SES GLOBAL

Your Satellite Connection to the World

Annual Report 2005

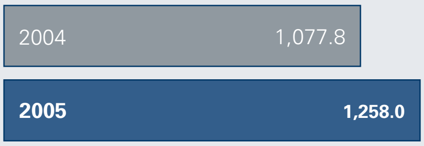
The SES Group offers, through our regional operating companies, the leading portfolio of advanced satellite-centric platforms and services around the world.

Contents

2005 key highlights

- Revenues grew 16.7% to EUR 1,258 million (2004: EUR 1,078 million), with recurring revenues increasing by 13.4%
- EBITDA rose 11.9% to EUR 881 million (2004: EUR 787 million), while operating profit (EBIT) rose 21.1% to EUR 476 million (2004: EUR 393 million)
- Net profit rose by 12.1% to EUR 382 million (2004: EUR 341million) while EPS rose 15.5% to 67 cents (2004: 58 cents)
- Free cash flow was substantial at EUR 433 million (2004: EUR 169 million)
- Dividend of EUR 0.40 per share proposed, a 33% increase
- Two spacecraft launched and three new spacecraft construction programmes initiated
- 11% increase in contracted capacity, to 549 transponders
- Satellite fleet utilisation remained stable at 74%, reflecting new capacity in orbit
- EUR 517 million share buy-back and cancellation programme executed
- USD 1.1 billion acquisition of New Skies Satellites announced

Revenues
(in EUR million)



EBITDA
(in EUR million)

Profit of the Group
(in EUR million)

Financial summary	**2005 EUR million**	2004 EUR million
Total revenues	**1,258.0**	1,077.8
EBITDA	**881.1**	786.8
Operating profit	**475.8**	393.0
Profit of the Group	**381.9**	340.6
Net operating cash flow	**719.4**	825.4
Free cash flow	**433.1**	168.9
Capital expenditure	**423.2**	528.4
Net debt	**2,107.1**	1,697.0
Shareholders' equity	**3,449.0**	3,338.6
Earnings per A share (EUR)	**0.67**	0.58
Dividend per A share (EUR)	**0.40**[1]	0.30
Employees	**1,102**	926

Key performance ratios

	2005	2004
EBITDA margin	**70.0%**	73.0%
Net income margin	**30.4%**	31.6%
Net debt/total equity	**60.5%**	50.3%
Net debt/EBITDA	**2.39**	2.16

1 Recommended by Directors and subject to shareholder approval.

We provide unparalleled reach for satellite communications anywhere on the planet. We offer our customers a truly world-spanning service at the cutting edge of space communications technology, with access to a fleet of 29 fully owned satellites positioned around the globe, and to the satellites of the operators in which we hold participations.

The SES Group

Structure

The SES Group is a network of renowned satellite operators around the world: SES ASTRA in Europe, the Middle East and Africa; SES AMERICOM in the Americas and the Atlantic and Pacific Ocean regions. In addition to these fully owned operating companies, SES also holds investments in SES SIRIUS (Europe), AsiaSat in Asia, Star One in South America, Ciel and QuetzSat in North America.

SES also owns satellite services companies AMERICOM Government Services and ASTRA Platform Services, as well as participations in ND SatCom, SATLYNX, Netsystem.com and Accelon.

SES GLOBAL S.A. is the Group management company. It defines and coordinates the strategy of the Group companies and allocates the resources to pursue the identified strategy.

Activities

At the year end 2005, the SES Group companies operated the world's largest fleet of spacecraft. The SES companies provide a wide array of satellite services to distribute virtually any content to any audience around the world. They offer seamless global connectivity for the delivery of a wide range of services across countries, continents, oceans and the entire globe.

Media broadcasting and distribution

SES is the world's premier provider of satellite-delivered services for broadcasting and media distribution, transmitting TV and radio programming of the leading broadcasters around the world.

Enterprise solutions

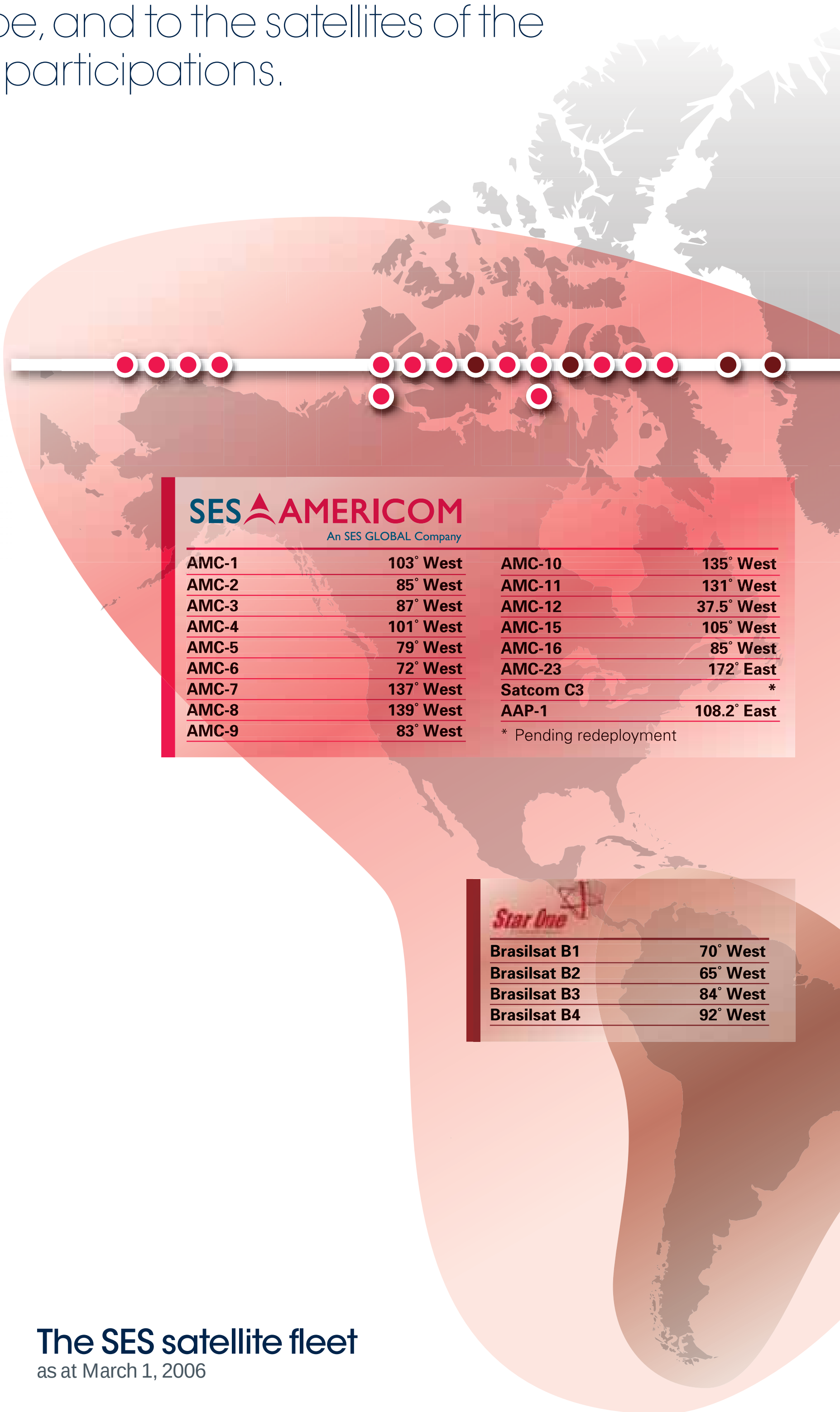
The SES companies provide a wide range of communications solutions geared to the needs of enterprises – from transmission capacity to full turnkey solutions for reliable corporate data networks. SES also offers Internet backbone connectivity.

Mobile services

SES provides mobile broadband connectivity to cruise ships and commuter trains, trucks, commercial and corporate aircraft, mobile phones and hand-held devices.

Government services

SES provides custom network services and bandwidth to government agencies for mission-critical communications in both civilian and defence environments.



SES AMERICOM
An SES GLOBAL Company

AMC-1	103° West	AMC-10	135° West
AMC-2	85° West	AMC-11	131° West
AMC-3	87° West	AMC-12	37.5° West
AMC-4	101° West	AMC-15	105° West
AMC-5	79° West	AMC-16	85° West
AMC-6	72° West	AMC-23	172° East
AMC-7	137° West	Satcom C3	*
AMC-8	139° West	AAP-1	108.2° East
AMC-9	83° West		

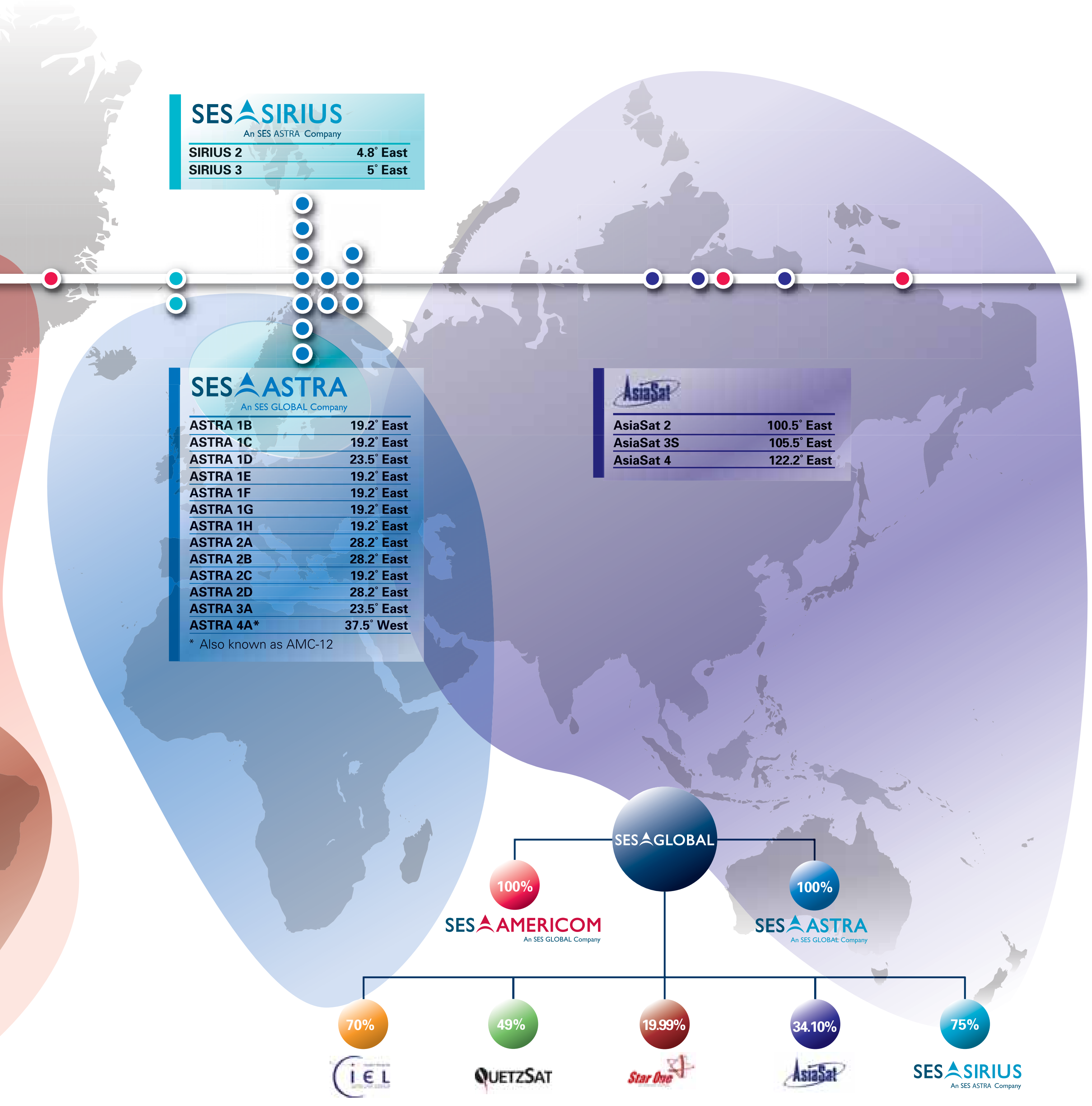
* Pending redeployment

Star One

Brasilsat B1	70° West
Brasilsat B2	65° West
Brasilsat B3	84° West
Brasilsat B4	92° West

The SES satellite fleet

as at March 1, 2006



SES SIRIUS
An SES ASTRA Company

SIRIUS 2	4.8° East
SIRIUS 3	5° East

SES ASTRA
An SES GLOBAL Company

ASTRA 1B	19.2° East
ASTRA 1C	19.2° East
ASTRA 1D	23.5° East
ASTRA 1E	19.2° East
ASTRA 1F	19.2° East
ASTRA 1G	19.2° East
ASTRA 1H	19.2° East
ASTRA 2A	28.2° East
ASTRA 2B	28.2° East
ASTRA 2C	19.2° East
ASTRA 2D	28.2° East
ASTRA 3A	23.5° East
ASTRA 4A*	37.5° West

* Also known as AMC-12

AsiaSat

AsiaSat 2	100.5° East
AsiaSat 3S	105.5° East
AsiaSat 4	122.2° East

Chairman's statement

Growth and shareholder value

René Steichen
Chairman of the Board of Directors

'We grew the business organically, increasing our contracted capacity by 11%'

I am pleased to report strong growth in the consolidated financial results for the SES Group in 2005.

We had projected 2005 to be the year of resumed growth, following the transition period of 2004. We delivered.

We had projected recurring revenues at constant exchange rates to grow by at least 10%, and in fact they increased by 13.4%. The net profit of the Group rose by 12.1%.

We grew the business organically, expanding our contract base both for capacity and services in the EMEA region and in the Americas, and increasing our contracted capacity by 11%. This growth is based on the investment programmes implemented during the past few years and in 2005, which have provided us with the most capable, competitive fleet of spacecraft, delivering access to the largest audiences worldwide.

In 2005, we continued our investment in future growth opportunities, as reflected in new satellite procurement programmes, the development of new satellite-centric services offerings, and by the announced acquisition of New Skies Satellites.

Our strong cash generation substantially exceeded the needs of our investment programme, allowing us in addition to return value to shareholders through rising dividends and through a substantial ongoing share buy-back and cancellation programme.

In 2005, our consolidated revenues grew by 16.7% to EUR 1,258 million, reflecting increased demand for capacity in our infrastructure provision business, and the contribution from recently acquired services businesses APS and Verestar. Recurring revenues increased by 13.4% in the period.

EBITDA increased by 11.9% in 2005, reaching EUR 881 million. Our infrastructure activities continued to generate a strong EBITDA margin of around 80%. The services businesses delivered margins of a lower level, commensurate with the type of activities. Cost control measures have been implemented in those areas where the performance must be improved, and this contributed to the turnaround of a -34% to a +4% margin in 2005. Cost control is very much at the forefront of our considerations, as we continue to invest in new developments and new initiatives which are critical to our future success.

Major factors which impacted EBITDA in 2005 were costs associated with the initial development of new services, notably the restructuring and integration of Verestar, the restructuring of SATLYNX and its incorporation into the managed services offering being developed, and the service business APS, as well as the impact of the costs of third-party leased capacity for government services solutions.

On the basis of the positive business developments, net profit of the Group rose by 12.1% to EUR 382 million. Excluding the effect of the release of a EUR 60 million tax provision on the net income reported in 2004, the increase in 2005 reported net income was 35%.

We are looking forward to continued growth in 2006 and beyond.

For the three-year period 2005–2007, we expect Group revenues to deliver a double-digit CAGR, deriving from organic growth in our core business driven by new capacity launched in the period, and from increases in utilisation rates as well as by growth in services activities. The strong growth of 13.4% in 2005 implies that 2006 will show a high single-digit increase.

The services business contribution to the Group result will continue to increase, contributing to EBITDA growth. Minor delays in the launch schedules of AMC-23 and AMC-14 will result in a later onset of the revenue flow from these spacecraft. This reduces the growth of infrastructure revenues in the period, and accordingly impacts the Group EBITDA margin. While EBITDA will further increase in line with the recurring revenue growth based on the infrastructure business and the increasing contribution from the services business, the EBITDA margin will be further diluted in 2006. Thereafter EBITDA margin will recover as growth in the infrastructure business increases its relative contribution, but will remain in the low 70s% based on the assumption of a business mix of infrastructure and services segments.

However, both business segments follow our internal profitability measures in order to maximise shareholder value creation. Therefore, the lower capital investment required in services businesses (as compared to satellite projects) supports their positive contribution to operating profit and net profit, thus also delivering additional value to shareholders.

The acquisition of New Skies Satellites, which was announced in December 2005 and which we expect to close in the second quarter of 2006, will be accretive to earnings in 2006.

We are committed to deliver an outstanding result to our shareholders. We are committed to grow the Company and enhance its profitability. We are committed to pursue our progressive dividend policy. And, following the successful implementation of a share buy-back and cancellation programme in 2005, a similar programme has been approved by shareholders for implementation at any time up to July 2007, in the context of managing our target leverage of 3.0 times net debt/EBITDA.

I would like to thank the management and the employees of the Group for achieving a year of solid growth in 2005. Their consistent dedication to customer service, technical excellence and industry leadership continues to be a driver of growth for the SES Group, as we move into the next phase of our development.

René Steichen

Excellent returns and improved market positioning

Romain Bausch
President and CEO

'SES GLOBAL confirms its positioning as a leading player in the new industry environment'

2005 was a year of solid growth for SES GLOBAL, during which we significantly strengthened our position in the satellite industry.

We achieved this progress against the backdrop of an increasingly dynamic satellite communications environment. The industry experienced an uptake in 2005, driven by growing capacity demand in certain regions of the world, and by the effects of a continued push for cost efficiencies.

Following the ownership changes that rippled through the industry in previous years, 2005 was also a year of consolidation. With the announced acquisition of New Skies Satellites, SES GLOBAL confirms its positioning as a leading player in the new industry environment.

SES GLOBAL's redefined vision – 'to remove the boundaries of connectivity' – guided our successful development in 2005. Through our operating companies, we offer the leading portfolio of satellite infrastructure and of advanced satellite-centric platforms and services around the world.

In 2005, we achieved major milestones in:

– fostering organic growth, supported by a continued investment programme in satellites geared towards generating profitable growth opportunities;
– growing revenues in the satellite services business, supplementing the dynamics of the core infrastructure provision business;
– further enhancing shareholder value through increased dividend payments and through cash returns in the framework of a share buy-back and cancellation programme implemented during the year.

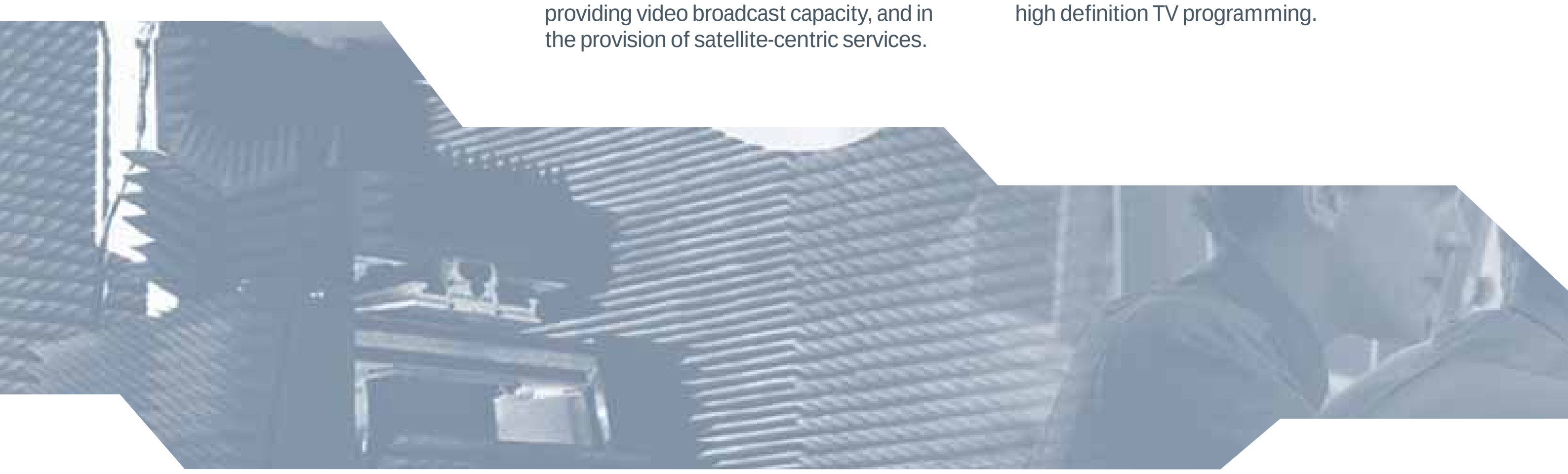
Commercially, 2005 was a very successful year in both our core infrastructure business providing video broadcast capacity, and in the provision of satellite-centric services.

Demand continues to be driven mainly by the organic growth of television services, including high definition programming, which continues to develop in the United States and has now also started to become a demand driver in the European region. While we have been able to satisfy demand, we have also initiated a number of projects to procure new capacity.

In 2005, we expanded our satellite capacity in orbit, feeding the continued increase in demand for prime transponder capacity in our principal markets. We launched the AMC-12 and AMC-23 spacecraft, serving the Atlantic Ocean region and the Pacific Ocean region, respectively. In addition, new satellite procurement programmes were initiated for AMC-18 (adding capacity for HDTV distribution to cable neighbourhoods in the USA), for SIRIUS 4 (providing replacement capacity for the Nordic and Eastern European markets and additional capacity for the African market) and for ASTRA 1M (providing replacement capacity in Europe). We also acquired additional orbital positions and frequencies to serve North and Central America, both on our own account and in partnership with Canadian and Mexican partners.

In the core infrastructure business, the number of transponders under contract increased to 549 out of the total of 745 commercially available transponders at the year end.

In the EMEA region, growth was reflected by the increasing number of channels broadcast via the ASTRA Satellite System. In 2005, ASTRA's three European orbital positions were the distribution platform for 1,648 video and audio services, up from 1,432 in 2004. Video remains the primary engine of growth in our business activities, fuelled by the development of digital television, with added momentum from the continued roll-out of high definition TV programming.



Leading broadcasters are now committed to the introduction of HDTV. SES ASTRA signed the first HDTV contracts, notably with BSkyB, ProSiebenSat.1, Premiere, and the BBC heralding the start of a broad introduction of HDTV programming via satellite into the European markets. In addition, demand also increased in Central and Eastern Europe, and SES ASTRA concluded contracts with UPC, TVP (Poland), and DCS (Romania). A total of 34 additional transponders were contracted in the EMEA segment during the year serving all major markets. SES ASTRA's transponder utilisation rose to 90.0%, and the combined ASTRA and SIRIUS fleet transponder utilisation rate increased to 88.5%, representing 213 of 241 commercially available transponders.

In Africa, we extended our commercial presence by bringing into operation additional capacity on the new ASTRA 4A satellite (also known as AMC-12) to serve this dynamic market. SES ASTRA signed up Skyvision, a first flagship customer serving the region. Utilisation in the African market increased to 19.8% (eight of 41 commercially available transponders) by year end 2005.

In the North American market, SES AMERICOM signed new contracts equivalent to a total of 42.5 transponders, raising capacity utilisation to 328 out of 463 commercially available transponders (70.8%). Pricing for new capacity improved during the period.

In Asia, AsiaSat continued to operate in a flat market environment. AsiaSat continues to focus on the development of high-value video distribution in China and other Asian markets. We also launched AMC-23, a new satellite, a majority of whose Ku-band capacity has been contracted to Connexion by Boeing for mobile broadband services in the Pacific Region.

In 2005, we successfully implemented our strategy to further develop satellite-centric services. Services revenues tripled and represented 14.8% of total Group revenues in 2005. We aim to provide value-added services, such as platform solutions and related services, that enable our customers to take advantage of new opportunities and grow their business. Companies that were newly or recently integrated into the SES Group contributed to position SES for future growth.

In Europe, ASTRA Platform Services (APS) supported the development of digital broadcasting in German language markets, providing an open and neutral service platform for broadcasters as digital broadcasting is developing and analogue broadcasting is phased out. APS is also supporting the development of nascent markets in Central and Eastern Europe. SATLYNX, the satellite broadband and managed services provider, contributed an improved result in the enterprise and managed networks marketplace.

The Verestar operations, acquired in 2004, were integrated into the AMERICOM Government Services and AMERICOM Enterprise Solutions activities. AMERICOM Government Services continued on its growth path, signing contracts with the Centers for Disease Control, the Federal Aviation Administration, FEMA, the Department of Housing and Urban Development, and various DoD-related programmes, and notably expanding its long-standing relationship with the National Oceanographic and Atmospheric Administration, with a new mobile broadband shipboard communications programme in Ku-band.

Also in the USA, a new initiative, IP-PRIME, was launched, providing a full service platform for the delivery of IP-encapsulated programming. This service is developed specifically to support rural telecommunications operators in the competition to deliver 'quadruple play' service offerings to their subscribers. IP Connect was launched, a service suite for IP-based voice, data and video solutions delivered via satellite.

We prepared additional future growth opportunities through our participations in new geographical markets such as Canada and Mexico. In Asia, we strengthened our presence through SES Asia, a newly-incepted development company focusing on enhancing the coordination of our development initiatives throughout the region.

The integration of New Skies Satellites into the SES Group, following the completion of the acquisition transaction, will provide us with further opportunities to generate growth in new geographic markets, in combination with the currently existing SES assets. This positions us favourably to take advantage of growth opportunities for coverage outside Europe and North America, particularly in Africa, the Middle East and India.

In 2005, we implemented an investment programme representing EUR 423.2 million. We will pursue our investments by extending and upgrading our satellite fleet. Four satellites, ASTRA 1KR, ASTRA 1L, AMC-18 and AMC-14 are scheduled for launch in 2006, in a push to extend and modernise our spacecraft fleet. This state-of-the-art satellite fleet is at the core of our customer-focused philosophy and our tradition to achieve industry-leading reliability standards in the provision of capacity and services.

We will create shareholder value by driving innovation and by building the world's most successful satellite group, multiplying the best solutions provided to our customers, serving increasing audiences and being the first-choice partner for our customers through our world-class group of regional satellite companies.

Romain Bausch

Growth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Quiz Call

Expecting double-digit CAGR in revenues for the 2005-2007 period, driven by increased capacity demand and by new services

Operations review

Your Satellite Connection to the World

The Fixed Satellite Services market in 2005

In the Fixed Satellite Services (FSS) industry, 2005 was characterised by considerable market expansion, by consolidation via mergers and acquisitions, and by ownership changes through Initial Public Offerings conducted by several FSS operators.

In 2005, the pace and scale of market evolution picked up markedly. With the onset of new broadcasting formats such as high definition television and IPTV, and with the widespread availability of new consumer equipment, such as flat-panel HD screens and personal video recorders, FSS operators have attuned their strategies to provide a continued return on their capital investments.

The video broadcasting markets experienced dynamic growth in 2005. The total number of video channels carried via satellite worldwide increased by 13% to 15,800[1]. This growth in the overall number of video channels was driven by the continued development of pay TV, the main contributor to the revenue growth of the satellite industry over the last ten years. By the end of 2005, 11,810 pay TV channels were broadcast worldwide, an increase of 12% over the prior year[1]. Significant growth potential is still inherent in this persistently dynamic market segment. The free-to-air video broadcasting market also continued to increase, marking a dramatic 18% increase in the number of channels to a total of 3,988[1].

1 Source: Lyngsat.

Growth was also fuelled by the development of HDTV channels, for which satellite provides the most efficient distribution mechanism. The mature television markets in the USA and Japan continued to lead the roll-out of HD channel offerings, thus confirming their front-runner role of the last couple of years. In Europe, several major broadcasters announced the launch of HDTV channels in 2006. The UK and German markets are leading the transition; in each of these markets, several HDTV channels are expected to be on offer before the end of 2006.

IPTV – television in IP format transmitted via satellite – emerged as a new distribution channel in 2005, and is expected to further drive demand in the coming years, as cable operators develop their 'quadruple play' service offering of video, broadband Internet access, and fixed and mobile telephony.

Compared to the dynamic growth in the video segment, broadband data services via satellite experienced more modest progress in 2005. In the VSAT market, a significant part of the FSS segment, growth was significant. The number of VSAT terminals in operation increased from 790,000 to more than 840,000 during the year[1]. Demand for point-to-point connectivity remains strong, especially in areas without access to terrestrial broadband connectivity. End-consumer broadband offerings via satellite remained in an early stage of development, following the launch of consumer services in North America.

Government Services demand continued to grow in 2005, as civil and military government agencies' commercial satellite capacity requirements grew in line with their immediate delivery needs.

With the announced acquisitions of PanAmSat by Intelsat, and of New Skies Satellites by SES GLOBAL – both of which are subject to regulatory approvals – consolidation of the FSS sector has been initiated. At the same time, several IPOs conducted in the FSS sector (PanAmSat, New Skies Satellites, and Eutelsat), as well as IPOs in the non-FSS sector (Inmarsat, Worldspace) resulted in a further change in the ownership structure of the industry, following the partial disengagement of Private Equity Fund investors.

SES GLOBAL

Milestones 2006

Within the context of these developments, SES GLOBAL further developed the Group's leadership position in the fields of satellite infrastructure and services provision for broadcast, enterprise and government services. We achieved significant milestones in all of our four strategy segments.

1. Core infrastructure business

In line with our strategy, we strengthened our core business position in the 'infrastructure provision' segment, providing satellite-based transmission capacity and related services for the broadcasting and distribution of media content. We pursued growth opportunities and implemented an investment programme designed to serve the additional capacity demand generated by the developing high definition TV programming, by the increasing number of digital channels driven by the growing subscriber base, and by the emergence of new applications such as interactive television and video on demand.

We signed multiple transponder agreements for both additional and renewal capacity, increasing the volume of contracted capacity by 11%. We ordered new spacecraft (AMC-18, ASTRA 1M, SIRIUS 4) to address the requirements in the European and North American markets.

2. New markets

Our strategy further aims to migrate successful products and services into new markets. The structure of the Group, and the expertise gained in technologies or solutions, enables us to transfer successful products and services in the media and broadcasting area to new markets while adapting them to the regional requirements. Eastern Europe, China, India, Latin America and Africa are in various stages of developing direct-to-home television broadcasting platforms which are projected to generate additional demand for capacity and related services.

3. Satellite-centric services

We also extended our positioning in the satellite services value chain and expanded our portfolio of satellite services solutions provided to our customers to enhance their business in the media, enterprise and government sectors. We introduced an IPTV platform in North America, initiated a mobile services platform, and developed hybrid solutions combining terrestrial infrastructure and satellite networks.

In the services area, the Group increased its shareholding in SATLYNX from 41% to 99.77%, taking full operational control. The participation in SATLYNX is now managed via SES ASTRA, and SATLYNX's operations were integrated into SES ASTRA.

SES also increased its shareholding in ND SatCom, a leading global supplier of satellite-based broadband VSAT, commercial broadcast and defence communication network and ground station solutions, from 10% to 25.1%.

SES ASTRA TechCom S.A., a new subsidiary providing technical services and products to third parties and satellite industry professionals, was incorporated, following significant growth experienced over the last years in this segment. The TechCom portfolio includes consultancy and operational services and the provision of turn-key ground systems.

4. Increased regional presence

We took further steps to develop our regional presence through our existing relationships with regional operators and market players, and by enhancing our presence in areas in which the SES Group is less well represented.

Acquisition of New Skies Satellites

In December 2005, SES GLOBAL announced the acquisition of 100% of New Skies Satellites by way of a merger (or 'amalgamation') under Bermudian law. SES GLOBAL proposed to acquire New Skies for USD 22.52 per share in cash, plus the net indebtedness of New Skies. The transaction values New Skies at an enterprise value at closing of USD 1160 billion. In February 2006, the transaction was approved by the shareholders of New Skies; and regulatory approvals had been granted by the Department of Justice in the USA, as well as by the Bundeskartellamt in Germany. The closing of the transaction remained subject to further approvals by regulatory authorities in the USA.

New Skies, a Bermudian company with its main operating subsidiary headquartered in The Hague, The Netherlands, is the world's fifth largest satellite operator based on transponder capacity, with five spacecraft positioned at strategic orbital locations around the globe, and an additional satellite due for launch in 2006.

The integration of New Skies' satellite assets will notably extend SES' presence in markets with high growth rates such as India, the Middle East and Africa as well as in Latin America, and will allow SES better to meet customers' requirements for global service offerings. New Skies' existing business mix also enhances SES' video-centric core business by strengthening its video, data and government segments. In the government services market, New Skies' position as a satellite capacity provider to a range of government customers is a strong complement to the comprehensive capabilities of AMERICOM Government Services in this important and fast-growing market.

Upon completion of the transaction, New Skies is projected to become SES' third satellite infrastructure pillar, alongside ASTRA in Europe and AMERICOM in North America, and complementing SES' existing participations in Asia and Latin America.

SES Asia

Following the restructuring of the Group's holdings in the core infrastructure business and services areas, which was initiated in 2004, SES Asia was established in Hong Kong in 2005. As a regional development company, SES Asia is an important tool for aligning our strategic assets in Asia and to successfully implement further business development initiatives in this market.

Indices

In 2005, SES GLOBAL was included in a number of stock indices, reflecting the increased liquidity and free float following the listing of the Group's FDRs on Euronext Paris in 2004:

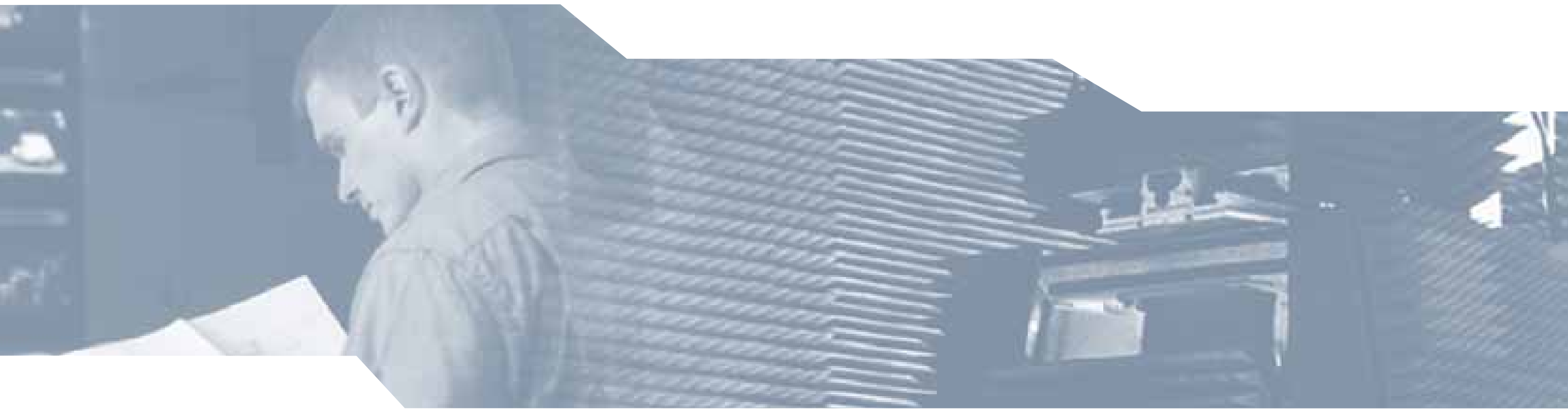
- the SBF 120 index, which comprises the 120 most actively traded stocks on the French stock market;
- Euronext 100, composed of the 100 securities with the highest market capitalisation traded on the official markets of Euronext in Paris, Amsterdam, Brussels and Lisbon;
- the CAC Next20 (the next 20 most representative stocks measured by free float, capitalisation and liquidity, after the 40 stocks in the CAC 40 index);
- the CAC IT20, which contains the most representative stocks from the CAC IT index in terms of size and volume.

Share buy-back and cancellation programme

SES GLOBAL successfully executed 77.34% of the share buy-back and cancellation programme authorised by the Annual General Meeting of shareholders held May 6, 2005. The Company acquired 50,140,572 of its own shares[2] – representing 6.8% of the Company's outstanding shares – for an overall consideration of EUR 517.4 million. All shares acquired under the programme were cancelled following a reduction of the Company's share capital. SES' free float on Euronext Paris and the Luxembourg Stock Exchange consequently increased to 46.10% in economic terms.

Shareholders of SES GLOBAL furthermore authorised a new share buy-back programme of up to the legal maximum of 10% of the issued share capital, to be implemented before July 2007. Management was authorised to implement a share buy-back programme within a EUR 9.75 – 16.75 price range.

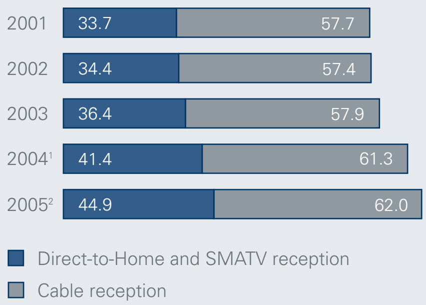
2 The 50,140,572 shares acquired by the Company were composed of 33,427,048 A and C shares plus 16,713,524 B shares. The B shares have been purchased at a price equivalent to 40% of the price of A and C shares.



The leading provider of satellite services in EMEA

Highlights
- SES ASTRA audience increased to 107.0 million homes
- Channel choice grew to 1,648
- Transponder utilisation rate increased to 90%
- System availability of 99.9999%
- SES ASTRA increasingly enters the service business

ASTRA reaches 107.0 million homes in Europe

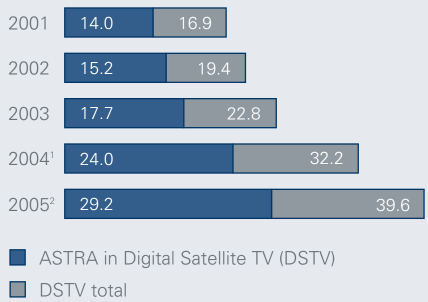


1 Includes four additional countries: Bosnia, Serbia, Morocco and Tunisia.
2 Includes one additional country: Algeria.
Source: SES ASTRA, Satellite Monitors

SES ASTRA in the EMEA market
During 2005, SES ASTRA:

- benefited from the continued increase in demand for its prime transponder capacity in its major markets;
- maintained organic growth in Direct-to-Home (DTH) transmission;
- concluded its first major HDTV deals in the German and UK markets;
- extended its service portfolio into the African continent;
- actively developed and promoted the orbital position 23.5° East;
- enhanced its service offerings for Broadband access and network solutions.

ASTRA delivers programmes to three out of four digital satellite homes



1 Includes four additional countries: Bosnia, Serbia, Morocco and Tunisia.
2 Includes one additional country: Algeria.
Source: SES ASTRA, Satellite Monitors

SES ASTRA developed a range of initiatives aimed at generating future growth and implementing its strategic plan:

- further expansion of the service business with ASTRA Platform Services (see page 18);
- launch of new services, such as the interactive, Bluetooth-based 'Blucom' application and development of new offers for customers in digital broadcasting;
- successful re-establishment of its presence in the important Polish market, laying the groundwork for the further development of the Central and Eastern European market;
- operating control of SATLYNX since April 2005 and development of enterprise managed solutions capacities (see page19).

Satellite fleet operations
In 2005, SES ASTRA achieved its best space segment availability ever of 99.999983%, and all SES ASTRA spacecraft operated without disruptions.

SES ASTRA transponder utilisation rose to 90.0% (183 of 204 commercially available transponders were activated), and the combined SES ASTRA/SES SIRIUS (formerly NSAB) utilisation increased to 88.5% (213 of 241 commercially available transponders).

Services into Africa were extended during the year. ASTRA 2B's steerable beam, with its eight-transponder footprint serving West Africa, was complemented by the 33 transponders of ASTRA 4A. Utilisation in the African market increased to 19.8% (eight of 41 commercially available transponders) by year end 2005.

EMEA overall utilisation (which comprises all ASTRA, SIRIUS and African capacity) was 78.5% (221 of 282 commercially available transponders), reflecting the new capacity added during the period. Of the 34 additional

Europe, Middle East and Africa

transponders contracted in the EMEA segment during the year, 28 were already commercially activated by year end 2005, with the remaining six transponders scheduled for commercial operation primarily in Q1, 2006.

Satellite fleet developments

During the year, the procurement programmes of three spacecraft ASTRA 1KR, ASTRA 1L and SIRIUS 4 were maintained on schedule and within budget.

The launch of ASTRA 1KR was postponed from Q4, 2005 to April 2006 due to technical issues. The launches of ASTRA 1L in Q4, 2006, and SIRIUS 4 in Q2, 2007, are on schedule.

Launched in February 2005 aboard a Proton rocket from the Baikonour Cosmodrome in Kazakhstan, the AMC-12 spacecraft, with its ASTRA-4A payload, was successfully deployed at 37.5° West during April 2005 and entered commercial service in June 2005.

Combining a unique switching matrix with broad coverage and high-powered C-band beams, ASTRA 4A has been in great demand for providing connectivity between Europe, Africa and North and South America, where it is carrying a wide range of services ranging from digital video bouquets to GSM and IP traffic.

In order to further optimise the ASTRA fleet, SES ASTRA procured the ASTRA 1M spacecraft with EADS in July 2005. The satellite will perform several missions, including the provision of launch failure contingency for ASTRA 1KR and ASTRA 1L as well as providing replacement capacity in both Ku- and Ka-band for ASTRA 1H. The project is progressing on time, on specification and on budget with launch scheduled for mid 2009.

Media services

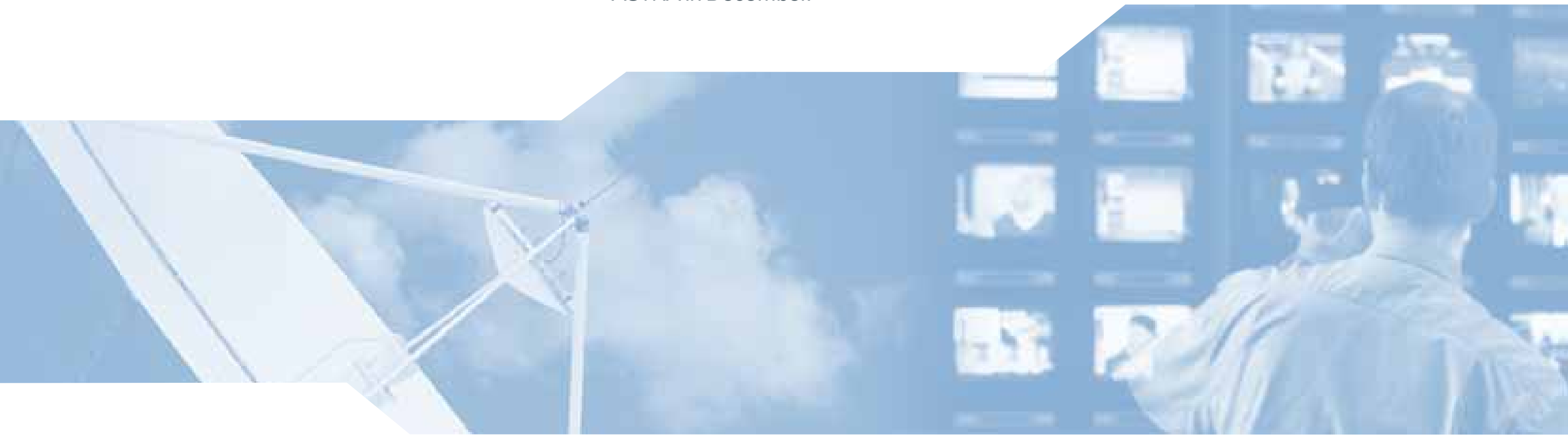
In 2005, the total number of broadcast services transmitted via the ASTRA satellites at the 19.2°, 28.2° and 23.5° East orbital positions increased from 1,432 to 1,648. Additional transponders were contracted in the EMEA segment to media customers during the year serving all major markets.

The main developments for ASTRA's media capacity at 19.2° East were:

- major renewal contracts with ProSiebenSat.1 and 1,2,3 TV;
- major new contracts with:
  - Polish public TV broadcaster Telewizja Polska SA for the broadcasting of its five existing TV channels in digital starting October 1, 2005;
  - MTV Networks Europe for the distribution of TV channels to various European markets;
  - UPC for the further development of their programme offerings in Eastern Europe;
  - Canal Digitaal for the launch of Belgium's first satellite platform TV Vlaanderen;
  - Astro TV, for analogue broadcasts in Germany;
  - NBC Universal for the transmission of a German TV programme, Das Vierte, in analogue;
  - Midgard for the distribution of the auction channel Arena TV to German-language markets;
  - b2c.TV for the distribution of the PrimeTime channel in Germany.

Furthermore, SES ASTRA successfully concluded a number of contracts for the transmission of high definition programming at 19.2° East:

- ProSiebenSat.1 inaugurated its free-to-air HD service with the launch of two channels in October;
- Premiere launched its HD bouquet on ASTRA in December.



The main developments for broadcast capacity at 28.2° East included:

- important long-term renewal contracts with British Sky Broadcasting (BSkyB) for four transponders;
- major new contracts for the UK with:
  - the BBC who contracted one full transponder to reconfigure the delivery via satellite of its portfolio of TV, radio and interactive services;
  - BSkyB who contracted three transponders to transmit its forthcoming package of HD television services;
  - Channel 4 who concluded an agreement for a third transponder to support the expansion of new services, including the launch of new channels and associated data services;
  - ITV who signed a capacity agreement and announced it would join the BBC FreeSat platform;
  - the UK's leading South Asian cable and satellite TV provider Sony Entertainment Television (SET) Asia, who selected ASTRA for the distribution of its newly launched TV channel MAX.

The main developments for broadcast capacity at 23.5° East included, among others:

- Premiere of Germany will use this orbital position for the digital broadcast of its 'Premiere International' foreign language programming bouquet;
- the orbital position 23.5° East is also becoming a key position for innovative services such as Internet access and IP-standard based data carousel and content-on-demand applications. In 2005, SES ASTRA initiated the migration of many such services from 19.2° East to 23.5° East;
- a specific ASTRA DUO-LNB has been developed which allows the reception of satellite signals from two orbital positions – 19.2° East and 23.5° East – on one single dish.

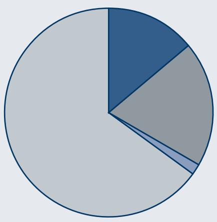
Substantial audience growth

The ASTRA Satellite System continued to experience sustained audience growth in the 35 countries[1] within its footprints. In early 2006, 107.0 million homes received audiovisual broadcast and broadband services via ASTRA at 19.2° and 28.2° East, an increase of more than 4.2 million compared to the prior year[2].

ASTRA solidified its position as the top European satellite system for DTH reception. By the end of 2005, 44.9 million homes received ASTRA services directly via satellite, up from 41.4 million in 2004.

Satellite is by far the most popular digital reception mode

Year end 2005



- Digital cable 14.0%
- Digital terrestrial TV 19.4%
- TV over DSL/fiber 1.7%
- Digital satellite TV 64.9%

Base: 61.1 million digital TV households.
Source: SES ASTRA, Satellite Monitors

1 35 countries within the footprint of the SES ASTRA Satellite System: Algeria, Austria, Belarus, Belgium, Bosnia, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Morocco, Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Tunisia, Ukraine and UK.

2 Preliminary figures. Figures might change slightly after finalising one outstanding country.

Digital reception drives audience growth

The growing choice of digital TV and radio content boosted total digital reception of broadcast content (via satellite, telephone line (DSL), cable and terrestrial) to 61.1 million homes, an increase of 14.9 million homes compared to the previous year. Satellite is by far the most popular digital reception mode: 39.6 million homes, representing a market share of 65%, receive digital satellite broadcasts.

ASTRA's overall audience growth reflects the ongoing increase of digital DTH reception. At year end 2005, more than 29 million homes received digital services via ASTRA at 19.2° or 28.2° East, up from 24 million at year end 2004.

In a very competitive environment, ASTRA has reconfirmed its strong position in the digital marketplace. Three out of four digital satellite homes within the ASTRA footprints receive services transmitted via ASTRA. Digital reception now accounts for about 65% of ASTRA's total DTH reception, up from 58% in 2004.

In addition, ASTRA is still received by 15.7 million exclusively analogue satellite homes. More than 70% of these homes (more than 11 million) are located in the German-language countries which retain a wide choice of analogue channels.

Radio via satellite

Radio via satellite has become very successful over the last few years. In the main European satellite markets, more than 17 million homes were listening to radio via the ASTRA satellites at the beginning of 2006[3].

Enterprise services

Broadband access and network solutions

ASTRA custom-builds solutions for a wide range of business requirements, from one- and two-way satellite Internet access for home and small office/home office users to fully-managed IP network platforms for corporations.

3 France, German-speaking countries, Italy, Poland, Spain and UK.

Europe, Middle East and Africa

The main contracts signed for the provision of high-speed Internet access capacity include:

Content-on-Demand:
- One4movie and Orbit Movies in Germany use the SES ASTRA multicast platform to set up a Video-on-Demand service over satellite;
- Vodatel announced an agreement for the launch of a Video-on-Demand service for Croatian households under the brand name eTV.

One-way satellite Internet access:
- Canal Digitaal signed an agreement for the provision of broadband Internet services to DTH households in the Netherlands;
- Vodatel introduced broadband satellite Internet services for the Croatian residential market;
- Polish telecom operator eTel Polska concluded an agreement for the provision of Internet access services for the business to business market.

SES ASTRA's own online retail service ASTRAnet continued to increase its customer base in its main service countries of France, Germany and Austria.

Transcontinental connectivity
The introduction of new and additional ASTRA 4A gateways in the Americas and Europe/Africa ensured that ASTRA 4A is well placed to meet the increasing needs for transcontinental connectivity.

The ASTRA 4A satellite has a high-powered C-Band payload which allows the use of smaller terminals and greater data throughput, making it ideally suited to data, telecommunications and broadcast applications. ASTRA 4A is able to reach Africa, Europe, and North and South America from uplinks located in any of these continents, due to its onboard frequency switching matrix. In the Americas, ASTRA 4A is known as AMC-12.

SES ASTRA drives the high definition Television success story in Europe

High-Definition Television (HDTV) is considered to be a driving force behind the future growth of the TV industry, and is already transforming the entertainment experience of television viewers through its dramatically enhanced picture quality which provides for stunningly vivid images.

As Europe's leading satellite services provider, with a tradition of providing innovative solutions, SES ASTRA is driving the introduction of HDTV distribution in Europe. SES ASTRA was instrumental in initiating an European HDTV forum, the creation of the 'HD ready' label and of receiver guidelines for manufacturers.

The European HDTV offering is gathering momentum, not least in the run-up to the football World Cup 2006. BSkyB, the BBC, ProSiebenSat.1, Premiere and HD1 are already deploying HD programmes. Other broadcasters have signalled their intentions to provide HD programmes, underscoring ASTRA's position as the satellite platform of choice for reaching customers in key European markets.

The main developments for ASTRA 4A:

- SkyVision contracted capacity for its rapidly expanding Internet connectivity services in Africa;
- GS Telecom contracted capacity for GSM traffic in Nigeria and data telecommunication between the United States and Nigeria;
- DCC Satellite and Networks Limited, a subsidiary of the Computer Warehouse Group, uses ASTRA 4A capacity for VSAT-based Internet and Enterprise Networks in Nigeria;
- Unitel Hellas uses ASTRA 4A capacity for video contribution to the United States;
- AMERICOM Enterprise Services uses ASTRA 4A capacity as an SES Group customer for various services.

Additional information is available at
www.ses-astra.com

SES SIRIUS An SES ASTRA Company

SES SIRIUS AB (former Nordic Satellite AB) is the owner and operator of the SIRIUS satellites which provide transmission capacity for the distribution of TV and radio channels and for various telecommunications and broadband services. The Company's primary markets are the Nordic countries and the Baltics, as well as certain Eastern European markets.

In the Nordic market, SES SIRIUS won new contracts for the transmission of a bouquet of channels of TV4, the largest commercial broadcaster in Sweden; of YLE, Finland's public broadcaster; and of Nelonen, a Finnish commercial channel.

The Company´s sales activities in the Baltics and Eastern Europe resulted in new contracts for the distribution of TV and radio services. In the Baltics, Viasat signed a term sheet in December for SIRIUS capacity covering the transmission of approximately 12 TV channels. In Romania, a digital TV platform was established (MAX TV). SES SIRIUS also opened a new office in Bucharest in June, in order to expand SES SIRIUS' business in Romania.

During 2005, SES SIRIUS pursued the promotion and development of the HDTV market. SES SIRIUS has carried one HDTV channel, HD1, since 2004. At the initiative of SES SIRIUS, an HDTV Forum was established in Sweden, with SIRIUS chairing the organisation that all Swedish market players have joined. HDTV-related promotion activities also targeted the Baltic countries.

At year end 2005, the SIRIUS satellite fleet consisted of SIRIUS 2 and SIRIUS 3, both located at 5° East. A contract for the procurement of a new satellite, SIRIUS 4, with a payload of 54 transponders, was signed in January 2005 with Lockheed Martin. The spacecraft is expected to be launched from the Baikonur Cosmodrome in 2007 onboard a Russian Proton Breeze M rocket provided by International Launch Services.

During 2005, the Company changed its name to SES SIRIUS AB. This reflects the Company's ambition to expand its market, and reinforces the link with SES ASTRA and the SES Group's global satellite network. In line with the process, SIRIUS has undergone a comprehensive reorganisation in order to additionally bolster customer relationships.

The new President and CEO of SES SIRIUS, Per Norman, joined the Company on January 10, 2005.

SES SIRIUS AB employed 37 permanent staff at year end 2005.

At year end 2005, SES GLOBAL owned 75% of SES SIRIUS.

Additional information is available at
www.ses-sirius.com

APS An SES ASTRA Company

APS, ASTRA Platform Services GmbH, based in Unterföhring near Munich,Germany, operates one of the most modern broad-casting centres in Europe, providing a wide range of services including multiplexing, encryption and satellite uplinks to broadcasters.

APS broadcasts more than 200 TV and radio programmes as well as data services in analogue and digital transmission techniques. In addition, APS offers a comprehensive spectrum of services supporting broadcasting operations, such as signal processing in MPEG-2 and MPEG-4 standards for high definition television transmission as well as the playout of applications and software downloads. The wide variety of technologies enables the Company to provide tailor-made solutions.

APS launched a state-of-the-art high definition television uplink in 2005 which is now used by Premiere and ProSiebenSat.1. Other customers of APS include Home Shopping Europe HSE, Deutsches Sportfernsehen DSF, Tele 5, 9Live and other TV and radio broadcasters. APS is operating eight analogue TV channels, 118 digital TV channels, 41 radio channels (analogue and digital) and 41 data channels. The Company also provides ip-sat Network®, a satellite-based multicast data transmission system for business data and multimedia content.

Europe, Middle East and Africa

In 2005, APS also introduced 'Blucom Interactive', a new interactive service developed by APS, which is based on Bluetooth technology and combines television and mobile technology as a return path.

APS is diversifying its service offering by launching Germany's first 'open' pay TV platform which is available to all pay TV operators.

APS is 100%-owned by SES ASTRA. At year end 2005, APS employed 119 permanent staff.

Additional information is available at
www.aps.de

SATLYNX
connecting your business is our business

SATLYNX provides end-to-end managed solutions based on an extensive portfolio of two-way satellite services in Europe and beyond, either directly to medium and large enterprise and institutional customers, or indirectly to the small-medium business market via telecommunications operators, Internet Service Providers, regional resellers and systems integrators. SATLYNX provides broadband via satellite services to regions that are out of reach of terrestrial infrastructure. SATLYNX delivers services to a wide range of customers including AT&T, Agip, Q8, ExxonMobil, IBM, Macab, T-Systems, VW and France Télécom. The company is headquartered in Betzdorf, Luxembourg, and has operations centres in Backnang, Germany and in Betzdorf.

In 2005, SATLYNX developed the commercialisation of back-up systems for terrestrial infrastructures, as well as its business segment of transportable services for emergency response and disaster management. SATLYNX also signed up a number of new value-added resellers, secured the renewal of key contracts, and won new business in the Middle East, Africa and Asia, such as significant SCPC contracts from NTT and Comarch. The company maintained an installed base of over 12,000 active VSAT terminals for major customers. SATLYNX also successfully concluded an operating cost reduction programme that has put the company on the path to profitability.

At year end 2005, SES GLOBAL owned a 99.77% interest in SATLYNX.

Additional information is available at
www.satlynx.com

Offering excellence and new services in the Americas

Highlights

- Upgrade and expansion of the AMERICOM satellite fleet with the successful operation of AMC-16, launch and operation of AMC-12 and launch of AMC-23
- Transponder utilisation rate of 70.8%
- Satellite system availability of 99.9998%
- Announced IP-PRIME™, next-generation video distribution service for telephone companies
- Double-digit revenue growth achieved by AMERICOM Government Services for the third consecutive year
- Successful integration of Verestar
- North American regional expansion continues as both Canadian and Mexican orbital positions are brought into use
- AMERICOM's 30-year anniversary of outstanding satellite operations marked by 'Celebrating the Right Connections' programme

Satellite fleet developments

At year end 2005, SES AMERICOM operated a satellite fleet consisting of 17 spacecraft at 16 orbital positions. SES AMERICOM successfully launched two spacecraft in 2005. The all-C band AMC-12 was launched from the Baikonur Cosmodrome on February 3, 2005 and became operational over the Atlantic Ocean at 37.5° West in April. The hybrid C/Ku-band AMC-23 was launched from Baikonur on December 29, 2005 and became operational over the Pacific Ocean at 172° East in February 2006. In May 2005, Satcom C1 was retired after 14 years of service.

At year end 2005, SES AMERICOM had two spacecraft under construction:

- AMC-14, a high-powered, Ku-band BSS satellite, which will support the expansion of EchoStar's Dish Network services;
- AMC-18, a C-band satellite which will provide expanded capacity for cable and high-definition services, from 105 ° West.

Satellite fleet operations

During 2005, the AMERICOM satellite fleet and the supporting terrestrial networks operated with a high degree of reliability, featuring an availability rate of 99.9998% in the space segment, and of 99.99% on the ground network.

Of the 463 transponders commercially available in the SES AMERICOM satellite fleet, 328, or 70.8%, were contracted as of December 31, 2005, a net increase of 40 over the previous year. In addition, an average of 43 transponders in the occasional use and broadcast special event inventory were regularly under contract throughout the year. In 2005, SES AMERICOM expanded its fleet operations to include Ka-band capacity at 105° West and 85° West by bringing into use AMC-15 and AMC-16, both AMERICOM2 Home satellite platforms. With the initiation of service on AMC-12 (ASTRA 4A) at 37.5° West, SES AMERICOM's C-band footprint expanded dramatically with North American, South American and EMEA beams and three times frequency reuse. In addition, SES AMERICOM was licensed by the United States Federal Communications Commission (FCC) to construct, launch and operate a Ku-band satellite at 125° West. The FCC licensed the company to operate the extended Ku-band portion of AMC-6 from the 72° West orbital position.

Leadership and innovation

During 2005, SES AMERICOM's satellite fleet transmitted audiovisual programming on behalf of most major cable programmers and TV and radio broadcasters to all major networks and cable head-ends, multiple dwelling units and hotels in the US. Approximately two-thirds of SES AMERICOM's transponder capacity is being used for media distribution; the balance supports a wide range of broadband, enterprise solutions, data and Internet applications and government services.

Americas

Main developments in 2005 included:

- supported by the AMERICOM2Home platform, EchoStar Communications began use of both AMC-15 and AMC-16, hybrid Ku/Ka-band satellites, and also provided two of their older BSS satellites EchoStar IV and EchoStar V to bring the 129° West and 77° West orbital slots into use in cooperation with Ciel and QuetzSat respectively. EchoStar also committed to the expansion of its Direct-to-Home capacity with an agreement for the design, construction and operation of Ciel-2, one of the largest BSS missions in North America;
- SES AMERICOM launched IP-PRIME™ with plans to offer hundreds of MPEG-4 IP encapsulated video channels. SES AMERICOM established its IPTV hub at the Vernon Valley Earth station with capabilities to aggregate, encode, encrypt, encapsulate and distribute standard and high-definition channels; the National Rural Telecommunications Cooperative signed up to pilot the service in the first half of 2006 and to market IP-PRIME™ to their 900 telco members in the second half of 2006;
- Crown Castle (now branded Modeo) committed to using AMC-9 to reach satellite receivers based at its cell towers across the US for its planned DVB-H network designed to broadcast live television to mobile phones and other devices. And, MobiTV® signed an agreement with SES AMERICOM to facilitate their distribution of live news, sports & entertainment programming to mobile phone users in Canada, Europe and Latin America;
- SES AMERICOM provided essential infrastructure equipment and services to ships, wireless companies, business networks, and field outposts in the aftermath of Hurricane Katrina;
- Discovery Communications transitioned all of its distribution to the AMERICOM fleet. From Animal Planet to Discovery HD Theater, from the Learning Channel to Discovery Kids, a dozen channels are now anchored on AMC-10 and AMC-11;
- IP Connect, a cost-effective, secure voice, video and data networking solution for small and large enterprises, was launched in Q4, 2005; the end-to-end solution supports virtual VSAT network enabling basic web surfing, point of sale authorisations, business continuity, IP video distribution and Voice over IP (VoIP);
- Comcast Media Center, the Denver-based multi-channel digital distribution platform, announced a joint marketing agreement with SES AMERICOM to expand the development and distribution of advanced services such as HD, VoD and VoIP for the cable industry.

New contracts and services

- St. Louis-based Roberts Broadcasting signed up to use SignalSAT to streamline its three stations' operations in Missouri, Mississippi and South Carolina;
- iN DEMAND chose SES AMERICOM's HD-PRIME neighbourhood for the distribution of both its high-definition and video-on-demand services reaching more than 47 million cable subscribers via AMC-10;
- Home2US expanded its platform on AMC-4 with the addition of Korean-language channels aimed at Asian Americans;
- Strong demand for SES AMERICOM's broadcast/occasional services included coverage of the historic return of the Space Shuttle, NCAA basketball games, natural disasters, celebrity trials, and the funeral of Pope John Paul and the election of Pope Benedict;
- EchoStar extended its use of AMC-2 through 2006;

– G4-Videogame TV channel launched on AMC-10, part of SES AMERICOM's HD-PRIME neighbourhood, guaranteeing the new channel access to most cable homes in the US;
– Deutsche Welle renewed its distribution agreement with SES AMERICOM to distribute its global programming across the US;
– Jones Radio, the fourth largest radio distribution network, and Skyview Network, specialising in the delivery of live professional sports radio programming, renewed their agreements with SES AMERICOM for capacity on AMC-8; the two networks reach more than 5,000 radio station antennas;
– SES AMERICOM signed its first IP Connect™ Virtual Network Operator (VNO) Signal Mountain, targeting the oil and gas, hospitality and homeland security markets;
– Satellite Lynx, a company specialising in 'transmitter-ready' radio services, expanded its capacity on AMC-1 to accommodate its growing list of dozens of local, regional and Christian radio services reaching more than 45 million listeners nationwide;
– New Jersey-based Diversified Media Group, a network connectivity integrator, and SES AMERICOM inaugurated a content-rich satellite network focused on the delivery of advertising, new media and business television reaching consumers and employees in diverse retail and business environments from banks to restaurants.

IP PRIME – the next generation video delivery solution

Two years ago, SES AMERICOM and SES GLOBAL formed a joint team to investigate IPTV. Intense market research revealed that the telco market desired a video service to round out their consumer 'quadruple play', defined as fixed and mobile Voice, Video and Data.

Building on its 30 years experience in handling video transport and strong expertise in the new MPEG-4 video standard, SES AMERICOM created IP PRIME™ which aggregates, encodes, transports, monitors and manages video content for this new market. By year end, the National Rural Telecommunications Cooperative, the National Telecommunications Cooperative Association and Bell South had signed on for the service and committed to trials in the first half of 2006 with up to 200 channels of programming.

IP PRIME represents a platform that is scalable to market based on the user's screen size. SES AMERICOM is optimistic about IP PRIME's commercial potential for the telco market as well as the potential to add services based on the IP PRIME core platform.

AMERICOM Government Services
AMERICOM Government Services (AGS) continued to expand its leadership in the provisioning of satellite-based network solutions to the US federal agencies and departments, states, and aligned non-US government programmes. The US Department of Defense and Department of State continue to rapidly expand their reliance on, and use of, commercially-based satellite bandwidth and services around the world. The completion of the integration of Verestar Government Services, positioned AGS to better serve diverse agencies and programmes including the State Department, the Federal Aviation Administration, the Department of Justice, the Department of Commerce, the Department of Health and Human Services, the Department of Housing and Urban Development, and NASA.

Americas

Main developments in 2005 included:

- AMERICOM Government Services won two contracts to provide services that support air traffic safety throughout the US, the Caribbean, Central and South America; the AGS contract with the US Federal Aviation Administration provides services that support their satellite-based network that supports 24/7 navigation messaging; the AGS contract with the International Civil Aviation Organization (ICAO) fills in gaps in their digital communications network based at their regional air traffic control centres throughout the Americas;
- AMERICOM Government Services unveiled the SmartPoint™ system enabling robust, transportable receive and transmit satellite functionality ready for use in less than 30 minutes;
- AMERICOM Government Services supported demonstrations of broadband delivery to military vehicles travelling at speeds of 60 mph;
- AMERICOM Government Services was selected by the US Housing and Urban Development Department to provide satellite bandwidth for its extensive private network that carries audio- and video-based instruction services;
- AMERICOM Government Services was integrally involved in the tracking of communications services and infrastructure requirements for various agencies at field hospitals, command centres and ships supporting relief and rescue workers throughout the Gulf region before, during and after Hurricane Katrina; AGS provided SmartPoint™ antenna and bandwidth for the USS Iwo Jima to enable voice and data communications to the National Guard, Marines and Red Cross;
- The US Centers for Disease Control (CDC) and Prevention chose AMERICOM Government Services to provide satellite communications links to 16 locations in Africa and the Caribbean; the CDC network supports initiatives designed to recognise infectious disease outbreaks faster and improve their overall ability to control and prevent health risks;
- AMERICOM Government Services was selected by the National Oceanic and Atmospheric Administration (NOAA) to expand and support their maritime network with C/Ku-band terminals aboard seven vessels that provide weather and climate predictions.

Strategic developments

- Two BSS orbital positions awarded respectively to Ciel in Canada (129° West) and to QuetzSat in Mexico (77° West) were brought into commercial use through cooperative agreements with EchoStar for their EchoStar IV and EchoStar V satellites;
- Ciel issued an RFP for a new spacecraft, Ciel-2. The contract is expected to be awarded in Q1, 2006, and the satellite is expected to be in operation by year end 2008.

Additional information is available at
www.ses-americom.com

In 2005, Star One consolidated its position in Latin America as the leading provider of broadband satellite solutions, and initiated service to other countries in the region besides Brazil. Star One also expanded its portfolio of broadband satellite solutions, launching new products to serve the demand of the Brazilian corporate markets.

The construction of the Star One C-1 satellite progressed according to plan in 2005. This satellite, which is planned for launch prior to the end of 2006, will provide coverage over Brazil, South America and part of Florida. In 2005, Star One purchased another in-orbit delivery satellite, Star One C-2, which is planned to become operational by mid -2007. This second satellite shall provide coverage over Brazil, South America, Mexico, the south-west coast of the USA and part of Florida. The spacecraft Star One C-1 and C-2 will replace Brasilsat satellites B-2 and B-1, which are expected to reach the end of their lives by 2008 and 2007 respectively. Both the Star One C-1 and C-2 satellites will feature 28 transponders in C-band, 14 transponders in Ku-band and one X-band transponder.

Star One also maintained its ISO 9001:2000 certification for its satellite control and associated services during 2005. A new Quality Management System was initiated.

Star One operates the largest C-band satellite system in Latin America, consisting of four geostationary satellites (Brasilsat B1, B2, B3 and B4). The capacity of the satellites supports a wide range of satellite solutions for customers in the telephony, TV, data and corporate network segments.

Star One operates two satellite control stations in Brazil. The primary facility is located in Guaratiba, and the back-up facility is located in Tanguá, both in Rio de Janeiro. In addition, Star One uses the Mosqueiro earth station, located in the north of Brazil, for the tracking of the satellite fleet.

SES GLOBAL holds a 19.99% participation in Star One.

Additional information is available at
www.starone.com.br

Americas

2005 was a period of economic strengthening in the Asian region, during which satellite markets remained static and continued to be characterised by significant overcapacity and pricing pressure. In these challenging conditions, AsiaSat, the region's market leader, achieved a creditable result, with sustained capacity and an increase in the overall transponder utilisation rate.

In 2005, AsiaSat's turnover was HKD 880 million, HKD 125 million below the prior year period which had, however, included a one-time contribution of HKD 107 million for the early termination of a transponder contract. The Company's 2005 net profit was HKD 366 million, a decrease of 15% due mainly to the effect of the one-time contribution that occurred in 2004. At year end, AsiaSat remained debt-free and thus well positioned to take advantage of future growth opportunities materialising within the region.

AsiaSat operates a fleet of three spacecraft – AsiaSat 2 at 100.5° East, AsiaSat 3S at 105.5° East and AsiaSat 4 at 122.2° East – providing coverage in the Asia-Pacific region which is home to more than two-thirds of the world's population. At year end, the total number of transponders leased and sold on the company's satellites had increased by more than 18%, including the four BSS transponders leased to Skywave TV for its DTH services. During 2005, AsiaSat initiated the process of procuring AsiaSat 5, a new spacecraft to replace AsiaSat 2 around the 2008 timeframe.

During 2005, SpeedCast Limited, a company providing two-way and backbone broadband access, in which AsiaSat holds 47% interest, achieved a 66% increase in turnover and generated profit for the first time. Skywave TV Limited, an 80%-owned subsidiary of AsiaSat, launched a low-cost regional Direct-to-Home service to Hong Kong, Macau, Taiwan and Southern China. By year end, Skywave provided 36 channels.

AsiaSat earned the title of 'Best Asian Satellite Carrier' in the 2005 Telecom Asia Awards.

AsiaSat provides satellite services to the broadcasting and the telecommunication industries. Public and private television and radio broadcasters from around the world use AsiaSat's satellites to distribute television and radio channels to more than 96 million homes in the region. AsiaSat also provides public telephone networks, private VSAT networks and high-speed Internet and broadband services to telecommunications customers.

SES GLOBAL holds 34.10% of the equity of AsiaSat. The participation is held through 49.5% of the issued share capital and 50% of the voting rights of Bowenvale, a company that controls 68.9% of the issued share capital of AsiaSat. The remaining 50.5% equity interest in, and 50% voting rights of Bowenvale, are owned by CITIC Group, the leading state-owned conglomerate of the People's Republic of China.

AsiaSat is listed on the stock exchanges of Hong Kong (1135) and New York (SAT). AsiaSat employed 95 permanent staff at year end 2005.

More information is available at
www.asiasat.com

Asia

Innovation

Pioneering HDTV, developing IPTV and launching new satellite-centric service platforms

SES GLOBAL shareholders

SES GLOBAL shareholders[1]	Number of shares	Voting interest represented by FDRs/shares held	Economic interest by FDRs/shares held
A shares			
Luxempart S.A.	11,538,264	1.68%	2.10%
Santander Telecommunications S.A.	11,149,735	1.62%	2.03%
Rebelco S.A.	10,000,000	1.45%	1.82%
Audiolux S.A.	7,278,987	1.06%	1.32%
Other shareholders	18,682,802	2.72%	3.40%
A shares held as FDRs (Free float)	261,408,936	38.03%	47.54%
Total A shares	**320,058,724**	**46.57%**	**58.21%**
B shares			
BCEE	74,770,817	10.88%	5.44%
SNCI	74,761,492	10.88%	5.44%
Etat du Grand-Duché de Luxembourg	79,572,003	11.58%	5.79%
Total B shares[2]	**229,104,312**	**33.33%**[3]	**16.67%**
C shares			
GE CFE Luxembourg S.à r.l.	133,653,542	19.45%	24.31%
GE Capital Equity Holdings Inc.	4,496,358	0.65%	0.82%
Total C shares	**138,149,900**	**20.10%**	**25.12%**[4]
Total shares (actual)	**687,312,936**	**100.00%**	**100.00%**

1 Significant shareholdings as at March 15, 2006.

2 A share of Class-B carries 40% of the economic rights of an A or C 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.

4 These figures have been rounded up to the second decimal, as a result of which the Class-C shareholders appear to hold a total of 25.13% of the economic interest in the Company. The actual total economic interest of the Class-C shareholders is, however, 25.125%.

Chairman's report on corporate governance and internal control procedures

Objective

SES GLOBAL is committed to following international corporate governance best practice, in the absence of a specific Luxembourg corporate governance code. The Company supports the efforts of the Luxembourg Stock Exchange to introduce such a code during 2006, and actively participates in the working group in charge of preparing such a code.

Until a Luxembourg corporate governance code has been adopted, SES GLOBAL will meet the expectations of its shareholders and investors by following international guidelines in this field and will comply with the French corporate governance rules, except for the disclosure of the individual salary of members of the Executive Committee. The Company estimates that by publishing the total remuneration of the five members of its Executive Committee, the right balance between a transparent information policy and the individuals' right to privacy is achieved.

In 2005, SES GLOBAL continued to make additional corporate governance information available on its website (www.ses-global.com). This commitment to an ever increasing information flow towards investors, shareholders and analysts will be further pursued during 2006.

Organisation principles

Created on March 16, 2001, SES GLOBAL is a company incorporated in Luxembourg. Following the completion of the acquisition of GE Americom on November 9, 2001, SES GLOBAL became the management company of SES, originally created in 1985.

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 GLOBAL (a copy of which is available on the Company's website). The regulations describe the functioning of the Company's governing and advisory bodies as well as their relationship and their responsibilities and duties. The internal regulations also include the basic rules of corporate governance of the Company, such as the relevant provisions of the articles of incorporation.

The Annual General Meeting of shareholders

The Company's Annual or Extraordinary General Meeting represents the entire body of shareholders of the Company. It has the widest powers, and resolutions passed by such meeting are binding upon all the shareholders, whether absent, abstaining from voting or voting against the resolution.

The meeting is 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 needs not to be a shareholder.

The Company has issued three classes of shares; Class-A, Class-B and Class-C.

Class-A shares are defined as shares held by private investors other than members of the GE Group. Class-B shares are owned by the Luxembourg State and by two entities wholly owned by the Luxembourg State. Class-C shares were created when the Company acquired GE Americom. They are held by GE Capital and other members of the GE Group.

Each share 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 20.1% of the Company's shares. 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 who envisages to acquire by whatever means, directly or indirectly, more than 20.1% 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 envisaged acquisition which may be opposed by the Government within three months from 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 20.1% of the shares.

Class-B shares entitle their holders to 40% of the dividend paid out to shareholders of Classes A and C.

Each registered shareholder will receive written notice of the meeting, including the time of the meeting, the agenda as well as the draft resolutions which will be proposed for approval to the meeting, by registered mail at least 20 days prior to the meeting. At the same time, he 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 (Fiduciary Depositary Receipts) 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, he 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 support the applicable charge for a conversion of up to 10,000 FDRs in the period prior to the Annual General Meeting.

Notice of the meeting and of the proposed agenda is given in the press. The Fiduciary circulates the draft resolutions to both international clearing systems, allowing FDR holders to give their voting instructions to the Fiduciary in time for the meeting. Unless the Fiduciary has received specific instructions, 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 Classes A and C, taken together, and at least half of the shares of Class-B are represented. In the event that the requested quorum shall not be reached, the meeting will be reconvened in accordance with the forms prescribed by the articles of incorporation. It may then validly deliberate without consideration of the number of represented shares.

The resolutions of the meeting are adopted by a simple majority vote except if otherwise provided for by the articles of incorporation or by law.

Corporate governance

Following their election by the Annual General Meeting on May 6, 2005, the members of the Board of Directors were:

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 AMERICOM, SES GLOBAL Europe, Dexia-Banque Internationale à Luxembourg, CLT Group and Luxempart. Mr. Steichen studied law and political science in Aix-en-Provence and Paris. He graduated with a degree in law and also earned the final degree in economics and finance from the Institut d' Etudes Politiques of Paris.

John F. Connelly, born July 3, 1943.
Mr. Connelly became a Director on November 29, 2001, and was elected Vice Chairman on the same date. Mr. Connelly retired from GE Capital Corporation effective September 1, 2003, and formerly served as the President and CEO of GE Americom. He graduated with an undergraduate degree from Niagara University and holds an MBA from St. John's University. Mr. Connelly is Vice Chairman of the Board.

Gerd Tenzer, born August 4, 1943.
Mr. Tenzer became a Director on March 11, 1999, and was elected Vice Chairman on May 7, 2002. 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 ECI, Israel, Sutter GmbH and EUTEX AG, both in Germany, and of SES ASTRA and of SES GLOBAL Europe in Luxembourg. Mr. Tenzer graduated with a degree in Communications Engineering (Dipl. Ing.) from the Technical University in Aachen. Mr. Tenzer is Vice Chairman of the Board.

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 GLOBAL Europe, 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 Vice Chairman of the Board.

Charles Alexander, born April 12, 1953.
Mr. Alexander became a Director on November 29, 2001. Mr. Alexander is the President of GE Capital Europe and a main Board Director of General Electric Capital Corporation and GE Capital Services, Inc. He is also a main Board member of Genpact. Mr. Alexander graduated from Oxford University.

Marcus Bicknell, born February 28, 1948.
Mr. Bicknell has been appointed to the Board of Directors of SES GLOBAL on May 6, 2005. Mr. Bicknell is a founder of UK mobile child safety company mTrack Services Ltd., Director of New Media Foundry Ltd., and a non-executive Director of Flightstore Group plc. From 1986–1990, he was Commercial Director of Société Européenne des Satellites. Mr. Bicknell holds an MA Honours Degree in Physical Anthropology from Cambridge University.

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 Loran Telecommunications SA, and of Santander Telecommunications, both privately held companies, 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.

Jacques Espinasse, born May 12, 1943.
Mr. Espinasse has been appointed a Director of SES GLOBAL by the Annual General Meeting of May 6, 2005. He is a member of the Management Board and Chief Financial Officer of Vivendi Universal. Mr. Espinasse is the former Chief Operations Officer of Télévision Par Satellite. He is a member of the Supervisory Board of Canal Plus. He holds a BBA and an MBA from the University of Michigan.

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 of Paul Wurth. Mr. Finck graduated with a degree in economics from the University of Aix/Marseille.

Denis J. Nayden, born April 9, 1954.
Mr. Nayden became a Director on November 29, 2001, as a GE representative. He is the former Chairman and CEO of GE Capital. Mr. Nayden is a Managing Partner of Oak Hill Capital, a private equity firm whom he represents on the Boards of Directors of Duane Reade, Inc., Genpact, GMH Communities Trust and Accretive Healthcare. Mr. Nayden also sits on the Board of Advisers of Alix Partners/ Questor Partners and Building with Books (a non-profit organisation). He is a graduate of the University of Connecticut where he serves on the Board of Trustees and also holds an MBA in Finance.

Gaston Reinesch, born May 17, 1958.
Mr. Reinesch became a Director on July 1, 1998. Mr. Reinesch is Professor of Economics at the Legal and Economics Department of 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. He is also a member of the Board of Directors of Cegedel, Banque et Caisse d'Epargne de l'Etat 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.

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

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 Marketing Iberica S.A., Lantana Capital S.A., Comsamer SL, and Lauralia SL. Mr. Sanchez-Merlo graduated with a degree in law and economics from the Universidad Comercial de Deusto. He also holds a masters in law from the College of Europe and a masters in economics from the University of Louvain.

Christian Schaack, born March 21, 1958.
Mr. Schaack became a Director on December 7, 2000. Mr. Schaack is Chief Operations Officer of Fortis and Managing Director of Fortis Bank. He sits on the Board of Directors of BIP Investment Partners, Fortis Bank Luxembourg and Euroclear. Mr. Schaack graduated from the Massachusetts Institute of Technology with a PhD in Operations Research and an SM in Management.

Georges Schmit, born April 19, 1953.
Mr. Schmit became a Director on November 12, 1992. He served as Vice Chairman from May 31, 2001 to May 6, 2002. Mr. Schmit is Director General for Enterprise, Economic development and Foreign trade at the Ministry of the Economy and Foreign Trade, Luxembourg. He is Vice Chairman and a member of the Executive Committee of SNCI and Vice Chairman of the Board of Entreprise des Postes et Télécommunications, Luxembourg. He is also a member of the Board of Directors of Arcelor, Banque et Caisse d'Epargne de l'Etat, Luxembourg, Paul Wurth and CTI Systems. Mr. Schmit graduated with a degree in economics from the Catholic University of Louvain and an MA in Economics from the University of Michigan.

Terry Seddon, born February 14, 1941. Mr. Seddon has recently joined the Board of Directors of SES GLOBAL. He has had an illustrious international career in the field of telecommunications, in which he held several senior executive and Director positions. More recently he was Chairman of New Skies Satellites Ltd., and he is a former CEO of AsiaSat. He has also held several non-executive directorships of UK manufacturing and operating companies. Mr. Seddon graduated from Blackburn Polytechnic and Leeds University of the UK.

Marc Speeckaert, born May 23, 1951. Mr. Speeckaert is the General Manager of Sofina S.A. and a Director of several non-listed corporations and of Rapala which is listed on the Helsinki Stock Exchange. Mr. Speeckaert graduated with a degree in Applied Economics and holds a Master in Business and Administration from the Université Catholique de Louvain (UCL) and also holds an Advanced Management Program from Wharton, University of Pennsylvania (USA).

François Tesch, born January 16, 1951. Mr. Tesch became a Director on April 15, 1999. Mr. Tesch is the Administrateur Délégué of Le Foyer Finance and Luxempart as well as Chairman of Le Foyer S.A., and Audiolux. Mr. Tesch is also a member of the Board of Directors of Bourse de Luxembourg and BNP Paribas Luxembourg. He graduated in economics from the Faculté d'Aix-en-Provence and holds an MBA from INSEAD (Institut Européen d'Administration des Affaires).

On February 17, 2006, Mr. Denis Nayden retired from the Board of Directors of SES GLOBAL.

During 2005, Mr. Pierre Margue, Vice President Legal and Corporate Affairs, acted as Secretary to the Board of Directors and its Committees.

During 2005, the Company held one Annual General Meeting of shareholders and two Extraordinary General meetings of shareholders. All three meetings were held at the Company's registered office at Château de Betzdorf in the Grand-Duchy of Luxembourg. The sole purpose of the first Extraordinary General Meeting, held on May 6, on the same day as the Annual General Meeting, was to change the Company's articles of incorporation and to advance the date of the Annual General Meeting of shareholders from May 6 to the first Thursday in April. This change takes effect from 2006 onwards. The proposal submitted by the Board of Directors, which will bring the date of the annual meeting in line with the earlier publication of the Company's results was accepted by 98.50% of the votes expressed at the meeting. 80.26% of shareholders attended or were represented at the Extraordinary General Meeting on May 6.

The Annual General Meeting held on the same day was attended by 99.75% of the Company's shareholders. At that meeting all the proposals submitted to the vote of the shareholders were unanimously carried. The shareholders approved the 2004 financial results and the allocation of the 2004 profits, granted discharge to the external auditor and the outgoing Board of Directors, and elected Ernst & Young as the Company's external auditor for another year.

At the same meeting, shareholders voted to reduce the size of the Board of Directors to 18 members, bringing SES further in line with best corporate practice in this matter. For the first time, the candidates were screened by the Nomination Committee before being submitted to the vote of shareholders. All Board members were elected for three years. Shareholders also unanimously approved the proposed Board's remuneration.

Finally on May 6, the Annual General Meeting approved a proposal allowing the Company to buy back its own shares and FDRs in line with article 49 bis of Luxembourg's Companies' Act.The Board having approved the buy-back programme on the same day, the Company's share buy-back programme was launched on Euronext Paris from June 7 onwards.

Having bought back FDRs in the market, and A, B and C shares from participating shareholders at the same market price, (respectively 40% of that price for B shareholders), the Board of Directors convened a second Extraordinary General Meeting of shareholders for December 8, 2005 in order to reduce the Company's share capital through the cancellation of 50,140,572 own shares held by SES GLOBAL as a result of the share buy-back programme. At the same meeting, which was attended by 97.55% of shareholders, a new resolution allowing SES GLOBAL to buy-back 10% of its own shares was unanimously passed.

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 reduction by the Annual General Meeting of shareholders on May 6, the Board of Directors was composed of 18 members at December 31, all of them non-executive Directors.

The candidates were selected upon a proposal from the Board's Nomination Committee, supported by independent adviser Korn Ferry. In accordance with the Company's articles of association, nine Board members represent holders of Class-A shares and FDRs; six Board members represent holders of Class-B shares; and three Board members represent holders of Class-C shares. The mandates of the current Directors will expire at the Annual General Meeting of shareholders in April 2008.

The Chairman of the Board of Directors was elected by the members of the Board, in its meeting on May 6, which followed the Annual General Meeting. René Steichen is currently assisted by three Vice Chairmen, one each elected on the basis of proposals submitted by Directors representing shareholders of Class-A, Class-B and Class-C.

Corporate governance

In the event of a vacancy in the Board, the remaining Directors may, 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 adopted by the Board on March 18, 2004, at least one-third of the Board members must be independent Directors. A Board member is considered independent if he/she has no relationship of any kind with the Company or management, which may impact his or her judgement.

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.

Eight of the 18 Board members are considered independent. They are Messrs. Marcus Bicknell, Hadelin de Liedekerke Beaufort, Jacques Espinasse, Christian Schaack, Terry Seddon, Marc Speeckaert, Gerd Tenzer 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.

During 2005, the Board of Directors had to vote twice on such a transaction. At its meeting on May 6, it approved an agreement between SES GLOBAL and participating shareholders within the framework of the approved share buy-back programme. Amongst participants to that transaction, each of the B and C shareholders held more than 5% of the Company's shares. At its October 6 meeting, the Board approved a transaction which resulted in a foreign tax credit for GE, the C shareholder holding 20.1% of SES's share capital.

Each Director who has a direct or indirect interest contrary to the Company's interest in a matter submitted to the approval of the Board, must inform the Board. He may not deliberate or vote on this matter.

Activities of the Board of Directors in 2005

The Board of Directors held seven meetings in 2005, with an average attendance rate of 86.4%.

At the occasion of the Annual General Meeting on May 6, the size of the Board was reduced from 21 to 18 Directors. Wolfgang Baertz, Ernst-Wilhelm Contzen, Kevin Copp, Gilbert Ernst, Richard Goblet d'Alviella, Dr Joachim Kröske and Gaston Schwertzer retired from the Board of Directors, whereas four new members, Marcus Bicknell, Jacques Espinasse, Terry Seddon and Marc Speeckaert were elected to the Board of SES GLOBAL.

The new Directors received an introduction by the Company's management before they attended their first meeting. Presentations to members of one or more of the Committees set up by the Board also covered specific topics related to such Committees.

During 2005 the Board approved an update to the Company's strategic plan as well as a business plan for the period 2005–2012. The 2006 budget approved by the Board in December is based on the business plan.

The Board decided to acquire 100% of the shares of New Skies, a transaction which is subject to regulatory approvals, and it approved the increase of the Group's investments in Accelon and SATLYNX. It also decided to sell SES Ré.

Other major investments approved by the Board related to the procurement of four satellites, (ASTRA 1M, AMC-18 and AMC-21 as well as Ciel-2), and to an investment by APS, the fully owned subsidiary of SES ASTRA acquired from Premiere in 2004, in Blucom. The Board further approved important service diversification and expansion initiatives in Europe, in particular in Germany.

The Board authorised the launch of a EUR 2 billion EMTN programme and decided to substitute SES GLOBAL as issuer of a EUR 500 million Eurobond by SES GLOBAL-Americas Holdings, a General Partnership based in Delaware.

The Board agreed to extend the exercise period for the options issued at the time of the SES IPO in 1998. Originally scheduled to expire in June 2005, these options can now be exercised at the same price until June 30, 2013.

In April 2005, the Board adopted a Group-wide dealing code applicable to Board members and employees.

Finally the Board proceeded for the first time with a self-evaluation. The questions related to the organisation, discussion and structure of the meetings, of the Board and of its committees, the composition and the remuneration of the Board and the powers of the Board and its Committees.

As a result of this evaluation, the Company made minor adaptations to the running of the Board meetings, and the Remuneration Committee proposed an increase in the Directors' remuneration, which will be submitted to the shareholders for approval at the April 6, 2006 meeting.

The Board was informed on a monthly basis by the Executive Committee on the Group's activities and financial situation according to a determined reporting format. The Board was also informed at each meeting on ongoing matters and received information related to possible upcoming investment or divestment decisions.

Committees of the Board of Directors

The Chairman's Office

The Chairman and the three Vice Chairmen are members of the Chairman's Office. The Chairman's Office prepares the agenda for the Board meetings. Each Vice Chairman coordinates the preparation of the Board meetings with the Directors of his share class.

Current members are:

René Steichen,
John F. Connelly,
Gerd Tenzer,
Jean-Paul Zens.

The Chairman's Office met seven times during 2005 with a members' attendance rate of more than 96%.

The Remuneration Committee

The 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 on a regular basis.

Following the election of a new Board in May 2005, the Remuneration Committee is composed of the following five members, a majority of whom are independent Board members:

René Steichen,
Marcus Bicknell,
John F. Connelly,
Hadelin de Liedekerke Beaufort,
Terry Seddon.

The Remuneration Committee was chaired in 2005 by the Chairman of the Board.

Mr. Gerd Tenzer and Mr. Jean-Paul Zens may attend the meetings of the Remuneration Committee as observers.

The Remuneration Committee held three meetings with an attendance rate of 93%. Matters addressed related a.o. to an extension of the exercise period of the stock options granted during the IPO of SES.

Other topics discussed at the Remuneration Committee included the extension of the long-term incentive plan to executives from controlled companies such as SES SIRIUS, SATLYNX and APS, the determination of the 2005 stock option grant and the 2005 bonus for members of the Executive Committee.

Members of the Remuneration Committee also received a presentation on best practice in executive remuneration and adopted a charter which was submitted to the Board at its February 2006 meeting for final approval.

The Audit Committee

As part of its overall corporate governance, the Board established an Audit Committee, which assists the Board in carrying out its responsibilities in relation to corporate policies, internal control, 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:

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

The Audit Committee held four meetings with a members' attendance rate of 100%. Meetings were dedicated in particular to the review of the 2004 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 2005.

The Audit Committee discussed the implementation of the Internal and External Audit Plans, the implementation of the IFRS standards and their impact on the SES Group financial statements, and adopted a revised Audit Committee Charter. It further endorsed a dealing code applicable to all employees, reviewed the management letter prepared by the external auditor, and had specific discussions on tax risks and on the treatment of share-based payments.

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 Nomination Committee

Following the adoption of new internal regulations in 2004, the Company set up a Nomination Committee composed of five members, a majority of whom are independent Board members.

The role of the Nomination Committee is to propose candidates to be submitted for election as Directors 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.

During its three meetings in 2005, which were attended by all its members, the Nomination Committee was for the first time actively involved in the selection of the Board candidates. The Nomination Committee screened and endorsed the proposals submitted by the shareholders, and it established criteria for the selection of independent Board members which do not have any shareholding in the Company.

The role of the Nomination Committee also consists to propose candidates for Executive Committee membership for election by the Board. The Committee proposed the appointment of Edward D. Horowitz as President and CEO of SES AMERICOM.

Following the elections to the Board in May 2005, the members of the Nomination Committee are:

René Steichen,
Marcus Bicknell,
John F. Connelly,
Hadelin de Liedekerke Beaufort,
Terry Seddon.

Mr. Gerd Tenzer and Mr. Jean-Paul Zens may attend the meetings of the Nomination Committee as observers.

The members of the Executive Committee:

Romain Bausch, born on 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 AMERICOM, SES SIRIUS and AsiaSat. 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 member of the Board of Directors of BIP Investment Partners and of Sal. Oppenheimer S.A. He graduated with a degree in economics (specialisation in business administration) from the University of Nancy.

Robert Bednarek, born on October 6, 1957, and appointed Executive Vice President, Corporate Development as of January 2002. Mr. Bednarek came to SES GLOBAL 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 Washington, D.C.-based technology consulting firm, where he was a partner from 1984 to 1990, and served as the Deputy Chief Scientist for the US Corporation for Public Broadcasting from 1979 to 1984. Mr. Bednarek graduated with a degree in electrical engineering (with a specialty in communications theory and mathematical analysis) from the University of Florida and holds several US patents related to GPS (Global Positioning Systems). Mr. Bednarek is also a member of the Board of SES ASTRA, SES AMERICOM, AsiaSat, Star One, SATLYNX, and ORBCOMM. Mr. Bednarek is also a member of the Board of the Space Foundation.

Edward D. Horowitz, born on November 16, 1947, and appointed President and Chief Executive Officer of SES AMERICOM as of May 2005. Mr. Horowitz is a member of the Board of SES AMERICOM and of SES ASTRA. Mr. Horowitz joined SES GLOBAL from EdsLink LLC, a venture fund providing strategic financial, operations, and technology consulting services. From 1997 through 2001 Mr. Horowitz served at Citigroup, a provider of banking, insurance and investment services, as an Executive Vice President and as Founder and Chairman of the e-Citi business unit of Citigroup. Mr. Horowitz also serves on advisory boards and as a Director of a number of companies, including the Tennis Channel, American Reprograhics Company (NYSE – ARC), iVillage (NASDAQ –IVIL) and is a member of the Board of Trustees of the New York Hall of Science. Mr. Horowitz received an MBA from the Columbia University School of Business and a BS in Physics from the City College of New York.

Ferdinand Kayser, born on July 4, 1958, and appointed President and Chief Executive Officer of SES ASTRA as of January 2002. Mr. Kayser came to SES GLOBAL 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 RTL 2 (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 Board of SES AMERICOM, SES SIRIUS, SATLYNX and Accelon.

Mark Rigolle, born on April 11, 1965, and appointed Chief Financial Officer of SES GLOBAL in August 2004. Mr. Rigolle joined SES GLOBAL from Belgacom, the Brussels-based telecommunications company, where he held the positions of Chief Strategy and Business Development Officer, and of CFO. Prior to joining Belgacom, he worked for ABN AMRO and for Sanwa Bank. Mr. Rigolle holds a degree in Economic Science from the University of Leuven, Belgium. He is a member of the Board of SES ASTRA, SES AMERICOM, SES SIRIUS, AsiaSat and Star One.

The Executive Committee

Mission

The Executive Committee is in charge of the daily management of the Group. It functions as a collegial body.

The Board has mandated the Executive Committee with the preparation and planning of overall policies and strategies of the Company as well as of decisions reaching beyond the daily management for discussion and decision by the Board.

The Executive Committee may approve specific transactions 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 20 million.

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 and investment 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 interest 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. The latter receives the agenda and the minutes of all meetings of the Executive Committee in due time.

During 2005 the Executive Committee met 48 times with an attendance rate of 96.9%. Pierre Margue, Vice President Legal and Corporate Affairs, acted as Secretary to the Executive Committee.

Composition
The following persons are members of the Executive Committee: the President and CEO of SES GLOBAL who assumes the chairmanship of the Executive Committee, the CFO of SES GLOBAL, the EVP Corporate Development of SES GLOBAL, the President and CEO of SES ASTRA, the President and CEO of SES AMERICOM.

Members of the Executive Committee are nominated by the Board of Directors, upon proposal from the Nomination Committee.

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. The members of the Board of Directors are entitled to a fixed fee of EUR 15,000 per year and to a variable fee of EUR 1,200 per Board meeting, both net of taxes. Vice Chairmen receive an annual fee of EUR 22,500 and a fee of EUR 1,800 per meeting, whereas the Chairman receives EUR 30,000 per year and EUR 2,400 per meeting.

Members of the committees set up by the Board are entitled to EUR 900 net per Committee meeting, the Vice Chairmen receiving EUR 1,350 per Committee meeting and the Chairman, respectively the Chairman of the Audit Committee receiving EUR 1,800 net per Committee meeting.

In 2005, the total net remuneration fees paid to the members of the Board of Directors amounted to EUR 600,450 of which EUR 277,950 were paid as variable fees, with the remaining EUR 322,500 representing the fixed part of the Board fees. The gross overall figure for the year 2005 was EUR 750,562.50.

Both the fixed and the variable fee approved by the Annual General Meeting on May 6, 2005 remained unchanged from 2004.

Company stock owned by members of the Board of Directors
On December 31, 2005 the members of the Board of Directors owned a combined total of 614,310 shares and FDRs, and 9,320 options. These options were granted at the time of the Company's IPO in 1998.

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. In 2005, the Company introduced a new long-term incentive plan for senior executives of the Group, a programme which includes the issuance of restricted and performance shares. Restricted shares will vest after three years. Under this programme, members of the Executive Committee were granted a total of 11,662 shares in 2005. The total gross remuneration paid to the five members of the Executive Committee relative to the year 2005 amounted to EUR 2,891,075 of which EUR 923,543 represented the variable part.

Members of the Executive Committee also participate in the Company's Executive Stock Options Plan established by the Board of Directors on January 31, 2002. During 2005 the members of the Executive Committee were awarded a combined total of 285,665 options to acquire Company FDRs at an exercise price of EUR 10.64, the price being based on the average of the closing price on the Luxembourg Stock Exchange of the first 20 trading days after the Annual General Meeting. A quarter of those options vested on January 1, 2006, the remaining quarters vesting on January 1, 2007, 2008 and 2009.

From left: Ferdinand Kayser, Mark Rigolle, Romain Bausch, Edward D. Horowitz, Robert Bednarek

None of the members exercised any options obtained during 2005.

Company stock owned by members of the Executive Committee

On December 31, 2005 the members of the Executive Committee owned a combined total of 58,870 shares and FDRs, and 871,989 options.

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 May 6, 2005, the meeting unanimously retained Ernst & Young for another year, their mandate expiring at the Annual General Meeting on April 6, 2006.

Internal control procedures

Objectives

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

The purpose of implementing internal control procedures is to help manage risks, and to provide reasonable assurance regarding the achievement of the objectives of the Company.

The internal control procedures are designed to ensure:

– that operations are performed efficiently and achieve effective results;
– the integrity and reliability of financial and operational information, both for internal and external use;
– that assets are safeguarded; and
– that actions and decisions are in compliance with applicable laws, regulations, standards, internal rules, and contracts.

Like all control systems, internal control 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 GLOBAL, who in turn works closely with the Management Committees of the operating companies 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 Group 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 control environment is an essential element of the Company's internal control process as it sets the tone for the organisation. This is the foundation of the other components of internal control, providing discipline and structure.

A Code of Conduct and Ethics applicable to all employees, officers and Directors of the Company, its subsidiaries or other controlled affiliates was established, reinforcing the corporate governance principles and control environment.

The policies outlined in this Code are designed to ensure that employees, officers and Directors act at all times in accordance with the applicable laws, regulations and norms of conduct, with the highest standards of integrity. The Code was approved by the Board of Directors on February 16, 2006.

It is proposed that the *Comité Mixte* of SES ASTRA and the personnel delegation of SES GLOBAL approve the inclusion of the Code into the Company's internal regulations. This is a legal requirement for any sanctions to be taken under the Code.

Once all approvals have been obtained, the roll-out of the Code will be planned and accompanied by training of all employees across the Group.

Furthermore, more detailed policies will be prepared in relation to some of the guidelines described in the Code. This will require the cooperation of other departments (e.g. Human Resources, Internal Audit and Finance).

The internal controls in the area of accounting and financial reporting include the following key components:

– a Group Reporting Handbook which summarises the Group 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;
– 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 annual consolidated accounts of the Company are elaborated according to a detailed process and are brought to the Board for approval. The Board of Directors also approves major investments. The Board receives detailed monthly financial reporting against the approved budget; and
– the external auditors perform a limited review of the Group's half-year financial statements and a full audit of the Group's full-year financial statements.

The internal controls in the area of treasury management include the following key components:

– in order to ensure the efficiency of the operations of this function in the implementation of a strategy to hedge the Group's risk associated with interest rate and foreign currency fluctuations, a specific treasury software package has been implemented. A clear segregation of duties between members of the treasury and accounting departments has been defined;
– a treasury manual giving detailed guidance on derivative instruments used and the appropriate accounting treatment has been drawn up; and
– 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.

The Group Treasurer reports on a formal basis every quarter to the Board of Directors.

The internal controls in the area of satellite operations include the following key components:

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

The internal controls in the area of information technology include the following key components:

- management is committed to ensure that data, infrastructure and information technology systems are as secure as is reasonably practicable. Security controls and procedures are in place to prevent unauthorised access to premises, computer systems, networks and data;
- regular back-up of electronic information is ensured and copies are stored off-site; and
- for non-satellite related applications, disaster recovery plans have been finalised and tested in the course of 2005.

Evaluation of the internal control procedures

The SES GLOBAL 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 with identifying, preventing and minimising risks, as well as with the safeguarding of the Group's assets.

Under its charter, the Internal Audit function reports to the President and CEO of SES GLOBAL, 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 a three-year strategic audit plan established using a risk assessment methodology based on a risk mapping exercise. This exercise is undertaken every three years by the Internal Audit function. It 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 GLOBAL and to the Audit Committee.

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

Investor Relations

SES GLOBAL has a dedicated Investor Relations function reporting to the CFO of SES GLOBAL. Its purpose is to develop and coordinate the Group's external 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 GLOBAL Executive Committee. Investor Relations is responsible for defining and executing SES GLOBAL's active investor relations programme and participation in investor conferences and similar events. Investor Relations also ensures that the Group's external communications comply with applicable legal and regulatory requirements. The Vice President, Investor Relations, reports to the CFO of SES GLOBAL and works closely with the President and CEO, the Group Treasurer and other senior executives across the Group.

Human Resources

Our Human Resources strategy

The SES Group aims to be the employer of choice in the industry.

We identify, win, engage, develop and retain the best talent to achieve our vision and our strategic objectives. We respect and trust our people, embrace diversity and we live by our values. Our leaders role model the behaviours outlined in the SES Leadership Competencies.

SES employees are engaged, committed and proud to be associated with our Company. To leverage our employees' full potential, we focus on competency development, alignment of objectives and knowledge sharing. We ensure that every employee has the necessary perspective to be successful in his or her career within the context of our performance management system. Human Resources is the catalyst to drive organisational and cultural initiatives leading to sustainable growth in shareholder value.

SES employees

At year end 2005, SES employed a total of 1,102 staff[1]. The detail is shown in the table below.

	2005
SES GLOBAL S.A.	54
SES ASTRA	333
SES AMERICOM	456
APS	116
SES SIRIUS	37
SATLYNX	74
Other participations	32
Total	**1,102**

1 Full-time equivalents.

Our values and culture

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

They are:
Excellence – having the passion and commitment to be the best in our industry.

Partnership – developing and maintaining cooperative 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 we 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 GLOBAL companies apply a performance based compensation philosophy. Remuneration includes: 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

Equity Incentive Compensation Plan

SES GLOBAL 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. 1,338,119 options were granted in 2005 to 98 executive participants.

Long-term incentive scheme for executives

Our long-term incentive scheme for executives is based on restricted shares (restricted for a vesting period of three years), and, in the case of senior executives, on restricted shares and on performance shares (shares which are only granted in case the Company and the executive meet or exceed a certain performance threshold). This plan was implemented in 2005.

Stock Appreciation Rights Plan

SES ASTRA and SES GLOBAL S.A. operate 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. 328,617 STARs were granted in 2005.

A variety of awards are being used to acknowledge and reinforce the contributions of our employees. These mechanisms include management awards, spot awards, deal attainment bonuses, SES ASTRA Awards and the AMERICOM President's Award.

Our Human Resources (HR) function

Our organisation is supported by a team of approximately 20 HR professionals who are located in the operating companies around the globe.

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 GLOBAL's Executive Committee.

Employee satisfaction is being periodically monitored by an employee survey, internally called 'Voice of the Employee'.

A strong focus is placed on employee communications, which regularly uses a variety of instruments, such as employee meetings, breakfast talks, and forums pertaining to specific topics. The Company's Intranet is a preferred vehicle for successful employee communications.

A learning organisation

In line with its vision of being a continuous learning organisation, SES has further developed the AMERICOM University and the SES Training and Education Programme (STEP) in 2005.

SES spent in excess of 2% of total payroll costs on training and development, including leadership, technical and sales training.

The SES companies offer a Global Development Programme to employees enabling temporary exchanges of employees within the Group for project and personal development and for educational purposes.

Building outstanding leadership talent

We focus on identifying and developing high-potential leadership talent by means of our succession planning. This includes participation in executive development programmes, coaching, stretch assignments and 360 degree feedback sessions. A talent inventory process was developed and a global succession plan for critical positions was put in place.

Social dialogue within SES GLOBAL

In its dealings with their employees and associates, SES GLOBAL S.A. 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, the legal framework provides for a Personnel Delegation and a Mixed Committee.

The Personnel Delegation consists of seven members who are 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.

At SES GLOBAL S.A. the legal framework provides for a Personnel Delegation, which consists of two members.

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 SATLYNX and APS.

Our corporate social responsibility policy
In 2005, SES GLOBAL implemented a corporate social responsibility (CSR) programme aligned the Company's values. We believe that global reputation relies on local action. Therefore, in the framework of our CSR programme we deploy decentralised activities, reaching out to stakeholders in those communities worldwide in which the SES companies provide commercial and technical services.

Our CSR programme focuses on supporting educational initiatives, and aims to expand the basis for the development of a knowledge and communications-based society. We believe that this is a key element in the emergence of a model for sustainable development. Our CSR activities are mainly deployed via specialised educational institutions.

In 2005, SES GLOBAL pursued its cooperation with the University of Sankt Gallen, Switzerland, by financing a scholarship for one student in the university's MBA programme on media and communications management. We also continued our scholarship support for the educational activities of the Society of Satellite Professionals International, based in Washington, D.C.

We pursued our multi-year cooperation with the International Space University based in Strasbourg, France, financing student scholarships for advanced studies of space applications. In the framework of a long-term commitment, SES GLOBAL continued its support of the Institut St Joseph of Betzdorf, Luxembourg, a home for mentally handicapped persons.

In the USA, SES AMERICOM sponsored the Eden Family 5K Race and 1-Mile Fun Run, the proceeds of which fund programmes to meet the lifespan needs of individuals with autism who attend the Princeton-based Eden School.

During and following the Hurricane Katrina and Rita disasters, SES AMERICOM provided communications links for relief workers and tent cities, and matched employees' contributions to the American Red Cross and Salvation Army Relief Funds. AMERICOM also co-sponsored a live benefit concert in New York City, the proceeds of which went to Katrina and Rita disaster funds.

In October, 2005, SES AMERICOM held a Community Week during which the Company sponsored the *Susan Komen New Jersey Race for the Cure,* the proceeds of which go to funding breast cancer education and research; and *Habitat for Humanity* building projects in the Washington, D.C. and Lambertville, New Jersey areas. Employees in those areas spent four days helping to build homes for low-income families.

In September, in conjunction with Ed Horowitz's induction into the Board of Directors of the Arthur C. Clarke Foundation, SES AMERICOM announced the creation of the Arthur C. Clarke-SES AMERICOM Challenge. The annual award will be launched in 2006, and is intended to inspire young engineers and scientists to develop concepts for next generation communications satellites and networks.

Throughout the year AMERICOM participated in a variety of industry-focused fund-raising events sponsored by Kaitz Foundation, T. Howard Foundation and Washington Space Business Roundtable, which contribute scholarships and apprenticeships.

Cultural sponsorships
In 2005, SES GLOBAL continued its financial support to a local music festival in Luxembourg. SES GLOBAL provided funds to the Steichen Foundation, a Luxembourg- and US-based cultural organisation named after photo-artist Edward Steichen, whose first award winner was nominated in 2005. SES GLOBAL contributes to the financing of a scholarship which enables artists from the 'Greater Luxembourg region' (including parts of Belgium, France and Germany) to temporarily work in New York City.

Caring for the environment
The SES GLOBAL companies are committed to respecting the world's natural environment, and to aligning the companies' and the staff's conduct with the principles of sustainable development. We apply the basic principle that all activities and services which we provide to third-party customers, or which are supplied to us by third-party vendors, should comply with the highest standards of environmental protection.

Compliance is benchmarked against the legal rules and regulations applied in the countries in which the SES GLOBAL companies operate, as well as against industry-wide best practices. Our objective is to continuously improve our environmental performance and to further reduce the environmental impact of our activities. The activities of SES GLOBAL and its operating companies are mainly office- and technology-based. In our operations, we promote the most efficient use of energy and natural resources. We have successfully implemented a programme to rely on co-generation power wherever possible, in order to make maximum use of energy. We apply 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. We also conduct environmental training on a regular basis and encourage our staff to adopt environmentally correct attitudes in their professional activities.

The operating entities of SES GLOBAL apply best practices in minimising 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.

Shareholder value

Growing the business, enhancing profitability, pursuing a progressive dividend policy and implementing a share buy-back and cancellation programme

Financial review by management

1. Key financial highlights

Financial summary	2005 EUR million	2004 EUR million	Variance EUR million	Variance %
Revenues	**1,258.0**	1,077.8	+180.2	+16.7%
Operating expenses	**(376.9)**	(291.0)	+85.9	+29.5%
EBITDA	**881.1**	786.8	+94.3	+11.9%
Depreciation	**(363.0)**	(337.6)	+25.4	+7.5%
Amortisation	**(42.3)**	(56.2)	(13.9)	(24.7%)
Operating profit	**475.8**	393.0	+82.8	+21.1%
Net financing charges	**(4.7)**	0.8	+5.5	–
Profit before tax	**471.1**	393.8	+77.3	+19.6%
Income tax expense	**(99.3)**	(58.6)	+40.7	+69.5%
Share of associates' result	**9.0**	3.5	+5.5	+157.1%
Minority interests	**1.1**	1.9	(0.8)	(42.1%)
Net profit	**381.9**	340.6	+41.3	+12.1%
Earnings per A share (EUR)	**0.67**	0.58	+0.09	+15.5%
EBITDA margin	**70.0%**	73.0%	(3.0)% points	–
Net income margin	**30.4%**	31.6%	(1.2)% points	–
Net operating cash flow	**719.4**	825.4	(106.0)	(12.8%)
Free cash flow	**433.1**	168.9	+264.2	+156.4%
Net debt	**2,107.1**	1,697.0	+410.1	+24.2%
Net debt/EBITDA	**2.39**	2.16	+0.23	+10.6%
Net debt/total equity	**60.5%**	50.3%	10.2% points	–

Operating result development[1]

2005 EUR million	Q1	%	Q2	%	Q3	%	Q4	%	2005
Revenue	**289.6**	**+10.1%**	**319.6**	**+10.4%**	**313.0**	**(2.1%)**	**335.8**	**+7.3%**	**1,258.0**
Operating expenses	**(83.1)**	**+4.5%**	**(88.5)**	**+6.5%**	**(96.0)**	**+7.9%**	**(109.3)**	**+13.8%**	**(376.9)**
EBITDA	**206.5**	**+12.5%**	**231.1**	**+11.9%**	**217.0**	**(6.5%)**	**226.5**	**+5.3%**	**881.1**
Depreciation	**(81.4)**	**(14.2%)**	**(93.3)**	**+14.6%**	**(90.0)**	**(4.3%)**	**(98.3)**	**+11.6%**	**(363.0)**
Amortisation	**(8.1)**	**(72.8%)**	**(13.5)**	**+66.7%**	**(8.0)**	**(42.9%)**	**(12.7)**	**+58.8%**	**(42.3)**
Operating profit	**117.0**	**+99.0%**	**124.3**	**+6.2%**	**119.0**	**(4.0%)**	**115.5**	**(3.0%)**	**475.8**

2004 EUR million	Q1	%	Q2	%	Q3	%	Q4	%	2004
Revenue	288.0	–	267.3	(7.2%)	259.5	(2.9%)	263.0	+1.3%	1,077.8
Operating expenses	(85.0)	–	(62.9)	(26.0%)	(63.6)	+1.1%	(79.5)	+25.0%	(291.0)
EBITDA	203.0	–	204.4	+0.7%	195.9	(4.2%)	183.5	(6.3%)	786.8
Depreciation	(79.6)	–	(84.2)	+5.7%	(79.0)	(6.1%)	(94.8)	+20.1%	(337.6)
Amortisation	(8.0)	–	(10.4)	+31.3%	(7.9)	(24.8%)	(29.9)	+277.0%	(56.2)
Operating profit	115.4	–	109.8	(4.9%)	109.0	(0.7%)	58.8	(46.1%)	393.0

1 Percentage changes are to previous quarter.

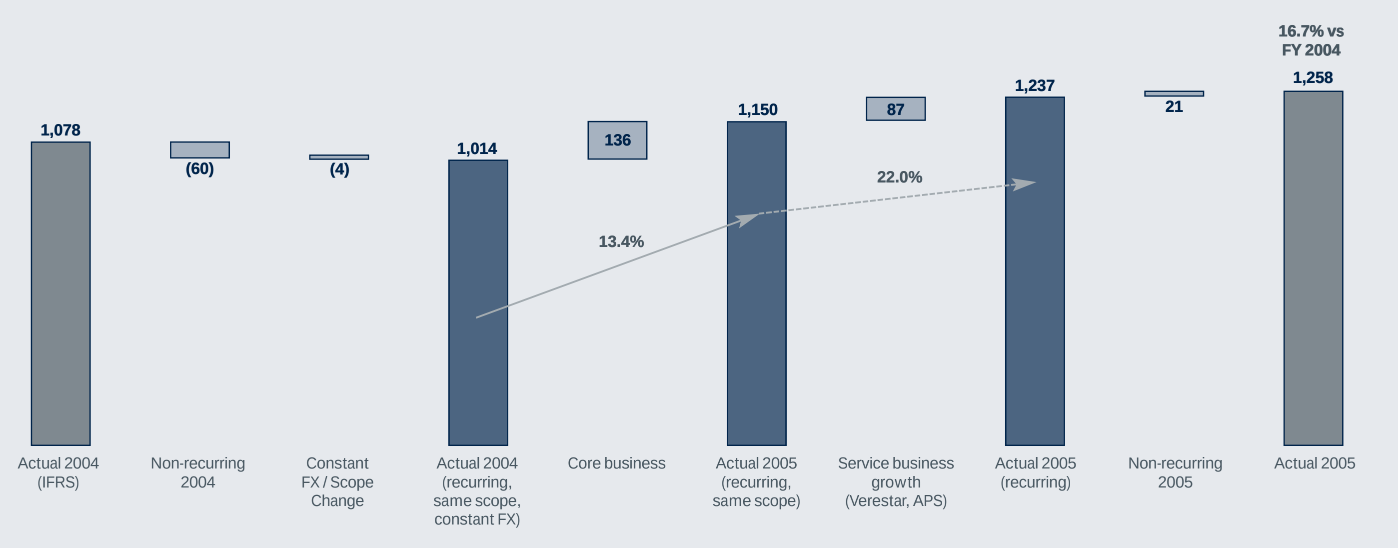
2. Commentary to Group financial results

The full-year financial results of the Group are presented for the first time in compliance with International Financial Reporting Standards. Comparative figures have been restated throughout applying consistent accounting policies.

Revenue

	2005 EUR million	2004 EUR million	Variance EUR million	%
Revenue	**1,258.0**	1,077.8	+180.2	+16.7%

The favourable revenue development reflects both organic growth in the Group's primary operating companies, SES ASTRA and SES AMERICOM, and also the expanding component of revenue being generated by acquired service businesses. The components of the strong overall growth in revenues are illustrated below.



The organic growth is mainly driven by additional contracts relating to the satellites AMC-15 and AMC-16 which were taken into service in December 2004 and February 2005 respectively, and which are wholly contracted by EchoStar. Organic growth in Europe was driven by the German, UK and Central and Eastern European markets, with HDTV being a key factor. The launch of ASTRA 4A for the African market also contributed to revenue growth. Taking the EMEA and Americas segments together, transponder fill rates remained stable at 74%.

The services segment has been significantly expanded in the period under review through the acquisition of Verestar in December 2004, ASTRA Platform Services in January 2005, and a controlling interest in SATLYNX in April 2005. With these incremental acquisitions, the proportion of revenue generated from services-based businesses rose from 6% in 2004 to 15% in 2005.

The lower level of non-recurring revenues reflects primarily the SIRIUS 2 transaction revenues recognised in February 2004. Recurring revenues, a measure designed to clarify underlying performance by removing currency exchange effects, eliminating one-time items and disregarding any changes in consolidation scope, rose 13.4% in 2005 compared with the prior year.

2. Commentary to Group financial results continued

Earnings before interest, tax, depreciation and amortisation ('EBITDA')

	2005 EUR million	2004 EUR million	Variance EUR million	%
EBITDA	**881.1**	786.8	+94.3	+11.9%

Both the infrastructure and services business contributed positively to the EBITDA growth in 2005, although the margins of the segments remain, as expected, different.

Before the allocation of Group-level charges, the capital intensive infrastructure segment delivered an EBITDA margin in 2005 of 80% (2004: 81%). The services segment margins rose from -34% in 2004 to +4% in 2005, reflecting the strong margins of the APS business and measures taken in the year to restructure certain of the other service businesses.

The expansion of the services businesses is primarily impacting the cost base of the Group in the areas of staff costs and charges for the rental of third-party satellite capacity. Excluding the one-off impact of cost of sales of EUR 21.2 million taken in 2004 for the sale of Sirius 2 satellite, around three-quarters of the increased operating expenses in 2005 are attributable to these line items.

Operating profit

	2005 EUR million	2004 EUR million	Variance EUR million	%
Operating profit	**475.8**	393.0	+82.8	+21.1%

The reduction from the favourable variance to prior at the EBITDA level reflects mainly the additional depreciation charges on SES AMERICOM satellites taken into service during, or subsequent to the close of the prior year, the satellites concerned being: AMC-15 (entered service in December 2004), AMC-16 (February 2005), AMC-12 (April 2005), AMC-11 (November 2004) and AMC-10 (May 2004). Reflecting these significant additions to the fleet, depreciation charges, at EUR 363.0 million, were 7.5% ahead of the prior year level.

Amortisation charges on intangible assets of EUR 42.3 million were EUR 13.9 million lower than in 2004, mainly reflecting a lower level of impairment charges on goodwill. Amortisation of definite-life intangible assets remained, at EUR 33.7 million, similar to prior year level.

Net financing charges

The charges can be analysed as follows:

	2005 EUR million	2004 EUR million	Variance EUR million	%
Net interest expense	**(74.3)**	(39.2)	+35.1	+89.5%
Capitalised interest	**17.2**	20.2	(3.0)	(14.9%)
Net foreign exchange gains	**48.4**	25.9	+22.5	+86.9%
Value adjustments	**4.0**	(6.1)	+10.1	–
Net finance (charges)/income	**(4.7)**	0.8	(5.5)	–

The higher net interest expense for the period reflects a number of factors. Firstly, market interest rates rose strongly over the year, with LIBOR moving upwards by around 200 basis points. As a response to this trend, positions taken on financial derivatives, which had in 2004 offset some of the interest charges, were closed out in 2005. Additionally, new debt was taken on to fund the share buy-back and cancellation programme, increasing the base for the calculation of interest charges.

Foreign exchange gains were realised in the period mainly through the unwinding of financial derivative positions.

The favourable value adjustments in the year were generated in the course of a shareholder restructuring at the Group's SATLYNX business unit, compared to valuation write-downs in 2004.

Income tax expense

	2005 EUR million	2004 EUR million	Variance EUR million	%
Income tax expense	**99.3**	58.6	+40.7	+69.5%

The increased tax charge for the period is driven by two main factors:

1. The release of a deferred tax provision of EUR 59.9 million in 2004 arising in the framework of a realignment of the intra-Group shareholding structure; and
2. An increase in pre-tax profit of 19.6% from EUR 393.8 million to EUR 471.1 million.

The reported tax rate in 2005 of 21% reflects, among others, the favourable impact of significant investment tax credits taken in the year.

Net profit

	2005 EUR million	2004 EUR million	Variance EUR million	%
Net profit attributable to equity holders of the parent	**381.9**	340.6	+41.3	+12.1%

The increased net profit of the Group, at EUR 381.9 million reflects the favourable operating profit development, offset by the increased tax charge for the year.

Cash flow

	2005 EUR million	2004 EUR million	Variance EUR million	%
Net operating cash flow	**719.4**	825.4	(106.0)	(12.8%)
Free cash flow	**433.1**	168.9	+264.2	+156.4%

The reduction in the operating cash flow compared to 2004 is mainly attributable to higher payments of tax. These were, at EUR 169.0 million, some EUR 137.4 million higher than in the previous year.

Free cash flow however showed very significant growth. The increase of EUR 264.2 million is analysed as follows:

	EUR million
Free cash flow 2004	168.9
i. Lower net operating cash flow	(106.0)
ii. Higher inflow through realised proceeds of swap transactions	142.2
iii. Higher proceeds from the disposal of financial assets	60.0
iv. Lower outflow through cash payments for capital expenditure	57.8
v. Lower outflow through the acquisition of financial assets	113.0
vi. Other items	(2.8)
Free cash flow 2005	**433.1**

2. Commentary to Group financial results continued

Net debt

	2005 EUR million	2004 EUR million	Variance EUR million	%
Cash and cash equivalents	**(196.8)**	(381.9)	(185.1)	(48.5%)
Loans and borrowings	**2,303.9**	2,078.9	+225.0	+10.8%
Net debt	**2,107.1**	1,697.0	+410.1	+24.2%
Net debt/total equity	**60.5%**	50.3%	+10.2% points	
Net debt/EBITDA	**2.39**	2.16	+0.23	+10.6%

Net debt rose in the period primarily due to the share buy-back and cancellation programme.

Contract backlog

	2005 EUR million	2004 EUR million	Variance EUR million	%
Contract backlog – fully protected[1]	**6,489.9**	6,032.2	+457.7	+7.6%
Contract backlog – gross	**7,073.7**	6,675.7	+398.0	+6.0%

1 'Fully protected' backlog is the backlog amount calculated from the minimum amounts due on contracts, taking into account any 'step-out' or early termination clauses.

The increase in contract backlog in the period reflects the favourable impact of new backlog contributed by ASTRA Platform Services (acquired on January 1, 2005), the impact of new contracts and renewals, and the impact of the strengthening USD on the SES AMERICOM backlog.

Report of the independent auditor

To the Shareholders of
SES GLOBAL S.A.
Société Anonyme
Betzdorf

Following our appointment by the Annual General Meeting of the shareholders on May 6, 2005, we have audited the accompanying consolidated financial statements of SES GLOBAL S.A. for the year ended December 31, 2005 and have read the related consolidated management report. These consolidated financial statements and the consolidated management report are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to check that the consolidated management report is consistent with the consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements give, in conformity with International Financial Reporting Standards as adopted for use in the European Union, a true and fair view of the consolidated financial position of SES GLOBAL S.A. as at December 31, 2005 and of the consolidated results of its operations for the year then ended.

The consolidated management report is consistent with the consolidated financial statements.

Ernst & Young
Société Anonyme
Réviseur d'entreprises

Werner WEYNAND

Luxembourg, February 16, 2006

Consolidated income statement

Year ended December 31, 2005

	Note	2005 EUR million	2004 EUR million
Revenue	6	**1,258.0**	1,077.8
Cost of sales	8	**(110.0)**	(81.0)
Staff costs	8	**(119.8)**	(84.2)
Other operating expenses	8	**(147.1)**	(125.8)
Depreciation	13	**(363.0)**	(337.6)
Amortisation	15	**(42.3)**	(56.2)
Operating profit	6	**475.8**	393.0
Finance revenue	9	**73.2**	41.7
Finance costs	9	**(77.9)**	(40.9)
Profit for the period before tax		**471.1**	393.8
Income tax expense	10	**(99.3)**	(58.6)
Profit for the period after tax		**371.8**	335.2
Share of associates' result		**9.0**	3.5
Profit for the year		**380.8**	338.7
Attributable to:			
Equity holders of the parent		**381.9**	340.6
Minority interests		**(1.1)**	(1.9)
		380.8	338.7
Earnings per share[1] (in Euro)	11		
Class-A shares		**0.67**	0.58
Class-B shares		**0.27**	0.23
Class-C shares		**0.67**	0.58

1 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.

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

Consolidated balance sheet

December 31, 2005

	Note	2005 EUR million	2004 EUR million
Non-current assets			
Property, plant and equipment	13	**2,820.4**	2,525.0
Assets in the course of construction	14	**694.3**	648.0
Total property, plant and equipment		**3,514.7**	3,173.0
Intangible assets	15	**3,019.1**	2,682.5
Investments in associates	16	**100.7**	76.8
Other financial assets	17	**21.7**	124.3
Deferred income tax assets	10	**5.1**	7.6
Total non-current assets		**6,661.3**	6,064.2
Current assets			
Inventories		**4.6**	2.5
Trade and other receivables	18	**191.8**	145.8
Prepayments		**54.5**	48.9
Valuation of financial instruments	19	**54.0**	271.2
Cash and cash equivalents	21	**196.8**	381.9
Total current assets		**501.7**	850.3
Total assets		**7,163.0**	6,914.5
Equity			
Attributable to equity holders of the parent	22	**3,449.0**	3,338.6
Minority interest		**34.5**	35.9
Total equity		**3,483.5**	3,374.5
Non-current liabilities			
Interest-bearing loans and borrowings	24	**2,145.1**	2,078.9
Provisions and deferred income	25	**140.2**	133.3
Deferred tax liabilities	10	**737.2**	741.4
Total non-current liabilities		**3,022.5**	2,953.6
Current liabilities			
Interest-bearing loans and borrowings	24	**158.8**	–
Trade and other payables	26	**207.9**	222.8
Valuation of financial instruments	19	**9.5**	20.0
Income tax payable		**117.2**	203.6
Deferred income		**163.6**	140.0
Total current liabilities		**657.0**	586.4
Total liabilities		**3,679.5**	3,540.0
Total liabilities and equity		**7,163.0**	6,914.5

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

Consolidated statement of cash flow

Year ended December 31, 2005

	2005 EUR million	2004 EUR million
Consolidated net income before taxes	**471.1**	393.8
Taxes paid during the year	**(169.0)**	(31.6)
Net financing charges paid on non-operating activities	**22.7**	29.9
Depreciation and amortisation	**405.3**	393.8
Amortisation of client upfront payments	**(33.3)**	(30.9)
Other non-cash items in consolidated income statement	**22.5**	14.5
Provision for pension and other provisions	**5.0**	(1.5)
Result on disposal of fixed assets	**0.2**	0.1
Consolidated operating profit before working capital changes	**724.5**	768.1
Changes in operating assets and liabilities		
(Increase)/decrease in inventories	**(1.4)**	0.8
(Increase)/decrease in trade debtors	**(21.3)**	(1.4)
(Increase)/decrease in other debtors	**(7.2)**	(9.6)
(Increase)/decrease in prepayments	**8.4**	(6.8)
Increase/(decrease) in trade creditors	**(16.1)**	(8.2)
Increase/(decrease) in other creditors	**(7.7)**	9.3
Increase/(decrease) in payments received on account	**13.6**	5.9
Increase/(decrease) in upfront payments	**10.6**	50.5
Increase/(decrease) in other deferred income	**16.0**	16.8
Net cash (absorbed)/generated by operations	**(5.1)**	57.3
Net operating cash flow	**719.4**	825.4
Cash flow from investing activities		
Purchase of intangible assets	**(18.2)**	(17.2)
Purchase of tangible assets	**(474.8)**	(512.5)
Disposal of tangible assets	**–**	0.7
Acquisition of further SES SIRIUS shareholding (net of cash acquired)	**–**	(30.0)
Acquisition of business assets from Verestar (net of cash acquired)	**–**	(20.1)
Acquisition of ASTRA Platform Services (net of cash acquired)	**(0.1)**	–
Acquisition of further shareholding in SATLYNX (net of cash acquired)	**(1.0)**	–
Realised proceeds on settlement of swap transactions	**142.2**	–
Investment in non-consolidated financial assets	**–**	(83.0)
Proceeds on disposal of non-consolidated financial assets	**65.6**	5.6
Net cash (absorbed)/generated by investing activities	**(286.3)**	(656.5)
Cash flow from financing activities		
New borrowings	**93.2**	152.9
Repayment of borrowings	**(0.7)**	0.3
Dividends paid on ordinary shares	**(176.3)**	(130.8)
Dividends paid to minority shareholders	**(4.9)**	–
Net financing paid on non-operating activities	**(21.9)**	(29.9)
Acquisition of own FDRs	**(517.4)**	(12.8)
Exercise of share options by employees	**(0.3)**	–
Dividends from equity investments	**11.7**	15.3
Loans granted to associate	**(4.7)**	–
Net cash absorbed by financing activities	**(621.3)**	(5.0)
Net foreign exchange movements	**3.1**	(47.2)
Net (decrease)/increase in cash	**(185.1)**	116.7
Net cash at beginning of the year	**381.9**	265.2
Net cash at end of the year	**196.8**	381.9

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

Consolidated statement of changes in shareholders' equity

Year ended December 31, 2005

	Issued capital EUR million	Share premium EUR million	Treasury shares EUR million	Retained earnings EUR million	Other reserves EUR million	Foreign currency translation EUR million	Total EUR million	Minority interest EUR million	Total equity EUR million
At January 1, 2004	**921.8**	**2,819.7**	**(45.3)**	**352.7**	**(3.4)**	**(778.6)**	**3,266.9**	**(0.4)**	**3,266.5**
Change in consolidation scope	–	–	–	–	–	–	–	38.4	38.4
Allocation of results	–	–	–	(219.9)	219.9	–	–	–	–
Dividends[1]	–	–	–	(129.8)	–	–	(129.8)	–	(129.8)
Result for the year	–	–	–	340.6	–	–	340.6	(1.9)	338.7
Impact of currency translation	–	–	–	–	–	(285.7)	(285.7)	(0.2)	(285.9)
Net gain on hedge of net investment	–	–	–	–	–	157.8	157.8	–	157.8
Net gain on cash flow hedges	–	–	–	–	–	0.3	0.3	–	0.3
Total income and expense for the year recognised directly in equity	–	–	–	(9.1)	219.9	(127.6)	83.2	36.3	119.5
Movement on treasury shares	–	–	(12.8)	–	–	–	(12.8)	–	(12.8)
Share-based payment adjustment	–	1.3	–	–	–	–	1.3	–	1.3
At December 31, 2004	**921.8**	**2,821.0**	**(58.1)**	**343.6**	**216.5**	**(906.2)**	**3,338.6**	**35.9**	**3,374.5**
Allocation of results	–	–	–	(164.4)	164.4	–	–	–	–
Dividends[1]	–	–	–	(176.2)	–	–	(176.2)	–	(176.2)
Result for the year	–	–	–	381.9	–	–	381.9	(1.9)	380.0
Impact of currency translation	–	–	–	–	–	603.2	603.2	0.5	603.7
Net loss on hedge of net investment	–	–	–	–	–	(170.5)	(170.5)		(170.5)
Net loss on cash flow hedges	–	–	–	–	–	(16.2)	(16.2)	–	(16.2)
Total income and expense for the year recognised directly in equity	–	–	–	41.3	164.4	416.5	622.2	(1.4)	620.8
Movement on treasury shares	–	–	2.2	–	–	–	2.2	–	2.2
Share-based payment adjustment	–	3.4	–	–	–	–	3.4	–	3.4
Cancellation of share capital	(62.7)	(454.7)	–	–	–	–	(517.4)	–	(517.4)
At December 31, 2005	**859.1**	**2,369.7**	**(55.9)**	**384.9**	**380.9**	**(489.7)**	**3,449.0**	**34.5**	**3,483.5**

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

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

Notes to the consolidated financial statements

December 31, 2005

Note 1 – Corporate information
The consolidated financial statements of SES GLOBAL S.A. for the year ended December 31, 2005 were authorised for issue in accordance with a resolution of the Directors on February 16, 2006. SES GLOBAL S.A. ('SES GLOBAL' or '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 GLOBAL trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris.

Note 2 – Summary of significant accounting policies
Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets that have been measured at fair value.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.

Basis of consolidation
In 2005 the Group has adopted International Financial Reporting Standards ('IFRS') and has applied IFRS 1 ('First Time Adoption of International Financial Reporting Standards') as at the date of transition being January 1, 2004.The financial statements have been prepared in accordance with those Standards, and interpretations thereof, adopted by the International Accounting Standard Board, and endorsed by the European Union, at the balance sheet date.

Prior year comparative figures have been restated throughout to be compliant with the relevant IFRS standards, interpretations and in accordance with IFRS 1. In Note 30 to the consolidated financial statements, a reconciliation is provided between the relevant balance sheet and income statement information reported for prior years under Luxembourg GAAP and the corresponding presentation under IFRS. In accordance with IFRS 1, the Group has elected not to restate business combinations occurring prior to the date of transition to IFRS.

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 are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to conform any dissimilar accounting policies that may exist. For details regarding the subsidiaries included see Note 3.

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 the 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 into 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:

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 usually 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 identifiable 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.

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.

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. The carrying value of goodwill as at December 31, 2005 was EUR 1,912.6 million (2004: EUR 1,633.6 million). More details are given in Note 15.

Business combinations

In the event of a business combination, the Group initially measures the identifiable assets, liabilities and contingent liabilities acquired at their fair value as at the acquisition date. Any minority interest in the acquiree is accordingly stated at their proportion of the net fair values of the acquired assets, liabilities and contingent liabilities. In the event of the acquisition of an additional interest in a subsidiary, any resultant goodwill arising on the increase in ownership is recognised directly in equity.

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 include 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 income statement in the year the asset is derecognised.

The assets' 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 billed. When the asset is subsequently put into service, the expenditure is transferred to assets in use and depreciation commences.

Notes to the consolidated financial statements continued

December 31, 2005

Note 2 – Summary of significant accounting policies continued

Intangible assets

1) Goodwill

Goodwill represents the difference between the cost of acquisition of shares in a consolidated company and the Group's share in the fair value of the net assets acquired. 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. 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. Goodwill is stated in the balance sheet at cost less any impairment charges recorded.

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.

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 either 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 commits to purchase or sell the asset.

The following categories of financial assets 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.

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 customer premises equipment, 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.

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 are defined as cash in 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 in 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, cash and cash equivalents consist of cash in hand and demand deposits in banks, 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 broadcasters 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 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.

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, 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.

Notes to the consolidated financial statements continued

December 31, 2005

Note 2 – Summary of significant accounting policies continued

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, associates and interests in joint ventures, 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, associates and interests in joint ventures, 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 are 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.

Subsidiary companies keep their accounts in their respective currencies. 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 foreign currency translation reserve. On disposal of a foreign subsidiary, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

The principal foreign currency exchange rates used by the Group during the year were as follows:

EUR 1 =	Average rate for the year 2004	Closing rate December 31, 2004	Average rate for the year 2005	Closing rate December 31, 2005
US dollar	USD 1.24	USD 1.36	USD 1.25	USD 1.18
Hong Kong dollar	HKD 9.67	HKD 10.60	HKD 9.75	HKD 9.15
Swedish krona	SEK 9.12	SEK 9.02	SEK 9.27	SEK 9.39

Basic and diluted earnings per share

The Company's capital structure consists of Class-A, Class-B and Class-C shares that are 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.

Convertible Preference Shares

The component of the convertible preference shares that exhibits characteristics of a liability is recognised as a liability in the balance sheet. The corresponding dividends on those shares are charged as interest expenses in the income statement. On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. The carrying amount of the conversion option is not remeasured in subsequent years.

Advertising costs

The Group expenses all advertising costs as incurred.

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 fluctuations. 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.

2) Cash flow hedges

   In relation to cash flow hedges (forward foreign currency contracts) to hedge firm commitments 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 net profit or loss.

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.

Notes to the consolidated financial statements continued

December 31, 2005

Note 2 – Summary of significant accounting policies continued

3) Hedge of a net investment in a foreign operation

Changes in the fair value of a derivative or non-derivative that is designated as, and meets all the required criteria for, a hedge of a net investment are recorded in the foreign currency translation reserve to the extent that it is deemed to be an effective hedge. The ineffective portion is recognised in net profit or loss.

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 substantially transferred all the risks and rewards of the asset, or (b) has neither substantially transferred nor retained 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 is 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, 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'). One scheme is also in place where Group employees are granted share options which are only settled in cash ('cash-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 23. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the Group'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 dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 11).

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 23). 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.

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

Leases

Finance leases, which substantially transfer to the Group 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 not yet effective

The following IFRS and IFRIC interpretations were issued in 2005 with an effective date for financial periods beginning on or after January 1, 2006. The Company has chosen not to adopt these standards or interpretations early.

IFRIC 4 'Determining whether an arrangement contains a lease' was issued in January 2004 and is effective for annual periods beginning on or after January 1, 2006. IFRIC 4 gives guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for in accordance with IAS 17 'Leases'. The interpretation states that an arrangement contains a lease if it depends on the use of a specific asset and conveys a right to control the use of that asset. The Group plans to adopt this interpretation at its effective date and does not anticipate any significant impact on its financial statements.

IFRIC 5 'Rights to Interest Arising from Decommissioning, Restoration and Environmental Funds' was issued in December 2004 and is effective for annual periods beginning on or after January 1, 2006. The Group plans to adopt this standard at its effective date and does not anticipate any significant impact on its financial statements.

In December 2004, the IASB issued an amendment to IAS 19 Employee Benefits ('Actuarial Gains and Losses, Group Plans and Disclosures') which is effective for annual periods ending on or after January 1, 2006. This amendment allows the option of recognising actuarial gains and losses in full in the period in which they occur, outside of profit or loss, in a statement of recognised income and expense. The Group plans to adopt this amendment at its effective date and does not anticipate any significant impact on its financial statements.

IFRS 7 'Financial Instruments Disclosures' and a complementary amendment to IAS 1 'Presentation of Financial Statements – capital disclosures' were issued in August 2005 and are effective for annual periods beginning on or after January 1, 2007. IFRS 7 incorporates the disclosure requirements on financial instruments from IAS 32. The amendment to IAS 1 requires the disclosure of information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. The Company plans to adopt this standard and the amendment at their effective date. This adoption will only impact disclosures in the financial statements.

Financial Guarantee Contracts (Amendments to IAS 39 and IFRS 4), was issued in August 2005 and amended IAS 39, IFRS 4, IFRS 7 and IAS 32. An entity shall apply those amendments for annual periods beginning on or after January 1, 2006. The Group plans to adopt this amendment at its effective date and does not anticipate any significant impact on its financial statements.

Notes to the consolidated financial statements continued

December 31, 2005

Note 3 – Consolidated subsidiaries and affiliates

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

	Effective interest (%) 2005	Effective interest (%) 2004	Method of consolidation
SES ASTRA S.A., Luxembourg ('SES ASTRA')	**100.00**	100.00	Full
SES GLOBAL-Americas Inc., USA ('SES AMERICOM')	**100.00**	100.00	Full
SES GLOBAL-Americas Finance Inc., USA	**100.00**	100.00	Full
SES Asia S.A., Luxembourg[1]	**100.00**	100.00	Full
SES GLOBAL Europe S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL Africa S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL Latin America S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL Participations S.A., Luxembourg	**100.00**	100.00	Full
SES GLOBAL Gibraltar Ltd., Gibraltar	**100.00**	–	Full
SES GLOBAL Insurance S.à r.l., Switzerland[8]	**100.00**	100.00	Full
SES GLOBAL Re International (Bermuda) Ltd., Bermuda	**100.00**	–	Full
SES Holdings (Bermuda) Ltd., Bermuda	**100.00**	–	Full
Betzdorf Holding Ltd., Ireland	**100.00**	100.00	Full
Held through SES ASTRA S.A.:			
ASTRA Marketing GmbH, Germany	**100.00**	100.00	Full
ASTRA Marketing Ltd, United Kingdom	**100.00**	100.00	Full
ASTRA Marketing Iberica S.A., Spain	**100.00**	100.00	Full
ASTRA Marketing France S.A., France	**100.00**	100.00	Full
ASTRA Marketing Polska Sp. z o.o., Poland	**100.00**	100.00	Full
ASTRA Marketing GmbH, Austria	**100.00**	100.00	Full
SES Ré S.A., Luxembourg	**100.00**	100.00	Full
SES Capital Luxembourg S.A ., Luxembourg	**100.00**	100.00	Full
SES SIRIUS AB, Sweden[2 3]	**75.00**	75.00	Full
Sirius Satellite Services SIA, Latvia[2]	**75.00**	75.00	Full
SES ASTRA Satellite Company1 S.à r.l., Luxembourg	**100.00**	100.00	Full
SES ASTRA 1KR Satellite Company S.à r.l., Luxembourg[4]	**100.00**	100.00	Full
SES ASTRA 1L Satellite Company S.à r.l., Luxembourg[5]	**100.00**	100.00	Full
SES ASTRA 1M Satellite Company S.à r.l., Luxembourg[6]	**100.00**	100.00	Full
Held through SES GLOBAL-Americas Inc.:			
SES Subsidiary 23 Inc., USA	**100.00**	100.00	Full
SES Subsidiary 24 Inc., USA	**100.00**	100.00	Full
SES Subsidiary 25 Inc., USA	**100.00**	100.00	Full
SES Subsidiary 26 Inc., USA	**100.00**	100.00	Full
SES AMERICOM, Inc., USA	**100.00**	100.00	Full
SES AMERICOM PAC, Inc., USA	**100.00**	100.00	Full
Worldsat LLC, USA	**100.00**	100.00	Full
Communications Satellite Int. Marketing Inc., USA	**100.00**	100.00	Full
SES AMERICOM International Holdings, Inc., USA	**100.00**	100.00	Full
SES AMERICOM Canada, Inc., Canada	**100.00**	100.00	Full
SES AMERICOM (Brazil) Holdings, LLC, USA	**100.00**	100.00	Full
SES AMERICOM do Brasil Servicos de Telecommunicacoes, Ltda., Brazil	**100.00**	100.00	Full
SES AMERICOM do Brasil Multimidia Holdings, Ltda., Brazil	**100.00**	100.00	Full
SES AMERICOM do Brasil Multimidia, Ltda., Brazil	**100.00**	100.00	Full
SES AMERICOM UK Ltd., United Kingdom	**100.00**	100.00	Full
SES AMERICOM (Singapore) Pty., Ltd., Singapore	**100.00**	100.00	Full
AMERICOM Government Services, Inc., USA	**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, USA	**100.00**	100.00	Full

	Effective interest (%) 2005	Effective interest (%) 2004	Method of consolidation
Columbia / WIGUSA Communications, Inc., USA	**100.00**	100.00	Full
SES Satellites International, Inc., USA	**100.00**	100.00	Full
SES Satellites (Gibraltar) Ltd., Gibraltar	**100.00**	100.00	Full
SES AMERICOM Colorado, Inc., USA	**100.00**	100.00	Full
AMC-1 Holdings LLC, USA	**100.00**	100.00	Full
AMC-2 Holdings LLC, USA	**100.00**	100.00	Full
AMC-3 Holdings LLC, USA	**100.00**	100.00	Full
AMC-5 Holdings LLC, USA	**100.00**	100.00	Full
AMC-6 Holdings LLC, USA	**100.00**	100.00	Full
AMC-8 Holdings LLC, USA	**100.00**	100.00	Full
AMC-9 Holdings LLC, USA	**100.00**	100.00	Full
AMC-10 Holdings LLC, USA	**100.00**	100.00	Full
AMC-11 Holdings LLC, USA	**100.00**	100.00	Full
SES AMERICOM (Asia 1A) LLC, USA	**100.00**	100.00	Full
AMERICOM Asia Pacific LLC, USA ('AAP')	**100.00**	100.00	Full
AMC-12 Holdings LLC, USA[9]	**100.00**	100.00	Full
AMC-23 Holdings LLC, USA[10]	**100.00**	100.00	Full
Worldsat-3 Holdings LLC, USA	**100.00**	100.00	Full
SES AMERICOM California, Inc., USA	**100.00**	100.00	Full
AMC-4 Holdings LLC, USA	**100.00**	100.00	Full
AMC-7 Holdings LLC, USA	**100.00**	100.00	Full
AMC-15 Holdings LLC, USA	**100.00**	100.00	Full
AMC-16 Holdings LLC, USA	**100.00**	100.00	Full
Starsys Global Positioning Inc., USA	**80.00**	80.00	Full
Ciel Satellite Holding Inc., Canada	**100.00**	–	Full
Ciel Satellite Communications Inc., Canada	**100.00**	–	Full
Ciel Satellite Limited Partnership, Canada	**70.00**	–	Proportional
QuetzSat, S.R.L. de C.V., Mexico	**49.00**	–	Proportional
QuetzSat Directo, S. de R.L. de C.V., Mexico	**49.00**	–	Proportional
Safe Sat of New York Inc., USA	**100.00**	–	Full
SES AMERICOM Enterprise Solutions Inc., USA	**100.00**	100.00	Full
SES International Teleport (Switzerland) AG, Switzerland	**100.00**	–	Full
AMC-14 Holdings LLC, USA	**100.00**	–	Full
Northern Americas Satellite Venture, Inc., Canada	**100.00**	–	Full
Held through SES Asia S.A.[1]:			
SES GLOBAL Holding AG, Switzerland	**100.00**	100.00	Full
Bowenvale Ltd, British Virgin Islands	**49.50**	49.50	Proportional
Asia Satellite Telecommunications Holdings Ltd, Bermuda	**34.10**	34.10	Proportional
Skywave TV Company Limited, Hong Kong[11]	**27.28**	27.28	Proportional
SpeedCast Holdings Ltd., Hong Kong[12]	**16.15**	16.15	Equity
Beijing Asia Sky Telecommunications Technology Co. Ltd., China	**16.71**	16.71	Equity
Auspicious Color Limited, Hong Kong	**34.10**	–	Proportional
Held through SES GLOBAL Europe S.A.:			
SES Capital Belgium S.A., Belgium	**100.00**	100.00	Full
ND Satcom AG, Germany	**25.10**	10.00	Equity
SES ASTRA TechCom S.A., Luxembourg	**100.00**	100.00	Full
SES ASTRAnet S.A., Luxembourg	**100.00**	100.00	Full
SATLYNX S.A., Luxembourg ('SATLYNX')	**99.77**	41.61	Full
SATLYNX sro, Czech Republic[7]	**99.77**	41.61	Full
SATLYNX S.A., France	**99.77**	41.61	Full
SATLYNX GmbH, Germany	**99.77**	41.61	Full

Notes to the consolidated financial statements continued

December 31, 2005

Note 3 – Consolidated subsidiaries and affiliates continued

	Effective interest (%) 2005	Effective interest (%) 2004	Method of consolidation
SATLYNX Srl, Italy	**99.77**	41.61	Full
SATLYNX Ltd., U.K.[7]	**99.77**	41.61	Full
SATLYNX BV, The Netherlands[7]	**99.77**	41.61	Full
SATLYNX Europe SL, Spain	**99.77**	41.61	Full
ASTRA Platform Services GmbH, Germany	**100.00**	–	Full
SES GLOBAL Europe Subsidiary1 S.A., Luxembourg	**100.00**	–	Full
SES GLOBAL Subsidiary2 GmbH, Germany	**100.00**	–	Full
Held through SES GLOBAL Africa S.A.			
Accelon Ltd, South Africa	**43.55**	43.55	Equity
SES GLOBAL Satellite Leasing Ltd, Isle of Man	**100.00**	100.00	Full
SES Africa (Proprietary) Ltd., South Africa	**100.00**	100.00	Full
Held through SES GLOBAL Latin America S.A.			
SES do Brasil Ltda., Brazil	**100.00**	100.00	Full
Star One S.A., Brazil (‘Star One’)	**19.99**	19.99	Equity
SES GLOBAL-South Americas Inc., USA	**100.00**	100.00	Full
Nahuelsat S.A., Argentina	**28.75**	28.75	Equity

1 Formerly SES GLOBAL Asia S.A.
2 42.66% held by SES ASTRA S.A., 32.34% held by SES GLOBAL-Americas Holding GP
3 Formerly Nordic Satellite AB
4 Formerly SES ASTRA Satellite Company 2 S.à r.l.
5 Formerly SES ASTRA Satellite Company 3 S.à r.l.
6 Formerly SES ASTRA Satellite Company 4 S.à r.l.
7 Liquidation proceedings initiated
8 Was in 2004 held through SES GLOBAL-Americas Inc.
9 Formerly Worldsat-2 Holdings LLC, USA
10 Formerly Worldsat-3 Holdings LLC, USA
11 Formerly Auspicious City Limited, Hong Kong
12 Formerly PhoenixNet Holdings Ltd., Hong Kong

On January 1, 2005, the Group acquired a 100% shareholding in ASTRA Platform Services, ‘APS’. From this date APS is fully consolidated within the EMEA segment.

On April 7, 2005, the Group increased its shareholdings in SATLYNX S.A. from 41.6% to 77.0%. From this date SATLYNX is fully consolidated within the EMEA segment. On December 9, 2005 the Group further increased its shareholding in this company to 99.77%.

Note 4 – Business combinations

1. Acquisition of additional shareholdings in SATLYNX S.A.

After having increased its shareholding in SATLYNX S.A. on April 7, 2005, from 41.61% to 77%, the Group further increased its holding to 99.77% as of December 9, 2005. The former increase arose in the context of shareholder restructuring and re-organisation of certain contractual relationships between the shareholders and SATLYNX. The latter increase arose when loans made by Group companies to SATLYNX were converted to equity. Goodwill on the second increase in shareholdings has been written off directly to equity.

EUR million	Purchase price allocation of April 7 transaction
Property, plant and equipment	3.0
Current assets	4.0
Non-current liabilities	(0.8)
Current liabilities	(7.4)
Total fair value	(1.2)
Consideration paid	–
Goodwill arising on acquisition	1.2

2. Acquisition of ASTRA Platform Services GmbH ('APS'), formerly 'Digital Playout Center'

On January 1, 2005, SES GLOBAL Europe acquired 100% of the share capital of APS for an initial consideration of EUR 55.7 million. This consideration was settled in cash on that date. The acquisition agreement includes the provision for further payments to the seller based on the financial performance of APS.

The fair value of the identifiable assets and liabilities of APS as at the date of acquisition was:

EUR million	Purchase price allocation
Property, plant and equipment	12.5
Intangible assets	27.4
Other non-current assets	0.2
Current assets	5.0
Non-current liabilities	(14.0)
Current liabilities	(0.7)
Total fair value	30.4
Consideration paid	59.6
Goodwill arising on acquisition	29.2

From the date of acquisition, APS has contributed EUR 4.8 million to the net profit of the Group and forms part of the EMEA segment.

3. Acquisition of business assets from Verestar

On December 1, 2004, the Group acquired certain business assets and liabilities from Verestar. After finalisation of purchase accounting procedures in 2005, the fair value of the business assets and liabilities acquired, the consideration paid, and goodwill arising, was as set out below.

EUR million	Initial purchase price allocation December 1, 2004	Purchase allocation adjustment	FInal purchase price allocation
Property, plant and equipment	21.5	(4.9)	16.6
Intangible assets	0.5	–	0.5
Other non-current assets	–	–	–
Current assets	8.8	–	8.8
Non-current liabilities	(7.8)	4.2	(3.6)
Current liabilities	(4.5)	(4.1)	(8.6)
Total fair value	18.5		13.7
Consideration paid	20.1		20.1
Goodwill arising on acquisition	1.6	4.8	6.4

The acquired business assets and liabilities have been fully integrated into the business operations of SES AMERICOM.

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December 31, 2005

Note 4 – Business combinations continued

4. Acquisition of additional shareholding in SES SIRIUS AB (formerly 'NSAB')

On February 2, 2004, the Group acquired a further 25% shareholding in SES SIRIUS from Swedish Space Corporation for a total consideration of EUR 38.8 million, raising the Group's shareholding from 50% to 75%. As from that date SES SIRIUS is fully consolidated in the Group's financial statements as part of the EMEA segment.

EUR million	Purchase price allocation
Property, plant and equipment	36.7
Intangible assets	14.9
Other non-current assets	0.1
Current assets	7.8
Non-current liabilities	(19.9)
Current liabilities	(2.3)
Total fair value	37.3
Consideration paid	38.8
Goodwill arising on acquisition	1.5

Note 5 – Interest in a joint venture

The Group has a 34.1% interest in AsiaSat, a jointly controlled entity which is involved in a similar business to the Group's other main operational entities.

The share of assets, liabilities, income and expenses of the jointly controlled entity as at December 31 and for the year then ended, which are included in the consolidated financial statements, are as follows:

	2005 EUR million	2004 EUR million
Non-current assets	**98.3**	94.7
Current assets	**76.3**	51.8
Non-current liabilities	**(10.5)**	(9.9)
Current liabilities	**(10.9)**	(11.6)
Revenue	**30.8**	35.4
Operating expenses	**(7.3)**	(8.3)
Depreciation and amortisation	**(10.3)**	(10.2)
Finance costs	**1.5**	0.8
Income tax expense	**(1.8)**	(2.1)
Share of associate's result	**(0.1)**	(0.4)
Net profit	**12.8**	15.2

Note 6 – Segment information: geographical segments

The Group's primary basis for segmental reporting is geographic, reflecting the internal reporting and responsibility structure of the Group.

The Group's business comprises principally the three regions 'Europe, Middle East and Africa (EMEA)', 'Americas' and 'Asia', which are organised and managed separately. Each represents a strategic business unit serving different regional markets and as such is identified as a business segment for internal management reporting and resource allocation. The Group's other affiliates are included in a fourth business segment called 'SES GLOBAL S.A. and Other Participations' ('Other').

The EMEA segment includes SES ASTRA, the leading European direct-to-home satellite operator. The EMEA satellite fleet comprises 14 satellites, delivering TV and radio services to homes throughout Europe, and transmitting high-speed broadband services and provides capacity for two-way satellite applications. Additionally, the product portfolio includes direct-to-cable and occasional use services. On January 1, 2005, ASTRA Platform Services was acquired by the Group and allocated to the EMEA segment.

The Americas region is dominated by SES AMERICOM. SES AMERICOM operates a fleet of 17 satellites serving primarily the Americas, with some coverage also over Europe and the Asia-Pacific region including satellites providing transoceanic services. The company also offers a full range of broadband services to enterprise and government markets. In addition the Americas region includes the Group's interest in its associate Star One in Brazil.

The Asia segment includes the Group's proportionately-consolidated interest in AsiaSat which provides transponder capacity for broadcast, broadband and telecommunications services in the Asia-Pacific region. AsiaSat's three spacecraft currently serve public and private TV and radio broadcasters from around the world. The Asia segment also includes SES Asia which is a wholly-owned, Luxembourg-registered, subsidiary of the Group which performs business development work through a branch and representative offices in key regional capitals.

The fourth business segment 'SES GLOBAL and other participations' includes the results of SES GLOBAL S.A. and certain other mainly non-operating companies.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at prices which reflect prevailing market prices. Segment assets and liabilities include all operating assets and liabilities that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets and liabilities do not include financing liabilities or taxes payable/receivable.

Notes to the consolidated financial statements continued

December 31, 2005

Note 6 – Segment information: geographical segments continued
For the year ended December 31, 2005 and as at that date:

	EMEA EUR million	Americas EUR million	Asia EUR million	Other EUR million	Elimination EUR million	Total EUR million
Segmental result						
External sales	761.5	458.8	35.6	2.1	–	1,258.0
Inter-segment sales	3.2	0.4	–	–	(3.6)	–
Total revenue	764.7	459.2	35.6	2.1	(3.6)	1,258.0
Operating expenses	(160.5)	(179.0)	(11.8)	(29.0)	3.4	(376.9)
EBITDA	604.2	280.2	23.8	(26.9)	(0.2)	881.1
Depreciation	(181.5)	(155.0)	(16.9)	(9.6)	–	(363.0)
Amortisation	(30.3)	(5.6)	–	(6.4)	–	(42.3)
Operating profit	392.4	119.6	6.9	(42.9)	(0.2)	475.8
Share of associates' result	(0.6)	9.8	(0.2)	–	–	9.0
Segmental assets						
Property, plant and equipment	1,274.5	2,137.7	99.9	2.6	–	3,514.7
Intangible assets	582.1	2,219.5	217.5	–	–	3,019.1
Allocated non-current assets	1,856.6	4,357.2	317.4	2.6	–	6,533.8
Current assets	142.1	102.5	15.8	7.6	–	268.0
Total allocated assets	1,998.7	4,459.7	333.2	10.2	–	6,801.8
Non-allocated assets						361.2
Total assets						7,163.0
Segmental liabilities						
Non-current liabilities	54.6	81.8	3.3	0.5	–	140.2
Current liabilities	260.5	72.8	8.2	37.6	–	379.1
Total allocated liabilities	315.1	154.6	11.5	38.1	–	519.3
Non-allocated liabilities						3,160.2
Total liabilities						3,679.5
Capital expenditure	247.2	474.8	0.9	0.2	(299.9)	423.2

For the year ended December 31, 2004, and as at that date:

	EMEA EUR million	Americas EUR million	Asia EUR million	Other EUR million	Elimination EUR million	Total EUR million
Segmental result						
External sales	691.0	367.6	35.6	16.6	(33.0)	1,077.8
Inter-segment sales	6.4	0.8	–	–	(7.2)	–
Total revenue	697.4	368.4	35.6	16.6	(40.2)	1,077.8
Operating expenses	(135.0)	(137.1)	(11.0)	(37.3)	29.4	(291.0)
EBITDA	562.4	231.3	24.6	(20.7)	(10.8)	786.8
Depreciation	(180.1)	(128.3)	(10.2)	(19.0)	–	(337.6)
Amortisation	(36.0)	(2.9)	(0.1)	(17.2)	–	(56.2)
Operating profit	346.3	100.1	14.3	(56.9)	(10.8)	393.0
Share of associates' result	(3.6)	7.5	(0.4)	–	–	3.5
Segmental assets						
Property, plant and equipment	1,213.2	1,861.1	96.0	2.7	–	3,173.0
Intangible assets	539.2	1,922.1	217.5	3.7	–	2,682.5
Allocated non-current assets	1,752.4	3,783.2	313.5	6.4	–	5,855.5
Current assets	136.5	32.1	14.9	10.3	–	193.8
Total allocated assets	1,888.9	3,815.3	328.4	16.7	–	6,049.3
Non-allocated assets	–	–	–	–	–	865.2
Total assets	–	–	–	–	–	6,914.5
Segmental liabilities						
Non-current liabilities	54.8	74.9	3.6	–	–	133.3
Current liabilities	249.8	82.4	7.9	30.5	–	370.6
Total allocated liabilities	304.6	157.3	11.5	30.5	–	503.9
Non-allocated liabilities	–	–	–	–	–	3,036.1
Total liabilities	–	–	–	–	–	3,540.0
Capital expenditure	108.2	429.1	1.4	34.6	(44.9)	528.4

Notes to the consolidated financial statements continued

December 31, 2005

Note 7 – Segment information: business segments

The following tables present information regarding the Group's business segments for the years ended December 31, 2005 and 2004.

The infrastructure segment represents the business of owning and operating satellites. It includes transponder leasing and sales deals where only capacity and incidental services (such as uplinking and downlinking) are involved. This includes the transponders leased to the services segment.

The services segment includes all transponder leasing deals in which the transponder capacity is bundled with other services (such as platform services).

	Infrastructure EUR million	Services EUR million	Eliminations EUR million	Total EUR million
Year ended December 31, 2005				
External sales	1,089.5	186.8	(18.3)	1,258.0
Inter-segment sales	35.3	–	(35.3)	–
Total revenue	1,124.8	186.8	(53.6)	1,258.0
Allocated assets	6,618.4	183.4	–	6,801.8
Non-allocated assets				361.2
Total assets				7,163.0
Capital expenditure	397.4	25.8	–	423.2
Year ended December 31, 2004				
External sales	1,021.8	62.8	(6.8)	1,077.8
Inter-segment sales	14.6	–	(14.6)	–
Total revenue	1,036.4	62.8	(21.4)	1,077.8
Allocated assets	5,968.1	81.2	–	6,049.3
Non-allocated assets				865.2
Total assets				6,914.5
Capital expenditure	485.2	43.2	–	528.4

Note 8 – 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.

Note 9 – Finance revenue and costs

	2005 EUR million	2004 EUR million
Finance revenue		
Interest income	**20.8**	15.4
Gain on settlement of external borrowings	**4.1**	–
Foreign exchange gains	**48.3**	26.3
Total finance revenue	**73.2**	41.7
Finance costs		
Interest expense	**(77.9)**	(34.7)
Impairment on available for sale financial asset	**–**	(6.2)
Total finance costs	**(77.9)**	(40.9)

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:

	2005 EUR million	2004 EUR million
Consolidated income statement		
Current income tax		
Current income tax charge	**(107.4)**	(63.4)
Foreign taxes	**(6.5)**	(0.8)
Adjustments in respect of prior periods	**(1.2)**	–
Deferred income tax		
Relating to origination and reversal of temporary differences	**15.8**	5.6
Income tax expense reported in the consolidated income statement	**(99.3)**	(58.6)
Consolidated statement of changes in equity		
Deferred income tax related to items charged or credited directly		
Net loss on revaluation of financial instruments	**73.0**	31.9
Unrealised loss on loans and borrowings	**32.0**	3.8
Income taxes reported in equity	**105.0**	35.7

A reconciliation between tax expenses and the profit before tax of the Group multiplied by theoretical tax rate of 30.38% (representing the Luxembourg domestic rate for the years ended December 31, 2005 and 2004) is as follows:

	2005 EUR million	2004 EUR million
Profit before tax	**471.1**	393.8
Multiplied by theoretical tax rate	**143.1**	119.6
Investment tax credits	**(29.1)**	–
Tax-exempt income	**(13.4)**	(4.6)
Foreign taxes	**6.5**	0.7
Effect of different local tax rates	**(18.6)**	(37.8)
Taxes related to prior years	**(1.4)**	(0.1)
Non-deductible expenditures	**7.0**	34.9
Release of deferred tax provision	**–**	(59.5)
Other	**5.2**	5.4
Income tax reported in the consolidated income statement	**99.3**	58.6

Notes to the consolidated financial statements continued

December 31, 2005

Note 10 – Income taxes continued

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

	Deferred tax assets 2005 EUR million	Deferred tax assets 2004 EUR million	**Deferred tax liabilities 2005 EUR million**	Deferred tax liabilities 2004 EUR million	**Deferred taxes in income statement 2005 EUR million**	Deferred taxes in income statement 2004 EUR million
Loss carried forward	**143.4**	58.4	**–**	–	**(76.7)**	(39.3)
Tax-based special depreciation	**–**	0.5	**–**	–	**–**	93.3
Amortisation	**–**	–	**260.9**	232.0	**7.9**	16.3
Depreciation	**–**	–	**521.8**	362.9	**90.4**	(52.0)
Value adjustments on financial assets	**–**	–	**9.8**	11.7	**(1.2)**	10.5
Value adjustments on treasury shares	**–**	0.7	**2.0**	4.6	**(3.4)**	(2.6)
Measurement of financial instruments at fair value	**–**	–	**31.2**	125.9	**(33.4)**	5.2
Receivables	**–**	0.7	**8.5**	11.2	**3.8**	3.6
Payables	**0.9**	2.0	**(0.2)**	0.2	**1.7**	12.5
Other provisions and accruals	**–**	–	**42.8**	44.7	**(5.0)**	(53.0)
Other	**0.7**	0.2	**0.3**	3.1	**0.1**	(0.1)
Subtotal	**145.0**	62.5	**877.1**	796.3	**(15.8)**	(5.6)
Offset of deferred taxes	**(139.9)**	(54.9)	**(139.9)**	(54.9)	**–**	–
Total	**5.1**	**7.6**	**737.2**	**741.4**	**(15.8)**	**(5.6)**

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 267.5 million (2004: EUR 267.8 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 obtain taxable profits against which these profits could be offset in the foreseeable future.

As at December 31, 2005, there was no recognised deferred tax liability (2004: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries and associates.

Note 11 – 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.

The following reflects the income and share data used in the basic earnings per share computation:

For the year 2005, earnings per share of EUR 0.67 per A share (2004: EUR 0.58), EUR 0.27 per B share (2004: EUR 0.23), and EUR 0.67 per C share (2004: EUR 0.58), have been calculated on the following basis:

	2005 EUR million	2004 EUR million
Profit attributable to equity holders of the parent	**381.9**	340.6

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

	2005 million	2004 million
Class-A shares	**305.5**	305.9
Class-B shares	**239.3**	245.8
Class-C shares	**167.1**	181.3

The weighted average number of shares is based on the capital structure of the Company as described in Note 22. In calculating the weighted average of the Class-C shares, the Ordinary C shares and Preferred C shares have been grouped together. This reflects the fact that the fixed dividend on the Preferred C shares is deducted from the dividend rights of the Ordinary C shareholders, rather than representing an additional entitlement to a share of earnings.

Note 12 – Dividends paid and proposed

Declared and paid during the year: Equity dividends on ordinary shares

	2005 EUR million	2004 EUR million
Class-A dividend for 2004: EUR 0.30 (2003: EUR 0.22)	**93.1**	68.3
Class-B dividend for 2004: EUR 0.12 (2003: EUR 0.09)	**29.5**	21.6
Class-C dividend for 2004: EUR 0.30 (2003: EUR 0.22)	**54.4**	39.9
Total	**177.0**	129.8

Proposed for approval at AGM (not recognised as a liability as at December 31, 2005)		
Class-A dividend for 2005: EUR 0.40	**128.0**	
Class-B dividend for 2005: EUR 0.16	**36.6**	
Class-C dividend for 2005: EUR 0.40	**55.3**	
Total	**219.9**	

Note 13 – 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
Net book value as at January 1, 2004	**91.2**	**2,166.5**	**111.2**	**14.3**	**2,383.2**
Movements in 2004 on cost					
As at January 1	140.5	3,719.1	325.2	62.1	4,246.9
Change of consolidation scope	(0.4)	110.0	9.5	0.5	119.6
Additions	2.0	5.1	36.9	5.6	49.6
Disposals	–	(183.0)	(1.6)	(1.5)	(186.1)
Transfers from assets in the course of construction	0.2	465.3	4.7	1.1	471.3
Impact of currency translation	(1.5)	(120.4)	(12.3)	(0.8)	(135.0)
As at December 31	140.8	3,996.1	362.4	67.0	4,566.3
Movements in 2004 on depreciation					
As at January 1	(49.3)	(1,552.6)	(214.0)	(47.8)	(1,863.7)
Change of consolidation scope	–	(36.5)	(8.5)	(0.3)	(45.3)
Depreciation	(7.2)	(296.3)	(27.4)	(6.7)	(337.6)
Depreciation on disposals	–	164.7	1.3	0.9	166.9
Impact of currency translation	0.9	27.9	8.8	0.8	38.4
As at December 31	(55.6)	(1,692.8)	(239.8)	(53.1)	(2,041.3)
Net book value as at December 31, 2004	**85.2**	**2,303.3**	**122.6**	**13.9**	**2,525.0**

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December 31, 2005

Note 13 – Property, plant and equipment continued

	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 2005 on cost					
As at January 1	140.8	3,996.1	362.4	67.0	4,566.3
Change of consolidation scope	10.3	–	24.7	20.9	55.9
Purchase price allocation adjustment	–	–	(4.9)	–	(4.9)
Additions	9.8	2.6	11.8	16.5	40.7
Disposals	(10.9)	(13.4)	(7.2)	(1.8)	(33.3)
Adjustment finance lease	(1.0)	–	–	–	(1.0)
Transfers from assets in the course of construction	–	406.9	3.4	0.3	410.6
Impact of currency translation	2.9	261.8	26.1	1.7	292.5
As at December 31	151.9	4,654.0	416.3	104.6	5,326.8
Movements in 2005 on depreciation					
As at January 1	(55.6)	(1,692.8)	(239.8)	(53.1)	(2,041.3)
Change of consolidation scope	(0.7)	–	(20.0)	(11.2)	(31.9)
Depreciation	(7.4)	(317.8)	(25.4)	(12.4)	(363.0)
Depreciation on disposals	0.5	–	6.7	1.7	8.9
Adjustment finance lease	0.1	–	–	–	0.1
Impact of currency translation	(1.8)	(58.7)	(17.1)	(1.6)	(79.2)
As at December 31	(64.9)	(2,069.3)	(295.6)	(76.6)	(2,506.4)
Net book value as at December 31, 2005	**87.0**	**2,584.7**	**120.7**	**28.0**	**2,820.4**

The carrying value of fixed assets held under finance lease contracts as at December 31, 2005 amounts to EUR 1.7 million (2004: EUR 9.1 million).

Note 14 – 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, 2004	**–**	**678.3**	**5.6**	**683.9**
Movements in 2004				
Additions	0.1	470.8	7.9	478.8
Transfers to assets in use	(0.1)	(465.2)	(6.0)	(471.3)
Impact of currency translation	–	(43.1)	(0.3)	(43.4)
Cost and net book value as at December 31, 2004	–	640.8	7.2	648.0
Movements in 2005				
Additions	0.1	358.4	24.0	382.5
Transfers to assets in use	–	(406.9)	(3.7)	(410.6)
Impact of currency translation	–	73.8	0.6	74.4
Cost and net book value as at December 31, 2005	0.1	666.1	28.1	694.3

Borrowing costs of EUR 17.2 million (2004: EUR 20.2 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 4.09% (2004: 2.53%) was used, representing the borrowing cost of the relevant loans.

Note 15 – Intangible assets

	Orbital slot licence rights EUR million	Goodwill EUR million	Definite life intangibles EUR million	Total EUR million
Net book value as at January 1, 2004	**522.5**	**1,774.5**	**545.8**	**2,842.8**
Movements in 2004 on cost				
As at January 1	522.5	1,774.5	636.0	2,933.0
Change of consolidation scope	29.8	0.2	(0.3)	29.7
Additions	11.9	4.2	5.6	21.7
Disposals	–	–	(15.3)	(15.3)
Impairment	–	(15.7)	–	(15.7)
Impact of currency translation	(21.3)	(129.6)	(5.0)	(155.9)
As at December 31	542.9	1,633.6	621.0	2,797.5
Movements in 2004 on amortisation				
As at January 1	–	–	(90.2)	(90.2)
Amortisation	–	–	(32.8)	(32.8)
Impairment	–	–	(7.7)	(7.7)
Reversal of accumulated amortisation	–	–	15.3	15.3
Impact of currency translation	–	–	0.4	0.4
As at December 31	–	–	(115.0)	(115.0)
Net book value as at December 31, 2004	542.9	1,633.6	506.0	2,682.5
Movements in 2005 on cost				
As at January 1	542.9	1,633.6	621.0	2,797.5
Change of consolidation scope	–	30.4	28.7	59.1
Additions	15.2	5.5	3.3	24.0
Disposals	–	–	(4.9)	(4.9)
Impairment	–	(3.7)	–	(3.7)
Impact of currency translation	47.2	246.8	4.0	298.0
As at December 31	605.3	1,912.6	652.1	3,170.0
Movements in 2005 on amortisation				
As at January 1	–	–	(115.0)	(115.0)
Change of consolidation scope	–	–	(1.3)	(1.3)
Amortisation	–	–	(33.7)	(33.7)
Impairment	–	–	(4.9)	(4.9)
Reversal of accumulated amortisation	–	–	4.9	4.9
Impact of currency translation	–	–	(0.9)	(0.9)
As at December 31	–	–	(150.9)	(150.9)
Net book value as at December 31, 2005	**605.3**	**1,912.6**	**501.2**	**3,019.1**

Notes to the consolidated financial statements continued

December 31, 2005

Note 15 – Intangible assets continued

Orbital slot licence rights

Interests in orbital slot licence rights were acquired in the course of the acquisitions of SES AMERICOM, AsiaSat, SES SIRIUS and Star One, 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.

Goodwill

The goodwill as at December 31, 2005 has a net book value of EUR 1,912.6 million (2004: EUR 1,633.6 million) and arose on the acquisition of the shareholdings in SES AMERICOM, AsiaSat, SES SIRIUS and ASTRA Platform Services. The corresponding book values at the year end are set out below:

	2005 EUR million	2004 EUR million
SES AMERICOM	**1,847.3**	1,595.0
AsiaSat	**14.3**	14.3
SES SIRIUS	**21.8**	21.8
ASTRA Platform Services	**29.2**	–
SES do Brasil	**–**	2.4
SATLYNX	**–**	0.1
Total	**1,912.6**	1,633.6

The increase in goodwill during 2005 reflects mainly the strengthening of the US dollar in the period and the acquisition of ASTRA Platform Services. A goodwill impairment charge of EUR 3.7 million (2004: EUR 15.7 million) was taken during the year. This amount is reported under the line 'Amortisation' of the consolidated income statement.

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 using the most recent business plan information approved by senior management which covers a period of up to seven years. For certain entities, cash flows were extrapolated beyond this period for up to 18 years using growth rates of up to 3% in order to more accurately assess the normalised capital replacement cycle. Discount rates are between 6.75% and 8.00% and were selected to reflect corresponding rates on financial markets, and the capital structure of businesses in the Group's business sector. Terminal growth rates used in the valuations are set at between 1.0% and 3.0% – such growth rates can be supported by the 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 concerns 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 45º West to 50º 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 million on acquisition – are being amortised on a straight-line basis over the 21-year term of the agreement.

Note 16 – Investment in associates

On December 31, 2005, the Group held interests in two material associates.

These were:

1) Star One, Brazil (19.99%) – which operates a satellite system serving markets in both Latin and North America. The carrying value of the investment in Star One as at December 31, 2005 was EUR 92.6 million (2004: EUR 74.2 million).
2) ND Satcom, Germany (25.10%) – supplier of satellite-based broadband VSAT, broadcast and defence communication network solutions. The carrying value of the investment in ND Satcom as at December 31, 2005 was EUR 7.5 million (2004: EUR 2.2 million).

The following table illustrates summarised financial information concerning the Group's share of the associates' balance sheets as at December 31, and revenue and profit, for the 12-month period then ended:

	2005 EUR million	2004 EUR million
Non-current assets	**74.6**	40.4
Current assets	**51.1**	46.3
Non-current liabilities	**(34.5)**	(14.1)
Current liabilities	**(22.8)**	(21.6)
Revenue	**45.0**	42.1
Profit	**15.3**	8.7

In 2005, the Group had also a 28.75% interest in Nahuelsat S.A. in Argentina which operates the Nahuel 1 satellite over Latin America. The carrying value of this investment is nil (2004: nil), and no share of Nahuelsat's results are included in the consolidated income statement of the Group. The Group disposed of this interest after the balance sheet date resulting in no significant gains or losses. The Group has a 36.52% interest in SpeedCast holdings, Hong Kong which is included on the balance sheet at a carrying value of EUR 0.5 million (2004: EUR 0.4 million). Finally, the Group has a 43.55% share of Accelon, a South African company providing connectivity services in the regional market. The carrying value of the investment as at December 31, 2005 is nil (2004: nil). Cumulative losses not recognised for this associate are EUR 3.5 million (2004: EUR 1.1 million).

A goodwill impairment charge of EUR 3.6 million (2004: nil) was taken during the year on the goodwill relating to Star One. This amount was reported under the line 'shares of associates' result' in the consolidated income statement.

Note 17 – Other financial assets

	2005 EUR million	2004 EUR million
Loans and receivables		
Amounts receivable from associates after one year	**13.5**	11.8
Other non-current receivables	**5.7**	–
Loan to Able Star Associates Ltd.	**–**	29.8
	19.2	41.6
Held for trading		
Investments held	**2.2**	26.4
Other financial assets		
Prepayment made concerning acquisition of APS	**–**	55.7
Sundry financial assets	**0.3**	0.6
	0.3	56.3
Total other financial assets	**21.7**	124.3

Able Star Associates Ltd, a British Virgin Islands registered company, is a fully-owned subsidiary of the Chinese International Trust and Investment Corporation ('CITIC'), the other shareholder of Bowenvale Ltd. A loan of USD 40.5 million was made in 1999 to enable CITIC purchase additional shares in Bowenvale Ltd. so as to achieve the desired ownership structure. The loan bore interest at market rates and had an original maturity date of January 15, 2006. The loan was repaid on December 13, 2005.

Financial assets held for trading consist of listed shares and therefore have no fixed maturity date or coupon rate.

In December 2004 the Company made a deposit with the lawyers acting for the APS-selling shareholders in connection with the purchase of this entity. Following the successful closing of the acquisition in 2005, this deposit forms part of the consideration paid to acquire this entity.

Notes to the consolidated financial statements continued

December 31, 2005

Note 18 – Trade and other receivables

	2005 EUR million	2004 EUR million
Net trade debtors	**43.1**	28.2
Unbilled accrued revenue	**84.0**	88.8
Receivables from insurance companies	**36.7**	–
Other receivables	**28.0**	28.8
Total trade and other receivables	**191.8**	145.8

Unbilled accrued revenue represents revenues for use of satellite capacity under long-term contracts but not billed. Billing will occur based on the terms of the contracts. Trade debtors are stated net of accumulated provisions of EUR 28.7 million (2004: EUR 29.0 million). The release of debtor provisions in 2005 resulted in EUR 0.8 million being recorded as income in the period compared to an expense of EUR 5.3 million in 2004. These amounts are disclosed in other operating charges.

Trade debtors and other receivables at December 31, 2005 include EUR 80.8 million (2004: EUR 57.9 million) of amounts becoming due and payable in more than one year.

Note 19 – 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.

	Carrying amount 2005 EUR million	Fair value 2005 EUR million	Carrying amount 2004 EUR million	Fair value 2004 EUR million
Financial assets				
Cash and cash equivalents	**196.8**	**196.8**	381.9	381.9
Loans and receivables	**19.2**	**19.2**	41.5	41.5
Held for trading investments	**2.3**	**2.3**	26.5	26.4
Other financial assets (non-current)	**0.2**	**0.2**	56.3	56.2
Cross currency swaps	**38.8**	**38.8**	266.5	266.5
Interest rate swaps	**–**	**–**	2.8	2.8
Forward currency contracts	**15.2**	**15.2**	1.9	1.9
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings				
Bilateral multi currency	**467.8**	**467.8**	500.1	500.2
Titres de Créances Négociables (Commercial Paper)	**158.8**	**158.8**	–	–
Bank overdraft	**–**	**–**	–	–
Fixed rate borrowings				
Eurobond 2008 (EUR 500 million)	**489.4**	**512.0**	496.8	520.5
Eurobond 2007 (EUR 300 million)	**299.3**	**305.5**	298.9	309.6
Series A USD 400 million	**331.4**	**327.9**	294.0	294.0
Series B USD 513 million	**433.9**	**426.1**	377.1	377.1
Series C USD 87 million	**74.5**	**73.1**	63.9	63.9
Series D GBP 28 million	**40.7**	**41.0**	40.0	39.3
Cross currency swaps	**–**	**–**	0.3	0.3
Preferred C shares – liability component	**8.1**	**9.4**	8.0	9.0
Interest rate swaps	**9.5**	**9.5**	1.3	1.3
Forward currency contracts	**–**	**–**	18.4	18.4

The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates except for Eurobonds for which the quoted market price has been used.

Hedging activities

Fair value hedge

At December 31, 2005 the Group had two interest rate swap agreements in place with a notional amount of EUR 500.0 million, whereby the Group receives a fixed rate of interest of 4.5% annually and pays a variable rate quarterly equal to three-month EURIBOR plus a margin on the notional amount. These swaps are being used to hedge the exposure to changes in the fair value of the EUR 500.0 million Eurobond. The Eurobond and the swaps have the same specific terms concerning notional amount, interest rate and maturity date of November 2008. As at December 31, 2005 the fair value of these contracts amounted to EUR (8.1 million).

At December 31, 2004 the Group also held five interest rate swap agreements with a notional amount of USD 1,000.0 million whereby the Group receives a fixed rate of interest semi-annually and pays a variable rate equal to three-month and six-month LIBOR plus a margin. These swaps were being used to hedge the exposure to changes in fair value of the US Private Placement. The US Private Placement and the swaps have the same specific terms concerning notional amount, interest rate and maturity profile between 2013 and 2015, amortising as of September 2007. As at December 31, 2004 the fair value of these contracts amounted to EUR 3.8 million.

Hedge of Net Investment in foreign operations

In September 2005, the Group ceased hedging their net investment in foreign operations.

At December 31, 2005 the Group did not have any agreement in place designated as a hedge of a net investment.

At December 31, 2004, 16 cross currency swap agreements and the US Private Placement amounting to USD 1,000.0 million were designated as a hedge of the net investment in the US subsidiary, SES AMERICOM. The average terms of the cross currency swap agreements were as follows:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 2,164.3 million	EUR 1,838.9 million	February 2007	EUR/USD 1.1769

As at December 31, 2004 the fair value of these hedge instruments amounted to EUR 258.6 million of which EUR 174.0 million (net of deferred tax of EUR 76.0 million) was included in the currency exchange reserve, with the remainder, EUR 14.5 million being recognised in the income statement as the ineffective portion of the hedging relationship.

Cash flow hedge

Forward contracts to hedge satellite procurements.

At December 31, 2005 and 2004, the Group held numerous forward exchange contracts designated as hedges of contracted future commitments to suppliers, relating to satellite procurements. The forward currency contracts are being used to hedge the foreign currency risk of these commitments. The terms of the contracts are as follows:

As at December 31, 2005:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
EUR 45.0 million	USD 58.1 million	October 2006	EUR/USD 1.2929
EUR 88.5 million	USD 113.9 million	November 2006	EUR/USD 1.2881
EUR 25.0 million	USD 33.6 million	December 2006	EUR/USD 1.3451
As at December 31, 2004:			
EUR 111.7 million	USD 127.1 million	June 2005	EUR/USD 1.1370

The terms of the forward currency contracts have been negotiated to match the milestone payments on the relevant satellite procurement contracts.

The cash flow hedge was assessed to be highly effective and an unrealised gain of EUR 9.6 million (2004: EUR 6.6 million) net of deferred tax of EUR 2.9 million (2004: EUR 2.9 million) relating to the hedging instruments is included in equity.

As at December 31, 2005 the fair value of the contracts amounted to EUR 12.6 million (2004: EUR (9.5 million)).

Notes to the consolidated financial statements continued

December 31, 2005

Note 19 – Financial instruments continued

US Private Placement to hedge a loan receivable

As at December 31, 2004, a portion of the US Private Placement was designated as a hedge of the loan receivable to Able Star Associates Ltd amounting to USD 40.5 million maturing on December 10, 2005.

As at December 31, 2004, an amount of EUR (9.9 million) net of deferred tax of EUR 4.3 million was included in the currency exchange reserve based on the revaluation of the hedged item described above. This amount was offset by the corresponding revaluation of the hedging instrument. On repayment of the loan, the amount posted in currency exchange reserve was reversed to the income statement.

Note 20 – Financial risk management objectives and policies

The Group's financial instruments, other than derivatives, comprise bank loans (Bilateral Multi Currency Credit Facilities), long-term debts (EUR 500.0 million Eurobond, EUR 300.0 million Eurobond, USD 1,000.0 million US Private Placement and GBP 28.0 million US Private Placement), short-term debts (Commercial Paper), cash and short-term deposits. The Group's main purpose for these financial instruments is to raise cash to finance the day to day activities of the Group's 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 into interest rate and cross currency swaps, as well as forward currency contracts. The purpose is to manage the interest rate and exchange rate exposure on Group's assets and liabilities and finance operations.

The main risks arising from the Group's financial instruments are liquidity risks, foreign currency risk, cash flow interest rate risk and credit risk. The General Policies are reviewed and approved by the Board, and they can be summarised as indicated below.

The group 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 the cash to keep short-term debt and bank loans at a low level. In case of liquidity needs, the Group can count on back-up credit lines (Bilateral Multi Currency Credit Facilities) for a total amount of EUR 1,000.0 million. The Group's debt maturity profile is tailored to allow the annual cash flow to cover any repayment obligations.

Foreign currency risk

Since the acquisition of SES AMERICOM, the Group's balance sheet can be highly affected by movements in USD/Euro exchange rate. The Group has always tried to mitigate the currency risk exposure, through short- and medium-term borrowings in USD (Bilateral drawings) and USD long-term debt (US Private Placement). The Group has the possibility to match the Group assets in non-Euro operations with USD denominated liabilities. The Group can also enter into cross currency swaps to hedge the remaining exposure on the assets up to 100%.

The Group supports also transactional currency exposures, arising from sales or purchases by one of the operating companies that are non-functional currency denominated. Approximately 41% of the Group's sales and 58% of the Group's costs are denominated in a Group member's non-functional currency. The Group uses forward currency contracts to eliminate the currency exposure on single deals, being satellite procurements, tailoring the maturities to each milestone payment. The forward contracts are in the same currency as the hedged item and can be done 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.

The Group does not enter into any hedging derivatives to cover the currency exposure on sales that are non-functional currency denominated.

It is the Group's policy to match the terms of the hedge derivatives to those of the hedged item to maximise hedge effectiveness.

At December 31, 2005 the Group had hedged approximately 100% of its foreign currency costs for which firm commitments existed at the balance sheet date, extending to February 2008.

Cash flow interest rate risk

The Group's exposure to risk for changes in market interest rates relates to the Group's long-term debts, being the two Eurobonds maturing 2007 and 2008, and the US Private Placement maturing between 2013 and 2015 (starting amortising in 2007 and 2011) for which the Group pays a fixed interest rate, and short-term borrowings under the Bilateral Multi Currency Credit Facilities and the Commercial Papers, for which the Group pays a floating interest rate.

The Group carefully monitors the mix between fixed and floating interest rates and adjusts it from time to time following the market conditions. To manage this mix the Group enters into interest rate swaps. These swaps are designated to naturally hedge underlying debt obligations and the terms of the natural hedge derivatives are negotiated to match the terms of the hedged item to maximise natural hedge effectiveness. At December 31, 2005, after taking into account the effect on the interest rate swaps, approximately half of the Group's borrowings are at a fixed rate of interest.

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 not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprises cash and cash equivalent, held for trading financial assets, loans receivable and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The counterparties are required to meet a minimum rating standard.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

Insurance

It is the Group's policy to set up an 'in-orbit' self-insurance for each satellite up to 20% of its book value, up to a maximum amount of EUR 30.0 million per satellite.

Note 21 – Cash and cash equivalents

	2005 EUR million	2004 EUR million
Cash at bank and in hand	**51.0**	25.2
Short-term deposits	**145.8**	356.7
	196.8	381.9

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 22 – Issued capital and reserves

The Company has share capital of EUR 859.1 million (2004: EUR 921.8 million), represented by Class-A, -B and -C shares with no par value. On May 6, 2005, the Annual General Meeting of the Company approved a motion allowing the Company to acquire its own shares and Fiduciary Deposit Receipts (FDRs), thus paving the way for a share buy-back and cancellation programme. On the same day, the Board of Directors of SES GLOBAL approved and authorised management to implement such a share buy-back programme for up to 65 million shares and FDRs. In order to reduce the impact of the buy-out programme on the free float and trading liquidity, it was decided that Class -A, -B, and -C shares be bought back pro rata from the respective shareholders who agreed to participate in the programme. On December 8, 2005 at an Extraordinary General Meeting, the shareholders of SES GLOBAL passed a motion cancelling 50,140,572 shares acquired under the programme for a total consideration of EUR 517.4 million.

The opening and closing number of shares issued per class of share can be reconciled as follows:

	Ordinary A	Ordinary B	Ordinary C	Preferred C	Total
As at January 1, 2005	310,340,000	245,817,836	176,799,314	4,496,358	737,453,508
Conversion of C shares to A shares	33,067,517	–	(33,067,517)	–	–
Cancelled on December 8, 2005	(23,348,793)	(16,713,524)	(10,078,255)	–	(50,140,572)
As at December 31, 2005	320,058,724	229,104,312	133,653,542	4,496,358	687,312,936

Notes to the consolidated financial statements continued

December 31, 2005

Note 22 – Issued capital and reserves continued

FDRs with respect to Class-A shares are listed at the Luxembourg Stock Exchange and, since May 5, 2004, on Euronext Paris. These FDRs can be traded freely and are convertible to 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.

The Class-C shares were issued as part of the consideration for the acquisition of SES AMERICOM. A holder of Preferred Class-C shares is entitled, at his option, at any time to convert all or part of such Preferred Class-C shares into Ordinary Class-C shares at a conversion ratio of one to one. A holder of Ordinary Class-C shares is entitled, at his option, at any time, to convert such shares into Class-A shares, also at a conversion ratio of one to one.

SES GLOBAL has a Nomination Committee in place, which is responsible for presenting a list of suitable candidates for the Board of Directors to the shareholders. One third of the total number of the members of the Board of Directors is appointed from a list of candidates put to the Nomination Committee by the holders of Class-B shares. The Nomination Committee will submit a list of up to three directors representing the holders of Class-C shares, depending on the percentage of total subscribed shares represented by the Class-C shares. The remaining Board members on the list submitted by the Nomination Committee will represent shareholders of Class-A shares and independent Board members.

Dividends are paid in such a manner that the payment on one share of Class-B equals 40% of the payment of one share of Class-A. Each Preferred C Share is entitled to fixed dividends, which consist of cumulative annual dividends payable in cash at the rate of 4% per annum on a notional liquidation value of USD 50.0 million. The fixed dividend shall accrue as from the date of issue of the Preferred C Shares. Dividends on Ordinary C Shares are calculated as for A shares but are subject to deduction of the fixed dividend on the Preferred C Shares for the relevant dividend period.

In case of occurrence of certain events and at the latest on the tenth anniversary of the date of their issue, Preferred C shares shall be convertible into Ordinary C shares at a ratio of one Ordinary C share for one Preferred C share. In accordance with IAS 32, and based on the entitlement to fixed dividends for each Preferred C share holder described above, the Company recognised separately the components of Preferred C shares that (a) create a financial liability of the equity being the obligation to pay the fixed dividends and (b) grant an option to the holder to convert it into an equity instrument of the entity. As at December 31, 2005 and 2004, the liability component amounted to EUR 8.0 million and EUR 8.0 million respectively included in 'interest bearing loans'.

The acquisition of shares beyond a threshold of 20.1% of the shares of the Company directly or indirectly by one single shareholder is subject to a process requiring a non-opposition by the Luxembourg Government as well as a decision by an Extraordinary General Meeting of the shareholders. The Luxembourg Government may only oppose such acquisition based on grounds justified by general public interest.

SES GLOBAL has, in agreement with the shareholders, purchased Fiduciary Deposit Receipts in respect of 'A' shares for use in connection with Senior Executive, Executive and Employee option schemes. At the year end, the Company-held FDRs in connection with share-based compensation schemes were as set out below:

	2005	2004
FDRs held as at December 31	**4,753,430**	5,301,462
Carrying value of FDRs held (EUR million)	**51.2**	56.8

FDRs acquired in connection with share-based payment schemes are disclosed as Treasury Shares in the balance sheet and are carried at their historic cost to the Group.

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, 2005 an amount of EUR 37.6 million (2004: EUR 31.3 million) is included within other reserves.

Other reserves include a further undistributable amount of EUR 106.1 million (2004: EUR 80.9 million).

Note 23 – 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 Société Européenne des Satellites (now SES ASTRA S.A.) at the time of its IPO on the Luxembourg Stock Exchange in 1998. Staff were granted options to acquire shares at a fixed price of EUR 12.64 in 2005, the exercise period of this plan has been extended to 2012. All such options are vested as at December 31, 2005.

	2005	2004
Outstanding options at the end of the year	**1,188,160**	1,230,570
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 cash-settled scheme available to non-executive staff of SES ASTRA and SES GLOBAL. Under the Plan, employees are granted rights to receive cash settlements reflecting the movement of the share price in relation to the strike price. The STAR plan rights vest by third over a three-year period after three years and have a two-year exercise period once fully vested.

	2005	2004
Outstanding options at the end of the year	**1,655,230**	1,578,277
Weighted average exercise price in EUR	**8.19**	8.42

3. Executive Incentive Compensation plan ('EICP')
   Initiated in 2002, the EICP is a plan available to executive staff of the Group. Under the plan, options are granted with an effective date of January 1. 25% 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.

	2005	2004
Outstanding options at the end of the year	**3,262,820**	2,523,738
Weighted average exercise price in EUR	**8.92**	7.86

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, restricted shares are allocated to executives on July 1 and these vest on the third anniversary of the grant. Senior executives may be allocated further performance shares whose granting is dependent on the achievement of defined performance criteria. Where these criteria are met, the shares vest on the third anniversary of the original grant.

	2005	2004
Outstanding options at the end of the year	**110,636**	–
Weighted average exercise price in EUR	**10.64**	–

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, 2005, and December 31, 2004.

	2005	2004
Dividend yield (%)	**2.825**	2.630
Expected volatility (%)	**29.44**	30.31
Historic volatility (%)	**33.47**	34.13
Risk-free interest rate (%)	**3.180**	4.416
Expected life of options (years)	**5**	5
Weighted average share price (EUR)	**11.55**	7.36

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 fair value of the cash-settled options is measured at the grant date using a binomial model taking 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, 2005 is EUR 6.1 million (2004: EUR 2.3 million).

Notes to the consolidated financial statements continued

December 31, 2005

Note 24 – Interest-bearing loans and borrowings

As at December 31, 2005 and 2004, the loan accounts for the Group were as follows:

	Effective interest rate	Maturity	**Amount outstanding 2005 EUR million**	Amount outstanding 2004 EUR million
Non-current				
US Private Placement				
Series A USD 400.0 million	5.74%	September 2013	**331.4**	294.0
Series B USD 513.0 million	5.82%	September 2015	**433.9**	377.1
Series C USD 87.0 million	5.63%	September 2015	**74.5**	63.9
Series D GBP 28.0 million	5.63%	September 2013	**40.7**	40.0
Eurobond 2008 (EUR 500.0 million)	4.54%	November 2008	**489.4**	496.8
Eurobond 2007 (EUR 300.0 million)	4.27%	December 2007	**299.3**	298.9
Bilateral multi-currency credit facilities	EURIBOR/LIBOR +0.275%	April 2010	**467.8**	500.2
Preferred C shares – debt component	4.00%	Note 22	**8.1**	8.0
			2,145.1	2,078.9
Current				
Titres de Créances Négociables (Commercial Paper)	2.37%	October 2006	**158.8**	–

US Private Placement

On September 30, 2003, SES GLOBAL S.A., through SES GLOBAL-Americas Holdings GP, issued in the US Private Placement market unsecured Notes amounting to USD 1,000.0 million and GBP 28.0 million. The US 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.

The Group pays interest semi-annually on these four series.

SES GLOBAL S.A. is committed under the US Private Placement to maintaining a number of financial covenants within agreed limits in order to provide sufficient security to the lenders.

EUR 500.0 million Eurobond

On November 19, 2003, SES GLOBAL S.A. issued a Eurobond for the purpose of repayment of all outstanding amounts under the syndicated multi-currency term and revolving facilities agreement dated March 28, 2001. The issuance was for a nominal amount of EUR 500.0 million with a coupon of 4.50% on which the Group pays interest annually and a final maturity date of November 19, 2008. On May 16, 2005 the EUR 500.0 million Eurobond, initially issued by SES GLOBAL S.A., has been assigned to SES GLOBAL-Americas Holdings GP as new issuer with the same terms and conditions.

EUR 300.0 million Eurobond

On December 17, 2003, SES GLOBAL S.A. through SES GLOBAL-Americas Holdings GP, issued a Eurobond for financing general corporate purposes. The issuance was for a nominal amount of EUR 300.0 million with a coupon of 4.25% on which the Group pays interest annually and has a final maturity of December 17, 2007.

Bilateral multi-currency facilities

On December 31, 2004, SES GLOBAL S.A. had unsecured bilateral multi-currency revolving credit facilities in place with nine banks for a total of EUR 800.0 million with a weighted average maturity of June 2007, of which EUR 500.2 million was drawn. On April 7, 2005, SES GLOBAL S.A. reimbursed these bilateral multi-currency revolving credit facilities and entered into new unsecured multi-currency revolving credit facilities with ten banks for a total of EUR 1,000.0 million with a maturity profile of April 2010 of which EUR 467.8 million was drawn as at December 31, 2005. These bilateral facilities are available to both SES GLOBAL S.A. and SES GLOBAL-Americas Holdings GP.

Commercial Paper Programme

On October 25, 2005 SES GLOBAL S.A. 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' issues under the programme is EUR 500.0 million or its counter value at the date of issue in any other authorised currencies. As of December 31, 2005 the total amount issued under this programme was EUR 158.8 million with a weighted average maturity of March 2006.

European Medium-Term Note Programme (EMTN)

On December 6, 2005 SES GLOBAL S.A. put in place a EUR 2,000.0 million European Medium-Term Note Programme (EMTN) enabling SES GLOBAL S.A. or its partnership to issue on a continuity basis notes up to a maximum aggregate amount of EUR 2,000.0 million. As of December 31, 2005 no Notes were issued under this programme.

Note 25 – Provisions and deferred income

	Provisions EUR million	Deferred income EUR million	Total EUR million
As at January 1, 2005	20.7	112.6	133.3
Increase in provisions	17.5	–	17.5
Movement on deferred income	–	(10.6)	(10.6)
As at December 31, 2005	**38.2**	**102.0**	**140.2**

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

The Group provides pension benefits to members of staff, which are generally established as defined contribution schemes. Within the Group there is one defined benefit scheme. An actuarial valuation has been performed for this scheme and a corresponding provision for EUR 1.9 million (2004: EUR 0.7 million) is included in the consolidated financial statements. At SES AMERICOM, certain employees benefit from a post-retirement health benefits programme which is externally insured. As at December 31, 2005, accrued premiums of EUR 9.0 million (2004: EUR 6.7 million) are included in this position. Contributions made in 2005 to Group pension schemes totalled EUR 2.0 million (2004: EUR 1.9 million).

Note 26 – Trade and other payables

	2005 EUR million	2004 EUR million
Trade creditors	**79.5**	99.2
Payments received in advance	**51.7**	37.4
Interest on loans	**17.6**	23.9
Personnel-related liabilities	**15.3**	21.9
Tax liabilities other than for income tax	**7.0**	7.2
Other liabilities	**36.8**	33.2
Total	**207.9**	222.8

Notes to the consolidated financial statements continued

December 31, 2005

Note 27 – Commitments and contingencies

Capital commitments

The Group had outstanding commitments in respect of contracted capital expenditure totalling EUR 697.3 million at December 31, 2005 (2004: EUR 543.8 million). These commitments largely reflect the purchase and launch of future satellites for the expansion and replacement of the Group satellite system, together with 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.

Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases as at December 31 are set out below.

	2005 EUR million	2004 EUR million
Within one year	**1.4**	1.5
After one year but not more than five years	**2.1**	2.3
After more than five years	**–**	–
Total	**3.5**	3.8

Commitments under transponder service agreements

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

	2005 EUR million	2004 EUR million
Within one year	**59.5**	25.1
After one year but not more than five years	**152.8**	97.6
After more than five years	**82.2**	71.3
Total	**294.5**	194.0

Customer contracts

The Group may become liable for the unused portion of upfront payments in the event of technical failure of its satellites if back-up capacity cannot be provided. This contingent liability is adequately covered by satellite insurance.

Guarantees

On December 31, 2005 the Group had outstanding bank guarantees for an amount of EUR 0.2 million (2004: EUR 0.9 million). This relates to performance guarantees for services of satellite operations.

Restrictions on use of cash

At the year end, the Group portion of cash held under restrictions amounted to EUR 4.5 million (2004: EUR 0.1 million).

Note 28 – 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 22.

GE Capital holds a 20.1% voting interest in the Company. The following transactions and balances with GE Capital and its subsidiaries and affiliates are included in the consolidated financial statements. Other financial assets include a receivable from GE Capital of EUR 5.6 million (2004: other receivables of EUR 0.5 million). Revenues include EUR 0.3 million (2004: EUR 0.2 million) through sales to various General Electric companies. External charges include an amount of EUR 0.6 million (2004: EUR 2.5 million) relating to the supply of a variety of services by various General Electric companies. Included in the capital expenditures are insurance costs paid to GE Capital of EUR 0.9 million (2004: not applicable).

As described in Note 22, SES GLOBAL implemented a share buy-back programme in 2005. Under this programme, 10,078,255 ordinary C shares were repurchased from GE Capital for a total consideration of EUR 129.4 million and 16,714,524 million B shares were repurchased directly and indirectly from the Luxembourg state for a total consideration of EUR 86.2 million.

The Group generated revenues of EUR 20.8 million from Deutsche Telekom in the year ended December 31, 2004 when Deutsche Telekom held a voting interest of 10.52%. Deutsche Telekom disposed of its interest in two transactions in 2004.

During the period from May 1, 2004 to November 30, 2004, SES AMERICOM recognised revenue for an amount of EUR 3.0 million from Verestar under service agreements in existence before the purchase of Verestar by SES AMERICOM.

The Group generated revenues of EUR 0.4 million (2004: EUR 6.4 million) from SATLYNX up to April 7, 2005, at which time the Group obtained a controlling shareholding and fully consolidated SATLYNX.

During 2004, SES AMERICOM sold its interest in the SIRIUS 2 satellite to SES SIRIUS for the equivalent of EUR 65.7 million. At the time of the transaction, SIRIUS 2 had a book value of approximately EUR 42.7 million.

In 2005, the Group generated revenues of EUR 7.6 million in relation to sales to Star One. This amount is included as a receivable as at December 31, 2005.

The total payments to directors for attendance at Board and Committee meetings in 2005 amounted to EUR 0.7 million (2004: EUR 0.9 million). These payments are computed on a fixed and variable basis, the variable part being based upon attendance at Board and Committee meetings.

The key management of the Group received the following compensations:

	2005 EUR million	2004 EUR million
Short-term employee benefits	**3.0**	3.0
Post-employment pension and medical benefits	**–**	0.1
Termination benefits	**–**	1.3
Share-based payments	**0.7**	–
Total	**3.7**	4.4

Note 29 – Events after balance sheet date

On December 12, 2005, the Company announced its intention to enter into a binding agreement pursuant to which SES GLOBAL will acquire 100% of New Skies Satellites (‘New Skies’) by way of a merger under Bermudan law (an amalgamation). This agreement was approved by New Skies shareholders at an Extraordinary General Meeting on February 10, 2006.

The closing of the transaction is subject to regulatory approvals and other closing conditions. At the end of February 2006, approvals had been received from the Department of Justice of the USA, and from the Federal Cartel Office in Germany. Further US regulatory approvals were outstanding at that point in time. SES GLOBAL expects the transaction to close in the second quarter of 2006, although it could be earlier or later than this.

SES GLOBAL will acquire New Skies for USD 22.52 per share in cash. Existing options will be cancelled for a payment equal to the difference between USD 22.52 per share and the exercise price. The total payment for the equity of New Skies will be USD 760 million. At closing, New Skies is expected to have approximately USD 400 million of net indebtedness under its credit facility, Floating Rate Senior Notes and Senior Subordinated Notes. SES will re-finance the existing bank debt of New Skies and may leave the Floating Rate Senior Notes and Senior Subordinated Notes of New Skies outstanding. The cash-only transaction thus values New Skies at an enterprise value at closing of USD 1.160 billion. As part of the agreement, New Skies has agreed to terminate its quarterly dividend programme after the declaration and payment of its 2005 fourth quarter dividend.

New Skies, a Bermudan company with its main operating subsidiary headquartered in The Hague, The Netherlands, is the world’s fifth largest satellite operator based on transponder capacity, with five spacecraft positioned at strategic orbital locations around the globe and an additional satellite due for launch in 2006. For the 12 months ended December 31, 2005, New Skies generated revenues of USD 240.5 million.

Notes to the consolidated financial statements continued

December 31, 2005

Note 30 – Reconciliation of financial information under Luxembourg GAAP to IFRS

In 2005 the Group adopted all IFRS standards with the adoption being done according to IFRS 1 First Time Adoption of International Financial Reporting Standards, using January 1, 2004 as the transition date. The effect of adopting IFRS is summarised in the tables below.

Year ended December 31, 2004 EUR million	As reported under Lux-GAAP as at December 31, 2004	Reclass-ifications for IFRS [1]	AsiaSat consolidation methodology [2]	Capitalisation of interest on acquisitions [3]	Non-amortisation of indefinite life intangibles [4]	Provision of deferred tax [5]	Other adjustments [6]	Restated to IFRS as at December 31, 2004
Revenue	1,146.6	–	(68.8)	–	–	–	–	1,077.8
Operating expenses	(304.5)	–	15.0	–	–	–	(1.5)	(291.0)
Depreciation	(349.4)	–	19.8	(8.7)	–	–	0.7	(337.6)
Amortisation	(185.4)	–	–	–	128.0	–	1.2	(56.2)
Operating profit	307.3	–	(34.0)	(8.7)	128.0	–	0.4	393.0
Net financing charges	7.0	–	(1.6)	–	–	–	(4.6)	0.8
Profit for the year before tax	314.3	–	(35.6)	(8.7)	128.0	–	(4.2)	393.8
Income tax expense	(57.1)	–	5.2	2.6	(4.6)	(4.0)	(0.7)	(58.6)
Profit for the year after tax	257.2	–	(30.4)	(6.1)	123.4	(4.0)	(4.9)	335.2
Share of associates' result	1.2	–	–	–	0.6	–	1.7	3.5
Minority interest	(28.5)	–	30.4	–	–	–	–	1.9
Net profit of the Group	229.9	–	–	(6.1)	124.0	(4.0)	(3.2)	340.6
Property, plant and equipment	3,287.0	–	(183.6)	67.4	–	–	2.2	3,173.0
Intangible assets	2,484.2	–	–	–	198.3	–	–	2,682.5
Financial and other non-current assets	232.6	(38.4)	(1.5)	–	–	–	16.0	208.7
Inventories	2.5	–	–	–	–	–	–	2.5
Trade and other receivables	169.3	–	(17.1)	–	–	–	(6.4)	145.8
Prepayments	69.2	–	(6.3)	–	–	–	(14.0)	48.9
Valuation of financial instruments	271.2	–	–	–	–	–	–	271.2
Cash and short-term deposits	458.7	–	(76.8)	–	–	–	–	381.9
Total assets	**6,974.7**	**(38.4)**	**(285.3)**	**67.4**	**198.3**	**–**	**(2.2)**	**6,914.5**
Attributable to SES GLOBAL holders	3,217.0	(38.4)	–	47.2	155.5	(30.5)	(12.2)	3,338.6
Minority interests	279.5	–	(243.6)	–	–	–	–	35.9
Total equity	3,496.5	(38.4)	(243.6)	47.2	155.5	(30.5)	(12.2)	3,374.5
Interest-bearing loans and borrowings	2,078.3	–	–	–	–	–	0.6	2,078.9
Provisions and deferred income	20.7	112.6	–	–	–	–	–	133.3
Deferred income tax liabilities	657.8	–	(12.8)	20.2	42.8	30.5	2.9	741.4
Trade and other payables	220.6	–	(4.2)	–	–	–	6.4	222.8
Valuation of financial instruments	20.0	–	–	–	–	–	–	20.0
Income tax payable	210.4	–	(6.8)	–	–	–	–	203.6
Deferred income	270.4	(112.6)	(17.9)	–	–	–	0.1	140.0
Total liabilities	3,478.2	–	(41.7)	20.2	42.8	30.5	10.0	3,540.0
Total equity and liabilities	**6,974.7**	**(38.4)**	**(285.3)**	**67.4**	**198.3**	**–**	**(2.2)**	**6,914.5**

Reconciliation of shareholders' equity of opening IFRS balance sheet to published financial statements.

As at January 1, 2004 EUR million	Closing share-holders' equity as reported under Lux-GAAP as at December 31, 2003	Reclass-ifications for IFRS reporting [1]	AsiaSat consolidation methodology [2]	Capitalisation of interest on acquisitions [3]	Non-amortisation of indefinite life intangibles [4]	Provision of deferred tax [5]	Other adjustments [6]	Opening IFRS shareholders' equity as at January 1, 2004
Attributable to equity holders of parent	3,247.8	(27.7)	–	52.4	43.9	(26.6)	(22.9)	3,266.9

Explanations to the reconciling items:

Item 1 – Reclassifications for IFRS reporting

As at December 31 2004, the Group had acquired a quantity of SES GLOBAL Fiduciary Deposit Receipts ('FDRs') for use in connection with certain stock-based compensation schemes. Under Luxembourg GAAP these were disclosed either as Investments under Current Assets, or as Treasury Shares within equity, depending on the underlying scheme in connection with which they were acquired. Under IFRS, all such FDRs acquired are treated as Treasury Shares in accordance with IAS 32, thereby being disclosed as a deduction from equity. Furthermore, the Group has on its balance sheet liabilities relating to upfront payments on certain transponder capacity-related service contracts. Some of these amounts relate to prepayments for services contracted for periods longer than 12 months after the date of the balance sheet. The non-current portion of this deferred income has been reallocated from 'Current liabilities' to 'Non-current liabilities.'

Item 2 – AsiaSat consolidation methodology

In the Group's Luxembourg GAAP financial reporting, AsiaSat was fully consolidated reflecting the particular responsibility of the SES Group in assisting AsiaSat's management in developing the company's satellite operations. The agreements in place do not however satisfy the 'power to govern' criteria set out in IAS 27, although they do certainly support an assessment of joint control of AsiaSat in accordance with IAS 31. Hence under IFRS AsiaSat is only proportionately consolidated which impacts substantially all line items in the Group's financial statements. There is however no impact on net profit nor on shareholders' equity attributable to shareholders of the parent.

Item 3 – Capitalisation of interest

Under Luxembourg GAAP, a company has the choice to either capitalise or expense interest costs on borrowings incurred during the construction process of tangible assets. Until November 9, 2001, it was the policy of SES not to capitalise such interest. With effect from November 9, 2001, this accounting policy was changed to a policy of capitalisation of such interest. Under IFRS 1 where a company chooses to apply an accounting policy of capitalising borrowing costs at the date of its first IFRS reporting it must apply this accounting policy retrospectively. As a result borrowing costs relating to pre-November 9, 2001 must be capitalised under IFRS. This additional cost base results in an increase in the depreciation charge beyond that required under Luxembourg GAAP.

Item 4 – Non amortisation of goodwill and indefinite life intangibles

Under Luxembourg GAAP goodwill and intangibles are amortised on a straight line basis over their useful life, whereas under IFRS, goodwill and indefinite life intangibles are no longer amortised but are subject to an annual impairment review. The application of this policy under IFRS has had the following impact:

- certain intangible assets, primarily orbital slot rights, met the definition of indefinite life intangibles under IFRS;
- in line with IFRS 1, accumulated amortisation on such indefinite life intangibles has been reversed and subject to an impairment test at the date of transition and at each year end;
- deferred taxes, which were not required under Luxembourg GAAP, on certain purchase price allocation adjustments relating to indefinite life intangibles have been recognised under IFRS; and
- goodwill amortisation posted under Luxembourg GAAP in 2004 has been reversed.

The primary impact of the different accounting treatment of this area under IFRS is that the amortisation charge is very significantly lower than under Luxembourg GAAP, and hence net profit is favourably affected. The intangible assets on the balance sheet are correspondingly higher.

Notes to the consolidated financial statements continued

December 31, 2005

Note 30 – Reconciliation of financial information under Luxembourg GAAP to IFRS continued

Item 5 – Deferred tax

IAS 12 requires that companies recognise a deferred tax liability for all temporary differences. Under Luxembourg GAAP deferred tax is not provided on temporary differences which are not expected to reverse in the foreseeable future. As a result additional deferred taxes have been provided under IFRS primarily relating to:

– the reversal of the captive re-insurance provision in the Group's captive re-insurance company SES Ré S.A. which is considered to meet the definition of being a temporary difference under IFRS which was not the case under Luxembourg GAAP; and
– undistributed earnings of joint ventures and investments in associates.

Item 6 – Other adjustments

Under item 6 are included smaller adjustments, the most significant of which are as follows:

(i) Loan origination costs: Certain loan origination costs which were being deferred under Luxembourg GAAP do not meet the definition for deferral under IFRS. This results in a reduction in prepayments of EUR 11.9 million and EUR 8.0 million at June 30 and December 31, 2004 respectively. There was a corresponding impact on shareholders' equity and deferred tax.
(ii) Preferred C shares: Under IFRS the Group's Preferred C shares are deemed to have both debt and equity characteristics, whereas under Luxembourg GAAP they were fully disclosed under shareholders' equity. This results in a total re-allocation to 'Interest-bearing loans and borrowings' and 'Deferred income tax liabilities' of EUR 10.5 million and EUR 10.6 million at June 30 and December 31, 2004 respectively.

Restatement of the prior year cash flow statement to IFRS

The cash flows of the prior year are not significantly affected by the restatement to IFRS – Group net operating cash flow falls by around 6% reflecting the lower consolidated share of AsiaSat's net operating cash flow. There is a reduction in the net cash at the end of 2004 reflecting, likewise, primarily the consolidation of 34.1%, rather than 100%, of AsiaSat's cash holdings.

Report of the independent auditor

To the Shareholders of
SES GLOBAL S.A.
Société Anonyme
Betzdorf

Following our appointment by the Annual General Meeting of the shareholders on May 6, 2005, we have audited the accompanying annual accounts of SES GLOBAL S.A. for the year ended December 31, 2005. These annual accounts are the responsibility of the Board of Directors. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying annual accounts give, in conformity with Luxembourg legal and regulatory requirements, a true and fair view of the financial position of SES GLOBAL S.A. as at December 31, 2005 and of the results of its operations for the year then ended.

Ernst & Young
Société Anonyme
Réviseur d'entreprises

Werner WEYNAND

Luxembourg, February 16, 2006

SES GLOBAL S.A. balance sheet

December 31, 2005

Assets	Note	2005 EUR million	2004 EUR million
Formation expenses	3	**0.1**	0.4
Intangible assets	4	**–**	3.6
Tangible assets	5		
Other fixtures and fittings, tools and equipment		**0.4**	0.5
Payments on account and tangible assets in course of construction		**–**	–
		0.4	0.5
Financial assets			
Shares in affiliated undertakings	6	**8,371.7**	8,340.8
Other financial assets	7	**48.8**	22.4
		8,420.5	8,363.2
Current assets			
Debtors (becoming due and payable within one year)			
Amounts owed by affiliated undertakings	8	**211.0**	109.8
Other debtors		**0.2**	7.9
Cash at bank and in hand		**43.6**	158.8
		254.8	276.5
Prepayments		**7.4**	14.8
Total assets		**8,683.2**	8,659.0

Liabilities	Note	2005 EUR million	2004 EUR million
Capital and reserves			
Subscribed capital	9	**859.1**	921.8
Share premium		**2,470.3**	2,925.0
Legal reserve	10	**37.6**	31.3
Other reserves		**8.2**	64.8
Result brought forward		**1.3**	1.3
Profit for the financial year		**354.0**	126.7
		3,730.5	4,070.9
Creditors			
Amounts becoming due and payable after more than one year			
Notes and bonds	11	**1,708.5**	1,708.8
Amounts owed to credit institutions	12	**468.3**	521.2
		2,176.8	2,230.0
Amounts becoming due and payable within one year			
Notes and bonds	11	**158.8**	–
Amounts owed to credit institutions	12	**5.6**	–
Trade creditors		**1.0**	1.5
Amounts owed to affiliated undertakings	13	**2,486.7**	2,169.3
Taxes and social security debt	15	**102.6**	166.2
Other creditors		**21.2**	21.1
		2,775.9	2,358.1
Total liabilities		**8,683.2**	8,659.0

The notes are an integral part of the annual accounts.

SES GLOBAL S.A. profit and loss account

Year ended December 31, 2005

Charges	Note	2005 EUR million	2004 EUR million
External charges		**13.9**	14.4
Staff costs	14	**7.0**	7.4
Depreciation and amortisation	3, 4, 5	**5.4**	0.4
Other operating charges		**2.2**	1.6
Value adjustments in respect of financial assets	6, 7	**0.8**	79.0
Interest payable and similar charges concerning affiliated undertakings		**60.2**	30.2
Other interest payable and charges		**92.9**	50.7
Taxes on profit and loss	15	**1.7**	(23.0)
Profit for the financial year		**354.0**	126.7
		538.1	287.4
Income			
Other operating income	16	**7.6**	7.2
Income from participating interests derived from affiliated undertakings		**350.0**	224.9
Other interest receivable and similar income derived from affiliated undertakings		**30.9**	20.3
Other interest receivable and similar income	17	**149.6**	35.0
		538.1	287.4

The notes are an integral part of the annual accounts.

SES GLOBAL S.A. statement of changes in shareholders' equity

Year ended December 31, 2005

	Subscribed capital EUR million	Share premium EUR million	Legal reserve EUR million	Other reserves EUR million	Result brought forward EUR million	Result for the year EUR million	Total EUR million
Balance, beginning of the year	921.8	2,925.0	31.3	64.8	1.3	126.7	4,070.9
Allocation of result	–	–	6.3	120.4	–	(126.7)	–
Distribution of dividends	–	–	–	(177.0)	–	–	(177.0)
Capital reduction	(62.7)	(454.7)	–	–	–	–	(517.4)
Profit for the financial year	–	–	–	–	–	354.0	354.0
Balance, end of the year	859.1	2,470.3	37.6	8.2	1.3	354.0	3,730.5

The notes are an integral part of the annual accounts.

Notes to the SES GLOBAL S.A. accounts

December 31, 2005

Note 1 – General
SES GLOBAL S.A. (the 'Company') 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 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 GLOBAL-Americas Holding GP, whose accounts are integrated in those of the Company to the level of its share of the partnership.

Note 2 – Accounting practices
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 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.

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

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. They are amortised over the loan periods.

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.

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 fixed assets are translated at the historical rate. Long-term financial liabilities, which are hedged by financial derivatives, are translated at historical rate.

All other assets expressed in other currencies are translated individually at the historical exchange rate or the rate prevailing at the balance sheet date, whichever is lower. For liabilities, the higher exchange rate is applied.

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

Realised exchange gains and losses and unrealised exchange losses are reflected in the profit and loss account.

Financial derivatives

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.

Note 3 – Formation expenses

The development of the formation expenses during the financial years 2005 and 2004 is as follows:

	2005 EUR million	2004 EUR million
Cost at beginning and end of year	**0.8**	0.8
Accumulated amortisation at beginning of year	**(0.4)**	(0.3)
Amortisation of the year	**(0.3)**	(0.1)
Accumulated amortisation at end of year	**(0.7)**	(0.4)
Net book value at beginning of year	**0.4**	0.5
Net book value at end of year	**0.1**	0.4

Note 4 – Intangible assets

	2005 EUR million	2004 EUR million
Cost at beginning of year	**3.6**	1.3
Additions	**1.2**	2.3
Cost at end of year	**4.8**	3.6
Accumulated amortisation at beginning of year	**–**	–
Value adjustments of the year	**(4.8)**	–
Accumulated amortisation at end of year	**(4.8)**	–
Net book value at beginning of year	**3.6**	1.3
Net book value at end of year	**–**	3.6

During the year, the Company capitalised development costs incurred amounting to EUR 1.2 million (2004: EUR 2.3 million) in order to develop prototypes of advanced Ka-band outdoor unit technology and Ku-band multi-feed technology. The Company decided to fully depreciate these development costs at year end.

Note 5 – Tangible assets

The development of tangible assets during the financial years 2005 and 2004 is as follows:

	Other fixtures and fittings, tools and equipment EUR million	Payments on account and tangible assets in course of construction EUR million	2005 EUR million	2004 EUR million
Cost at beginning of year	1.0	–	**1.0**	0.9
Accumulated depreciation at beginning of year	(0.5)	–	**(0.5)**	(0.3)
Net book value at beginning of year	0.5	–	**0.5**	0.6
Movements of the year				
Additions	0.2	–	**0.2**	0.1
Transfer from assets in course of construction	–	–	**–**	–
Depreciation	(0.3)	–	**(0.3)**	(0.2)
Cost at end of year	1.2	–	**1.2**	1.0
Accumulated depreciation at end of year	(0.8)	–	**(0.8)**	(0.5)
Net book value at end of year	0.4	–	**0.4**	0.5

Notes to the SES GLOBAL S.A. accounts continued

December 31, 2005

Note 6 – Shares in affiliated undertakings

	2005 EUR million	2004 EUR million
Cost at beginning of year	**8,375.3**	6,149.1
Additions	**30.9**	3,994.5
Disposals	**–**	(90.8)
Capital reimbursements	**–**	(1,677.5)
Cost at end of year	**8,406.2**	8,375.3
Value adjustments at beginning of year	**(34.5)**	(45.6)
Value adjustments of the year	**–**	(79.7)
Reversal of value adjustments on disposals	**–**	90.8
Value adjustments at end of year	**(34.5)**	(34.5)
Net book value at end of year	**8,371.7**	8,340.8

As at December 31, 2005, the Company held the following investments:

	Participation	Net book value EUR million
SES ASTRA S.A., Betzdorf, Luxembourg	100.00%	**1,768.9**
SES GLOBAL-Americas, Inc., Princeton, USA	99.94%	**4,455.8**
SES Asia S.A. (formerly SES GLOBAL Asia S.A.), Betzdorf, Luxembourg	99.99%	**864.2**
SES ASTRAnet S.A., Betzdorf, Luxembourg	0.01%	**–**
SES GLOBAL Americas Finance Inc, Delaware, USA	100.00%	**–**
SES SIRIUS A.B. (formerly Nordic Satellite A.B.), Stockholm, Sweden	32.34%	**50.1**
SES GLOBAL Europe S.A., Betzdorf, Luxembourg	100.00%	**95.7**
SES GLOBAL Participations S.A., Betzdorf, Luxembourg	100.00%	**200.0**
SES GLOBAL Latin America S.A., Betzdorf, Luxembourg	100.00%	**494.8**
SES GLOBAL Africa S.A., Betzdorf, Luxembourg	100.00%	**411.3**
Betzdorf Holding Ltd., Dublin, Ireland	100.00%	**–**
SES GLOBAL Re International Ltd., Bermuda	100.00%	**30.9**
SES Holdings (Bermuda) Ltd., Bermuda	100.00%	**–**
SES GLOBAL Gibraltar Ltd., Gibraltar	100.00%	**–**
SES Global Insurance S.à r.l., Switzerland	100.00%	**–**
		8,371.7

In 2005, the Company incorporated SES GLOBAL Re International Ltd., a Bermuda captive insurance company, whose purpose is to insure a portion of the risks of two affiliates primarily relating to their satellite fleet, for a total consideration of USD 40.0 million (EUR 30.9 million). In 2005, the Company also incorporated SES GLOBAL (Gibraltar) Ltd. and SES GLOBAL Insurance S.à r.l.

During 2004, SES GLOBAL S.A. undertook a Group restructuring, through which a number of regional companies were created.

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 Art.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 7 – Other financial assets

	Note	2005 EUR million	2004 EUR million
Cost at beginning of year		**23.5**	10.6
Value adjustments at beginning of year		**(1.1)**	(1.8)
Net book value at beginning of year		**22.4**	8.8
Movements of the year			
Purchase of own shares	9	**517.4**	–
Purchase of FDRs		**32.2**	13.3
Cancellation of own shares	9	**(517.4)**	–
Disposals		**(5.0)**	(0.4)
Value adjustments of year		**(0.8)**	–
Reversal of value adjustments		**–**	0.7
Cost at end of year		**50.7**	23.5
Value adjustments at end of year		**(1.9)**	(1.1)
Net book value at end of year		**48.8**	22.4

Own Fiduciary Deposit Receipts
All Fiduciary Deposit Receipts ('FDRs') in respect of 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.

During the year, the Company purchased 2,335,550 FDRs from SES ASTRA S.A. for a total amount of EUR 31.3 million. As at December 31, 2005, the Company owns 4,753,430 FDRs.

Note 8 – Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings of EUR 211.0 million (2004: EUR 109.8 million) mainly consist of current accounts contracted with SES ASTRA S.A. and SES AMERICOM Inc. (a subsidiary of SES GLOBAL-Americas Inc.) bearing interest at market rates.

Note 9 – Subscribed capital

As at December 31, 2004, the issued and fully paid share capital amounted to EUR 921.8 million represented by 737,453,508 shares with no par value (310,340,000 Class-A ordinary shares; 245,817,836 Class-B ordinary shares and 176,799,314 Class-C ordinary shares and 4,496,358 Class-C preferred shares).

On May 6, 2005, the Annual General Meeting of shareholders of the Company voted a motion allowing the Company to acquire its own shares and Fiduciary Deposit Receipts (FDRs), thus paving the way for a share buy-back and cancellation programme to run until November 6, 2005.

On the same day, the Board of Directors of SES GLOBAL approved and authorised management to implement such share buy-back programme up to 65 million shares and FDRs. In order to reduce the impact of the buy-out programme on the free float and trading liquidity, it was decided that Class-A, -B and -C shares be bought back pro rata from the respective shareholders who agreed to participate in the programme.

On December 8, 2005, the shareholders of SES GLOBAL, at an Extraordinary General Meeting, voted a motion to cancel 50,140,572 of the Company's shares after the completion of 77.34% of the share buy-back and to cancel the programme. These shares had been acquired for a total consideration of EUR 517.4 million. At the same meeting the shareholders decided to allow the Company to enter into a new share buy-back programme for a period of 18 months.

In an Extraordinary General Meeting held on December 8, 2005, the subscribed capital of the Company was decreased by an amount of EUR 62.7 million in order to reduce it from its present amount of EUR 921.8 million, to EUR 859.1 million through the cancellation of 50,140,572 own shares (23,348,793 Class-A ordinary shares; 16,713,524 Class-B ordinary shares and 10,078,255 Class-C ordinary shares) and the decrease of the share premium by an amount of EUR 454.7 million.

As at December 31, 2005, the issued and fully paid share capital amounted to EUR 859.1 million represented by 687,312,936 shares with no par value (320,058,724 Class-A ordinary shares; 229,104,312 Class-B ordinary shares and 133,653,542 Class-C ordinary shares and 4,496,358 Class-C preferred shares).

The category C shares were issued as part of the consideration for the acquisition of SES GLOBAL-Americas Inc. A holder of Preferred C shares is entitled at his option at any time and from time to time to convert all or part of such Preferred C shares into ordinary C shares at a conversion ratio of one ordinary C share per one Preferred C share. A holder of ordinary C shares is entitled at his option at any time and from time to time to convert all or part of such ordinary C shares into shares of Class-A at a conversion ratio of one share of Class-A per one ordinary C share.

Notes to the SES GLOBAL S.A. accounts continued

December 31, 2005

Note 9 – Subscribed capital continued

Dividends are paid in such a manner that the payment on one share of Class-B equals 40% of the payment of one share of Class-A. Each Preferred C share is entitled to fixed dividends, which consist of cumulative annual dividends payable in cash at the rate of 4% per annum on a notional liquidation value of USD 50.0 million. The fixed dividend shall accrue as from the date of issuance of the Preferred C shares. Dividends on ordinary C shares are calculated as for A shares but are subject to deduction of the fixed dividend on the Preferred C shares for the relevant dividend period.

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. An allocation of EUR 17.7 million is required in the current year.

Note 11 – Notes and bonds

US Private Placement

On September 30, 2003, SES GLOBAL S.A., through SES GLOBAL-Americas Holdings GP, issued in the US Private Placement market unsecured Notes amounting to USD 1,000.0 million and GBP 28.0 million. The US 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 GLOBAL S.A. is committed under the US Private Placement to maintaining a number of financial covenants within agreed limits in order to provide sufficient security to lenders.

EUR 500.0 million Eurobond

On November 19, 2003, SES GLOBAL S.A. issued a Eurobond for the purpose of repayment of all outstanding amounts due under the syndicated multi-currency term and revolving facilities agreement dated March 28, 2001. The issuance was for a nominal amount of EUR 500.0 million with a coupon of 4.50% and a final maturity date of November 19, 2008.

On May 16, 2005, SES GLOBAL S.A. and SES GLOBAL-Americas Holding GP executed a deed of substitution together with a novation agreement in order to substitute SES GLOBAL-Americas Holding GP as issuer of this Eurobond in place of SES GLOBAL S.A. with same terms and conditions.

EUR 300.0 million Eurobond

On December 17, 2003, SES GLOBAL S.A., through SES GLOBAL-Americas Holding GP, issued a Eurobond for financing general corporate purposes. The issuance was for a nominal amount of EUR 300.0 million with a coupon of 4.25% and a final maturity of December 17, 2007.

The maturity profile of notes and bonds is as follows as at December 31, 2005 and 2004:

	2005 EUR million	2004 EUR million
Between one to two years	**355.2**	–
Between two to five years	**665.8**	965.9
After five years	**687.5**	742.9
Total after one year	**1,708.5**	1,708.8

EUR 500.0 million French Commercial Paper Programme (‘Billet de Trésorerie’)

On October 25, 2005, in order to meet its own and subsidiaries’ funding needs, the Company has set up a ‘Titres de Créance Négociables’ (TCN) programme in the French market where the Company has issued ‘Billets de Trésorerie’ in accordance with Articles L.213-1 to L.213-4 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’ issues under the programme is EUR 500.0 million or its countervalue at the date of issue in any other authorised currencies. The terms of the ‘Billets de Trésorerie’ are determined in accordance with laws and regulations applicable in France, which imply that, at the date hereof, such term shall not be less than one day and shall not exceed 365 days. As at December 31, 2005 a total of EUR 158.8 million has been issued under this programme, with quarterly maturities up to March 2006.

EUR 2,000.0 million European Medium Term Note Programme

On December 6, 2005, SES GLOBAL S.A. has set up a EUR 2,000.0 million European Medium-Term Note Programme (‘EMTN’) with nine banks as agents enabling the Company or its partnership to issue on a continuity basis Notes up to a maximum aggregate amount of EUR 2,000.0 million for general corporate purposes. As at December 31, 2005, no Notes were issued under this programme.

Note 12 – Amounts owed to credit institutions

Bilateral multi-currency facilities

On December 31, 2004, SES GLOBAL S.A. had unsecured bilateral multi-currency revolving credit facilities in place with nine banks for a total of EUR 800.0 million with a weighted average maturity of June 2007, of which EUR 521.2 million was drawn.

On April 7, 2005, the Company reimbursed these bilateral multi-currency facilities and entered into new unsecured bilateral multi-currency revolving credit facilities with ten banks for a total of EUR 1,000.0 million with a maturity of April 2010 of which EUR 455.5 million and USD 15.0 million (EUR 12.7 million) were drawn as at December 31, 2005.

SES GLOBAL S.A. is committed under the bilateral multi-currency revolving credit facilities to maintaining a number of financial covenants within agreed limits in order to provide sufficient security to the lenders.

The maturity profile of the amounts drawn is as follows as at December 31, 2005:

	2005 EUR million	2004 EUR million
Within one year	–	–
Between one and two years	–	258.3
Between two and five years	468.3	262.9
After one year	468.3	521.2

Note 13 – Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 2,486.7 million (2004: EUR 2,169.3 million) include the following:

	2005 EUR million	2004 EUR million
Short-term loans	242.1	85.2
Notes	1,369.6	1,548.8
Current accounts	875.0	535.3
	2,486.7	2,169.3

Short-term loans bear interest at market rates and are repayable upon demand while Notes are interest-free and are repayable upon demand or at latest on the second anniversary of the Notes.

As at December 31, 2005 current accounts represent short-term advances bearing interest at market rates and mainly include a short term advance owed to SES ASTRA S.A. of EUR 664.4 million (2004: EUR 514.2 million).

Note 14 – Staff costs

As at December 2005, the number of employees in the workforce was 54 (2004: 44) and the average number of employees in the workforce for 2005 was 52 (2004: 46). Staff costs can be analysed as follows:

	2005 EUR million	2004 EUR million
Wages and salaries	6.6	7.0
Social security costs	0.4	0.4
	7.0	7.4

Note 15 – Taxes on profit and loss

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., SES ASTRAnet S.A., ASTRA TechCom S.A., SES GLOBAL Participations S.A., SES GLOBAL Africa S.A., SES GLOBAL Europe S.A., SES GLOBAL Latin America S.A., SES ASTRA Satellite Company 1 S.à r.l., SES ASTRA 1KR S.à r.l., SES ASTRA 1L S.à r.l., and SES ASTRA 1M S.à r.l.), which are part of the Luxembourg fiscal entity, in accordance with Art 164 bis LIR.

Notes to the SES GLOBAL S.A. accounts continued

December 31, 2005

Note 16 – Other operating income

Other operating income mainly consists of Group recharge revenues amounting to EUR 6.7 million (2004: EUR 6.4 million) representing direct and indirect costs incurred with the rendering of advisory support services to two affiliates.

Note 17 – Other interest receivable and similar income

Other interest receivable and similar income includes the following:

	2005 EUR million	2004 EUR million
Interest income	**4.1**	4.6
Foreign exchange gains, net	**145.3**	30.4
Other financial income	**0.2**	–
	149.6	35.0

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

Note 18 – Board of Directors' remuneration

At the Annual General Meeting held on May 6, 2005, 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 2005 were EUR 0.7 million (2004: EUR 0.8 million).

Note 19 – Off balance sheet items

Financial derivatives

External cross currency interest rate swaps

At December 31, 2005, the Company held five cross currency swap agreements. The average term of these agreements was as follows:

Currency sold	Currency bought	Maturity date	Exchange rate
EUR 642.3 million	USD 800.0 million	September 2007	EUR/USD 1.2456

At December 31, 2005 and 2004, the Company also held one cross currency swap agreement in the name of SES GLOBAL-Americas Holdings GP. The average term of this contract was as follows:

Currency sold	Currency bought	Maturity date	Exchange rate
USD 45.4 million	GBP 28.0 million	September 2013	GBP/USD 1.6200

At December 31, 2004, the Company also held 16 cross currency swap agreements in the name of SES Global S.A., which were designated as a hedge of the net investment in the US subsidiary, SES Americom. These agreements were terminated in May 2005 (Note 17); their average terms were as follows:

Currency sold	Currency bought	Maturity date	Exchange rate
USD 2,164.3 million	EUR 1,838.9 million	February 2007	EUR/USD 1.1769

External interest rate swap

As at December 31, 2005, the Company held two interest rate swap agreements with a combined notional amount of EUR 500.0 million whereby the Company receives a fixed rate of interest annually and pays a variable rate quarterly equal to three-month EURIBOR plus a margin. These agreements have been designated as a hedge of the Eurobond EUR 500.0 million and have a maturity profile of November 2008.

In addition, at December 31, 2005 and 2004, the Company also held one interest rate swap agreement with a notional amount of USD 45.4 million whereby the Company receives a fixed rate of interest semi-annually and pays a variable rate equal to six-month LIBOR plus a margin with a maturity profile as of September 2013, amortising as of September 2007.

At December 31, 2004, the Company also held five interest rate swap agreements with a notional amount of USD 1,000.0 million whereby the Company received a fixed rate of interest semi-annually and paid a variable rate equal to three-month and six-month LIBOR plus a margin. The interest rate swaps were put in place at the same time as the pricing of the US Private Placement (July 2003) with a maturity profile between 2013 and 2015, amortising as of September 2007. These agreements were terminated in August 2005 (Note 17).

As at December 31, 2004, the Company held two interest rate swap agreements with a notional amount of USD 370.0 million whereby the Company received a fixed rate of interest semi-annually and paid a variable rate of six-month LIBOR plus a margin. The original maturity date for these swaps was in December 2007. The Company however terminated these agreements in May 2005 (Note 17).

Forward foreign exchange contracts

As at December 31, 2005 and 2004, the Company had outstanding foreign exchange contracts, whose average terms are as follows:

As at December 31, 2005:

Currency sold	Note	Currency bought	Average weighted maturity	Average exchange rate
EUR 45.0 million	1	USD 58.1 million	October 2006	EUR/USD 1.2929
EUR 88.5 million	2	USD 113.9 million	November 2006	EUR/USD 1.2881
USD 2.5 million	3	SEK 19.6 million	March 2006	USD/SEK 7.8385
SEK 285.4 million		EUR 31.0 million	June 2007	EUR/SEK 9.2168
EUR 5.8 million		SEK 55.0 million	January 2006	EUR/SEK 9.4472
EUR 49.7 million		USD 59.1 million	January 2006	EUR/USD 1.1882

As at December 31, 2004:

Currency sold	Note	Currency bought	Average weighted maturity	Average exchange rate
EUR 111.7 million	1	USD 127.1 million	June 2005	EUR/USD 1.1370
USD 1.8 million		SEK 13.8 million	April 2005	USD/SEK 7.4529
USD 120.1 million		EUR 90.5 million	January 2005	EUR/USD 1.3265

1. These foreign exchange contracts have monthly maturities up to January 2008 as at December 31, 2005, and correspond to specific contracts relating to satellite procurements for SES ASTRA. These contracts exactly mirror the internal forward foreign exchange contracts entered into with SES ASTRA.
2. These foreign exchange contracts have monthly maturities up to February 2008 and correspond to specific contracts relating to satellite procurements for SES GLOBAL Satellite Leasing. Of this total, contracts for an amount of USD 110.7 million against EUR 85.9 million exactly mirror the internal forward foreign exchange contracts entered into with SES GLOBAL Satellite Leasing.
3. These foreign exchange contracts have monthly maturities up to May 2006 and exactly mirror the internal forward foreign exchange contracts entered into with SES SIRIUS.

Inter-company financial instruments

The Company arranged several inter-company foreign exchange contracts in order to hedge the US Private Placement as well as certain other USD-denominated facilities. The average terms of these inter-company contracts are as follows as at December 31, 2005:

Currency sold	Currency bought	Maturity	Exchange rate
EUR 897.1 million	USD 1,045.4 million	August 2012	EUR/USD 1.1653

The average terms of these inter-company contracts were as follows as at December 31, 2004:

Currency sold	Currency bought	Maturity	Exchange rate
EUR 897.1 million	USD 1,045.4 million	August 2012	EUR/USD 1.1653
EUR 479.1 million	USD 623.3 million	February 2005	EUR/USD 1.3011

On December 17, 2003, the Company arranged two inter-company cross currency swap agreements whose average terms are set out below. These agreements were terminated in May 2005 (Note 17). As at December 31, 2004, the average terms of these contracts were as follows:

Currency sold	Currency bought	Maturity	Exchange rate
EUR 300.0 million	USD 370.0 million	December 2007	EUR/USD 1.2333

Notes to the SES GLOBAL S.A. accounts continued

December 31, 2005

Note 19 – Off balance sheet items continued

As at December 31, 2005 and 2004, the Company had inter-company foreign exchange contracts whose average terms were as follows:

As at December 31, 2005:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 58.1 million	EUR 45.0 million	October 2006	EUR/USD 1.2929
USD 110.7 million	EUR 85.9 million	November 2006	EUR/USD 1.2885
EUR 6.1 million	SEK 56.5 million	July 2007	EUR/SEK 9.2690
SEK 19.6 million	USD 2.5 million	March 2006	USD/SEK 7.8385

As at December 31, 2004:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 127.1 million	EUR 111.7 million	June 2005	EUR/USD 1.1370
SEK 13.7 million	USD 1.8 million	March 2005	USD/SEK 7.3822

Restrictions on the use of cash

As at December 31, 2005, the Company held cash under restrictions amounting to EUR 4.0 million (2004: nil).

Guarantees

As at December 31, 2005, the Company had outstanding bank guarantees for an amount of EUR 0.3 million (2004: EUR 0.9 million). This relates to performance guarantees for services of satellite operations.

Corporate guarantees

In 2005, SES GLOBAL S.A. 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.

Note 20 – Events after balance sheet date

On December 12, 2005, the Company announced its intention to enter into a binding agreement pursuant to which SES GLOBAL will acquire 100% of New Skies Satellites ('New Skies') by way of a merger under Bermudan law (an amalgamation). This agreement was approved by New Skies shareholders at an Extraordinary General Meeting on February 10, 2006.

The closing of the transaction is subject to regulatory approvals and other closing conditions. At the end of February 2006, approvals had been received from the Department of Justice of the USA, and from the Federal Cartel Office in Germany. Further US regulatory approvals were outstanding at that point in time. SES GLOBAL expects the transaction to close in the second quarter of 2006, although it could be earlier or later than this.

SES GLOBAL will acquire New Skies for USD 22.52 per share in cash. Existing options will be cancelled for a payment equal to the difference between USD 22.52 per share and the exercise price. The total payment for the equity of New Skies will be USD 760 million. At closing, New Skies is expected to have approximately USD 400 million of net indebtedness under its credit facility, Floating Rate Senior Notes and Senior Subordinated Notes. SES will re-finance the existing bank debt of New Skies and may leave the Floating Rate Senior Notes and Senior Subordinated Notes of New Skies outstanding. The cash-only transaction thus values New Skies at an enterprise value at closing of USD 1.160 billion. As part of the agreement, New Skies has agreed to terminate its quarterly dividend programme after the declaration and payment of its 2005 fourth quarter dividend.

New Skies, a Bermudan company with its main operating subsidiary headquartered in The Hague, The Netherlands, is the world's fifth largest satellite operator based on transponder capacity, with five spacecraft positioned at strategic orbital locations around the globe and an additional satellite due for launch in 2006. For the 12 months ended December 31, 2005, New Skies generated revenues of USD 240.5 million.

Shareholder information

Registered office and Group headquarters
Château de Betzdorf, L-6815 Luxembourg
Luxembourg Trade Register N° RC Luxembourg 81 267

2005 Financial calendar

Annual General Meeting of Shareholders	April 6, 2006
Dividend payment	April 12, 2006
Announcement of first-half 2006 results	August 7, 2006

Listed security
Fiduciary Depositary Receipts each in respect of one A Share of SES GLOBAL S.A. are listed on the Stock Exchange of Luxembourg and Euronext Paris under the symbol SESG.

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