.00	Full
SES Participations S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL Gibraltar Ltd, Gibraltar[1]	**–**	100.00	–
SES Finance S.à r.l., Switzerland	**100.00**	100.00	Full
SES Holdings (Netherlands) B.V., Netherlands	**100.00**	100.00	Full
SES ASTRA Services Europe S.A., Luxembourg	**100.00**	100.00	Full
SES Latin America S.A., Luxembourg	**100.00**	100.00	Full
SES Belgium S.p.r.l, Belgium	**100.00**	100.00	Full
Held through SES Participations S.A., Luxembourg:			
Ciel Satellite Holdings Inc., Canada	**100.00**	100.00	Full
Ciel Satellite Limited Partnership, Canada	**70.00**	70.00	Full
Northern Americas Satellite Ventures, Inc., Canada	**100.00**	100.00	Full
Held through SES ASTRA Services Europe S.A., Luxembourg:			
Glocom (Communications and Images) Limited (Isle of Man)	**75.00**	75.00	Full
SES ASTRA TechCom S.A., Luxembourg	**100.00**	100.00	Full
SES ASTRA TechCom Belgium S.A., Belgium	**100.00**	100.00	Full
Astralis S.A., Luxembourg	**51.00**	51.00	Full
ASTRA Broadband Services S.A., Luxembourg	**100.00**	100.00	Full
SES Digital Distribution Services AG, Switzerland	**100.00**	100.00	Full
SES Digital Distribution Services S.à r.l., Luxembourg	**100.00**	100.00	Full
Redu Operations Services S.A., Belgium	**48.00**	48.00	Equity
Redu Space Services S.A., Belgium	**52.00**	52.00	Full
HD Plus GmbH, Germany (formerly entavio GmbH)	**100.00**	100.00	Full
SES ASTRA Real Estate (Betzdorf) S.A. (formerly SES Capital Luxembourg S.A.), Luxembourg	**100.00**	100.00	Full
SES Capital Belgium S.A., Belgium	**100.00**	100.00	Full
ND SatCom GmbH, Germany	**100.00**	100.00	Full
ND SatCom Defence GmbH, Germany	**100.00**	100.00	Full
ND SatCom Inc., U.S.A.	**100.00**	100.00	Full
ND SatCom Products GmbH, Germany	**100.00**	100.00	Full
ND Satcom FZE, (United Arab Emirates)	**100.00**	100.00	Full
ND SatCom Satellite Comm. Systems (Beijing) Co. Ltd, China	**100.00**	100.00	Full
Bosphocom Ltd, Turkey[2]	**–**	80.00	–
ND SatCom Grintex Communications Ltd, India	**25.00**	25.00	Equity
ND SatCom o.o.o., Russia	**100.00**	100.00	Full
Milsat Services GmbH, Germany	**25.10**	25.10	Equity
ASTRA Platform Services GmbH, Germany	**100.00**	100.00	Full
5cast GmbH, Germany[3]	**–**	51.00	–
SES Digital Distribution Services GmbH, Germany	**100.00**	100.00	Full
Virtual Planet Group GmbH, Germany	**90.00**	90.00	Full

	Effective interest (%) 2010	Effective interest (%) 2009	Method of consolidation
Held through SES ASTRA S.A.:			
ASTRA Deutschland GmbH, Germany	**100.00**	100.00	Full
ASTRA (UK) Ltd, United Kingdom	**100.00**	100.00	Full
ASTRA Iberica S.A., Spain	**100.00**	100.00	Full
ASTRA France S.A., France	**100.00**	100.00	Full
ASTRA (GB) Limited, United Kingdom	**100.00**	100.00	Full
ASTRA Benelux B.V., The Netherlands	**100.00**	100.00	Full
SES ASTRA CEE Sp. z o.o, Poland	**100.00**	100.00	Full
SES ASTRA Italia S.r.l.	**100.00**	–	Full
SES ENGINEERING (Luxembourg) S.à r.l., Luxembourg	**100.00**	100.00	Full
New Skies Investments S.à r.l, Luxembourg	**100.00**	100.00	Full
SES ASTRA AB, Sweden[4]	**100.00**	90.00	Full
Sirius Satellite Services SIA, Latvia	**100.00**	100.00	Full
SES SIRIUS Ukraine, Ukraine	**100.00**	100.00	Full
SES ASTRA 1KR S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 1L S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 1M S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 3B S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 5B S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 1N S.à r.l., Luxembourg	**100.00**	100.00	Full
Solaris Mobile Limited, Ireland	**50.00**	50.00	Proportional
SES ASTRA 2E S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 2F S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 2G S.à r.l., Luxembourg	**100.00**	100.00	Full
Held through SES Finance S.à r.l.:			
SES Re International (Bermuda) Ltd., Bermuda	**100.00**	100.00	Full
SES Satellite Leasing Ltd, Isle of Man	**100.00**	100.00	Full
Al Maisan Satellite Communications (YahSat) LLC, UAE	**35.00**	–	Full
SES Satellites (Bermuda) Ltd, Bermuda[5]	**100.00**	–	Full
Held through SES GLOBAL Africa S.A.:			
SES ASTRA Africa (Proprietary) Ltd, South Africa	**100.00**	100.00	Full
ODM (Proprietary) Ltd, South Africa	**20.00**	20.00	Equity
Accelon Ltd, South Africa[6]	**–**	43.55	–
Held through SES GLOBAL-Americas Inc.:			
SES AMERICOM, Inc., U.S.A.	**100.00**	100.00	Full
SES AMERICOM PAC, Inc., U.S.A.	**100.00**	100.00	Full
Worldsat LLC, U.S.A.[7]	**–**	100.00	–
Communications Satellite Int. Marketing Inc., Barbados[8]	**100.00**	100.00	Full
SES AMERICOM International Holdings, Inc., U.S.A.	**100.00**	100.00	Full
SES AMERICOM Canada, Inc., Canada	**100.00**	100.00	Full
SES AMERICOM (Brazil) Holdings, LLC, U.S.A.	**100.00**	100.00	Full
SES AMERICOM do Brasil Servicos de Telecomunicacoes, Ltda, Brazil	**100.00**	100.00	Full
SES AMERICOM (Singapore) Pty, Ltd, Singapore	**100.00**	100.00	Full
AMERICOM Government Services, Inc., U.S.A.	**100.00**	100.00	Full
Sistemas Satelitales de Mexico S. de R.L. de C.V., Mexico	**49.00**	49.00	Equity
Socios Aguila S.de R.L de C.V., Mexico	**49.00**	49.00	Equity
Columbia Communications Corporation, U.S.A.	**100.00**	100.00	Full
Columbia / WIGUSA Communications, Inc., U.S.A.	**100.00**	100.00	Full

	Effective interest (%) 2010	Effective interest (%) 2009	Method of consolidation
SES Satellites International, Inc., U.S.A.	**100.00**	100.00	Full
SES Satellites (Gibraltar) Ltd, Gibraltar	**100.00**	100.00	Full
SES AMERICOM Colorado, Inc., U.S.A.	**100.00**	100.00	Full
AMC-1 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-2 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-3 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-5 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-6 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-8 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-9 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-10 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-11 Holdings LLC, U.S.A.	**100.00**	100.00	Full
SES AMERICOM (Asia 1A) LLC, U.S.A.	**100.00**	100.00	Full
AMERICOM Asia Pacific LLC, U.S.A.	**100.00**	100.00	Full
AMC-12 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-14 Holdings LLC, U.S.A.[9]	**–**	100.00	–
SES AMERICOM California, Inc., U.S.A.	**100.00**	100.00	Full
AMC-4 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-7 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-15 Holdings LLC, U.S.A.	**100.00**	100.00	Full
AMC-16 Holdings LLC, U.S.A.	**100.00**	100.00	Full
SES-1 Holdings, LLC, U.S.A.[10]	**100.00**	100.00	Full
Starsys Global Positioning Inc., U.S.A.	**80.00**	80.00	Full
Ciel Satellite Communications Inc., Canada[11]	**–**	100.00	–
QuetzSat Directo, S. de R.L. de C.V., Mexico	**49.00**	49.00	Equity
Safe Sat of New York Inc., U.S.A.	**100.00**	100.00	Full
SES ENGINEERING (U.S.) Inc., U.S.A.	**100.00**	100.00	Full
AGS Acquisition Corp., U.S.A.	**100.00**	100.00	Full
AOS Inc., U.S.A.	**100.00**	100.00	Full
IP Prime, Inc., U.S.A.	**100.00**	100.00	Full
Held through SES Latin America S.A.:			
QuetzSat S. de R.L. de C.V., Mexico	**49.00**	49.00	Equity
Satellites Globales S. de R.L. de C.V., Mexico	**49.00**	49.00	Equity
SES Satelites Directo Ltda, Brazil	**100.00**	100.00	Full
SES DTH do Brasil Ltda, Brazil	**100.00**	100.00	Full
SES GLOBAL South America Holding S.L., Spain	**100.00**	100.00	Full
Held through SES Holdings (Netherlands) B.V.:			
New Skies Satellites Intermediate Holdings Ltd, Bermuda[12]	**–**	100.00	–
New Skies Investments Holding B.V., The Netherlands	**100.00**	100.00	Full
New Skies Holding B.V., The Netherlands	**100.00**	100.00	Full
New Skies Satellites B.V., The Netherlands	**100.00**	100.00	Full
New Skies Investments (Ireland) Unltd, Ireland[13]	**–**	100.00	–
SES Holdings (Bermuda) Ltd, Bermuda	**100.00**	100.00	Full
New Skies Holdings Ireland Unlimited, Ireland[14]	**–**	100.00	–
New Skies Satellites Ireland Unlimited, Ireland[15]	**–**	100.00	–
New Skies Satellites, Inc., U.S.A.	**100.00**	100.00	Full
New Skies Satellites de Mexico S.A. de C.V., Mexico	**49.00**	49.00	Equity
New Skies Satellites Mar B.V., The Netherlands	**100.00**	100.00	Full
New Skies Satellites Ltda, Brazil	**100.00**	100.00	Full

	Effective interest (%) 2010	Effective interest (%) 2009	Method of consolidation
Morharras B.V., The Netherlands	**100.00**	100.00	Full
New Skies Networks, Inc., U.S.A.	**100.00**	100.00	Full
New Skies Networks (UK) Ltd, U.K.	**100.00**	100.00	Full
SES ENGINEERING (Netherlands) B.V., The Netherlands	**100.00**	100.00	Full
New Skies Asset Holdings, Inc., U.S.A.	**100.00**	100.00	Full
New Skies Carrier Services, Inc., U.S.A.	**100.00**	100.00	Full
New Skies Satellites China B.V., The Netherlands[16]	**–**	100.00	–
SES NEW SKIES Marketing B.V., The Netherlands	**100.00**	100.00	Full
New Skies Satellites India B.V., The Netherlands	**100.00**	100.00	Full
New Skies Satellites Argentina B.V., The Netherlands	**100.00**	100.00	Full
New Skies Networks Australia B.V., The Netherlands	**100.00**	100.00	Full
New Skies Networks Australia Pty Ltd, Australia	**100.00**	100.00	Full
New Skies Satellites Australia Pty Ltd, Australia	**100.00**	100.00	Full
New Skies Satellites Licensee B.V., The Netherlands	**100.00**	100.00	Full
SES NEW SKIES Singapore B.V., The Netherlands	**100.00**	100.00	Full
NSS Latin America Holdings S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL-South Americas Inc., U.S.A.[17]	**–**	100.00	–
SES Asia S.A., Luxembourg	**100.00**	100.00	Full
SES Finance Services AG, Switzerland	**100.00**	100.00	Full
O3B Networks Ltd, Jersey Island[18]	**33,32**	25.15	Equity
SES World Skies Singapore Pte Ltd, Singapore	**100.00**	100.00	Full
New Skies Satellites Collections Private Ltd, India	**100.00**	100.00	Full

[1] Dissolved in March 2010.
[2] Participation was disposed of in January 2010.
[3] The company was merged into ASTRA Platform Services GmbH on January 1, 2010.
[4] Formerly SES SIRIUS AB.
[5] Incorporated in November 2010.
[6] Dissolved in 2010.
[7] Merged in December 2009.
[8] Dissolved in January 2011.
[9] Merged in November 2010.
[10] Formerly AMC-WB1 Holdings LLC.
[11] Merged effective September 29, 2010.
[12] Amalgamated into SES Holdings (Bermuda) Ltd on August 11, 2010.
[13] Dissolved on 11 November 2010.
[14] Dissolved on 11 November 2010.
[15] Dissolved on 11 November 2010.
[16] Dissolved on 30 January 2010.
[17] Merged into New Skies Carrier Services, Inc. on 9 March 2010.
[18] Based on total third party shareholding in O3b Networks Ltd and its affiliates.

To the shareholders of
SES
L-6815 Château de Betzdorf

Report on the annual accounts
Following our appointment by the annual general meeting of the shareholders dated April 1, 2010, we have audited the accompanying annual accounts of SES, which comprise the balance sheet as at December 31, 2010 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the annual accounts
The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts and for such internal control as Board of Directors determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the 'réviseur d'entreprises agréé'
Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the 'Commission de Surveillance du Secteur Financier'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the 'réviseur d'entreprises agréé', including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises agréé' considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the annual accounts give a true and fair view of the financial position of SES as of December 31, 2010, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements
The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

ERNST & YOUNG
Société Anonyme
Cabinet de révision agréé
Thierry BERTRAND
Luxembourg
February 17, 2011

Balance sheet
As at December 31, 2010

Assets	Note	2010 EUR million	2009 EUR million
Intangible assets	3	**0.1**	0.1
Tangible assets	4		
Other fixtures and fittings, tools and equipment		**0.3**	0.5
Payments on accounts and tangible assets in course of construction		**2.1**	2.1
		2.4	2.6
Financial assets			
Shares in affiliated undertakings	5	**8,253.9**	8,302.1
Loans to affiliated undertakings	6	**744.3**	700.5
Securities held as fixed assets	7	**52.2**	94.3
		9,050.4	9,096.9
Current assets			
Debtors (becoming due and payable within one year)			
Amounts owed by affiliated undertakings	8	**1,283.1**	758.3
Other debtors		**38.1**	2.4
Cash at bank and in hand		**112.2**	59.8
		1,433.4	820.5
Prepayments		**50.6**	36.9
Total assets		**10,536.9**	9,957.0
Liabilities			
Capital and reserves			
Subscribed capital	9	**624.4**	624.4
Share premium		**746.3**	746.3
Legal reserve	10	**62.4**	62.4
Other reserves	11	**294.5**	569.8
Result for the financial year		**459.7**	16.5
		2,187.3	2,019.4
Creditors			
Amounts becoming due and payable after more than one year			
Notes and bonds	12	**2,693.3**	2,838.0
Amounts owed to credit institutions	13	**429.9**	820.0
Amounts owed to affiliated undertakings	14	**104.8**	–
		3,228.0	3,658.0
Amounts becoming due and payable within one year			
Notes and bonds	12	**929.6**	210.4
Amounts owed to credit institutions	13	**179.6**	167.8
Trade creditors		**0.9**	0.7
Amounts owed to affiliated undertakings	14	**3,922.3**	3,804.9
Tax and social security debt			
Tax debt	15	**0.3**	26.2
Social security debt		**0.2**	0.2
Other creditors		**88.7**	69.4
		5,121.6	4,279.6
Total liabilities		**10,536.9**	9,957.0

The accompanying notes form an integral part of the accounts.

SES S.A. annual accounts
Profit and loss account
For the year ended December 31, 2010

Charges	Note	2010 EUR million	2009 EUR million
External charges	20	**14.1**	36.3
Staff costs	16	**15.5**	12.7
Depreciation and amortisation	3, 4	**0.2**	0.2
Value adjustments in respect of current assets	8	**–**	45.2
Other operating charges		**5.6**	3.5
Value adjustments in respect of financial assets	7	**–**	1.6
Interest payable and similar charges			
concerning affiliated undertakings		**54.4**	67.3
other interest payable and similar charges	18	**225.4**	240.4
Extraordinary charges	19	**28.2**	–
Taxes on profit	15	**(90.1)**	(99.6)
Profit for the financial year		**459.7**	16.5
		713.0	324.1

Income	Note	2010 EUR million	2009 EUR million
Net turnover	20	**1.3**	24.9
Other operating income	21	**4.5**	5.9
Income from participating interests derived from affiliated undertakings	22	**660.0**	253.4
Income from other transferable securities and from loans forming part of the fixed assets		**22.9**	5.7
Other interest receivable and similar income			
derived from affiliated undertakings		**19.6**	32.9
other interest receivable and similar income	23	**4.7**	1.3
		713.0	324.1

Statement of changes in shareholders' equity
As at December 31, 2010

	Subscribed capital EUR million	Share premium EUR million	Legal reserve EUR million	Other reserves EUR million	Result for the year EUR million	Total EUR million
Balance, beginning of the year	624.4	746.3	62.4	569.8	16.5	2,019.4
Allocation of result	–	–	–	16.5	(16.5)	–
Distribution of dividends	–	–	–	(291.8)	–	(291.8)
Profit for the financial year	–	–	–	–	459.7	459.7
Balance, end of the year	624.4	746.3	62.4	294.5	459.7	2,187.3

The accompanying notes form an integral part of the accounts.

Note 1 – General
SES S.A. (previously SES GLOBAL S.A.) was incorporated on March 16, 2001 as a limited liability company (Société Anonyme) under the law of the Grand Duchy of Luxembourg for an unlimited period of time.

The purpose of SES (the 'company') is to take generally any interest whatsoever in electronic media and to be active, more particularly, in the communications area via satellites and to invest, directly or indirectly, in other companies that are actively involved in the satellite communication industry.

The accounting period of the company is from January 1 to December 31.

The company has a 99.94% interest in a partnership, SES GOBAL-Americas Holdings GP, whose accounts are integrated in those of the company to the level of its share of the partnership.

Note 2 – Significant accounting policies
In accordance with Luxembourg legal and regulatory requirements, consolidated accounts are prepared.

The annual accounts are prepared in accordance with the generally accepted accounting principles and regulations in force in the Grand Duchy of Luxembourg.

Formation expenses
The costs of formation of the company and the costs related to the increases in issued share capital are capitalised and amortised over a period of up to five years.

Intangible assets
Development costs:
Development expenditure incurred on an individual project is carried forward when its future recoverability can be regarded as assured. Any expenditure carried forward is amortised over the period of expected future sales from the related project.

Payments on account:
Amounts payable in respect of development costs are included in the balance sheet when incurred. When the project is complete, the expenditure is transferred to assets in use and amortisation commences.

Tangible assets
Other fixtures, fittings, tools and equipment:
All such items are depreciated evenly over the estimated useful lives, which are ten years or less.

Tangible assets in course of construction:
Amounts payable in respect of the purchase of future assets are included in the balance sheet when billed. The expenditure is transferred to assets in use and depreciation of the asset commences when it is put into service.

Financial assets
Financial assets are carried in the balance sheet at cost of purchase. If this valuation would appear to be excessive and reduction to be permanent, such assets would be written down to their realisable value.

Loan origination costs
Loan origination costs are capitalised and included in prepaid expenses. These costs are amortised over remaining estimated loan periods based on the company's financing strategy.

Dividends
Dividends are declared after the accounts for the year have been approved. Accordingly dividends payable are recorded in the subsequent year's accounts. Dividends receivable from affiliated undertakings are recorded as income in the year in which they are declared by the subsidiary.

Convertible profit participating loan
Returns on convertible profit participating loans ('PPL') issued by the company are calculated based on the cumulative profits of the PPL recipient over the life of the loan. The company's entitlement to the return is therefore only certain at the date of maturity of the loan. The return is therefore recorded as income on final maturity of the PPL.

Translation of foreign currencies
The company maintains its accounting records in euro (EUR) and the annual accounts are expressed in that currency.

The costs of tangible and intangible assets are translated at the historical rate. Long-term financial liabilities, which are hedged by financial derivatives, are translated at historical rate. Long-term inter-company balances are translated at the balance sheet exchange rate unless this would give rise to an unrealised foreign exchange gain in which case the historical exchange rate is used.

Current assets and current liabilities denominated in foreign currencies are translated into euro at the balance sheet exchange rate.

Income and charges expressed in other currencies are recorded on the basis of the exchange rates prevailing on the transaction dates.

The resultant exchange gains and losses arising from the application of the above principles are reflected in the profit and loss account.

Financial derivatives
The company enters into financial derivatives for hedging purposes. All financial derivatives are maintained off balance sheet. Gains and losses realised on the settlement of such derivatives are taken to the profit and loss account at the same time as the hedged asset/liability impacts the profit and loss account.

Premiums paid/received on financial derivatives are taken to the profit and loss account over the term of the financial derivative.

Net turnover
All amounts received from customers under contracts for rental of satellite transponder capacity are recognised, at the fair value of the consideration received or receivable, over the duration of the respective contracts on a straight-line basis. Payments received in advance are deferred and included in the balance sheet as deferred income. Payments of receivables in arrears are accrued and included in trade debtors.

Note 3 – Intangible assets

	2010 EUR million	2009 EUR million
Cost at beginning of year	**0.1**	0.1
Additions	**–**	–
Write-off	**–**	–
Cost at end of year	**0.1**	0.1
Accumulated amortisation at beginning of year	**–**	–
Write-off	**–**	–
Accumulated amortisation at end of year	**–**	–
Net book value at beginning of year	**0.1**	0.1
Net book value at end of year	**0.1**	0.1

Note 4 – Tangible assets

The development of tangible assets during the financial years 2010 and 2009 is as follows:

	Other fixtures and fittings, tools and equipment EUR million	Payments on account and tangible assets in course of construction EUR million	Total 2010 EUR million	Total 2009 EUR million
Cost at beginning of year	3.0	2.1	**5.1**	4.8
Accumulated depreciation at beginning of year	(2.5)	–	**(2.5)**	(2.3)
Net book value at beginning of year	0.5	2.1	**2.6**	2.5
Movements of the year				
Additions	–	–	**–**	0.3
Depreciation	(0.2)	–	**(0.2)**	(0.2)
Cost at end of year	3.0	2.1	**5.1**	5.1
Accumulated depreciation at end of year	(2.7)	–	**(2.7)**	(2.5)
Net book value at end of year	0.3	2.1	**2.4**	2.6

Note 5 – Shares in affiliated undertakings

	2010 EUR million	2009 EUR million
Cost at beginning of year	**8,306.8**	8,337.1
Additions	**28.8**	215.6
Repayment of initial investment	**(77.0)**	(245.9)
Cost at end of year	**8,258.6**	8,306.8
Value adjustments at beginning of year	**(4.7)**	(4.7)
Value adjustment of the year	**–**	–
Value adjustments at end of year	**(4.7)**	(4.7)
Net book value at end of year	**8,253.9**	8,302.1

As at December 31, 2010, the company holds the following investments:

	Participation	Net Book Value EUR million
SES ASTRA S.A., Betzdorf, Luxembourg	100%	1,046.8
SES GLOBAL – Americas, Inc., Princeton, United States	99.94%	3,854.8
ASTRA Broadband Services S.A., Betzdorf, Luxembourg	0.01%	–
SES GLOBAL Americas Finance Inc., Delaware, United States	100%	–
SES ASTRA AB, Stockholm, Sweden (formerly SES SIRIUS AB)	32.34%	50.1
SES Participations S.A., Betzdorf, Luxembourg	100%	206.8
SES GLOBAL Africa S.A., Betzdorf, Luxembourg	100%	406.6
SES Finance S.à r.l., Switzerland	100%	1,426.7
SES Holdings (Netherlands) B.V., Netherlands	100%	1,113.3
SES ASTRA Services Europe S.A., Betzdorf, Luxembourg	100%	148.8
SES ASTRA TechCom Belgium S.A., Belgium	1%	–
SES Latin America S.A., Betzdorf, Luxembourg	100%	–
SES Belgium S.p.r.l., Belgium	99%	–
		8,253.9

In October 2010, SES GLOBAL – Americas, Inc., decided to reimburse EUR 77.0 million of paid-in capital.

In April 2010, SES contributed to a further capital increase in SES ASTRA Services Europe S.A. through a contribution in kind of an inter-company loan with SES Capital Belgium for a total amount of EUR 28.8 million.

In May 2009, with effect from January 2009, SES contributed to a further capital increase in SES Finance S.à r.l. through a contribution in kind of an inter-company loan with SES Satellite Leasing Limited for a total amount of USD 300.0 million (EUR 215.6 million).

In December 2009, SES Holdings Netherlands B.V., decided to reduce its share premium reserve by an amount of USD 369.4 million (EUR 245.9 million) thereby resulting in a reimbursement of the initial investment.

Art. 65 paragraph (1) 2° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the 'law') requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with article 67 (3) of the law these details have been omitted as the company prepares consolidated accounts and these consolidated accounts and the related consolidated annual report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

Note 6 – Loans to affiliated undertakings
Loans to affiliated undertakings of EUR 744.3 million (2009: EUR 700.5 million) consist of Convertible Profit Participating Loans with SES Finance S.à r.l.

On February 1, 2007 SES granted a Convertible Profit Participating Loan amounting to USD 807.4 million (2010: EUR 604.3 million; 2009: EUR 560.5 million). A further loan of EUR 140.0 million was granted on November 28, 2008.

Note 7 – Securities held as fixed assets

	2010 EUR million	2009 EUR million
Cost at beginning of year	**95.9**	107.2
Value adjustments at beginning of year	**(1.6)**	–
Net book value at beginning of year	**94.3**	107.2
Movements of the year		
Purchase of FDRs / own shares	**1.6**	–
Used in connection with employee option scheme	**(44.9)**	(11.3)
Reversal of value adjustments	**1.2**	–
Cost at end of year	**52.6**	95.9
Value adjustments at end of year	**(0.4)**	(1.6)
Net book value at end of year	**52.2**	94.3

Own Fiduciary Deposit Receipts
All Fiduciary Deposit Receipts ('FDRs') in respect of Class A shares owned by the company are for use in connection with the senior executives, executives and employees option schemes operated by the group. These shares are valued at the lower of cost and market value.

As at December 31, 2010, the company owned 4.254.011 FDRs (2009: 7,928,510).

Note 8 – Amounts owed by affiliated undertakings
Amounts owed by affiliated undertakings of EUR 1,283.1 million (2009: EUR 758.3 million) consist of current accounts.

In 2009, the company recorded a value adjustment of EUR 45.2 million on amounts owed by an affiliated undertaking to reflect the underlying trading position of this entity.

As at December 31, 2010, current accounts represent short-term advances bearing interest at market rates and consist principally of amounts owed by SES ASTRA 1KR S.à r.l., SES ASTRA 1L S.à r.l., SES ASTRA 2F S.à r.l., SES ASTRA 1M S.à r.l., SES ASTRA 3B S.à r.l., SES Finance S.à r.l., SES ASTRA S.A. and SES ASTRA 2E S.à r.l.

Note 9 – Subscribed capital
As at December 31, 2010 and 2009, the issued and fully paid share capital amounted to EUR 624.4 million, represented by 499,477,695 shares with no par value (332,985,130 Class A ordinary shares and 166,492,565 Class B ordinary shares).

Note 10 – Legal reserve
In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit is transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital.

Note 11 – Other reserves
Prior to January 1, 2002, in accordance with article 174 bis of Luxembourg fiscal law, the company was entitled to credit the net worth tax due for the year against the corporate income tax charge for the year. From 2002 onwards, in accordance with paragraph 8a of the October 16, 1934 law as amended, the company is entitled to reduce the net worth tax due for the year by an amount which cannot exceed the corporate income tax due for the year. In order to avail of the above the company must set up a restricted reserve equal to five times the amount of the net worth tax credited. This reserve has to be maintained for a period of five years following the year in which it was created. In case of distribution of the restricted reserve, the tax credit falls due during the year in which it was distributed.

During previous years, the SES group had decided to maintain the restricted reserve for the Luxembourg fiscal integration group (the 'tax group') under 'other reserves' in the accounts of SES ASTRA. During the year 2008, it was decided that as from 2008 the restricted reserves are to be maintained in the accounts of SES S.A.

As at December 31, 2010, the restricted portion of 'other reserves' in the books of SES S.A. is as follows:

	Reduction in net worth tax EUR million	Restricted reserve EUR million
2008	18.2	90.8
2009	12.7	63.4

Upon approval of these accounts by the annual general meeting of the shareholders, an amount of EUR 70.7 million will be allocated to restricted reserves in the books of SES S.A. corresponding to five times the amount of the 2010 net worth tax.

Note 12 – Notes and bonds
U.S. Private Placement
On September 30, 2003, SES, through SES GLOBAL-Americas Holdings GP, issued in the U.S. Private Placement market four series of unsecured Notes amounting to USD 1,000.0 million and GBP 28.0 million. The U.S. Private Placement was made up of four series as follows:

1. Series A USD 400.0 million of 5.29% Senior Notes due September 2013, amortising as of September 2007.
2. Series B USD 513.0 million of 5.83% Senior Notes due September 2015, amortising as of September 2011.
3. Series C USD 87.0 million of 5.93% Senior Notes due September 2015.
4. Series D GBP 28.0 million of 5.63% Senior Notes due September 2013, amortising as of September 2007.

SES is committed under the U.S. Private Placement to maintaining a number of financial covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to lenders. These financial ratios are based on the consolidated financial statements of SES S.A..

European Medium Term Note Programme (EMTN)
On December 6, 2005, SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES GLOBAL-Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. In May 2007, this programme was increased to an aggregate amount of EUR 4,000.0 million. On September 24, 2010, this programme was extended for one more year.

As of December 31, 2010, SES has issued EUR 2,600.0 million (2009: EUR 2,050.0 million) under the EMTN Programme with maturities ranging from 2011 – 2020.

– EUR 150.0 million Private Placement (2016)
On July 13, 2009, SES issued a EUR 150.0 million Private Placement under the company's European Medium Term Note Programme with Deutsche Bank. The Private Placement has a 7-year maturity, beginning August 5, 2009, and bears interest at a fixed rate of 5.05%.

– EUR 650.0 million Eurobond (2020) issue
On March 9, 2010, SES issued a EUR 650.0 million bond under the company`s European Medium Term Note Programme. The bond has a 10-year maturity and bears interest at a fixed rate of 4.625%.

– EUR 650.0 million Eurobond (2014)
On July 9, 2009 (pricing June 30, 2009) SES issued a Euro 650.0 million bond under the company's European Medium Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 4.875%.

– EUR 500.0 million Eurobond (2013)
On October 20, 2006, SES issued a Euro 500.0 million bond under the company's European Medium Term Note Programme. The bond has a 7-year maturity and bears interest at a fixed rate of 4.375%.

– EUR 650.0 million Eurobond (2011)
On March 15, 2006, SES issued a Euro 650.0 million bond under the company's European Medium Term Note Programme. The bond has a 5-year maturity and bears interest at a fixed rate of 4.0%.

– EUR 100 million Guaranteed Floating Rate Note (2010), repayment
On October 20, 2008, the company issued a floating rate note for general refinancing purposes for a nominal amount of EUR 100 million with a floating rate of 3-month EURIBOR plus a margin of 0.6%. The note was repaid at its maturity date October 20, 2010.

German Bond issue of EUR 200.0 million
On May 21, 2008, the group also concluded an agreement to issue EUR 200 million in two equal tranches in the German Bond ('Schuldschein') market. The agreement for the first tranche was signed on May 30, 2008 with the funds being drawn down in June 2008, and bearing interest at fixed rate of 5.75%. The agreement for the second tranche was signed on July 14, 2008 with the funds being drawn down in July 2008 and bearing interest at fixed rate of 6.0%. Both German bonds mature in November 2012.

Commercial paper programme
On October 25, 2005, SES put in place a EUR 500.0 million 'Programme de Titres de Créances Négociables' in the French market where the company issued 'Billets de Trésorerie' (commercial paper) in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and decree n°92.137 of February 13, 1992 and all subsequent regulations. The maximum outstanding amount of 'Billet de Trésorerie' issuable under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currencies. On June 7, 2010, this programme was extended for one further year. As of December 31, 2010 borrowings of EUR 135.0 million (2009: EUR 55.0 million) were outstanding under this programme. The average rate of the outstanding commercial paper amounts to 0.950% (2009: 0.605%).

The maturity profile of notes and bonds is as follows as at December 31, 2010 and 2009:

	2010 EUR million	2009 EUR million
Within one year	**929.6**	210.4
Between one to two years	**344.6**	794.6
Between two to five years	**1,548.7**	1,728.5
After five years	**800.0**	314.9
Total after one year	**2,693.3**	2,838.0

Note 13 – Amounts owed to credit institutions
As at December 31, 2010 and 2009, the amount owed to credit institutions was as follows:

	2010 EUR million	2009 EUR million
Becoming due and payable after more than one year		
European Investment Bank	**200.0**	200.0
COFACE facility	**109.9**	–
Syndicated revolving credit facility	**120.0**	620.0
	429.9	820.0
Becoming due and payable within one year		
Bilateral multi-currency facilities	**–**	91.4
Committed and uncommitted loan facilities	**179.6**	76.4
	179.6	167.8

EUR 200.0 million European Investment Bank funding
On April 21, 2009, SES signed a financing agreement with the European Investment Bank concerning the investment by the group in certain satellite investment projects. This facility, bearing interest at a fixed rate of 3.618%, is repayable in six annual instalments between May 2012 and May 2017.

Syndicated loan 2015
In April 2009, SES signed a syndicated loan facility maturing in 2012 with a consortium of 24 banks. On September 2010, the syndicated loan has been amended and restated. The amended facility, maturing April 2015, is for EUR 1,200.0 million and can be drawn in EUR and USD. The interest rate is based on EURIBOR or U.S. LIBOR, depending on the drawing currency, plus a margin based on the rating of the company. The current rating of the company is BBB/Baa2 (S&P/Moody's) leading to a margin of 0.95%.

EUR 522.9 million COFACE facility

On December 16, 2009, SES signed a financing agreement with COFACE (Compangnie Française d'Assurance pour le Commerce Extérieur) in respect of the investment in four geostationary satellites (ASTRA 2E, ASTRA 2F, ASTRA 2G, ASTRA 5B). The facility is divided into five loans. The drawings under the loans are based on invoices from the supplier of the satellites. The first drawing was done on April 23, 2010. Each loan will be repaid in 17 equal semi-annual instalments starting the earlier of the in-orbit date of the satellite being financed by such loan and April 1, 2014 and the estimated final maturity of the facility will be by the end of 2022. The facility bears interest at a floating rate of six month EURIBOR plus a margin of 1.7%.

Bilateral multi-currency facilities repayment

On December 31, 2009 SES had unsecured bilateral multi-currency revolving credit facilities in place with one bank for a total of EUR 100.0 million (2008: 11 banks with an amount of EUR 1,075.0 million), of which EUR 91.4 million (2008: EUR 1,046.2 million) was drawn as at year-end. These bilateral facilities were available to both SES and SES GLOBAL-Americas Holdings GP. The margin was 2.75% LIBOR or EURIBOR depending on the drawdown maturity and currency. The outstanding bilateral multi-currency facility was settled at its final maturity date of April 7, 2010.

The maturity profile of the amounts drawn is as follows as at December 31, 2010 and 2009:

	2010 EUR million	2009 EUR million
Between one and two years	**33.3**	–
Between two and five years	**305.7**	720.0
After five years	**90.9**	100.0
	429.9	820.0

Committed and uncommitted loan facilities

As at December 31, 2010, the company had drawn USD 240.0 million (EUR 179.6 million) under uncommitted loan facilities (2009: USD 110.0 million committed and uncommitted).

Note 14 – Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 4,027.1 million (2009: EUR 3,804.9 million) include the following:

	2010 EUR million	2009 EUR million
Long-term loans (maturity after 5 years)	**104.8**	–
Short-term loans	**661.1**	551.7
Notes	**1,937.0**	1,942.3
Current accounts	**1,324.2**	1,310.9
	4,027.1	3,804.9

Short term loans bear interest at market rates and are repayable upon demand.

As at December 31, 2010, long-term loans represent six loans bearing interest at a rate of one month USD LIBOR plus a margin of 0.50% or 0.54% with a maturity of November 2020.

As at December 31, 2010, the notes are interest free (with the exception of one note which bears interest at a rate of 4.6% per annum and four notes which bears interest at a rate of Swiss safe harbor interest rate plus a margin of 0.5%) and are repayable upon demand or at latest on the second anniversary of the note, which may be extended for successive periods of two years each.

As at December 31, 2009, the notes are interest free (with the exception of one note which bears interest at a rate of 4.6% per annum) and are repayable upon demand or at latest on the second anniversary of the note, which may be extended for successive periods of two years each.

As at December 31, 2010 and 2009, current accounts represent short-term advances bearing interest at market rates and include a short-term advance owed to SES ASTRA S.A. of EUR 489.1 million (2009: EUR 366.8 million).

Note 15 – Taxes on profit

Taxes in the profit and loss account have been provided in accordance with the relevant laws. The balance sheet position takes into consideration the taxable result of the Luxembourg subsidiaries (SES ASTRA S.A., SES Asia S.A., ASTRA Broadband Services S.A., SES Participations S.A., SES GLOBAL Africa S.A., NSS Latin America Holdings S.A., SES ASTRA 3B S.à r.l., SES ASTRA 1KR S.à r.l., SES ASTRA 1L S.à r.l., SES ASTRA 1M S.à r.l., SES ASTRA TechCom S.A., SES ENGINEERING S.à r.l., SES ASTRA 1N S.à r.l., SES ASTRA 5 S.à r.l., SES ASTRA 2E S.à r.l., SES ASTRA 2F S.à r.l., SES ASTRA 2G S.à r.l. and SES Digital Distribution Services S.à r.l.), which are part of the Luxembourg fiscal unit, in accordance with Art 164 bis LIR.

Note 16 – Staff costs
As at December 31, 2010, the number of full-time equivalent employees was 58 (2009: 60) and the average number of employees in the workforce for 2010 was 58 (2009: 57). Staff costs can be analysed as follows:

	2010 EUR million	2009 EUR million
Wages and salaries	**14.9**	12.1
Social security costs	**0.6**	0.6
	15.5	12.7

Note 17 – Audit fees
Art. 65 paragraph (1) 16° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the 'law') requires the disclosure of the independent auditor fees. In conformity with the law these details have been omitted as the company prepares consolidated accounts in which this information is disclosed and these consolidated accounts and the related consolidated annual report and auditors' report thereon have been lodged with the Luxembourg Trade Registry.

Note 18 – Other interest payable and similar charges
Other interest payable and similar charges include the following:

	2010 EUR million	2009 EUR million
Interest charges	**195.3**	178.4
Foreign exchange losses, net	**–**	42.8
Other financial charges	**30.1**	19.2
	225.4	240.4

Foreign exchange losses, net, mainly consist of losses realised on the close-out of certain derivative instruments during the year 2009.

Note 19 – Extraordinary charges
The amount of EUR 28.2 million consists of an affiliated undertaking debt waiver.

Note 20 – Net turnover
In 2010 net turnover amounting to EUR 1.3 million (2009: EUR 24.9 million) consisted of transponder capacity service revenue generated from trading with affiliated undertakings for which satellite rental costs of EUR 1.3 million (2009: EUR 25.2 million) are included in 'External charges'. This contract ended in January 2010.

Note 21 – Other operating income
Other operating income mainly consist of group recharge revenues amounting to EUR 4.5 million (2009: EUR 4.5 million) arising from advisory support services rendered to various affiliates.

Note 22 – Income from participating interests derived from affiliated undertakings
Income from participating interests derived from affiliated undertakings consists of the following:

	2010 EUR million	2009 EUR million
Dividends received from affiliated undertakings	**660.0**	253.4
	660.0	253.4

Note 23 – Other interest receivable and similar income
Other interest receivable and similar income include the following:

	2010 EUR million	2009 EUR million
Interest income	**0.3**	0.9
Foreign exchange gain, net	**4.4**	–
Other financial income	**–**	0.4
	4.7	1.3

Net foreign exchange gains mainly consist of gains realised on the close-out of certain derivative instruments during 2010.

Note 24 – Board of Directors' remuneration
At the annual general meeting held on April 1, 2010, payments to directors for attendance at board and committee meetings were approved. These payments are computed on a fixed and variable basis, the variable payments being based upon attendance at board and committee meetings. Total payments arising in 2010 were EUR 1.3 million (2009: EUR 1.3 million).

Note 25 – Off balance sheet items

External interest rate swaps

As at December 31, 2010, the company had no EUR interest rate swaps outstanding. The four outstanding EUR interest rate swaps at December 31, 2009 matured in May 2010 and October 2010.

As at December 31, 2010 and 2009, the company held four interest rate swaps which were designated as hedges of expected future interest expenses on USD 240.0 million of uncommitted credit line which are floating rate debt.

Forward foreign exchange contracts

As at December 31, 2010 and 2009, the company had outstanding foreign exchange contracts.

As at December 31, 2010:

Each of the following contracts is mirrored exactly by an internal forward foreign exchange contract with a group entity.

Currency sold	Currency bought	Average weighted maturity	Average FX rate	Note
USD 0.6 million	EUR 0.9 million	January 2011	EUR/USD 1.3251	8
USD 33.0 million	EUR 25.1 million	January 2011	EUR/USD 1.3157	1
EUR 0.2 million	CHF 0.3 million	January 2011	EUR/CHF 1.3103	5
EUR 1.5 million	USD 2.0 million	January 2011	EUR/USD 1.3331	5
USD 0.3 million	EUR 0.2 million	March 2011	EUR/USD 1.3312	7
USD 44.6 million	EUR 33.3 million	April 2011	EUR/USD 1.3404	3
SEK 537.9 million	USD 78.9 million	January 2011	USD/SEK 6.8183	3
USD 123.9 million	EUR 124.1 million	December 2011	EUR/USD 1.3119	6
EUR 5.2 million	SEK 50.0 million	May 2011	EUR/SEK 9.6843	2
USD 8.3 million	SEK 60.9 million	May 2011	USD/SEK 7.3136	2

The company also has the following outstanding foreign exchange contracts which are not mirrored by internal contracts:

Currency sold	Currency bought	Average weighted maturity	Average FX rate
SEK 5.0 million	EUR 0.6 million	January 2011	EUR/SEK 8.9868
EUR 5.7 million	GBP 4.9 million	September 2011	EUR/GBP 0.8541

As at December 31, 2009:

Each of the following contracts is mirrored exactly by an internal forward foreign exchange contract with a group entity.

Currency sold	Currency bought	Average weighted maturity	Average exchange rate	Note
USD 2,700.0 million	EUR 1,840.5 million	February 2010	EUR/USD 1.4671	1
EUR 442.0 million	USD 650.0 million	February 2010	EUR/USD 1.4710	1
USD 64.9 million	EUR 44.0 million	April 2010	EUR/USD 1.4757	3
USD 13.0 million	EUR 8.8 million	March 2010	EUR/USD 1.4721	4
SEK 661.7 million	USD 91.0 million	January 2010	USD/SEK 7.2684	3
EUR 4.8 million	SEK 49.2 million	June 2010	EUR/SEK 10.1474	2
USD 10.3 million	SEK 73.6 million	June 2010	USD/SEK 7.0782	2

The company had also the following outstanding foreign exchange contract which is not mirrored by an internal contract.

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 0.5 million	EUR 0.3 million	January 2010	EUR/USD 1.4867

1. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES Finance.
2. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES ASTRA AB (formerly SES SIRIUS AB)
3. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES Satellite Leasing.
4. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with ND SatCom.
5. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES ASTRA TechCom.
6. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with New Skies.
7. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with ASTRA Broadband Services.
8. These foreign exchange contracts exactly mirror the internal forward foreign exchange contracts entered into with SES Re International Bermuda.

Inter-company financial instruments

The company arranged several inter-company foreign exchange contracts in order to hedge the U.S. Private Placement as well as certain other USD-denominated facilities. The average terms of these inter-company contracts are as follows:

	Currency sold	Currency bought	Average weighted maturity	Exchange rate
As at Dec 31, 2010	EUR 675.0 million	USD 790.9 million	September 2013	EUR/USD 1.1717
As at Dec 31, 2009	EUR 730.2 million	USD 854.5 million	April 2013	EUR/USD 1.1702

As at December 31, 2010, the company had also entered into the following additional inter-company foreign exchange contracts which are mirrored exactly by internal forward foreign exchange contract with another inter-company group entity:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 58.7 million	EUR 45.3 million	January 2013	EUR/USD 1.297

As at December 31, 2009, the company had also entered into the following additional inter-company foreign exchange contracts which are not mirrored by another forward foreign exchange contract:

As at December 31, 2009:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
EUR 129.5 million	USD 190.6 million	May 2010	EUR/USD 1.4720
USD 779.1 million	EUR 533.7 million	February 2010	EUR/USD 1.4598
SEK 661.7 million	USD 91.0 million	January 2010	USD/SEK 7.2698

Guarantees

As at December 31, 2010, the company had outstanding bank guarantees for an amount of EUR 0.7 million (2009: EUR 0.9 million). This relates to performance guarantees for services of satellite operations.

Corporate guarantees

In 2010 and 2009, SES has given several corporate guarantees to satellite providers for the provision of communications spacecraft and related equipment contracted by fully-owned subsidiaries of the group. The company also issued guarantees toward banks regarding ND SatCom GmbH for EUR 15.0 million.

Other information

Registered office and group headquarters
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Information for shareholders
Financial calendar 2011
Annual general meeting of shareholders: April 7, 2011
Dividend payment: April 27, 2011
First quarter trading update: May 12, 2011
Announcement of first-half results: July 29, 2011
Third quarter trading update: October 28, 2011

Listed security
Fiduciary Depositary Receipts each in respect of one A share of SES S.A. are listed on the Stock Exchange of Luxembourg and on Euronext Paris under the symbol SESG.

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