



Your Satellite Connection to the World

Annual Report 2006

Our vision is to remove the boundaries of connectivity

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2006 key highlights

- Revenue rose 28.4% to EUR 1,615.2 million (2005: EUR 1,258.0 million), with recurring, same scope revenue increasing by 7.4% to EUR 1,320.0 million
- EBITDA grew 22.6% to EUR 1,080.4 million (2005: EUR 881.1 million)
- Net profit increased 14.1% to EUR 435.8 million (2005: EUR 381.9 million)
- Earnings per share rose 22% to EUR 0.82 (2005: EUR 0.67)
- Net operating cash flow increased 47.4% to EUR 1,060.1 million (2005: EUR 719.4 million)
- Dividend of EUR 0.44 (2005: EUR 0.40) per A share proposed
- Buy-back and cancellation of 25 million shares for a total consideration of EUR 233 million
- Return on average equity improved to 13.5% (2005: 11.2%)

Revenue (in EUR million)

'05	1,258.0
'06	1,615.2

EBITDA (in EUR million)

'05	881.1
'06	1,080.4

Net profit of the Group (in EUR million)

'05	381.9
'06	435.8

	2006 EUR million	2005 EUR million
Financial summary		
Total revenue	1,615.2	1,258.0
EBITDA	1,080.4	881.1
Operating profit	605.3	475.8
Profit of the Group	435.8	381.9
Net operating cash flow	1,060.1	719.4
Free cash flow	(17.5)	433.1
Net debt	2,903.2	2,107.1
Shareholders' equity	3,012.2	3,449.0
Earnings per A share (EUR)	0.82	0.67
Dividend per A share (EUR)	0.44¹	0.40
Employees	1,661	1,102

Key performance ratios

	2006	2005
EBITDA margin	66.9%	70.0%
Net income margin	27.0%	30.4%
Net debt/total equity	95.3%	60.5%
Net debt/EBITDA	2.68	2.39

¹ Recommended by Directors and subject to shareholder approval.

SES in brief

SES is the pre-eminent provider of satellite transmission capacity and related services for media broadcasting, government and enterprise communications worldwide. We also provide satellite-centric value-added services for media, government, and enterprise communications needs.

Our satellite infrastructure business

We provide satellite distribution capacity via our fully owned operating companies SES ASTRA in Europe, SES AMERICOM in North America, and via SES NEW SKIES in South America, Africa, the Middle East and Asia; in addition, SES NEW SKIES provides global connectivity services across five continents. We also hold participations in regional satellite operators Star One, AsiaSat, Ciel, QuetzSat and SES SIRIUS.

Through this satellite infrastructure, which at year end 2006 consisted of 35 fully owned spacecraft and nine satellites owned by the companies in which we hold participations, we offer our customers a truly world-spanning service of the highest reliability.

We are the world's leader in providing video broadcasting capacity. In 2006, SES generated 83% of its total revenue from the provision of satellite infrastructure and capacity. Our premier

satellite capacity is used by the world's leading broadcasters for the distribution of TV and radio programming for direct-to-home reception, or for reception via cable and terrestrial networks. Our satellites provide unequalled market penetration for a growing number of free-to-air and pay TV channels of public and private broadcasters around the world.

SES also offers capacity for the transmission of enterprise and government communications, ensuring highly reliable connectivity to corporations and government administrations for business and secured communications.

Our satellite services business

In 2006, satellite services represented 17% of our revenue. Our satellite services range addresses media, enterprise and government customers, and is geared towards helping customers grow their businesses and deliver more efficient, secure and reliable communications.

SES AMERICOM

AMC-1	103° West
AMC-2	105° West
AMC-3	87° West
AMC-4	101° West
AMC-5	79° West
AMC-6	72° West
AMC-7	137° West
AMC-8	139° West
AMC-9	83° West
AMC-10	135° West
AMC-11	131° West
AMC-15	105° West
AMC-16	118.7° West
AMC-18	105° West
SatCom C3	79° West

FUTURE SATELLITES

AMC-14	TO BE DETERMINED
AMC-21	125° West

SES ASTRA

ASTRA 1C	*
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

*PENDING REDEPLOYMENT

ASTRA 1KR	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

FUTURE SATELLITES

ASTRA 1L	19.2° East
ASTRA 1M	19.2° East
ASTRA 3B	23.5° East

SES NEW SKIES

NSS-5	177° West
NSS-6	95° East
NSS-7	22° West
NSS-806	40.5° West
NSS-10 (FORMERLY AMC-12)	37.5° West
NSS-11 (FORMERLY AAP1)	108° East
NSS-12 (FORMERLY NSS-703)	20° West
AMC-23	172° East

FUTURE SATELLITES

NSS-9	177° West
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SES SIRIUS

SIRIUS 2	4.8° East
SIRIUS 3	5° East

FUTURE SATELLITE

SIRIUS 4	5° East
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CIEL

FUTURE SATELLITE	
CIEL 2	129° West

ASIASAT

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

FUTURE SATELLITE

AsiaSat 5	100.5° East
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STAR ONE

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

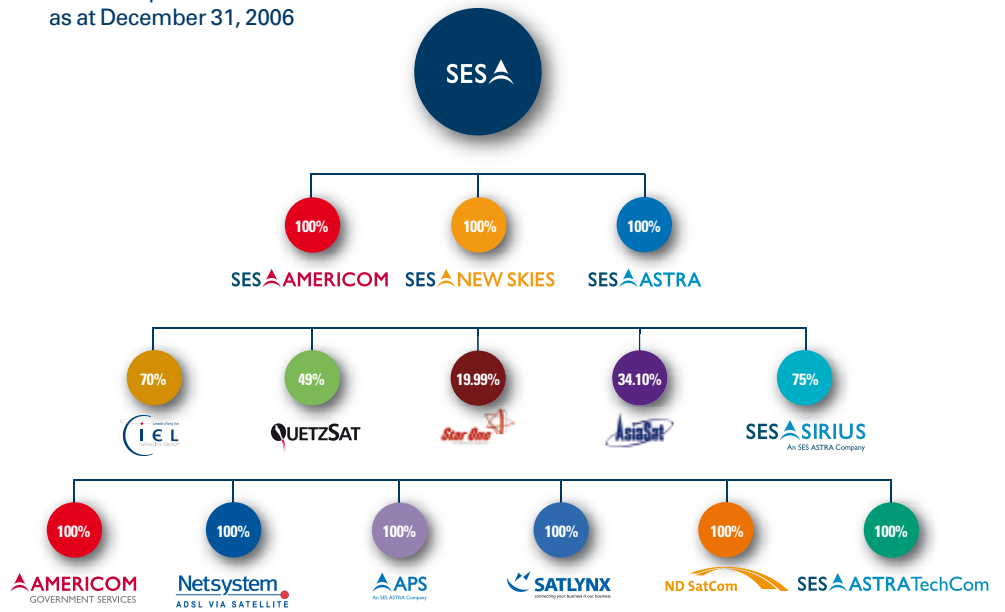
Our end-to-end media services include IP platforms for content aggregation and distribution in IP format, platforms for encryption, uplink and distribution of media content, and rights management of content in Digital Video Broadcasting format.

Government services are an integral part of the SES portfolio, with secure, fully integrated communications solutions provided to government agencies in both the civilian and defence environments.

The Enterprise sector comprises a wide array of services for corporations and businesses, from Internet backbone connectivity and offshore communications solutions to hub and uplink services.

SES also provides mobile broadband connectivity services for cruise ships, trains, trucks, military vehicles, commercial and corporate jets, mobile phones and handheld devices.

SES Group structure as at December 31, 2006



The SES satellite fleet as at March 1, 2007

Satellites
Future satellites



Outstanding results

The Board of Directors is pleased to report outstanding results for the business year 2006. These results demonstrate SES' operational and financial strengths, built on the organic growth delivered by our existing business, and on the additional growth generated by acquisitions during the year under review.

We posted solid double-digit growth figures in 2006. Our revenue rose by 28.4%. EBITDA grew by 22.6%. Earnings per share increased by 22%. Net profit was 14.1% higher than in 2005, and the return on average equity improved markedly to 13.5%.

These results are unequalled in the satellite industry. They stem from consistent investment programmes initiated in the past, from a targeted acquisition strategy that in 2006 enabled us to expand our infrastructure and capacity business, and improve returns from our services business line.

SES' primary strategic focus is on the continued development of its core infrastructure business, providing unequalled satellite transmission capacity to the growing markets of video distribution, government and enterprise communications in the different regions of the world. This business segment represented EUR 1,416.7 million, or 83.4% of SES' total revenue in 2006.

We are complementing our infrastructure activities through investments in selected services businesses, concentrating on the growing video and government markets, and conforming to stringent profitability criteria. Services revenue increased to EUR 271.7 million, representing 16.6% of the total revenue.

A solid position in the industry

These results reflect our extremely solid industry position and allow us to once more deliver excellent shareholder value based on the combination of good results, continued investment in our business, increased dividends and a successful share buy-back programme.

SES' total revenue increased by 28.4% to EUR 1,615.2 million. This increase primarily reflects the impact of the acquisition of SES NEW SKIES on March 30, 2006, and the assumption of full control over ND SatCom on June 29, 2006. Together, these two new SES operations generated over half of the additional growth registered during the year. SES also experienced high single-digit growth in its existing business, notably reflecting the continuing strong development of SES ASTRA's operations in the Western and Eastern European markets, as well as its geographical extension into the African market. One-off revenue, mainly termination fees resulting from the cessation of Connexion by Boeing's activities, and transponder sales by SES AMERICOM to Star One, additionally contributed to the strong development. Recurring revenue in the period increased by 7.4%.

SES' EBITDA rose strongly by 22.6% to EUR 1,080.4 million, delivering an EBITDA margin of 66.9%. In addition to a EUR 28.5 million charge for restructuring costs related to teleports in the U.S. and the integration of SES NEW SKIES, the



René Steichen
Chairman of the Board of Directors

EBITDA margin reflects the increased weight of the services business in the revenue mix of SES in 2006. The EBITDA margin in the Group's infrastructure business remained robust at 78.8%. The reported services margin rose to 10.5% (before project start-up costs).

Net profit rose by 14.1% to EUR 435.8 million. Earnings per share, based on the weighted number of shares in issue, rose by 22%, reflecting the impact of the share buy-back programme, which over the year resulted in the buy-back and the cancellation of 25 million shares for a total consideration of EUR 233 million.

Following the closing of the business year, we announced a transaction with GE to buy back their 19.5% stake in SES for assets and cash. This deal is set to deliver additional value to shareholders via the cancellation of the bulk of the acquired shares. The resulting restructuring of our asset portfolio will streamline and improve our geographic positioning without changing our overall Group strategy of growing and delivering shareholder value.

Outlook

In 2007, SES will focus its activities on building on the acquisitions and achievements of 2006.

We foresee continued growth in our core markets, driven by the ongoing development of TV broadcasting in our core markets. The launch of ASTRA 1L and the relocation of ASTRA 2C, as well as the launch of SIRIUS 4 will make additional capacity available for European direct-to-home broadcasting. The AMC-18 satellite will provide further growth opportunities in the North American market.

Assuming successful closing of the split-off transaction agreed with GE in February 2007, we expect revenue in the range of EUR 1,568 million to 1,608 million and EBITDA in the range of EUR 1,041 million to 1,081 million for 2007.

On behalf of the Board of Directors, I would like to thank the management and the employees of the Group for the achievements of 2006, and especially for the impressive growth that was delivered, the successful integration of the newly acquired businesses, and the consistent positioning of our Company for the market and customer demands of the future.

René Steichen
Chairman of the Board of Directors

Positioning for the future

2006 was a remarkable year of progress and change for SES. We experienced strong organic growth in our existing business. In addition, our progress was strongly fuelled by the integration of SES NEW SKIES as a new infrastructure provider, and by the inclusion of multiple service components – SATLYNX, ND SatCom, and entavio – into the SES Group.

At the same time, we reconsidered the structure of SES in order to position the Company for the future – with the aim to provide satellite infrastructure and services of even higher value to our customers. We are proud of our achievements in 2006.

In 2006, our competitive environment evolved. At the beginning of the year, SES, with 29 fully owned satellites, with 1,100 employees, and a share of 22% of the Fixed Satellite Services (FSS) market¹, was the world's largest satellite operator by all counts. We ended the year with a fleet of 33 spacecraft, a headcount of 1,600 and a market share of 25%.

Size, however, is not the only defining feature for a company that aspires to excel in shareholder value creation and in providing customer satisfaction. In 2006, as in earlier years, SES continued to lead the net profits table of the FSS industry by a wide margin.

The environment in 2006

In 2006, the FSS market had a marked growth profile. At the same time, it also became increasingly competitive, for both external and internal reasons.

Demand for satellite transmission capacity in the FSS market grew, driven by the continuing increase of the number of broadcast TV channels worldwide, by the roll-out of high definition channels and by emerging new TV platforms. This is the core market served by SES' infrastructure business, and it featured by far the highest growth rate of all the market segments served by the Fixed Satellite Services industry.

Satellite-delivered IPTV services also continued to progress in 2006, particularly in North America and East Asia. Satellite broadband data services direct-to-user also registered strong growth rates, while in the enterprise and government markets, VSAT services have long established a solid position. In the government and institutional segment more particularly, satellite continues to benefit from rising demand, as government agencies increasingly rely on commercial satellite capacity to complement proprietary communications systems. Mobile satellite communications projects continued to develop, as a number of service providers deployed commercial offers.

As the demand for transmission capacity continues to grow, the FSS providers find themselves competing against terrestrial offers, such as digital terrestrial television networks, or DSL. However, these competitors also increasingly rely on satellite capacity to efficiently provide content feeds into the terrestrial networks, and thereby create new business opportunities for satellite operators.

2006 also brought a new round of consolidation to the FSS industry. SES acquired New Skies Satellites; Intelsat acquired PanAmSat; and Telesat Canada and Loral Skynet announced their merger in late December 2006. At the beginning of the year, the four largest FSS operators represented an estimated market share of 65%; at the end of 2006, the combined estimated market share of the biggest four had grown to 75%.

SES – the best profile

SES displayed sound revenue growth in 2006, resulting in strong net profit growth and in significantly increased earnings per share. This reflects organic growth in our existing business, where we successfully served the growing demand for transmission capacity and provided value added services to help our customers develop their businesses. Our growth rate also reflects the effect of the integration of the newly acquired SES NEW SKIES and ND SatCom, and hence our strengthened position in the satellite industry.

We achieved the acquisition and integration of SES NEW SKIES in line with our plan. SES NEW SKIES adds high-quality satellite capacity and coverage in parts of the world where our footprint was incomplete or delivered via minority participations. We made significant progress in delivering synergies from this acquisition, and remain on track to achieve cost savings of USD 30 million in 2008.

¹ Source Euroconsult.



Romain Bausch
President and CEO

The acquisition of ND SatCom, and the subsequent award of a substantial German Government contract, significantly boosted our presence in the growth sector of the government services market.

We reaffirmed our primary strategic focus on the continued development of our core infrastructure business, providing unequalled satellite transmission capacity.

And we are complementing our infrastructure activities through investments in selected services businesses.

Through the integration of our acquisitions, in line with our strategic focus, we have created an organisation that is stronger, more efficient, and ready to even more effectively serve the increasing demands of the infrastructure and the services markets.

Our major achievements of 2006 successfully translate this strategy.

We extended and developed our satellite infrastructure by launching and taking into operation two new satellites. We continued to further develop and implement the most extensive satellite investment programme in our industry, by starting the procurement of four additional spacecraft. We increased our satellite fleet utilisation rate to 75%. We delivered the

highest growth in the European DTH market, and cemented our leading position in the North American market. We reinforced our coverage by adding five SES NEW SKIES satellites to our Group fleet, while SES NEW SKIES delivered its highest ever revenue in 2006.

We also grew our services activities according to plan, notably by developing IP-PRIME™, a satellite-based IPTV platform, in the U.S., and by developing entavio, an open and neutral digital satellite infrastructure to provide services to broadcasters and consumers in Germany. With a strong focus on cost control, we continued to improve the returns from the managed services activities. And we started the implementation of new product offerings such as ASTRA2Connect, a low-cost satellite-based interactive broadband internet access combined with video and IP telephony, and continued the roll-out of the Bluetooth-based interactive TV service Blucom.

In addition to our operational activities, we also successfully implemented an extensive share buy-back and cancellation programme, covering 25 million shares, for a total consideration of EUR 233 million. Including the expected closing of the recently announced split-off transaction with GE, SES will have bought back and cancelled approximately 30% of its outstanding shares, thereby returning significant amounts of cash to shareholders and increasing value for the remaining shareholders.

2006 was an outstanding year, in which we positioned SES for the future. The outlook for 2007 is positive. We project continued revenue development which, together with the planned share buy-back and the increased dividend, is poised to continue delivering industry-leading returns to our shareholders.

Romain Bausch
President and CEO

Recent developments

Agreement on a split-off transaction with GE

On February 14, 2007, SES announced that it agreed with General Electric (GE), one of its main shareholders, a EUR 1,238 million split-off transaction, in which SES will contribute certain assets and cash to a new company, SES International Holdings, Inc. (SIH), and will exchange the shares of that new company for GE's entire holding of 103,149,900 shares in SES.

SIH will comprise the AMC-23 satellite and its related business; 100% of SATLYNX; and all of SES' interest in Bowenvale, representing a 34.10% interest in Asia Satellite Telecommunications Holdings (AsiaSat); Star One; and Orbcomm; and EUR 588 million in cash, subject to certain closing adjustments.

The transaction allows SES to restructure and optimise its portfolio of assets following the acquisition of SES NEW SKIES, and to remove the GE share overhang which had resulted from GE's announced intention, in 2005, to divest its interest in SES, and which had created a perceived cap on the SES share price. Upon closing, it will also result in the simplification of the Company's share structure, and will increase shareholder value through the cancellation of shares.

An Extraordinary General Meeting of the shareholders of SES, held on March 15, 2007, authorised the Company to redeem all 103,149,900 C shares of GE, of which 85,958,250 were to be cancelled. As in

accordance with the Company's by-laws, Class-B shares must at all times represent one-third of the total shares outstanding, 42.9 million B shares were also acquired from Class-B shareholders, who elected to be paid in FDRs in lieu of cash. As a result, the remaining 17,191,650 Class-C shares were converted into FDRs in order to pay the B shareholders for their 42,979,125 B shares. As a result of the transaction, the shareholder structure of SES is now simplified as set out in the table below.

The Company may elect not to cancel a small portion of shares which may be retained for existing employee stock-based compensation plans.

The transaction is subject to closing conditions, which include, among others, regulatory approvals and a ruling regarding the tax treatment of the transaction for GE. The transaction is expected to close by Q2, 2007.

NSS-8 spacecraft suffers launch failure

NSS-8, the sixth satellite in the SES NEW SKIES fleet, was destroyed upon lift-off due to a malfunction of the Zenith-3SL launch vehicle on January 30, 2007.

The spacecraft was intended to operate at SES NEW SKIES' orbital position of 57° East to replace the existing NSS-703 satellite. NSS-703 is now being maintained at 57° East to continue service until at least 2009. The launch failure of NSS-8 is thus not expected to impact existing

customers or revenue from existing contracts. However, following the launch failure, SES NEW SKIES will not be able to trigger growth opportunities resulting from the expansion capacity on NSS-8.

Under our continuity plan, NSS-9, a satellite currently under construction, is scheduled for launch in early 2009. It will free up NSS-5 which will then be relocated to 57° East to replace NSS-703.

Our strategy to add capacity to this region and to further expand our market position remains unchanged and will be reflected in our NSS-8 replacement decisions, which will be announced in due time.

New long-term contract with Canal+ Group

In January 2007, SES ASTRA signed a new long-term contract with the French pay TV operator CANAL+ Group for the satellite transmission of its programme bouquet for the French market from ASTRA's prime orbital position 19.2° East.

CANAL+ Group recently merged its pay TV operations in France with that of TPS. SES ASTRA will provide several transponders in addition to those already contracted, allowing the consolidation of the newly merged CANALSAT bouquet on a single ASTRA orbital position, and allowing the CANAL+ Group to broadcast and develop its complete High Definition satellite bouquet and providing further room for growth for Standard Definition services.

SES share structure before and after the GE transaction

	Before	Voting	Economic	After	Voting	Economic
A shares	338,390,620	51.09%	63.87%	355,582,270	66.67%	83.33%
B shares	220,770,260	33.33%	16.67%	177,791,135	33.33%	16.67%
C shares	103,149,900	15.57%	19.47%	0	0.00%	0.00%
Total	662,310,780	100.00%		533,373,405	100.00%	
Total economic	529,848,624		100.00%	426,698,724		100.00%
Number of FDRs	280,361,167	42.33%	52.91%	297,552,817	55.79%	69.73%
Number of FDRs held by the B shareholders	0	0.00%	0.00%	17,191,650	3.22%	4.03%

Positioned ahead through an extensive investment programme and targeted acquisitions



Operations review

Fixed Satellite Services in 2006: a growth industry

In 2006, the Fixed Satellite Services (FSS) industry represented approximately EUR 6 billion in revenue worldwide. FSS operators are a vital link in the world's communications networks. They provide satellite transmission capacity for the most cost-efficient distribution of TV and radio services on regional, continental or global scale. Directly or indirectly, they serve almost every TV home worldwide, delivering TV channels either for direct-to-home reception or for distribution via cable networks. They provide capacity for mission-critical enterprise and government communication through satellite fleets establishing regional or global connectivity, and operating in the C-band, Ku-band and Ka-band portions of the frequency spectrum.

The FSS industry continued to grow in 2006. Demand for satellite transmission capacity was driven primarily by the dynamic development of the video distribution segment, which represented approximately 60% of the global FSS market.

2006 was also marked by increased competitive pressure resulting from continued consolidation among the principal industry players, from the emergence of new market entrants, and from the ongoing development of alternative terrestrial distribution networks.

Growing demand for media distribution

Demand for media distribution capacity continued to grow strongly in 2006, driven by emerging new TV platforms and by the launch of new channels in developing markets. During 2006, six new direct-to-home platforms were launched in Eastern Europe, Asia and Latin America, where satellite is the only distribution mechanism enabling broadcasters to optimise their reach. The total number of video channels carried by satellite worldwide increased from 15,800 in 2005 to 18,400 at year end 2006.

The initial phases of the commercial roll-out of High Definition TV (HDTV) reinforced the growth dynamics. Satellite represents the most efficient transmission channel for the bandwidth-intensive HD applications. 106 full-time HD channels were operational at year end 2006, up from 66 a year earlier. At year end, approximately half of these channels were broadcast in the US market. 2006 also saw the launch of a commercial HD offer in Europe's main markets, the UK, France and Germany, while HD channels also made their market debut in Asia and Australia.

The distribution of satellite-delivered IPTV services (television in IP format) continued its progress in 2006. As cable operators launch triple or quadruple play offerings combining TV, broadband Internet access, fixed and mobile telephony, the FSS industry positions itself as a complementary service offering to the telecom and cable operators. Satellite IP grew throughout 2006 and is provided in East Asia and North America.

In the segment of broadband data services via satellite, only the 'direct to user' services experienced similar growth rates as the video transmission/distribution segment. Satellite solutions for direct access started to take off in North America where Wildblue, operating in Ka-band, took the lead in competing with existing terrestrial networks. VSAT (Very Small Aperture Terminal) solutions have established their position as attractive communications service solutions in the enterprise and government markets.

Market review

In the government and institutional segment the FSS industry significantly strengthened its position over the past years, as civil and military government agencies increasingly complement their proprietary satellite communications systems with commercial satellite communications capacity. In addition, administrations of smaller countries have become almost entirely reliant on commercial satellite capacity. This growth trend was pursued in 2006, as the FSS industry provided an increased proportion of the communications infrastructure mix of governments and administrations.

2006 also saw FSS operators initiate the development of capacity for mobile broadcasting services, using S-band frequencies.

A new level of competition

The emergence of new terrestrial video distribution networks in 2006 inaugurated a new level of competition for the FSS industry. Telecommunications and cable operators entered the fray by introducing 'triple' and 'quadruple' play services combining video, broadband Internet access, and fixed and mobile telephony solutions. Broadcasters are positioning themselves to provide new services at the confluence of these distribution channels.

In some markets of Europe, digital terrestrial television (DTT) networks have begun to establish their presence in the market, especially in France, the U.K. and Spain. As well as enhancing competition for FSS operators in the distribution of regional content, these networks also present business opportunities for FSS operators to feed content into the DTT networks.

The market share of cable networks declined in 2006 in many markets in Europe and North America. This is due to the increased attractiveness of direct-to-home reception resulting from the slow conversion of cable networks from analogue to digital. In addition, cable operators are impacted by the development of high-speed DSL networks channelling IPTV content.

Continued consolidation

The consolidation trend in the FSS industry continued in 2006 with the closing of the merger of Intelsat and PanAmSat, the

integration of New Skies Satellites into SES, and with the announced combination of Telesat Canada and Loral Skynet. These developments increased the relative weight of the largest operators in the sector. At year end 2006, and on a pro forma basis, the four largest FSS operators had a combined market share of 75%, compared to 65% a year earlier. At the same time, the consolidation movement was counterbalanced by a number of new entrants which joined the FSS arena, especially in Asia.

On the shareholder level of the FSS industry, the partial disengagement of private equity firms from major satellite operators, which had been a dominating feature in 2005, was further pursued in 2006, opening the door to a potentially new round of strategic investors to enter the buoyant and attractive industry sector.



Operations review

The industry's most extensive satellite procurement programme

SES supports an extensive satellite investment programme to ensure replacement and expansion capacity for its fleet. This fleet development plan ensures that our satellite infrastructure remains at the cutting edge of technology and is able to optimally support our customers' business and growth plans.

At December 31, 2006, SES had 11 spacecraft under construction, ready for launch or undergoing in-orbit testing prior to beginning commercial operations. The satellites under construction were being procured with six spacecraft manufacturers in Europe and in the U.S.A.

This is the most extensive fleet renewal and extension programme in the satellite industry. The programme is scheduled to add over 150 incremental transponders to the combined satellite fleet of the SES companies until 2009. In addition to the incremental capacity it provides, the fleet development programme also includes replacement capacity.

SES satellite procurement programme

Satellites	Expected launch date	Incremental transponders
SES ASTRA		
ASTRA 1L	Q2, 2007	18–24
SIRIUS 4	Q3, 2007	13
ASTRA 1M	Q2, 2008	–
ASTRA 3B	Q4, 2009	32
SES AMERICOM		
AMC-14	Q4, 2007	24
Ciel-2	Q4, 2008	22 ¹
AMC-21	Q2, 2008	24
SES NEW SKIES		
NSS-9	Q1, 2009	–

¹ Ciel-2 will feature 32 transponders. The above calculation reflects SES' 70% participation in Ciel.

Launches in 2006: ASTRA 1KR and AMC-18

In April, SES ASTRA successfully launched ASTRA 1KR, a Ku-band satellite, providing replacement capacity for both the ASTRA 1B and 1C satellites at 19.2° East.

In December, SES AMERICOM successfully launched the all C-band AMC-18 spacecraft, providing additional capacity for the distribution of HD content.

Future launches

ASTRA 1L is designed to replace ASTRA 1E at 19.2° East. The satellite will reinforce SES ASTRA's comprehensive intersatellite back-up programme at this key orbital slot. ASTRA 1L is planned for launch in Q2, 2007. It will allow for the move of ASTRA 2C to 28.2° East, adding 16 transponders to this orbital position.

SIRIUS 4 will provide replacement capacity for the SIRIUS 2 and 3 satellites at 5° East, ensuring continued optimal coverage of the Nordic and Baltic markets and enhancing coverage over Eastern Europe and Russia. SIRIUS 4 is expected to be launched in Q3, 2007. The satellite will feature a steerable beam for sub-Saharan Africa.

AMC-14, a high-powered Ku-band BSS satellite, is expected to be launched in late 2007. The satellite's mission is to support the expansion of the EchoStar Dish Network services in the U.S.A.

ASTRA 1M, scheduled for launch in Q2, 2008 will replace ASTRA 1H at 19.2° East and will also support SES ASTRA's intersatellite back-up programme.

ASTRA 3B, to be launched in Q4, 2009, will further develop SES ASTRA's 23.5° East orbital slot and is designed as a Ku- and Ka-band satellite, for both direct-to-home broadcasting and two-way broadband services across Europe.

AMC-21, planned for launch in Q2, 2008, is expected to operate from SES AMERICOM's 125° West orbital position to provide comprehensive 50-state coverage and high-power coverage of the Gulf of Mexico, Central America and the Caribbean.

Ciel-2, scheduled for launch in Q4, 2008, will be operated by the Ciel Satellite Group of Canada at the 129° West position and will be the largest BSS satellite planned for North American operation. Ciel-2 will be an all Ku-band satellite providing services throughout North America.

NSS-9, scheduled for launch in 2009, is an all C-band satellite with three interconnecting beams to provide coverage in the Pacific Ocean region. This SES NEW SKIES satellite is to replace NSS-5 at 183° East.

NSS-8, which was to enhance SES NEW SKIES' fleet, was lost due to launch failure in January 2007. NSS-8 will be replaced in order to augment the growth potential of SES NEW SKIES.

Positioning for growth

Satellite infrastructure business

EMEA

The quality link SES ASTRA in the EMEA market

Highlights

- Audience increase to 109.2 million homes
- Transmission of 1,850 video, audio and interactive channels
- Transponder utilisation rate of 88%
- Excellent, industry-leading space segment availability of 99.999978%
- Network availability of 99.99%
- Additional contracts for HDTV transmission capacity in the French and German markets
- Development of the orbital position 23.5° East



www.ses-astra.com

Satellite fleet operations

In 2006, SES ASTRA achieved an excellent, industry-leading space segment availability of 99.999978%.

As part of the development of the 23.5° East orbital position, ASTRA 1D entered commercial service at 23.5° East in the fourth quarter of 2006, with five of its 16 commercially available transponders being utilised by year end 2006.

Incorporating this additional capacity, SES ASTRA's transponder utilisation at December 31, 2006 was 88% (198 of 224 commercially available transponders being activated), and the combined SES ASTRA/SES SIRIUS utilisation was 87% (228 of 263 commercially available transponders).

Utilisation in the African market increased to 54% (23 of 42 commercially available transponders) by year end 2006.

EMEA overall utilisation (which comprises all ASTRA, SIRIUS and African capacity) was 82% at year end 2006 (251 of 305 commercially available transponders), compared to 78.5% at year end 2005, with the number of commercially

utilised transponders increasing by a net 30 from 221 at December 31, 2005. Of the 45 additional transponders contracted in the EMEA segment during the year, 36 were already commercially activated by year end 2006, with the remaining nine transponders scheduled for commercial operation primarily in 2007.

Satellite fleet developments

During the year, SES ASTRA pursued the development of its satellite fleet. It further enhanced the attractiveness of its prime orbital position 19.2° East and initiated the strengthening of the 23.5° East orbital location, which will be developed into SES ASTRA's third orbital hotspot to deliver European direct-to-home (DTH) services.

ASTRA 1KR was launched in April 2006 onboard an Atlas V rocket from Cape Canaveral, Florida. The new satellite was successfully deployed at 19.2° East and entered commercial service in July 2006. ASTRA 1KR features 32 transponders and provides capacity for the distribution of DTH broadcast services across Europe, with an extended reach into Eastern Europe. The new satellite also provides replacement capacity for ASTRA 1B and ASTRA 1C at the same orbital position. Following the successful deployment of ASTRA 1KR, ASTRA 1B was retired on July 14, 2006 and ASTRA 1C was repositioned in inclined orbit.

SES ASTRA procured the ASTRA 3B spacecraft from EADS Astrium in November 2006 (see page 12 for additional detail). In addition, the procurement programmes of ASTRA 1L, ASTRA 1M, and SIRIUS 4 were maintained within budget and to specification.

The launches of ASTRA 1L and SIRIUS 4 have been postponed due to a combination of technical issues encountered during the construction of the satellites and the lack of launch vehicle availability. The launch of ASTRA 1L on Ariane V is scheduled for beginning of May 2007 instead of Q4 2006. SIRIUS 4 is scheduled for launch on Proton in July 2007 instead of Q2 2007. The launches of ASTRA 1M in Q2 2008, and ASTRA 3B in Q4 2009, are on schedule.

Media capacity contracts

In 2006, 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 1,648 to 1,864 video, audio and interactive channels.

The SIRIUS satellites at 5° East carried a further 147 channels, bringing the total number of services broadcast via SES satellites in Europe to 2,011 video, audio and interactive channels.

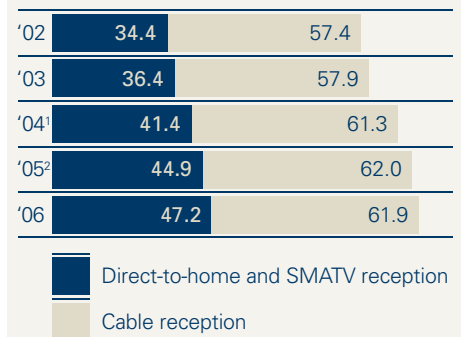
During the year, additional transponders were contracted to media customers serving all major markets in the EMEA segment.

Main developments for media capacity at the 19.2° neighbourhood

19.2° East is ASTRA's prime orbital position for DTH services in continental Europe.

SES ASTRA signed major renewal contracts with German commercial broadcasters ProSiebenSat1 Media AG, and RTL.

ASTRA reaches 109.1 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.

Satellite infrastructure business continued

EMEA

In addition, SES ASTRA signed major new capacity contracts with:

- Discovery Communications for the extension of its analogue transmission;
- the German pay TV operator Arena for capacity of a full digital transponder;
- the Flemish broadcaster TV Vlaanderen for the launch of Belgium's first DTH bouquet;
- UPC Direct for the further development of their programme offerings in the Central and Eastern European region;
- ProSiebenSat1 Media AG and RTL Group for expansion of their digital services in Germany;
- the Polish public broadcaster Telewizja Polska (TVP) for an additional full transponder for the distribution of TVP SPORT, TVP ROZRYWKA, TVP FILM, TVP HISTORIA, and TVP INFO;
- the Czech free-to-air channel TOP TV for digital capacity;
- LUXE.TV for its distribution in Germany;
- Globecast for the transmission of Al Jazeera International, Direct 8, BFM TV, France 24, EWTN, and TV Extremadura;
- German regional public broadcaster WDR for additional capacity for several digital channels;

- the Tyrolean music channel Edelweiss TV for pan-European transmission;
- MTV Networks Europe for the transmission of MTV Austria.

SES ASTRA further developed its line-up of HD channels at 19.2° East, and at year end 2006 transmitted 24 HD channels at all orbital positions. SES ASTRA is thereby featuring Europe's most extensive choice of HD channels broadcast by Europe's leading broadcasters:

- Canal+ inaugurated its HD offer with the launch of Canal+, National Geographic, and M6 in HD;
- German Anixe GmbH & Co KG launched its free-to-air HDTV channel ANIXE HD.

Main developments for broadcast capacity at 28.2° East/28.5° East

The 28.2° East and 28.5° East orbital positions are ASTRA's prime orbital positions for DTH services in the UK and Ireland.

SES ASTRA signed a major capacity renewal contract with the BBC. In addition, BSkyB launched its HD bouquet of seven channels.

SES ASTRA signed major new contracts with:

- GlobeCast to support the development of new channel launches in the UK market;
- Arqiva to meet the demand from the rapidly growing number of UK channels launching on the Sky platform;
- Five, the British commercial TV broadcaster, for the launch of two new channels – Five Life and Five US – as well as for the extension of contracted transponder capacity on ASTRA 2C.

Main developments for broadcast capacity at 23.5° East

23.5° East is ASTRA's latest orbital position for DTH services in continental and Central Eastern Europe.

SES ASTRA concluded capacity agreements with:

- Dutch regional broadcasters ROOS for the digital free-to-air distribution of ten Dutch regional channels;
- KDG/KDBS for an additional transponder.

During 2006, SES ASTRA extended its range and portfolio of services, by adding pan-African and transatlantic connectivity via ASTRA 4A at 37.5° East.

This enabled SES ASTRA to contract with Unitel Hellas, Skyvision, GS Telecom and other operators for capacity to facilitate VSAT services, data communication transfers and trunk connections for mobile telephony.

SES ASTRA operations in Africa comprised some 42 transponders utilising C-band connectivity on ASTRA 4A between Europe, Africa, North and South America, plus Ku-band connectivity on ASTRA 2B at 28.2° East.

Continued audience growth

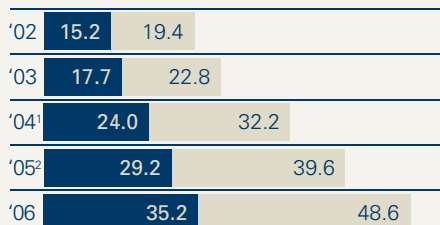
The ASTRA Satellite System continued to experience sustained audience growth in the 35 countries¹ within its footprint. In early 2007, 109.2 million homes received audiovisual broadcast and broadband services via ASTRA at 19.2°, 23.5° and 28.2° East, an increase of 2.2 million compared to the prior year.

ASTRA consolidated its position as the top European satellite system for DTH reception. By the end of 2006, 47.2 million homes received ASTRA services directly via satellite, up from 45.0 million in 2005.

A further 62 million homes received ASTRA services via cable.

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.

ASTRA delivers programmes to three out of four digital satellite homes



Legend:
 ASTRA in Digital Satellite TV (DSTV)
 DSTV total

¹ Includes four additional countries: Bosnia, Serbia, Morocco and Tunisia.

² Includes one additional country: Algeria.

Source: SES ASTRA, Satellite Monitors.



Members of the Ground Systems & Solutions and Broadcast Operations teams, SES ASTRA

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 80.7 million homes, an increase of 19.6 million homes compared to the previous year. Satellite is by far the most popular digital reception mode: 48.6 million homes, representing a market share of 60%, received digital satellite broadcasts.

ASTRA's overall audience growth reflects the ongoing increase of digital DTH reception. At year end 2006, 35.2 million homes received digital services via ASTRA at 19.2°, 23.5° and 28.2° East, up from 29.2 million at year end 2005.

In a very competitive environment, ASTRA has reconfirmed its strong position in the digital marketplace. More than seven out of ten digital satellite homes within the ASTRA footprint receive services transmitted via ASTRA. Digital reception now accounts for 75% of ASTRA's total DTH reception, up from 65% in 2005.

In addition, ASTRA is still received by 12.0 million exclusively analogue satellite homes. 78% of these homes (9.3 million) are located in the German-language countries which retain a wide choice of analogue channels.

Radio via satellite

The usage of radio via satellite has become very successful over the last years. In the main European satellite markets, 18 million homes were listening to radio via the ASTRA satellites at the beginning of 2007.

ASTRA expanded reach via SES SIRIUS

In early 2007, SES SIRIUS satellites located at 5° East reached 16 million homes in the Nordic countries, Eastern Europe and the Baltic countries. 1.8 million homes received SES SIRIUS digital services in DTH reception, a further 14.2 million homes via cable.

SES SIRIUS

www.ses-sirius.com

SES SIRIUS

SES SIRIUS 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's largest customer, Viasat, extended its contracts for the transmission of several TV channels. SES SIRIUS signed an agreement for satellite capacity for occasional use with Twentyfourseven Mobile Links AB, the largest provider of mobile uplinks in Scandinavia. SES SIRIUS also provides satellite capacity for GSM telephony and broadband services from ships in cooperation with Satpoint, one of the leading companies in this market.

In the Baltics, SES SIRIUS signed an agreement with music channel MTV for local broadcasts to cable head-ends across the Baltic countries. The Estonian public service broadcaster ETV started transmissions via SIRIUS in June. Broadband services via satellite were introduced together with Latvian company Unisat, which offers GPRS-based Internet services via SIRIUS (SAT-I-NET) in Latvia.

In Romania, SES SIRIUS contracted an additional transponder for MAXTV, a DTH platform, and extended an existing contract with Pro-TV.

In Ukraine, SES SIRIUS signed a new contract with Transcarpatia Regional State TV and Radio Company for the distribution of their channel in Ukraine and the neighbouring countries. The company also signed a substantial contract for FSS capacity for VSAT services in Ukraine with Geotelekom.

In the pan-European market, SES SIRIUS renewed its long-term contract with Arqiva for transponder capacity to feed cable TV networks all over Europe, and concluded a long-term contract with SIS, Europe's leading broadcaster of horse racing and greyhound racing.

During 2006, SES SIRIUS pursued the promotion and development of the HDTV market. At year end, SIRIUS carried two HDTV channels, HD1 and HD2/HD5.

In order to strengthen its presence in Russia, SES SIRIUS established an office in Moscow.

At year end 2006, SES owned 75% of SES SIRIUS. More information is available at www.ses-sirius.com.

Satellite infrastructure business

Americas

Our business is connecting yours
SES AMERICOM in the North
American market

Highlights

- Successful launch of AMC-18
- Transponder fill rate rose to 71.4%
- Dynamic development of high definition neighbourhood
- Extension of reach within cable networks
- Creation of the largest IPTV satellite-based distribution hub in the US for IP PRIME™

SES AMERICOM

www.ses-americom.com

Satellite fleet operations

At year end 2006, SES AMERICOM operated a fleet of 19 spacecraft at 17 orbital positions.

During the year, the AMERICOM satellite fleet and the supporting terrestrial networks operated with a high degree of reliability, featuring an availability rate of 99.999815% in the space segment (6.2 sigma) and of 99.99% on the ground network.

Satellite fleet developments

Fleet developments continued in order to enhance the space infrastructure and add increased value to our customers' business.

AMC-23 was brought into operation in early February 2006 providing transpacific coverage in both C-band and Ku-band.

SES AMERICOM successfully launched the all C-band AMC-18 spacecraft in December 2006. In-orbit testing was completed on December 30 and in late January 2007, the spacecraft was deployed for operation at 105° West from where it provides high definition (HD) services to the 50 states of the U.S.A., the Caribbean and Mexico.

In April 2006, Spacenet-4 was retired after 15 years of service.

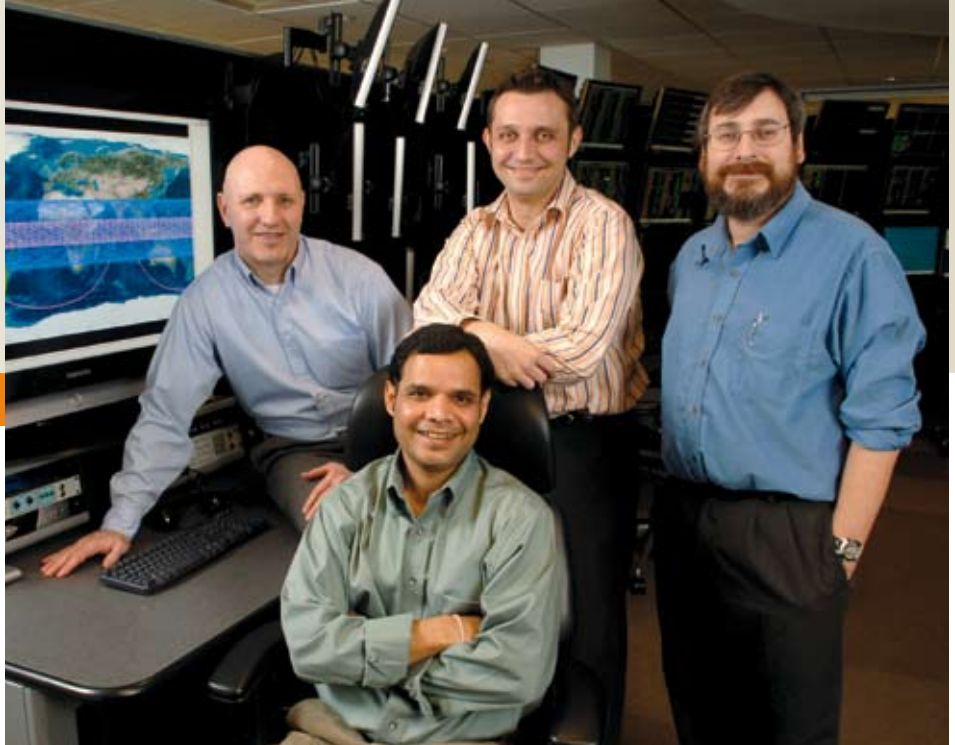
During the year, SES AMERICOM procured two spacecraft, AMC-21 with Alcatel Alenia Space and Orbital Sciences, and Ciel-2 with Alcatel Alenia Space. Both satellites are all Ku-band spacecraft and are described in more detail on page 12.

At year end 2006, SES AMERICOM also had AMC-14 under construction, a high-powered, Ku-band BSS satellite, which will support the expansion of EchoStar's Dish Network services; EchoStar Communications amended their payload requirements for AMC-14; these new specifications were incorporated into the construction plan resulting in a revised delivery date of Q4 2007.

Ciel Satellite, the Canadian affiliate of SES, applied to Industry Canada for the use of nine additional frequencies; a decision is expected in the first half of 2007.

Commercial developments

Of the 499 transponders commercially available on the SES AMERICOM satellite fleet, 357, or 71.4%, were contracted as of December 31, 2006, a net increase of 29 over the previous year. In addition, an average of 40 transponders in the occasional use and broadcast special event inventory were regularly under contract throughout the year.



Spacecraft Operations team members, SES AMERICOM

During 2006, 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 U.S.A. Approximately 60% 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.

During the year, we further developed our HD neighbourhood.

Scripps Networks announced the launch in HD of Home & Garden TV (HGTV-HD) and Food Network-HD on HD-PRIME™ and specifically on AMC-10.

Crawford Communications launched four new digital niche channels in the HD-PRIME neighbourhood.

Comcast Media Center, the Denver-based multi-channel digital distribution platform, expanded their distribution of advanced services to more than 200 channels on AMC-4 in 2006.

Turner Broadcasting System, Inc. signed a multi-year agreement to continue providing satellite distribution capacity on AMC-3 and AMC-5 for CNN news and special events programming.

PBS, the Public Broadcasting Service, renewed and expanded its agreement with SES AMERICOM in support of PBS's Next Generation Interconnection System (NGIS), an initiative that is set to deliver significant content distribution efficiencies and cost savings to more than 300 public television stations nationwide for the next decade.

Home2US added Bulgaria's music and entertainment channel, Planeta, and Euro-World's Croatian channels, HRVATSKA RADIOTELEVIJZA (HRT TV) and HRVATSKA INFOMIVNI CENTRE (HIC TV), to their growing international programming platform on AMC-4.

Waitt Radio Networks renewed its programming distribution agreement on AMC-8 to deliver localised information, weather and 24/7 radio content via satellite from Omaha to 170 affiliates nationwide.

Local Communications Network, Inc. signed a contract for C-band satellite bandwidth on AMC-12 to double its satellite network capacity in Africa for high-speed wireless communications for small- and medium-sized enterprises, Internet service providers and government agencies.

SES AMERICOM's affiliate Sistemas Satelitales de México, S. de R.L. de C.V., was awarded a long-term contract by Comsat México, S.A. de C.V., for Ku-band satellite capacity on

AMC-4 in support of their expanding VSAT-based commercial data network solutions for enterprise and carrier clients based in the U.S.A., Mexico and throughout Latin America.

Strong demand for SES AMERICOM's broadcast/occasional services was fuelled by the coverage of the mid-term elections in the U.S. In addition, the group saw increased demand for services in support of high definition coverage of major league baseball and college basketball's 'March Madness' and other major sports events.

Extending the reach

By the end of the year, more than 140 master cable head-ends had received and installed triple-feed antennae supplied by SES AMERICOM. By extension via fibre interconnects, the programme includes an additional 400 ancillary head-ends that are capable of receiving and redistributing triple-feed programming from AMC-1, AMC-4, and AMC-18. As a result of this upgrade programme, more than half of the U.S. cable households are receiving cable services from the three designated spacecraft with a target penetration of 80% expected in 2007.

Satellite infrastructure business

Other regions

Global connections SES NEW SKIES

2006 marked the arrival of New Skies Satellites into the SES Group of companies. The acquisition of New Skies was completed on March 30, 2006 and the results of SES NEW SKIES are consolidated from that date.

Highlights

- Overall transponder utilisation increased from 65% to 70.7%
- 500 video channel mark surpassed
- More than 6,700 customer circuits active

SES  **NEW SKIES**

www.ses-newskies.com

SES NEW SKIES forms the third pillar of the SES Group, with responsibility for the provision of transponder capacity for customer connections between regions of the world, as well as for specific services and applications within regions outside of Europe and North America, including Latin America, Africa, the Middle-East, India, Central and East Asia and Australia. SES NEW SKIES is responsible for the development, sale, marketing and customer support for all capacity associated with its fleet, with some technical support services being provided by SES ASTRA and SES AMERICOM. Customers of other SES entities are strongly encouraged to seek solutions to their global needs from SES NEW SKIES through cross-marketing and selling arrangements.

The integration of SES NEW SKIES into the SES Group was largely completed in 2006 with some final activities planned for early 2007. In 2006, we completed the transfer of the Telemetry, Tracking & Control activities to the SES ASTRA facilities in Betzdorf, Luxembourg and expect to complete the transfer of the payload operations activities in the first half of 2007. Sales, marketing and customer support activities associated with other SES entities related to the spacecraft AAP-1, AMC-12/ASTRA 4A and AMC-23 became the responsibility of SES NEW SKIES in January 2007, thus providing customers a clear structure for all trans-regional capacity.

Netherlands' Ministry of Defence takes advantage of global connectivity

In 2006, the Netherlands' Ministry of Defence signed a framework agreement with SES NEW SKIES to support the Netherlands' Armed Forces with satellite communication services on its NSS-7 and NSS-703 satellites. The new agreement is an example of the recent efforts to restructure and harmonise procurement activities of the Netherlands' Armed Forces by signing a single agreement with a vendor for satellite communication services to serve the Army, Navy and Air Force on their global missions.

SES NEW SKIES was selected for its ability to offer comprehensive C- and Ku-band satellite coverage – spanning the Americas, the Atlantic Ocean Region, Europe, Africa, the Middle East and Asia – while offering the capability to expand services across its global satellite fleet. For this particular service, SES NEW SKIES' NSS-7 and NSS-703 satellites with their excellent coverage of key strategic regions in Africa, the Middle East and South West Asia are ideal to fully support the global military satellite communications network of the Netherlands' Armed Forces.

Account Management and Legal Affairs team members, SES NEW SKIES



Satellite fleet operations

At year end 2006, SES NEW SKIES operated five satellites: NSS-806 at 319.5° East, NSS-7 at 338° East, NSS-703 at 57° East, NSS-6 at 95° East and NSS-5 at 183° East. Together, these satellites provide global coverage. Transponder utilisation on the fleet grew from 65% at the end of 2005 to 70.7% at the end of 2006, out of a total of 215 available transponders. During 2006, our satellite fleet operated with a high degree of reliability, featuring an availability rate of 99.9999%, and confirming a smooth transition of TT&C operations from our The Hague facilities to SES ASTRA's facilities in Betzdorf.

Notwithstanding the extensive integration activities, SES NEW SKIES has had an exceptional year in 2006. The increase in revenue was driven by improved market conditions and, in particular, enterprise service delivery into Africa, the Middle East, and Central Asia.

Commercial developments

In the video segment, SES NEW SKIES surpassed the milestone of 500 distributed television channels. At the end of 2006, the fleet carried 508 television channels, an increase of 9% compared to 466 channels at the end of 2005. In total, these channels are received by an estimated 44 million cable and satellite households: 25 million in India, 3.5 million in Africa and 15 million in Latin America.

Major new contracts and renewals concluded in 2006 include:

- a renewal contract with the Department of Space of the Indian Government and Antrix Corporation of India for the continued roll-out of direct-to-home (DTH) services in India. At the end of 2006, approximately five million households in India received DTH channels broadcast from the NSS-6 satellite;
- SES NEW SKIES continued to support the United States Government by renewing or expanding the provisioning of satellite capacity, particularly in the Middle East to, amongst others, AMERICOM Government Services, MCI Communications Services, AT&T Corporation, Spacelink and Arrowhead Global Solutions;
- SES NEW SKIES saw strong growth in government services outside the United States. In particular, the company signed contracts with the Ministry of Defence of The Netherlands and the Australian Ministry of Defence for long-term support of their overseas operations and, in particular, in support of their current operations in Afghanistan and the Middle East respectively;
- SES NEW SKIES continued to strengthen its business in Kazakhstan through the renewal of a contract with JSC Nursat;
- in Australia SES NEW SKIES supported Optus with significant interim capacity for video distribution prior to the launch of the Optus D1 satellite;
- in the Pacific Ocean Region SES NEW SKIES signed a contract with Telekom PNG from Papua New Guinea to support a banking network;

- SES NEW SKIES further strengthened its presence in Africa through major contracts with GS Telecom and Intersat Africa to support enterprise networks;
- in Latin America SES NEW SKIES continued to strengthen its video neighbourhood on NSS-806 with, amongst others, the arrival of the Disney channel and the religious channel Rede Canção.

In 2007, SES NEW SKIES plans to further expand its capacity through the transfer of AMC-23 at 172° East, AMC-12/ASTRA 4A at 322.5° East, AAP-1 at 108.2° East and the West Africa beam on ASTRA 2B at 28.2° East into the SES NEW SKIES fleet. The transferred satellites will boost capacity by 48%, growing SES NEW SKIES' orbit capacity from 215 to 318 transponders.

SES NEW SKIES plans to further bolster its orbital resources through the addition of NSS-9 in 2009. The spacecraft was procured by SES Satellite Leasing Ltd., and will be commercially operated by SES NEW SKIES. It will be positioned at the orbital location of 183° East, allowing the NSS-5 satellite to be redeployed to a new orbital slot enabling future growth. SES will choose a launch service provider for the NSS-9 satellite in the near future.

Satellite infrastructure business continued

Other regions



www.starone.com.br

Star One

In 2006, Star One, the leading provider of satellite solutions in Latin America, developed and implemented relevant satellite corporate network projects for Brazilian customers. The most important were Boticario (2,300 stores), Bradesco Dia-e-Noite (300 ATM kiosks) and Banco do Brasil (410 branches). Star One also expanded its penetration in broadband satellite solutions, serving the Brazilian market and developing satellite services for other countries in the region.

During 2006, Star One won the Anatel auction for a new orbital slot at 75° West and also maintained the ISO 9001:2000 certification for its satellite control and associated services.

Star One will launch the new Star One C1 satellite in the third quarter of 2007. This satellite will provide coverage over Brazil, South America and parts of Florida. Star One C2 will be launched by the fourth quarter of 2007, with coverage over Brazil, South America, Mexico, the U.S. West Coast and part of Florida.

The new spacecraft will replace the Brasilsat B1 and B2 satellites which shall continue to operate in inclined orbit. Both the Star One C1 and C2 satellites feature 28 transponders in C-band, 16 transponders in Ku-band and one X-band transponder.

Star One operates the largest C-band satellite system in Latin America, consisting of five geostationary satellites (Brasilsat B1, B2, B3, B4 and Star One C12, the latter being a part of SES' AMC-12 satellite). This fleet 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 backup 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 holds a 19.99% participation in Star One.



www.asiasat.com

AsiaSat

In 2006, the Asian market experienced a general economic upturn, while the satellite industry continued to lack significant growth, lagging behind other economic sectors as economies picked up. This situation was compounded by overcapacity in certain markets, and by price-cutting at the lower end of the transponder market.

In this environment, AsiaSat reported an increase in turnover and profit, a growing roster of prime customers, and a more than 5% increase in overall transponder utilisation.

In 2006, AsiaSat's turnover was HK\$930 million, an increase of HK\$50 million compared to the prior year. This increase essentially reflects one-time receipts of HK\$50 million on a contract termination. The company's net profit was HK\$454 million, an increase of HK\$88 million or 24%, of which HK\$45 million was attributable to the one-time receipts.



Marketing team members, SES NEW SKIES

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. These satellites provide coverage in the Asia-Pacific region which is home to two-thirds of the world's population. At year end, the company had increased the number of transponders leased and sold, including the 4 BSS transponders leased to Skywave TV for its DTH services, by more than 5%.

AsiaSat is progressing on schedule with the construction of AsiaSat 5, which is to replace AsiaSat 2 at the orbital location of 100.5° East. Due to a delay in launch vehicle availability, we expect the launch of AsiaSat 5 to be postponed from the second half of 2008 into 2009.

SpeedCast Holdings Limited ('SpeedCast'), a provider of two-way and backbone broadband access in which AsiaSat holds 47%, continued to improve its overall performance in 2006. SpeedCast increased its turnover by 35% and increased its profit to HK\$5 million.

Skywave TV Limited ('Skywave'), an 80%-owned subsidiary of AsiaSat, continued to operate a low-cost regional DTH service for Hong Kong, Macau, Taiwan and Southern China. Currently the company offers 37 channels in a highly restrictive and regulated environment. In 2006, its business remained static, and is expected to do so until the market opens up for free competition.

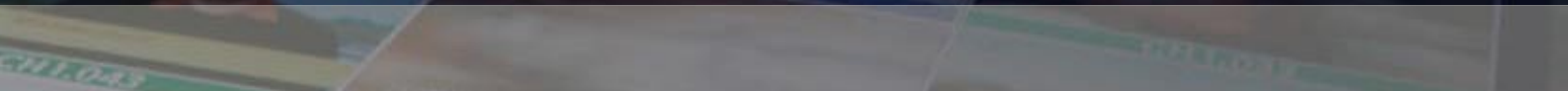
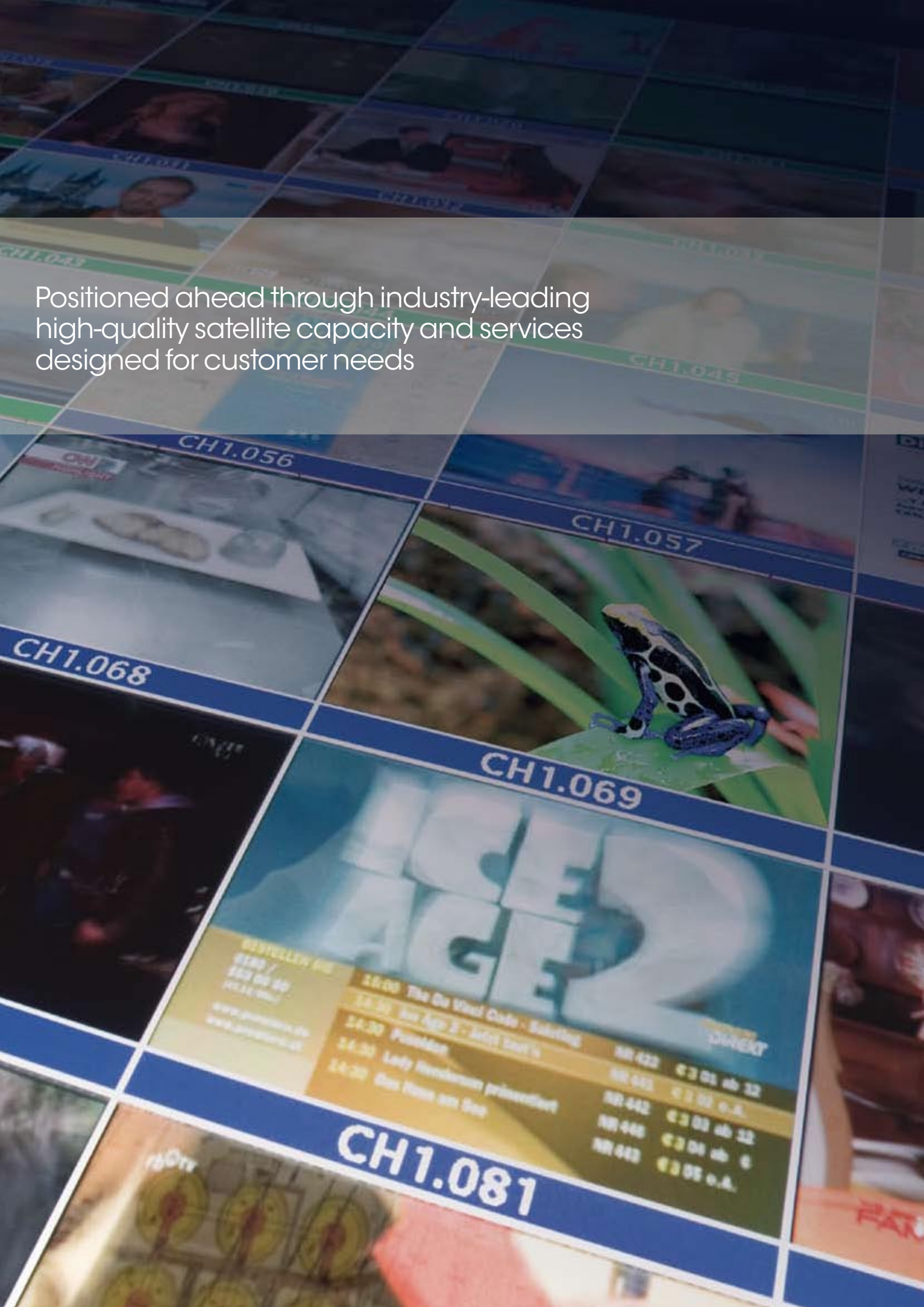
AsiaSat holds a 49% interest in a joint venture in Mainland China, Beijing Asia Sky Telecommunications Technology Company Limited ('Beijing Asia'), which provides VSAT services in China. The company achieved a high growth in turnover and reduced its loss.

AsiaSat provides satellite services to the broadcasting and the telecommunications 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.

AsiaSat is listed on the stock exchanges of Hong Kong (1135) and New York (SAT). SES 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.

As announced on February 13, 2007, the Board received a request from Modernday Limited (the 'Offeror') jointly owned by CITIC Group and General Electric Capital Corporation to put forward the Scheme Proposal to the Scheme Shareholders for a proposed privatisation of the Company by way of a scheme arrangement under Section 99 of the Companies Act. The Board has reviewed the Scheme Proposal and has agreed to put it forward to the Scheme Shareholders. Details of the joint announcement are available at the company's website, www.asiasat.com.

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CH1.068

CH1.069

CH1.057

CH1.069



CH1.081

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18:00 The Da Vinci Code - Subling

18:30 The Age of Steel - Subling

19:30 President

20:30 Lady Henderson präsentiert

21:30 Das Haus am See

NR 422 €3.01 ab 32

NR 442 €1.02 o.A.

NR 446 €3.02 ab 32

NR 448 €3.04 ab 6

NR 449 €3.05 o.A.

DMK

Satellite services business

EMEA



www.ses-astra.com

SES ASTRA in the EMEA market

SES ASTRA significantly strengthened its service business and developed a range of initiatives aimed at supporting its capacity infrastructure business.

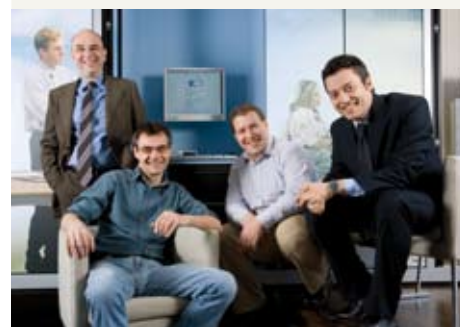
SES ASTRA increased its shareholding in ND SatCom from 25.1% to 100% by acquiring a 74.9% stake from German-based high-tech group Augusta Technologie AG. The transaction significantly enhances SES ASTRA's government services offering (see page 24). SES ASTRA also raised its participation in SATLYNX to 100% by acquiring all minority shareholdings in April 2006 (see page 24).

SES ASTRA initiated the implementation of its satellite-based interactive and low-cost broadband Internet access ASTRA2Connect (see box on this page). SES ASTRA also launched its interactive, Bluetooth-based BLUCOM service for international customers while closing further major contracts with customers in the German market (ProSiebenSat.1, N24, and the Mobile Unit of RTL) (see page 25). Following the development of entavio, a digital infrastructure for free TV, pay TV and additional interactive services for the German market, contracts with the German TV channels of MTV Networks (MTV, VIVA, NICK and Comedy Central) and the German RTL family (RTL, VOX, RTL II, Super RTL, n-tv, RTL Shop and Traumpartner TV) were signed (see page 25). SES ASTRA further developed its offer for one-way-satellite Internet access and signed a contract with Polish mobile phone operator Polkomtel for the provision of broadband Internet access service to the subscribers of the company's mobile phone network Plus GSM.

ASTRA2Connect – the satellite broadband solution for all!

ASTRA2Connect is a satellite-based 'triple-play' service which provides end-users with broadband Internet access, Voice-over-IP capabilities as well as the means to enjoy content-related services (IPTV, Content-on-Demand). ASTRA2Connect primarily addresses the connectivity demand of European homes without terrestrial broadband Internet access. In addition to the residential market, ASTRA2Connect also addresses small offices-home offices (SOHOs) and small and medium enterprises (SMEs).

At year end 2006, ASTRA2Connect was being offered on a wholesale basis to telecommunications operators, Internet service providers and broadband operators. Initiation of commercial service in Europe is planned during Q2, 2007. ASTRA2Connect retains the potential to be rolled out in other regions of the world.



ASTRA2Connect team members, SES ASTRA

Satellite services business continued

EMEA



ND SatCom

ND SatCom is a supplier of high-tech equipment for satellite communications. Its technologies are deployed in government and defence, broadcast and media, enterprise and telecom environments worldwide. Being an affiliate of SES ASTRA, ND SatCom started in 2006 to combine its core technologies with SES satellite capacity and provides its customers very attractive end-to-end solutions. Satellite-based broadband VSAT systems, satellite communication networks and ground station solutions are made available for customers in more than 130 countries. In 2006, ND SatCom strengthened its global presence with offices and joint ventures in India (New Delhi) and Russia (Moscow).

A major achievement in ND SatCom's business activities in 2006 was the award of a contract by the German Armed Forces. Together with its partner EADS Space Services, who provides two military satellites, ND SatCom formed the joint venture MilSat Services and equips the SATCOMBw Step 2 programme with a complete ground segment containing various user ground stations, a Telemetry, Tracking and Command (TT&C) network and the network management for monitoring and controlling the overall system. The contract, valued at EUR 180 million for ND SatCom, stretches over ten years with an option for follow-up orders.

In 2006, ND SatCom also supplied various NATO members in Europe and North America with transportable and mobile stations for their military communication purposes. ND SatCom equipment facilitates effective and reliable communications between out-of-area posts and homeland headquarters.

ND SatCom extended its market share in mobile SNG technology with strategic deals in the broadcast sector in the Middle East and the US. The company also introduced the new broadcast workflow automation system smartSNG, and equipped SNG vehicles of one of the leading U.S. broadcasters with this application.

ND SatCom contracted its 100th SkyRAY antenna subsystem and extended its mobile SNG applications from broadcasters to mobile GSM, government, defence and disaster recovery solutions.

In addition, the company increased its leading position in the international VSAT sector with its technology platform SkyWAN®. SkyWAN® is a highly flexible and versatile VSAT system which provides not only star but also fully meshed network topologies.



SATLYNX

SATLYNX provides end-to-end managed solutions based on an extensive portfolio of two-way satellite services on a global scale, 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 especially to regions that are out of reach of terrestrial infrastructure. SATLYNX delivers services to a wide range of customers including Agip, Q8, EDF, ExxonMobil, IBM, Macab, Shell, T-Systems, VW and France Télécom.

In 2006, the company introduced a new Service Platform, the 'SATLYNX 9000' with coverage across Europe, the Middle East and North Africa.

SATLYNX also grew its business in the maritime, transportable and business continuity markets whilst maintaining key clients and renewing key contracts.

Notable new business included a significant SCADA network for an electric company in the U.K., two big new gasoline station networks in Eastern Europe and several transportable communication systems for a military customer in Eastern Europe.

SATLYNX also acquired and fully integrated HP's VSAT division, Spaceline, in 2006, increasing its customer base, revenue and EBITDA, and thus strengthening its position in the provision of single channel per carrier VSAT services worldwide.



SES ASTRA TechCom team members

SES ASTRA TechCom

www.ses-astra.com

APS
An SES ASTRA Company

www.aps.de

entavio
www.entavio.de

SES ASTRA TechCom

SES ASTRA TechCom provides operational services, technical consultancy and high-tech products, as well as integrated solutions, to the satellite industry around the world.

In Europe, SES ASTRA TechCom signed a contract to provide Telemetry, Tracking and Command (TT&C) antenna systems for Galileo, Europe's global satellite navigation system. This project includes the design, manufacturing, engineering and on-site installation of the antenna systems as well as the related training of personnel.

In Asia, SES ASTRA TechCom signed a contract for the participation in Vietnam's first public satellite project VINASAT-1. TechCom will deliver two turnkey satellite TT&C antenna stations and provide training to the Vietnamese satellite engineers and technicians.

SES ASTRA TechCom also developed its presence and business in Belgium with the creation of a new wholly owned subsidiary.

APS, ASTRA Platform Services GmbH

APS, ASTRA Platform Services GmbH, provides multiplexing, encryption and satellite uplinks to broadcasters. Based in Unterfoehring, Germany, the company operates one of the most modern and the only HDTV-capable broadcasting centre in Europe. APS broadcasts more than 210 TV and radio programmes and more than 60 data services in analogue and digital. APS distributes all German HDTV channels e.g. Anixe HD, Premiere Film HD, Premiere Discovery HD, Premiere Sport HD, Pro7 HD, Sat.1 HD. It also 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, playout of applications, and software downloads. In addition, APS provides ip-sat Network®, a satellite-based multicast data transmission system for business data and multimedia content.

In 2006, APS launched 31 new digital TV channels and three new digital radio channels. APS also started to expand its core products platform management, playout and uplink and playout operations to other countries in Europe and the Middle East.

For its interactive service BLUCOM, APS signed contracts with the Mobile Unit of RTL interactive and German commercial broadcasters ProSiebenSat.1 and N24. BLUCOM supports services like programme guides, weather and sports information and other added value services. BLUCOM was nominated 'Product of the Year 2006' by the European technology magazine Cable & Satellite International.

entavio

entavio is a new service provider planning to offer a digital satellite infrastructure to broadcasters and consumers in Germany. As an open and neutral platform, entavio enables broadcasters to realise a wide range of digital business models. One of the main advantages of entavio is the addressability which allows broadcasters to offer individualised business models.

In 2006, entavio signed contracts for the use of free TV related services with the German TV channels of MTV Networks and the German RTL family.

The development of the new service was accompanied by investigations of the German Federal Cartel Office (FCO) which started in February 2006. In December 2006, the FCO announced it had stopped its investigations following a decision from ProSiebenSat1 not to use entavio for its free-TV encryption.

Satellite services business

Americas and other regions

SES AMERICOM

www.ses-americom.com

SES AMERICOM created IP-PRIME™, the largest IPTV satellite-based distribution hub in the US (see separate story). West African Gas Pipeline Company, Limited (WAPCo), based in Accra, Ghana, signed a multi-year contract for SES AMERICOM to provide a satellite-based communications solution for their gas pipeline. The network will enable WAPCo to monitor and control in real time, how the gas is travelling, to collect data on the gas flow, and to gauge the level of the gas in the pipeline.

SES AMERICOM announced the development and availability of the REDiSat Network™, a reliable and secure, satellite-based network available during disaster recovery/business continuity operations. Designed with first responders, emergency management professionals as well as private enterprises from the financial, manufacturing, retail, and oil and gas industries, REDiSat offers voice and data connectivity within moments of an outage. By year's end the product was endorsed by banking associations in Missouri and Louisiana and deployments had begun in Louisiana.

SES AMERICOM partnered with Aloha to develop a satellite/broadcast hybrid solution to deliver high-quality mobile services to handhelds. Combining Aloha Partners's 700 MHz spectrum with SES AMERICOM's IP PRIME platform and distribution network, the Hiwire service will deliver a Digital Video Broadcast-Handheld (DVB-H) mobile TV and entertainment trial to consumers in Las Vegas beginning in early 2007.

Echosat, a leading enterprise services provider, tapped into SES AMERICOM's centralised IPConnect distribution network to meet the communications needs of enterprises in underserved, out-of-reach markets across the U.S.A. Echosat is offering a powerful mix of IP-based voice, video, and data solutions, which enables retailers to quickly and securely process point-of-sale transactions or electronic funds transfers.

AMERICOM GOVERNMENT SERVICES

www.americom-gs.com

AMERICOM Government Services

AMERICOM Government Services (AGS) continued to strengthen its offer of satellite-based network solutions to U.S. federal agencies and departments, states, and aligned non-U.S. government programmes. The U.S. 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.

- AMERICOM Government Services announced the development of a robust Command and Control on-the-Move (C2oTM) service that blends antenna and modem technology from ViaSat, Inc. with AGS's satellite, teleport, and terrestrial infrastructure that offers two-way broadband connectivity between warfighters in fast-moving vehicles and the U.S. Department of Defense's Global Information Grid. The service has been successfully demonstrated and certified by the Joint Forces Command;



Marketing & Product Management team members, SES AMERICOM

- AGS signed an agreement with XTAR, LLC, making high-powered commercial X-band services available to AGS's numerous customers across the U.S. Department of Defense, other agencies and users. Through the agreement, flexible and powerful X-band spot-beam services are available from two satellites with coverages that extend from Eastern Brazil and the Atlantic Ocean, across all of Europe, Africa and the Middle East to as far as Singapore, as well as portions of the United States and South America;
- AGS partnered with prime contractor Harris Corporation (NYSE: HRS) to support the FTI Satellite (FTI-SAT) programme on behalf of the Federal Aviation Administration to provide backup for radar, weather, and cockpit-to-air traffic controller communications.

Along with Wheat International, a provider of long-range wireless services, AGS set a new documented record for mobile broadband Internet services during a public test of the TeleSeas™ Network (TeleSeas) in the Norfolk, Va., area. These long-range wireless Internet systems, which support high-speed data and voice traffic, can be set up instantly and have many commercial and government wireless applications, including meeting first responder needs during disasters.

IP-PRIME™ – more than 290 channels

SES AMERICOM built the largest IPTV satellite-based distribution hub in the US in Vernon Valley, New Jersey – the facility is capable of transmitting over 300 standard and high definition channels – converting them from any analogue or digital format to MPEG-4 IP encapsulated video with encryption and conditional access for either standard or high definition distribution. IP-PRIME™'s technical partners' list was greatly expanded in 2006 with the additions of NDS, Siemens, International Datacasting Corporation, and Amino, in addition to Scientific Atlanta, a Cisco Company.

IP-PRIME™ services were delivered to the Bell South head-end in Atlanta for the entire year; while beginning in the third quarter, hundreds of IPTV channels were delivered directly to consumers' set-top boxes in four test markets to members of the National Rural Telecommunications Cooperative (NRTC). Both Bell South and NRTC are planning commercial launches of IP-PRIME™ in 2007. An additional handful of Tier 1 and Tier 2 telephone companies have committed to tests of IP-PRIME™ in the first half of 2007.

By year end, SES AMERICOM had secured distribution rights from 32 programmers for more than 290 channels of standard and high definition video and audio for distribution on the IP-PRIME™ platform. The programmers include: A&E Networks, Bloomberg, Crown Media (Hallmark), C-SPAN, Discovery Communications, Fox News, Gospel Music Channel, Lifetime Entertainment Networks, MTV Networks (BET, Comedy Central, Nickelodeon, Spike, and VH1), Music Choice, Oxygen, Scripps (Food Network and HGTV), Starz Entertainment, Tennis Channel, Trinity Broadcasting, Showtime Networks, and the Weather Channel.

SES  **NEW SKIES**

www.ses-newskies.com

SES NEW SKIES

In order to assist some of its customers in their access and utilisation of our transponder capacity, SES NEW SKIES provides limited terrestrial services including fibre connectivity, equipment hosting, shared DVB IP hubs and uplink services. Such services are typically provided on a wholesale basis to entities providing full solutions to end-users and SES NEW SKIES itself does not typically install or operate end-user networks.

Positioned ahead through enhanced reach
and coverage, and an organisation optimised
to respond to market requirements



SES shareholders¹

	Number of shares	Voting interest represented by FDRs/shares held	Economic interest by FDRs/shares held
A shares			
Sofina Group	17,000,000	2.57%	3.21%
Luxempart S.A.	11,538,264	1.74%	2.18%
Santander Telecommunications S.A.	11,149,735	1.68%	2.10%
Other shareholders	18,341,454	2.77%	3.46%
A shares held as FDRs (Free float)	280,361,167	42.33%	52.91%
Total A shares	338,390,620	51.09%	63.87%
B shares			
BCEE	72,050,904	10.88%	5.44%
SNCI	72,041,917	10.88%	5.44%
Etat du Grand-Duché de Luxembourg	76,677,439	11.58%	5.79%
Total B shares²	220,770,260	33.33%³	16.67%
C shares			
GE-CFE Luxembourg S.à r.l.	98,653,542	14.90%	18.62%
GE Capital Equity Holdings Inc.	4,496,358	0.68%	0.85%
Total C shares	103,149,900	15.57%	19.47%
Total shares (actual)	662,310,780	100.00%	100.00%

¹ Significant shareholdings as at January 1, 2007.

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.

Chairman's report on corporate governance and internal control procedures

Objective

In 2006, SES actively participated in the working group set up by the Luxembourg Stock Exchange to prepare the Ten Principles of Corporate Governance which, following public consultation, were adopted by the Stock Exchange. SES applies these principles as of their applicable date of January 1, 2007. The adoption of the Ten Principles will result a.o. in a greater transparency in the Company's communication with its shareholders through a wider use of the Company's website (www.ses.com). SES complies with the Ten Principles, and meets all the recommendations, except for recommendation 3.9 which states that the decision-making of the advisory committees set up by the Board remains the collective responsibility of the Board. In some cases, the SES Board has delegated its decision-making power to the Remuneration Committee. The full charter of the Remuneration Committee listing these cases, as well as the charter of the Audit and Nomination Committees are available on the SES website.

As the Company is also listed on Euronext Paris, SES complies with the French corporate governance requirements, except for the disclosure of the individual salary of the members of the Executive Committee. On this issue SES follows the rules of the Luxembourg Stock Exchange which in its recommendation 8.14 requests the publication of the total amount of direct and indirect remuneration of the members of the Executive Committee, with the fixed and the variable components of the benefits being separately identified.

Over the coming months, SES will continue to pursue its drive towards further transparency by increasing its information flow towards investors, shareholders and analysts, mostly through the use of the Company's website.

Organisation principles

Created on March 16, 2001, SES is a company incorporated in Luxembourg. The Board of Directors approved a set of internal regulations to complement the legal and regulatory obligations as well as the articles of incorporation of SES (a copy of the SES articles of incorporation, as amended on December 14, 2006 is available on the Company's website). At its meeting on December 7, 2006, the Board of Directors adopted the SES Corporate Governance Charter which consolidates all the corporate governance principles applied by SES in one document.

The Annual General Meeting of shareholders

The Company's Annual or Extraordinary General Meetings represent the entire body of shareholders of the Company. They have the widest powers, and resolutions passed by such meetings are binding upon all the shareholders, whether absent, abstaining from voting or voting against the resolution.

The meetings are presided by the Chairman or, in case of his absence, by one of the Vice Chairmen of the Board or, in their absence, by any other person hereto appointed by the meeting. Any shareholder who is recorded in the Company's shareholder register at least eight business days before the meeting is authorised to attend and to vote at the meeting. A shareholder may act at any meeting by appointing a proxy who 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. At the same time, the draft resolutions will be made available on the Company's website. 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, combined, and at least half of the shares of Class-B are represented. In the event that the requested quorum is not 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.

During 2006, the Company held its Annual General Meeting of shareholders on April 5 and an Extraordinary General Meeting of shareholders on December 14. Both meetings were held at the Company's registered office at Château de Betzdorf in the Grand-Duchy of Luxembourg and were attended by 99.3% and 94.6% of the Company's shareholders, respectively.

At the Annual General Meeting, all the proposals submitted by the Board of Directors were carried by an overwhelming majority of shareholders. The shareholders approved the 2005 financial results and the allocation of the 2005 profits, granted discharge to the external auditor and the Directors and elected Ernst & Young as the Company's external auditor for another year. At the same meeting, shareholders voted to increase the remuneration of Board members by 10%. This proposal was adopted by 98.77 % of the shareholders who participated in the vote.

The main purpose of the Extraordinary Meeting of Shareholders on December 14, 2006 was to cancel 16,668,104 A shares and 8,334,052 B shares which SES had bought back in the context of a share buy-back programme approved by the shareholders in an Extraordinary Meeting of Shareholders on December 8, 2005. At the same meeting, shareholders decided to change the name of the Company from SES GLOBAL to SES and to bring the Company's articles of incorporation in line with the new Luxembourg law of August 25, 2006. Shareholders also overwhelmingly voted in favour of a resolution allowing SES to launch a new share buy-back programme.

Copies of the minutes of both shareholder meetings as well as the information on the detailed number of the votes expressed during these meetings are available on the Company's website.

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 the resignation of Mr Denis Nayden effective on February 16, 2006, the Board of SES is now composed of 17 Directors, all of them non-executive Directors. 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 two 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, René Steichen, was elected by the members of the Board, in its meeting on May 6, 2005 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. They are François Tesch, Jean-Paul Zens and John F. Connelly.

In the event of a vacancy in the Board, the remaining Directors may, upon a proposal from the Nomination Committee and on a temporary basis, fill such a vacancy by a majority vote. In this case, the next Annual General Meeting of shareholders will definitively elect the new Director who will complete the term of the Director whose seat became vacant. Following the vacancy left by the resignation of Denis Nayden, the remaining Directors have not elected a new Director to complete the mandate of Mr Nayden.

In accordance with internal regulations, at least one-third of the Board members must be independent Directors. A Board member is considered independent if he/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 17 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 2006, the Board of Directors had to vote three times on such transactions. At a special meeting convened for March 21, the Board was asked to approve the buy-back of seven million shares held by GE within the context of a 35 million shares placement made by that shareholder through an accelerated book building. The Directors also approved the buy-back of 3.5 million B shares on the same date with the objective to cancel both the B shares and the shares held by GE. At its October 5 Board meeting, the Directors agreed that the Company could buy back additional B shares to match the number of FDRs bought in the market for the purpose of cancelling them.

At the time of the sale of 35 million shares by GE in March 2006, both parties confirmed that they were talking to each other to discuss possible scenarios relating to an orderly exit of GE for its remaining stake. Within this context, the Board was asked to approve a transaction which has been announced to the market on February 14, 2007. The Board approved the principle of this transaction at its December 7 meeting and in accordance with article 14 of the SES articles of incorporation delegated the approval of the final agreements with GE to a Special Committee composed of the Chairman of the Board and of the members of the Audit Committee. The Special Committee approved the agreements in its meeting on December 21, 2006.

On each of these occasions, the Board members representing the shareholders involved in the transaction did not participate in the deliberation, nor in the vote, because of their conflict of interest.

Activities of the Board of Directors in 2006

The Board of Directors held seven meetings in 2006, with an average attendance rate of more than 86%. Upon endorsement by the Audit Committee, the Board approved the 2005 audited accounts as well as the results for the first half of 2006. During 2006 the Board approved an update to the Company's strategic plan as well as a business plan for the period 2006-2013 which served as the basis for the 2007 budget approved by the Board in December.

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 Europe, and of the Special Shareholder Committee of SES NEW SKIES. Mr Steichen is also a member of the Board of Directors of 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.

Mr Steichen is the Chairman of the Board as well as of the Company's Nomination and Remuneration Committees. Representing an important shareholder, he is not an independent Director.

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. He is a member of the Board of SES AMERICOM.

Mr Connelly is Vice Chairman of the Board and is a member of both the Remuneration and the Nomination Committees. Representing an important shareholder, he is not an independent Director.

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

Mr Tesch is Vice Chairman of the Board and a member of its Audit Committee. He may attend the meetings of the Remuneration Committee and of the Nomination Committee as an observer. Mr Tesch is considered an independent Director.

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 Europe, and Entreprise des Postes et Télécommunications, Luxembourg, and is a member of the Special Shareholder Committee of SES NEW SKIES. 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. He may attend the meetings of both the Remuneration and the Nomination Committees as an observer. Representing an important shareholder, he is not an independent Director.

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. Mr Alexander graduated from Oxford University.

Representing an important shareholder, Mr Alexander is not an independent Director.

Marcus Bicknell, born February 28, 1948. Mr Bicknell was appointed to the Board of Directors of SES on May 6, 2005. Mr Bicknell is a Director of New Media Foundry Ltd., 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.

Mr Bicknell is a member of both the Remuneration and the Nomination Committees. He is an independent Director.

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.

Mr de Liedekerke Beaufort is a member of both the Remuneration and the Nomination Committees of SES. He is an independent Director.

Jacques Espinasse, born May 12, 1943.

Mr Espinasse has been appointed a Director of SES 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 Boards of SFR, Maroc Telecom, Universal Music Group, Canal Plus France and LBPAM. He holds a BBA and an MBA from the University of Michigan.

Mr Espinasse is a member of the Audit Committee. He is an independent Director.

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.

Mr Finck is a member of the Audit Committee. Representing an important shareholder, he is not an independent Director.

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, among others, 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.

Mr Reinesch is a member of the Audit Committee. Representing an important shareholder, he is not an independent Director.

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 Vice Chairman of the Conseil d'Etat of Luxembourg. Mr Rod graduated with a degree in law from the University of Nancy.

Representing an important shareholder, Mr Rod is not an independent Director.

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 Master in law from the College of Europe and a Master in economics from the University of Louvain.

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

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

Mr Schaack is an independent Director.

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'Épargne de l'État, 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.

Representing an important shareholder, Mr Schmit is not an independent Director.

Terry Seddon, born February 14, 1941. Mr Seddon joined the Board of Directors of SES on May 6, 2005. He is a member of the Special Shareholder Committee of SES NEW SKIES. Mr Seddon 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.

Mr Seddon is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He is considered an independent Director.

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).

Mr Speeckaert is the Chairman of the Audit Committee. He is considered an independent Director.

Gerd Tenzer, born August 4, 1943. Mr Tenzer became a Director on March 11, 1999, and was Vice Chairman from May 7 2002 until April 2006. From January 1990 to November 2002, Mr Tenzer was a member of the Board of Management of Deutsche Telekom AG where he was responsible for networks, purchasing, environmental protection, wholesale services for carriers, broadband cable and broadcasting services. He was special adviser to the CEO of Deutsche Telekom AG from December 2002 until December 2004. He also sits on the Board of ECI, Israel, and of SES ASTRA and of SES Europe in Luxembourg. He is Chairman of the Board of Sutter GmbH and Eutex AG, both in Germany. Mr Tenzer graduated with a degree in Communications Engineering (Dipl. Ing.) from the Technical University in Aachen.

Mr Tenzer is an independent Director.

On February 17, 2006, Mr Denis Nayden retired from the Board of Directors of SES. During 2006, Mr Pierre Margue, Vice President Legal and Corporate Affairs, acted as Secretary to the Board of Directors and its Committees.

The Board decided to increase SES ASTRA's shareholding in ND SatCom to 100% and it decided to introduce a Group-wide Code of Conduct and Ethics, the roll-out of which started at the beginning of 2007. The Directors approved the procurement of the ASTRA 3B and the NSS-9 spacecraft.

The Board further approved an increased investment in IP PRIMET™ and an extension of the technical facilities of APS. The Directors also decided that SES should invest in a sub-Saharan DTH platform.

Within the context of the acquisition of New Skies Satellites, the Board approved the Nomination of Dan Goldberg, President and CEO of New Skies, as a member of the Executive Committee, it amended the Internal Regulations to reflect the changes resulting from this acquisition and it ratified a special shareholder agreement between SES and SES NEW SKIES. Following the resignation of Dan Goldberg as President and CEO of SES NEW SKIES, the Board, upon a recommendation from the Nomination Committee, appointed Rob Bednarek, until then EVP Corporate Development of SES, as successor to Dan Goldberg.

In its December meeting, the Board adopted the SES Corporate Governance Charter which comprises the Charters of each of the Committees set up by the Board (Audit Committee, Nomination Committee, Remuneration Committee). During its April meeting, the Board appointed additional members to the Boards of SES AMERICOM and to the Special Shareholder Committee set up for SES NEW SKIES. On each of these Committees there are now three representatives of the SES Board of Directors. Attendance at these Committees is not remunerated.

Following a recommendation from the SES Remuneration Committee, the Board proposed a 10% increase in the Directors' remuneration, which was approved by the shareholders at the April 6, 2006 Annual General Meeting of shareholders.

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. At each Board meeting, the Directors are briefed by the Chairmen of the Committees set up by the Board on the latest developments discussed in the respective Committee.

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, allowing the Vice Chairmen to coordinate the preparation of the Board meetings with the Directors of their share class. Current members are: René Steichen, John F. Connelly, François Tesch, Jean-Paul Zens. The Chairman's Office met seven times during 2006 with a members' attendance rate of 100%.

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. The Remuneration Committee is composed of the following five members, a majority of whom are independent Board members in line with the SES Internal Regulations:

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

The Remuneration Committee was chaired in 2006 by the Chairman of the Board. Mr François Tesch and Mr Jean-Paul Zens, in their capacity as Vice Chairmen, may attend the meetings of the Remuneration Committee as observers.

The Remuneration Committee held six meetings with an attendance rate of 97%. Matters addressed related a.o. to an extension of the STAR Plan to SES AMERICOM, SATLYNX, SES SIRIUS and APS. Other topics discussed at the Remuneration Committee included changes to be made to the bonus plan for members of the Executive Committee, the determination of the 2006 stock option grant and the 2006 bonus for members of the Executive Committee. The Remuneration Committee further determined the number of performance shares allocated to the members of the Executive Committee for their performance in 2005. After analysing the fees paid for Directors in similar companies, the Remuneration Committee proposed to the Directors that the Board fees of SES should be

aligned in several steps with market practice. After an analysis of Company benefits and in particular a thorough cost analysis of the SES pension scheme, the Remuneration Committee decided to align the pension scheme closer with market practice in Luxembourg.

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 96%. Meetings were dedicated in particular to the review of the 2005 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 2006. The Audit Committee discussed the financial exposure related to the Group's tax risks, the role of compliance within the SES Group, the Internal Audit Plan as it results from the risk mapping exercise, and had an exchange of views on transfer pricing.

The Audit Committee endorsed the proposed changes to Group Treasury Policy and adopted a revised Charter for the Audit Committee which is now part of the Company's Corporate Governance Charter. It further reviewed the management letter prepared by the external auditor. 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

In line with best practice in corporate governance, the Company created a Nomination Committee in 2004, composed of five members, a majority of whom are independent Board members. The Nomination Committee was chaired in 2006 by the Chairman of the Board.

The role of the Nomination Committee is to identify and nominate suitable candidates for the Board of Directors, for election by the Annual General Meeting of shareholders. Such proposals are based on submissions from shareholders for a number of candidates at least equal to the number of posts to be filled for each class of shareholders. The role of the Nomination Committee also consists to propose candidates for Executive Committee membership for election by the Board.

In 2006, there was one meeting of the Nomination Committee attended by all of its members. The Committee proposed the appointment of Robert Bednarek as President and CEO of SES NEW SKIES as successor to Dan Goldberg. At the same meeting a Charter for the Nomination Committee was adopted and a discussion on the SES succession plan was held.

The members of the Nomination Committee are:

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

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

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 30 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 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 2006 the Executive Committee met 38 times with an attendance rate of more than 94%. 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 who assumes the chairmanship of the Executive Committee, the CFO of SES, the President and CEO of SES ASTRA, the President and CEO of SES AMERICOM and the President and CEO of SES NEW SKIES.

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. In 2006 the shareholders approved the proposal to increase the fees paid to the Directors by 10%. Directors are now entitled to a fixed fee of EUR 16,500 per year and to a variable fee of EUR 1,320 per Board meeting, both net of taxes. Vice Chairmen receive an annual fee of EUR 24,750 and a fee of EUR 1,980 per meeting, whereas the Chairman receives EUR 33,000 per year and EUR 2,640 per meeting.

Members of the Committees set up by the Board are entitled to EUR 990 net per Committee meeting, the Vice Chairmen receiving EUR 1,485 per Committee meeting and the Chairman, respectively the Chairman of the Audit Committee receiving EUR 1,980 net per Committee meeting.

The total net remuneration fees paid for the year 2006 to the members of the Board of Directors (net of the Luxembourgish withholding tax) amounted to EUR 591,572.50 of which EUR 274,635 were paid as variable fees, with the remaining EUR 316,637.50 representing the fixed part of the Board fees. The gross overall figure for the year 2006 was EUR 739,465.63.

Company stock owned by members of the Board of Directors

On December 31, 2006 the members of the Board of Directors owned a combined total of 615,310 shares and FDRs, and 9,320 options. These options were granted at the time of the Company's IPO in 1998. No additional options have been granted to Directors since.

Remuneration of the members of the Executive Committee

The Remuneration of the five members of the Executive Committee is determined by the Remuneration Committee. It is composed of a fixed and a variable part. The total gross remuneration paid to the five members of the Executive Committee relative to the year 2006 amounted to EUR 3,599,754.23, of which EUR 2,335,003.08 represented the fixed part and EUR 1,264,751.15 the variable part.

The direct remuneration paid to the members of the Executive Committee amounted to EUR 3,471,225.81, whereas the indirect remuneration was EUR 128,528.40.

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 2006 the members of the Executive Committee were awarded a combined total of 294,753 options to acquire Company FDRs at an exercise price of EUR 12.93, 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, 2007, the remaining quarters vesting on January 1, 2008, 2009 and 2010. In 2006 members of the Executive Committee were granted 48,111 restricted shares as part of the Company's long-term incentive plan as well as 11,661 performance shares to match the restricted shares granted in 2005. These shares will vest after three years.

During 2006, none of the members exercised any options.

Company stock owned by members of the Executive Committee

On December 31, 2006 the members of the Executive Committee owned a combined total of 78,870 shares and FDRs, and 1,166,742 options. Transactions made by members of the Executive Committee or members of the Management Committees of any of the three operating companies are published on the Company's website, where the details are kept for a period of at least three months.

Corporate governance

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, as well as of the Special Shareholder Committee of SES NEW SKIES. Mr Bausch became the Director General and the Chairman of the Management Committee of SES in 1995, following a career in the Luxembourg civil service (Ministry of Finance). Mr Bausch occupied key positions in the banking, media and telecommunications sectors and spent a five-year term as a Director and Vice Chairman of SES. Mr Bausch is also a 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. From November 1, 2006 Mr Bednarek took over as President and CEO of SES NEW SKIES, succeeding Dan Goldberg. Mr Bednarek came to SES from PanAmSat, where he served as Executive Vice President and Chief Technology Officer since 1997 and as Senior Executive for Engineering and Operations since 1990. Prior to joining PanAmSat, Mr Bednarek co-founded a 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, Star One, SATLYNX, and ORBCOMM, and a member of the Special Shareholder Committee of SES NEW SKIES. 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, SES ASTRA and of the Special Shareholder Committee of SES NEW SKIES. Mr Horowitz joined SES 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 Eagle Pitcher, The Tennis Channel, One Laptop Per Child (OLPC) and is a member of the Board of Trustees of the Keenan Institute for Ethics at Duke University and 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.

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



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 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 ASTRA, SES AMERICOM, SES SIRIUS and SATLYNX, and a member of the Special Shareholder Committee of SES NEW SKIES.

Mark Rigolle, born on April 11, 1965, and appointed Chief Financial Officer of SES in August 2004. Mr Rigolle joined SES 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, and is a member of the Special Shareholder Committee of SES NEW SKIES. Mr Rigolle also serves on the board of telecommunications company VOX.

External auditor

In accordance with the Luxembourg law on commercial companies, the Company's annual and consolidated accounts are certified by an external auditor appointed by the Annual General Meeting of shareholders. On April 6, 2006, the shareholders unanimously retained Ernst & Young for another year, their mandate expiring at the Annual General Meeting on April 5, 2007.

Internal control procedures

Objectives

The Board of Directors has overall responsibility for ensuring that the SES 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.

Internal control procedures help manage risks, and provide reasonable assurance that the business objectives of the Company can be achieved.

The internal control procedures are designed to ensure:

- the efficiency and effectiveness of operations;
- the integrity and reliability of financial and operational information, both for internal and external use;
- the safeguarding of assets; and
- the compliance of actions and decisions 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, 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 company and adapted to their activity, size and organisation, and to their relevant legal and regulatory environment.

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



Internal control procedures

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

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

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

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

The Code was submitted to the Audit Committee and approved by the Board of Directors.

Employees and officers in all entities of the Group were being informed of the content of the Code of Conduct and its applicable principles in early 2007.

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 full-year Group's financial statement.

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 comprehensive treasury manual giving detailed guidance on derivative instruments used and the appropriate accounting treatment has been defined; 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 to 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 and communication 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 exist.

Evaluation of the internal control procedures

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

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

Under its charter, which was revised in 2006, the Internal Audit function reports to the President and CEO of SES, but may also report directly to the Audit Committee.

The activities of the Internal Audit function are executed in accordance with an annual audit plan which is reviewed and approved by the Audit Committee. This annual plan is derived from 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 and to the Audit Committee.

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

Human Resources

Human Resources strategy

SES is positioning itself as the employer of choice in the industry. The Company identifies, secures, engages, develops and retains the best talent to achieve its vision and strategic objectives.

SES respects and trusts its people, embraces diversity and lives by its values. Its leaders role model the behaviours outlined in the SES Leadership Competencies.

SES employees are engaged, committed and proud to be associated with their Company.

To leverage the employees' full potential, SES focuses on competency development, alignment of objectives and knowledge sharing.

SES ensures that every employee has the necessary resources and support to be successful in his or her career within the context of our performance management system. Human Resources is the catalyst to drive organisational and cultural initiatives leading to sustainable stakeholders' value creation.

SES employees

At year end 2006, SES employed a total of 1,661 staff¹. The detail is shown in the table below.

	2006
SES	60
SES ASTRA	341
SES AMERICOM	461
SES NEW SKIES	175
APS	131
SES SIRIUS	41
SATLYNX	94
ND SatCom	284
Other participations	74
Total	1,661

¹ Full-time equivalents.

The significant increase of total headcount results primarily from the acquisition of New Skies Satellites and the acquisition of 100% of ND SatCom.

SES values and culture

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

They are:

Excellence – having the passion and commitment to be the best in 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 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

SES applies an Equity Incentive Compensation Plan. The purpose of the plan is to attract and retain highly qualified leadership level staff. This policy applies to executive-level employees of SES. 1,500,412 options were granted in 2006 to 120 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). 137,159 restricted shares and 68,066 performance shares were granted in 2006.

Stock Appreciation Rights Plan

SES operates a Stock Appreciation Rights (STAR) Plan, which applies to the non-executive-level staff. Through the grant of Stock Appreciation Rights, the Company aims to encourage the long-term commitment of the staff towards the Company, and to provide the possibility to share in the value-creation of the Company. 743,594 STARs were granted in 2006.

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.

The Human Resources (HR) function

Following the acquisitions that were concluded in 2006, SES was supported at year end by a team of 37 HR staff spread through all SES companies. An HR Council ensures the operational coordination on a regular basis.

Additionally, a Human Resources Coordination Committee ensures that the HR strategy and objectives are aligned within the Group and with the business objectives, decisions and guidance of SES' Executive Committee.

In 2006, significant efforts by the respective HR organisations were made to ensure the successful integration of the acquired companies, particularly of New Skies Satellites and of ND SatCom.

Employee satisfaction is being periodically monitored by an employee survey, internally called 'Voice of the Employee' (VoE). The VoE survey was conducted at the end of 2006, and results were to be disclosed at the beginning of 2007. Dedicated follow-up actions will be planned and implemented.

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 was significantly enhanced and remains a preferred vehicle for successful employee communications.

Additionally, the Company's Vision and Business Strategy are conveyed successfully to all employees to strengthen awareness and engagement.

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 2006.

SES spent up to 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 SES for project and personal development, and for educational purposes.

In 2006, a framework of Core and Functional Competencies was developed to provide SES with the necessary capabilities and know-how for the future.

Building outstanding leadership talent

SES focuses on identifying and developing high-potential leadership talent by means of succession planning. This includes participation in executive development programmes, coaching and stretch assignments. A talent inventory process and a global succession plan for critical positions was conducted in 2006.

In SES AMERICOM, an Associate Programme was designed to attract the brightest individuals and develop them as future SES leaders. The 24-month programme consists of four six-month rotations in every major function of SES, and includes one global rotational assignment. The programme provides a stimulating learning experience for its participants, both through on-the-job and through formal training. SES AMERICOM invited two associates to join the programme in 2006. The programme is scheduled to be expanded in 2007, to include six associates within an SES Group-wide programme.

Social dialogue within SES

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

At SES ASTRA, 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 S.A. the legal framework provides for a Personnel Delegation, which currently consists of one member.

In other SES companies, the social dialogue is conducted according to the rules laid out in the local legal frameworks, for instance by means of Works Councils in SES NEW SKIES, SATLYNX, APS and ND SatCom.

Investor Relations

SES has a dedicated Investor Relations function reporting to the CFO of SES. 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 Executive Committee.

Investor Relations is responsible for defining and executing SES' 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 and works closely with the President and CEO, the Group Treasurer and other senior executives across the Group.

Our corporate social responsibility policy

In 2006, SES implemented a corporate social responsibility programme aligned with the company's values. Global reputation is born out of local action. SES' corporate social responsibility (CSR) programme has been elaborated to reflect this approach by deploying CSR projects and activities in those areas of the world in which the SES Group has activities or provides communications services.

Our CSR programme is aimed primarily at supporting educational projects, which are directed towards 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 programme attempts to reflect SES' positioning in the field of global communications infrastructure and services provision.

In 2006, SES signed the Corporate Social Responsibility charter, which was elaborated jointly by a number of Luxembourg-based companies, committing its signatories to promote the principles of CSR and to reflect and implement these in their everyday operations.

During the year, SES committed to supporting the 'One Laptop per Child' project (OLPC), a worldwide non-profit initiative aimed at improving the communication and education infrastructure in developing countries by launching a low-cost, web-connected laptop. Both SES ASTRA and SES AMERICOM are corporate partners of the scheme, together contributing important know-how for the conceptual development of the project, space capacity onboard SES' global satellite fleet and US\$ 2 million of financial support. OLPC is managed through a spin-off of the Massachusetts Institute of Technology, which is supported by a range of corporate partners. Further information on OLPC can be found at www.laptop.org.

In 2006, SES continued its cooperation with the University of Sankt Gallen, Switzerland, by financing a student scholarship for the MBA Hochschule St Gallen programme. We also continued to support the scholarship programme of the Society of Satellite Professionals International, a US-based non-profit association for the professional development of satellite industry professionals worldwide.

We pursued our cooperation with the International Space University in Strasbourg, France, financing student scholarships for advanced studies of space applications. We also continued our long-standing support of the school #1 in Baikonur, Kazakhstan, by contributing to the financing of the school's information technology infrastructure.

SES also supported Luxembourg's 'Business Initiative 123-GO' aimed at advancing the development of innovative business projects and we continued to support the Institut St. Joseph of Betzdorf, Luxembourg, a home for mentally handicapped persons.

In 2006, SES NEW SKIES supported the Tambores project, a rural school for children from families with incomes below the poverty line, in Colombia. Tambores aims at increasing school participation and lowering the drop-out rates. The project is executed by Federación Nacional de Cafeteros de Colombia (FNCC), and is also supported by the European Commission, the Flemish Government, the Spanish Agency for International Cooperation and other institutions.

SES AMERICOM made a financial donation to support the extension of the Plainsboro library. The company also continued its support to the Susan Komen breast cancer research activities. SES AMERICOM matched donations made by its employees (to the rate of one dollar for each two dollars donated) to a number of colleges and universities. And the company supported the Arthur C. Clarke Foundation Awards through a financial contribution.

Cultural sponsorships


In 2006, SES continued its financial support of 'Musek am Syrdall', a local music festival in Luxembourg.

Caring for the environment

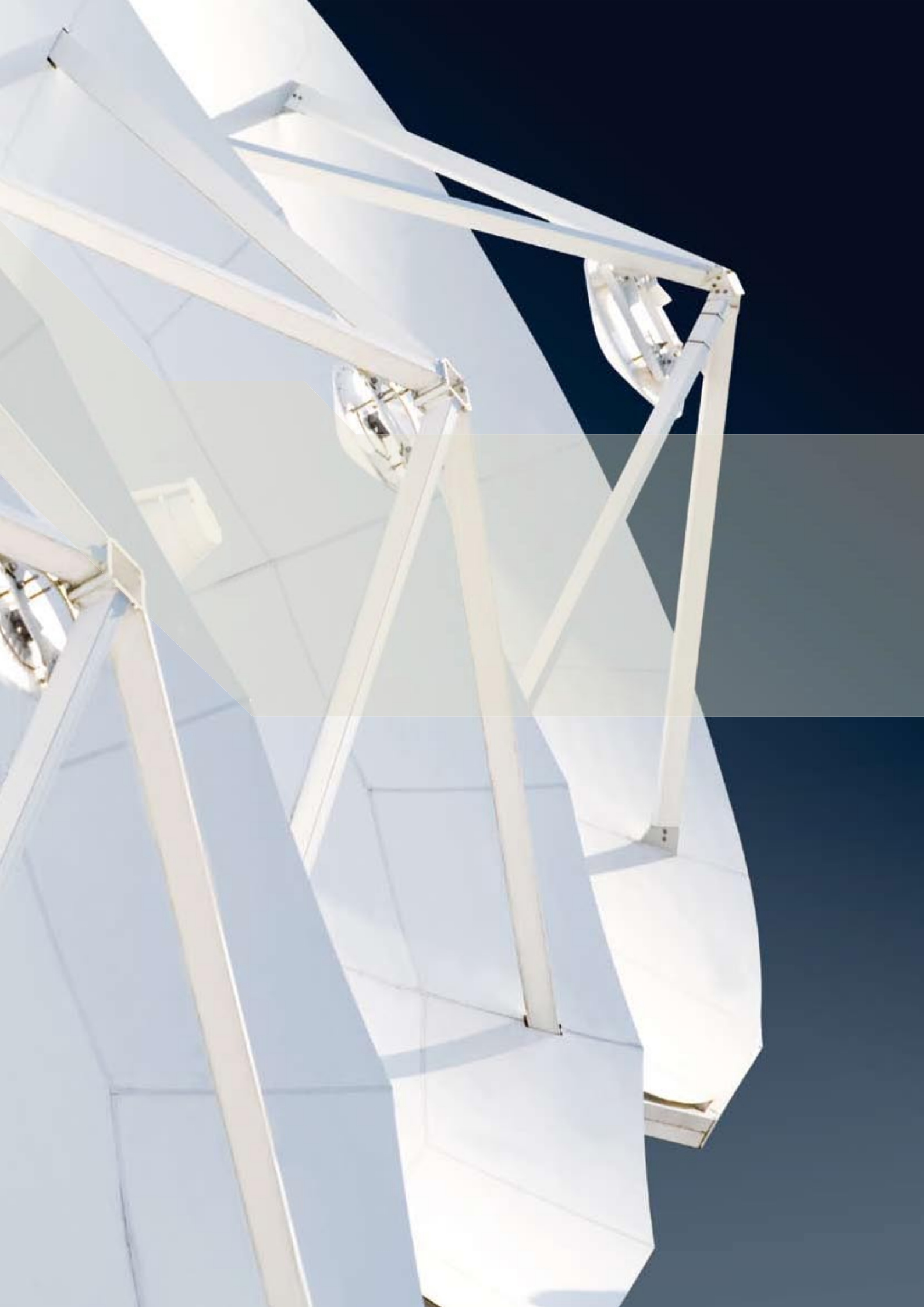
The SES companies are committed to respecting the world's natural environment, and to aligning the companies' and the staff's conduct with the principles of sustainable development. We apply the basic principle that all activities and services which we provide to third-party customers, or which are supplied 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 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 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 cogeneration 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 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.



Positioned ahead through consistent
shareholder value creation



Financial review by management

Summary financial information

	2006 EUR million	2005 EUR million	Variance EUR million	Variance %
Revenue	1,615.2	1,258.0	+357.2	+28.4
Operating expenses	(534.8)	(376.9)	+157.9	+41.9%
EBITDA	1,080.4	881.1	+199.3	+22.6%
Depreciation	(438.6)	(363.0)	+75.6	+20.8%
Amortisation	(36.5)	(42.3)	-5.8	-13.7%
Operating profit	605.3	475.8	+129.5	+27.2%
Net financing charges	(80.8)	(4.7)	+76.1	-
Profit before tax	524.5	471.1	+53.4	+11.3%
Income tax expense	(99.4)	(99.3)	+0.1	-
Share of associates' result	10.5	9.0	+1.5	+16.7%
Minority interests	0.2	1.1	-0.9	-81.8%
Net profit for the period	435.8	381.9	+53.9	+14.1%
Earnings per A share (EUR)	0.82	0.67	+0.15	+22.4%
EBITDA margin	66.9%	70.0%	-3.1% points	-
Net income margin	27.0%	30.4%	-3.4% points	-
Net operating cash flow	1,060.1	719.4	+340.7	+47.4%
Free cash flow	(17.5)	433.1	-450.6	-
Net debt	2,903.2	2,107.1	+796.1	+37.8%
Net debt/EBITDA	2.68	2.39	+0.29	+12.1%
Net debt/total equity	95.3%	60.5%	+34.8% points	-

Operating profit development (with percentage change to previous quarter)

	Q1	%	Q2	%	Q3	%	Q4	%
Revenue	329.3	-2.0%	381.2	+15.7%	481.8	+26.4%	422.9	-12.2%
Operating expenses	(102.1)	-6.6%	(108.9)	+6.6%	(157.9)	+45.0%	(165.9)	+5.1%
EBITDA	227.2	+0.3%	272.3	+19.9%	323.9	+18.9%	257.0	-20.7%
Depreciation	(92.9)	-5.5%	(112.4)	+21.0%	(113.4)	+0.9%	(119.9)	+5.7%
Amortisation	(7.9)	-37.8%	(7.8)	-1.3%	(10.9)	+39.7%	(9.9)	-9.2%
Operating profit	126.4	+9.4%	152.1	+20.3%	199.6	+31.2%	127.2	-36.3%

Revenue

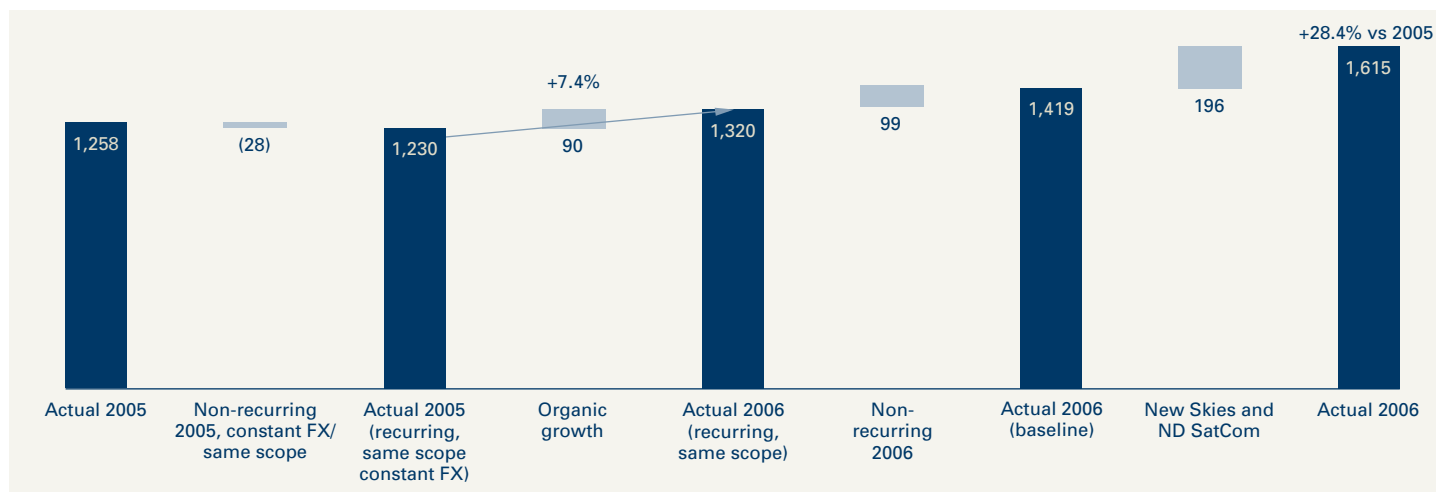
	2006 EUR million	2005 EUR million	Variance EUR million	%
Revenue	1,615.2	1,258.0	+357.2	+28.4%

The revenue growth in 2006 compared to 2005 reflects primarily the impact of the acquisition of SES NEW SKIES on March 30, 2006 and the purchase of the outstanding shareholding in, and assumption of full control over, ND SatCom on June 29, 2006. Together, these new Group operations generated over half of the additional revenue in the year.

Beyond this impact, the Group experienced further high single-digit growth in its existing businesses reflecting continuing strong developments in SES ASTRA's U.K., German and Eastern Europe markets, as well as geographical expansion into the African market.

Finally, one-off revenue items, mainly termination fees resulting from the cessation of activities of Connexion by Boeing and transponder sales by SES AMERICOM to Star One, made an additional contribution to the positive development.

The development of the Group's revenue year-on-year is presented below.



Financial review by management

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

	2006 EUR million	2005 EUR million	Variance EUR million	%
Operating expenses	534.8	376.9	+157.9	+41.9%
EBITDA	1,080.4	881.1	+199.3	+22.6%
EBITDA margin	66.9%	70.0%	-3.1% pts	-

EBITDA rose strongly in 2006 reflecting the three factors set out above in the revenue section. The reported EBITDA is after taking a charge of EUR 28.5 million for restructuring costs of teleports in the U.S. and the remaining charge for the integration of SES NEW SKIES.

Excluding the non-recurring restructuring charge, the Group's EBITDA margin was 68.7%, reflecting the increased proportion of services in the revenue mix this year. Services revenue increased 45.4% to EUR 271.7 million, being 16.6% (2005: 14.8%) of the total, with organic growth representing about half of this gain and the balance mainly attributable to the acquisition of ND SatCom.

The margin in the Group's infrastructure business remained robust at 78.8% (2005: 80.2%) when the restructuring charge is excluded. On the same basis, the reported services margin rose from 4.0% in 2005 to 5.6% in 2006. Normalised for start-up costs, services delivered an EBITDA margin of 10.5%.

Operating profit

	2006 EUR million	2005 EUR million	Variance EUR million	%
Depreciation	438.6	363.0	+75.6	+20.8%
Amortisation	36.5	42.3	-5.8	-13.7%
Operating profit	605.3	475.8	+129.5	+27.2%

Depreciation in 2006 was EUR 75.6 million higher than in 2005, reflecting the first-time consolidation of the five satellite fleet of SES NEW SKIES for the nine months beginning in April. This added EUR 55.2 million to the Group's depreciation expense. Also the satellites ASTRA 1KR, launched in April 2006, and AMC-23 (launched in December 2005) contributed to the increase in depreciation over the prior year.

Net financing charges

The charges can be analysed as follows:

	2006 EUR million	2005 EUR million	Variance EUR million	%
Net interest expense	(129.9)	(74.3)	+55.6	+74.8%
Capitalised interest	22.7	17.2	+5.5	+32.0%
Net foreign exchange gains	14.7	48.4	-33.7	-69.6%
Dividend income	1.5	-	+1.5	-
Gain on disposal of subsidiary	15.0	-	+15.0	-
Value adjustments	(4.8)	4.0	-	-
Net finance (charges)/income	(80.8)	(4.7)	+76.1	-

The net interest expense rose sharply with the higher debt levels implemented in 2006 and the contribution of the two high yield bonds taken over with the purchase of New Skies Satellites. These were refinanced in August at terms better reflecting the Group's normal terms.

Net foreign exchange gains were realised on financial derivatives and on the holding of US dollar-denominated liabilities during the year as the dollar weakened against the Euro from Euro 1: USD 1.1875 at the start of the year to Euro 1: USD 1.3170 at the close.

Finally, a book gain of EUR 15.0 million was made in February 2006 on the disposal of the Group's 100% interest in SES Re S.A., a captive insurance company in Luxembourg.

Income tax expense

	2006 EUR million	2005 EUR million	Variance EUR million	%
Income tax expense	99.4	99.3	+0.1	–
Reported tax rate	19.0%	21.1%	-2.1% pts	–

The tax charge for the year remained flat despite an increase in 11.3% of profit before taxes, reducing the Group's reported tax rate from 21.1% in 2005 to 19.0% in 2006.

Net profit and earnings per share

	2006 EUR million	2005 EUR million	Variance EUR million	%
Net profit of the Group	435.8	381.9	+53.9	+14.1%

The net profit attributable to equity holders of the parent rose 14.1% in 2006 compared to the prior year. Earnings per share, based on the weighted number of shares in issue, rose even more strongly reflecting the impact of the share buy-back programme.

Cash flow

	2006 EUR million	2005 EUR million	Variance EUR million	%
Operating cash flow	1,060.1	719.4	+340.7	47.4%
Free cash flow	(17.5)	433.1	-450.6	–

Operating cash flow rose strongly compared to 2005 reflecting largely the additional EUR 199.3 million of EBITDA generated by the expanded Group and a drop of EUR 141.4 million in the Group's investment in working capital – the latter arising mainly due to significant revenue upfront payments received.

The acquisition of SES NEW SKIES and ND SatCom, and the disposal of SES Re, with a combined cash impact of EUR 635.6 million in the year significantly affected the free cash flow in 2006 when compared to 2005. All the above transactions were in the first half of 2006 – the free cash flow recorded for the second half of the year of EUR 224.8 million was up over 88% compared to the corresponding level in 2005.

Financial review by management

Net debt

	2006 EUR million	2005 EUR million	Variance EUR million	%
Cash and cash equivalents	(393.4)	(196.8)	+196.6	+99.9%
Loans and borrowings	3,296.6	2,303.9	+992.7	+43.1%
Net debt	2,903.2	2,107.1	+796.1	+37.8%
Net debt/total equity	95.3%	60.5%	+34.8% pts	–
Net debt/EBITDA	2.68	2.39	+0.29	+12.1%

During the year the Group issued three new bonds to a total value of EUR 1,450.0 million within the framework of the European Medium Term Note programme. These were partially used to reduce other borrowings, but more substantially for the acquisition of SES NEW SKIES and ND SatCom in a combined amount, net of cash acquired, of EUR 620.0 million, to refinance existing SES NEW SKIES borrowings of USD 445.0 million. A further EUR 233.1 million was applied to the acquisition of shares and FDRs as part of the Group's share buy-back programme.

Contract backlog

	2006 EUR million	2005 EUR million	Variance EUR million	%
Contract backlog – fully protected ¹	6,497.3	6,489.9	+7.4	+0.1%
Contract backlog – gross	7,108.1	7,073.7	+34.4	+0.5%

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.

Fully protected backlog stood at EUR 6,497.3 million on December 31, 2006 and thus remained flat to the previous year, but is up by EUR 260 million or 4.2% on a constant exchange rate basis. The contribution from the acquisitions of New Skies Satellites and ND SatCom overcompensated for the loss of the Connexion by Boeing contract and backlog run-off. Gross backlog mirrored this development. Fully protected backlog equals more than four times 2006 recurring revenue (gross: 4.5 times).

Consolidated financial statements

Report of the independent auditor

To the Shareholders of
SES (formerly SES GLOBAL) Société Anonyme
Betzdorf

Report on the consolidated financial statements

Following our appointment by the Annual General Meeting of the Shareholders dated April 6, 2006, we have audited the accompanying consolidated financial statements of SES, which comprise the consolidated balance sheet as at December 31, 2006 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Responsibility of the 'réviseur d'entreprises'

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the 'Institut des Réviseurs d'Entreprises'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the 'réviseur d'entreprises', including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises' considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of SES as at December 31, 2006, and of the consolidated results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the Board of Directors, is in accordance with the consolidated financial statements.

Ernst & Young

Société Anonyme
Réviseur d'Entreprises

Werner WEYNAND

February 15, 2007

Consolidated financial statements

Consolidated income statement

For the year ended December 31, 2006

	Note	2006 EUR million	2005 EUR million
Revenue	6	1,615.2	1,258.0
Cost of sales	8	(159.2)	(110.0)
Staff costs	8	(181.7)	(119.8)
Other operating expenses	8	(193.9)	(147.1)
Depreciation expense	13	(438.6)	(363.0)
Amortisation expense	15	(36.5)	(42.3)
Operating profit	6	605.3	475.8
Finance revenue	9	92.0	73.2
Finance costs	9	(172.8)	(77.9)
Profit before tax		524.5	471.1
Income tax expense	10	(99.4)	(99.3)
Profit after tax		425.1	371.8
Share of associates' result		10.5	9.0
Profit for the year		435.6	380.8
Attributable to:			
Equity holders of the parent		435.8	381.9
Minority interests		(0.2)	(1.1)
		435.6	380.8
Earnings per share (in Euro) ¹	11		
Class-A shares		0.82	0.67
Class-B shares		0.33	0.27
Class-C shares		0.82	0.67

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

As at December 31, 2006

	Note	2006 EUR million	2005 EUR million
Non-current assets			
Property, plant and equipment	13	3,067.7	2,820.4
Assets in the course of construction	14	695.0	694.3
Total property, plant and equipment		3,762.7	3,514.7
Intangible assets	15	3,382.6	3,019.1
Investments in associates	16	88.6	100.7
Other financial assets	17	19.7	21.7
Deferred income tax assets	10	37.6	5.1
Total non-current assets		7,291.2	6,661.3
Current assets			
Inventories		23.3	4.6
Trade and other receivables	18	288.5	191.8
Prepayments		42.3	54.5
Valuation of financial instruments	19	2.6	54.0
Short-term investments	21	24.8	–
Cash and short-term deposits	22	393.4	196.8
Total current assets		774.9	501.7
Total assets		8,066.1	7,163.0
Equity			
Attributable to equity holders of the parent	23	3,012.2	3,449.0
Minority interest		32.9	34.5
Total equity		3,045.1	3,483.5
Non-current liabilities			
Interest-bearing loans and borrowings	25	2,947.3	2,145.1
Provisions and deferred income	26	210.4	140.2
Deferred tax liabilities	10	806.0	737.2
Total non-current liabilities		3,963.7	3,022.5
Current liabilities			
Interest-bearing loans and borrowings	25	349.3	158.8
Trade and other payables	27	310.1	207.9
Valuation of financial instruments	19	22.1	9.5
Income tax payable		144.1	117.2
Deferred income		231.7	163.6
Total current liabilities		1,057.3	657.0
Total liabilities		5,021.0	3,679.5
Total liabilities and equity		8,066.1	7,163.0

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

Consolidated financial statements

Consolidated statement of cash flow

Year ended December 31, 2006

	2006 EUR million	2005 EUR million
Profit before taxes	524.5	471.1
Taxes paid during the year	(69.8)	(169.0)
Net financing charges paid on non-operating activities	43.4	22.7
Depreciation and amortisation	475.1	405.3
Amortisation of client upfront payments	(65.1)	(33.3)
Other non-cash items in consolidated income statement	10.6	27.7
Consolidated operating profit before working capital changes	918.7	724.5
Changes in operating assets and liabilities		
(Increase)/decrease in inventories	(1.7)	(1.4)
(Increase)/decrease in trade debtors	(28.7)	(21.3)
(Increase)/decrease in other debtors	9.5	(7.2)
(Increase)/decrease in prepayments and deferred charges	(7.6)	8.4
Increase/(decrease) in trade creditors	6.4	(16.1)
Increase/(decrease) in other creditors	(3.0)	(7.7)
Increase/(decrease) in payments received on account	(7.4)	13.6
Increase/(decrease) in upfront payments	129.2	10.6
Increase/(decrease) in other deferred income	44.7	16.0
Net cash (absorbed)/generated by operations	141.4	(5.1)
Net operating cash flow	1,060.1	719.4
Cash flow from investing activities		
Purchase of intangible assets	(7.0)	(18.2)
Purchase of tangible assets	(456.5)	(474.8)
Disposal of tangible assets	29.7	–
Acquisition of New Skies Satellites (net of cash acquired)	(579.2)	–
Acquisition of further ND SatCom shareholdings (net of cash acquired)	(40.8)	–
Disposal of SES Re	(15.6)	–
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	(2.1)	142.2
Investment in non-consolidated financial assets	(6.0)	–
Proceeds on disposal of non-consolidated financial assets	–	65.6
Net cash (absorbed)/generated by investing activities	(1,077.5)	(286.3)
Cash flow from financing activities		
New borrowings	1,450.0	93.2
Repayment of borrowings	(715.0)	(0.7)
Dividends paid on ordinary shares	(215.3)	(176.3)
Dividends paid to minority shareholders	–	(4.9)
Net financing paid on non-operating activities	(43.4)	(21.9)
Acquisition of treasury shares	(266.1)	(517.4)
Exercise of share options by employees	(1.5)	(0.3)
Dividends from equity investments	17.4	11.7
Loans granted to associate	–	(4.7)
Net cash generated/(absorbed) by financing activities	226.1	(621.3)
Net foreign exchange movements	(12.1)	3.1
Net increase/(decrease) in cash	196.6	(185.1)
Net cash at beginning of the year	196.8	381.9
Net cash at end of the year	393.4	196.8

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

Consolidated statement of changes in shareholders' equity

Year ended December 31, 2006

	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, 2005	921.8	2,821.0	(58.1)	343.6	216.5	(906.2)	3,338.6	35.9	3,374.5
Result for the year	–	–	–	381.9	–	–	381.9	(1.1)	380.8
Impact of currency translation	–	–	–	–	–	603.2	603.2	(0.3)	602.9
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				381.9		416.5	798.4	(1.4)	797.0
Allocation of results	–	–	–	(164.4)	164.4	–	–	–	–
Dividends ¹	–	–	–	(176.2)	–	–	(176.2)	–	(176.2)
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
Result for the year	–	–	–	435.8	–	–	435.8	(0.2)	435.6
Impact of currency translation	–	–	–	–	–	(447.3)	(447.3)	(1.4)	(448.7)
Net loss on hedge of net investment	–	–	–	–	–	46.5	46.5	–	46.5
Net loss on cash flow hedges	–	–	–	–	–	(8.2)	(8.2)	–	(8.2)
Total income and expense for the year				435.8		(409.0)	26.8	(1.6)	25.2
Allocation of results	–	–	–	(166.6)	166.6	–	–	–	–
Cancellation of preferred C shares	–	–	–	–	7.6	–	7.6	–	7.6
Dividends ¹	–	–	–	(215.3)	–	–	(215.3)	–	(215.3)
Movement on treasury shares	–	–	(26.6)	–	–	–	(26.6)	–	(26.6)
Share-based payment adjustment	–	3.9	–	–	–	–	3.9	–	3.9
Cancellation of share capital	(31.2)	(202.0)	–	–	–	–	(233.2)	–	(233.2)
At December 31, 2006	827.9	2,171.6	(82.5)	438.8	555.1	(898.7)	3,012.2	32.9	3,045.1

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

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

Consolidated financial statements

Notes to the consolidated financial statements

December 31, 2006

Note 1 – Corporate information

The consolidated financial statements of SES (formerly SES GLOBAL), or 'the Company', for the year ended December 31, 2006 were authorised for issue in accordance with a resolution of the Directors on February 15, 2007. Under Luxembourg law the financial statements are approved by the shareholders at the Annual General Meeting. SES was incorporated on March 16, 2001 as a limited liability company (Société Anonyme) under Luxembourg law. References to the 'Group' in the following notes are to the Company and its subsidiaries, joint ventures and associates. SES trades under 'SESG' on the Luxembourg Stock Exchange and Euronext, Paris.

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.

Statement of compliance

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its controlled subsidiaries, after the elimination of all material inter-company transactions. Subsidiaries are consolidated from the date the Company obtains control until such time as control ceases. Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The financial statements of subsidiaries and affiliates are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to conform any dissimilar accounting policies that may exist. For details regarding the subsidiaries included see Note 3.

Application of IFRS 1

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

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial statements of the Group.

- IAS 19 Amendment – Employee Benefits
- IAS 21 Amendment – The Effects of Changes in Foreign Exchange Rates
- IAS 39 Amendments – Financial Instruments: Recognition and Measurement
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

Interests in joint ventures

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

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

Investments in associates

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

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

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

Significant accounting judgements and estimates

1) Judgements

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

Treatment of orbital slot licence rights

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

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. 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 includes directly attributable costs as well as appropriate overheads. Costs for the repair and maintenance of these assets are recorded as expense. Relevant finance charges arising during the construction period of satellites are capitalised.

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

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

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

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

Notes to the consolidated financial statements continued

December 31, 2006

Note 2 – Summary of significant accounting policies continued

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.

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.

Impairment of non-financial assets

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

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

Borrowing costs

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

Investments and other financial assets

Financial assets in the scope of IAS 39 are classified as 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 is committed to the purchase or sale of the asset.

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

1) Financial assets at fair value through profit or loss

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

2) Held-to maturity investments

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

3) Loans and receivables

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

4) Available-for-sale financial assets

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

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

Inventories

Inventories primarily consist of work-in-progress, 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 short-term deposits in the balance sheet comprise cash at banks and on hand, deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of the consolidated statement of cash flow, cash and cash equivalents consist of cash on 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 broadcasting make available programming services to the general public. Revenues are generated primarily from service agreements with customers to provide satellite transponder services.

All amounts received from customers under contracts for satellite capacity are recognised 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.

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

Dividends

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

Provisions

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

Current taxes

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

Notes to the consolidated financial statements continued

December 31, 2006

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 where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

Translation of foreign currencies

The consolidated financial statements are presented in Euro (EUR), which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency ruling at the date of transaction. The cost of non-monetary assets is translated at the rate applicable at the date of the transaction. All other assets and liabilities are translated at closing rates of exchange. During the year, expenses and income expressed in foreign currencies are recorded at exchange rates prevailing on the date they occur or accrue. All exchange differences resulting from the application of these principles are included in the consolidated income statement.

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

Subsidiary companies and joint ventures keep their accounts in their respective functional 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 currency exchange reserve. On disposal of a foreign subsidiary or joint venture, 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 2005	Closing rate for 2005	Average rate for 2006	Closing rate for 2006
United States dollar	USD 1.25	USD 1.18	USD 1.25	USD 1.32
Hong Kong dollar	HKD 9.75	HKD 9.15	HKD 9.72	HKD 10.24
Swedish krona	SEK 9.27	SEK 9.39	SEK 9.28	SEK 9.04

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 expense 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 fluctuation. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. On the date a hedging derivative instrument is entered into, the Group designates the derivative as one of the following:

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

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

1) Fair value hedges

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

2) Cash flow hedges

In relation to cash flow hedges (forward foreign currency contracts) 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 the income statement as finance revenue or cost.

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

3) Hedge of a net investment in a foreign operation

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

December 31, 2006

Note 2 – Summary of significant accounting policies continued

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

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

Derecognition of financial assets and liabilities

1) Financial assets

A financial asset is derecognised where:

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

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

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

2) Financial liabilities

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

Accounting for pension obligations

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

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). 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 24. 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 transfer to the Group substantially all risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair market value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to expense.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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

IFRS standards and interpretations not yet effective

The following IFRS and IFRIC interpretations were issued in 2005 and 2006 with an effective date for financial periods beginning on or after January 1, 2007. The Company has chosen not to adopt these standards or interpretations early.

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.

IFRS 8 'Operating Segments' is effective for annual periods beginning on or after January 1, 2009. IFRS 8 incorporates and amends the disclosure requirements on operating segments from IAS 14 – 'Segment Reporting'. The Company plans to adopt this standard at its effective date or at the date of endorsement by the European Union, if later. This adoption will only impact disclosures in the financial statements.

IFRIC 8 'Scope of IFRS 2' is effective for annual periods beginning on or after January 1, 2007. IFRIC 8 requires IFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. The Company plans to adopt this standard at its effective date or at the date of endorsement by the European Union, if later, and does not anticipate any significant impact on its financial statements.

IFRIC 9 'Reassessment of Embedded Derivatives' was issued in March 2006 and becomes effective for financial years beginning on or after June 1, 2006. This interpretation establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract with reassessment only if there is a change to the contract that significantly modifies the cash flows. The Company plans to adopt this standard at its effective date and does not anticipate any significant impact on its financial statements.

IFRIC 10 'Interim Financial Reporting and Impairment' is effective for annual periods beginning on or after November 1, 2006. IFRIC 10 prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Company plans to adopt this standard at its effective date or at the date of endorsement by the European Union, if later, and does not anticipate any significant impact on its financial statements.

IFRIC 11 'IFRS 2 Group and Treasury Share transactions' is effective for annual periods beginning on or after March 1, 2007. IFRIC 11 requires the application of IFRS 2 to certain group and treasury share transactions. The Company plans to adopt this standard at its effective date or at the date of endorsement by the European Union, if later, and does not anticipate any significant impact on its financial statements.

IFRIC 12 'Service Concession Arrangements' is effective for annual periods beginning on or after January 1, 2008 and addresses how services concession operators should apply existing IFRS to account for the obligations they undertake and rights they receive in service concessions arrangements. The Company plans to adopt this standard at its effective date or at the date of endorsement by the European Union, if later, and does not anticipate any significant impact on its financial statements.

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Note 3 – Consolidated subsidiaries, joint ventures and affiliates

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

	Effective interest (%) 2006	Effective interest (%) 2005	Method of consolidation
Held directly by SES:			
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 Europe S.A., Luxembourg ¹	100.00	100.00	Full
SES GLOBAL Africa S.A., Luxembourg	100.00	100.00	Full
SES Participations S.A., Luxembourg ²	100.00	100.00	Full
SES GLOBAL Gibraltar Ltd., Gibraltar	100.00	100.00	Full
SES Finance S.à r.l., Switzerland ³	100.00	100.00	Full
Betzdorf Holdings Ltd, Ireland	100.00	100.00	Full
SES Holdings (Netherlands) BV	100.00	–	Full
SES Subsidiary 1 S.A., Luxembourg	100.00	–	Full
SES Subsidiary 2 S.A., Luxembourg	100.00	–	Full
Held through SES ASTRA S.A.:			
ASTRA GmbH, Germany	100.00	100.00	Full
ASTRA Ltd, United Kingdom	100.00	100.00	Full
ASTRA Marketing Iberica S.A., Spain	100.00	100.00	Full
ASTRA France S.A., France	100.00	100.00	Full
ASTRA Polska Sp. z o.o., Poland	100.00	100.00	Full
ASTRA GmbH, Austria	100.00	100.00	Full
SES ASTRA CEE Sp. z o.o., Poland	100.00	–	Full
SES Ré S.A., Luxembourg ⁴	–	100.00	Full
SES Capital Luxembourg S.A., Luxembourg	100.00	100.00	Full
SES SIRIUS AB, Sweden ⁵	75.00	75.00	Full
Sirius Satellite Services SIA, Latvia	75.00	75.00	Full
SES ASTRA 1KR Satellite Company S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 1L Satellite Company S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 1M Satellite Company S.à r.l., Luxembourg	100.00	100.00	Full
SES ASTRA 3B Satellite Company S.à r.l., Luxembourg ⁶	100.00	100.00	Full
Held through SES Finance S.à r.l.:			
SES GLOBAL Re International (Bermuda) Ltd., Bermuda	100.00	100.00	Full
SES Satellite Leasing Ltd, Isle of Man ⁷	100.00	100.00	Full
Held through SES GLOBAL Africa S.A.:			
Accelon Ltd, South Africa	46.90	43.55	Equity
SES Africa (Proprietary) Ltd., South Africa	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 Telecomunicacoes, 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

	Effective interest (%) 2006	Effective interest (%) 2005	Method of consolidation
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
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	100.00	100.00	Full
AMC-12 Holdings LLC, USA	100.00	100.00	Full
AMC-23 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	100.00	Full
Ciel Satellite Communications Inc., Canada	100.00	100.00	Full
Ciel Satellite Limited Partnership, Canada	70.00	70.00	Proportional
Quetzsat, S.R.L. de C.V., Mexico	49.00	49.00	Equity
Quetzsat Directo, S. de R.L. de C.V., Mexico	49.00	49.00	Equity
Safe Sat of New York Inc., USA	100.00	100.00	Full
SES AMERICOM Enterprise Solutions Inc., USA	-	100.00	Full
SES International Teleport (Switzerland) AG, Switzerland	-	100.00	Full
AMC-14 Holdings LLC, USA	100.00	100.00	Full
Northern Americas Satellite Venture, Inc., Canada	100.00	100.00	Full
ISAT Inc., USA	100.00	100.00	Full
SES AMERICOM Holdings (South America) LLC, USA	100.00	-	Full
HiWire LLC, USA	50.00	-	Proportional
Held through SES Europe S.A.:			
SES Digital Distribution Services S.A., Luxembourg ⁸	100.00	-	Full
SES Capital Belgium S.A., Belgium	100.00	100.00	Full
ND SatCom AG, Germany	100.00	25.10	Full
ND SatCom Defence GmbH, Germany	100.00	25.10	Full
ND SatCom Inc, USA	100.00	25.10	Full
ND SatCom Services GmbH, Germany	100.00	25.10	Full
ND SatCom Managed Networks GmbH, Germany	100.00	25.10	Full
ND SatCom China Ltd, China	100.00	25.10	Full
Bosphocom Ltd, Turkey	100.00	25.10	Full

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Notes to the consolidated financial statements continued

December 31, 2006

Note 3 – Consolidated subsidiaries, joint ventures and affiliates continued

	Effective interest (%) 2006	Effective interest (%) 2005	Method of consolidation
ND SatCom Grintex, India	50.00	12.6	Full
ND SatCom ooo, Russia	50.00	12.6	Full
Milsat Services GmbH, Germany	25.1	6.3	Equity
ASTRA Platform Services GmbH, Germany	100.00	100.00	Full
5cast GmbH, Germany	51.00	–	Full
SES Managed Services S.A., Luxembourg ⁹	100.00	100.00	Full
SES Managed Services GmbH, Germany	100.00	100.00	Full
SES International Teleport (Switzerland) AG, Switzerland	100.00	–	Full
SATLYNX GmbH, Germany	100.00	100.00	Full
SES ASTRA Services Europe S.A., Luxembourg	100.00	–	Full
SES ASTRA TechCom S.A., Luxembourg	100.00	100.00	Full
SES ASTRA TechCom Belgium S.A., Belgium	100.00	–	Full
Astralis S.A., Luxembourg	51.00	–	Full
SES GLOBAL Europe Subsidiary 2 GmbH, Germany	100.00	100.00	Full
ASTRA Broadband Services S.A., Luxembourg ¹⁰	100.00	100.00	Full
SES Digital Distribution Services AG, Switzerland	100.00	–	Full
Entavio GmbH, Germany	100.00	–	Full
Held through SES Holdings (Netherlands) BV			
New Skies Satellites Intermediate Holdings Ltd., Bermuda	100.00	–	Full
New Skies Satellites Holdings (US) LLC, USA	100.00	–	Full
New Skies Investments Holding BV, The Netherlands	100.00	–	Full
New Skies Holding BV, The Netherlands	100.00	–	Full
New Skies Satellites BV, The Netherlands	100.00	–	Full
New Skies Investments (Ireland) Unltd., Ireland	100.00	–	Full
SES Holdings (Bermuda) Ltd., Bermuda	100.00	–	Full
New Skies Satellites Holdings (Luxembourg) Sarl, Luxembourg	100.00	–	Full
New Skies Investments Sarl, Luxembourg	100.00	–	Full
New Skies Holdings Ireland Unlimited, Ireland	100.00	–	Full
New Skies Satellites Ireland Unlimited, Ireland	100.00	–	Full
New Skies Satellites, Inc., USA	100.00	–	Full
New Skies Satellites (UK) Ltd., UK	100.00	–	Full
New Skies Satellites de Mexico S.A. de CV, Mexico	100.00	–	Full
New Skies Satellites Mar BV, The Netherlands	100.00	–	Full
New Skies Satellites Ltda., Brazil	100.00	–	Full
Morharras BV, The Netherlands	100.00	–	Full
New Skies Networks, Inc., USA	100.00	–	Full
New Skies Networks (UK) Ltd., UK	100.00	–	Full
New Skies Satellites Netherlands Licensee BV, The Netherlands	100.00	–	Full
New Skies Asset Holdings, Inc., USA	100.00	–	Full
New Skies Carrier Services, Inc., USA	100.00	–	Full
New Skies Satellites China BV, The Netherlands	100.00	–	Full
New Skies Satellites Hong Kong BV, The Netherlands	100.00	–	Full
New Skies Satellites, India BV, The Netherlands	100.00	–	Full
New Skies Satellites Argentina BV, The Netherlands	100.00	–	Full
New Skies Satellites Australia BV, The Netherlands	100.00	–	Full
New Skies Networks Australia Pty Ltd., Australia	100.00	–	Full
New Skies Satellites Australia Pty Ltd., Australia	100.00	–	Full
New Skies Satellites Licensee BV, The Netherlands	100.00	–	Full
New Skies Satellites Singapore BV, The Netherlands	100.00	–	Full

	Effective interest (%) 2006	Effective interest (%) 2005	Method of consolidation
NSS Latin America Holdings S.A., Luxembourg ¹¹	100.00	100.00	Full
SES GLOBAL-South Americas Inc., USA	100.00	100.00	Full
SES do Brasil Ltda., Brazil	100.00	100.00	Full
Star One S.A., Brazil	19.99	19.99	Equity
Nahuelsat S.A., Argentina ⁴	–	28.75	Equity
SES Asia S.A., Luxembourg ¹²	100.00	100.00	Full
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
AsiaSat BVI Limited, British Virgin Islands	34.10	34.10	Proportional
Asia Satellite Telecommunications Company Ltd., Hong Kong	34.10	34.10	Proportional
Skywave TV Company Limited, Hong Kong	27.28	27.28	Proportional
Beijing Asia Sky Telecommunications Technology Co. Ltd., China	16.71	16.71	Equity
SpeedCast Holdings Ltd., Cayman Islands	16.15	16.15	Equity

1 Formerly SES GLOBAL Europe S.A.

2 Formerly SES GLOBAL Participations S.A.

3 Formerly SES GLOBAL Insurance S.à.r.l.

4 Shareholding disposed of during the year.

5 42.66% held by SES ASTRA S.A., 32.34% held by SES GLOBAL-Americas Holding GP.

6 Formerly SES ASTRA Satellite Company 1 S.à.r.l.

7 Formerly SES GLOBAL Satellite Leasing Limited.

8 Formerly SATLYNX S.A.

9 Formerly SES GLOBAL Europe Subsidiary 1 S.A.

10 Formerly SES ASTRAnet S.A.

11 Formerly SES GLOBAL Latin America S.A.

12 Formerly SES GLOBAL Asia S.A.

Note 4 – Business combinations

1. Acquisition of New Skies Satellites

On March 30, 2006, the Group acquired a 100% shareholding in NSS Bermuda Holdings Limited, the owner of New Skies Satellites ('NSS') based in The Hague, The Netherlands. The consideration for this acquisition, including EUR 2.1 million of transaction costs was EUR 606.5 million. The following table sets out the final fair value of the assets acquired and the goodwill recorded on the transaction.

	Carrying value on acquisition USD million	Purchase price allocation Fair value recognised on acquisition USD million	Purchase price allocation Fair value recognised on acquisition EUR million
Property, plant and equipment	586.6	586.6	484.6
Intangible assets	28.2	504.5	416.8
Other non-current assets	42.5	57.1	47.2
Receivables and prepayments	33.0	33.0	30.8
Cash	37.3	37.3	27.3
Interest bearing loans and borrowings	(445.7)	(461.0)	(380.9)
Deferred tax provisions	(3.6)	(129.5)	(107.0)
Other non-current liabilities	(39.5)	(39.5)	(32.6)
Trade and other payables	(57.3)	(57.3)	(47.4)
Other current liabilities	(59.4)	(59.4)	(49.0)
Fair value of assets acquired		471.8	389.8
Consideration paid		734.1	606.5
Goodwill arising on the transaction		262.3	216.7

The goodwill arising results from the synergies to be achieved in integrating SES NEW SKIES business operations with those of the existing operating entities. From the date of acquisition, SES NEW SKIES has contributed EUR (12.2 million) to the net profit of the Group and is reported as a separate geographical market segment.

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Note 4 – Business combinations continued

2. Acquisition of remaining 74.9% shareholding in ND SatCom

On June 29, 2006, SES ASTRA increased its indirect shareholding in ND SatCom from 25.1% to 100%. The company had increased its holding in ND SatCom to 25.1% in April 2005 at which point the Group began to account for its interest in ND SatCom using the equity method. The consideration for the increase to 100%, including transaction costs of EUR 0.8 million and a contingent consideration of EUR 4.2 million which will be paid in 2007, was EUR 50.2 million. The goodwill represents the benefits to the Group in broadening and deepening the Group's engagement in government services activities. The following table sets out the final fair value of the assets acquired and the goodwill recorded on the transaction.

EUR million	Purchase price allocation of April 2005 transaction	Purchase price allocation of June 2006 transaction	Purchase price allocation of June 2005 transaction
	Fair value on acquisition	Fair value on acquisition	Carrying value on acquisition
Property, plant and equipment	1.8	5.5	5.3
Intangible assets	5.4	27.4	7.2
Other non-current assets	10.5	17.2	16.5
Current assets	48.2	66.0	65.9
Non-current liabilities	(24.5)	(31.4)	(22.2)
Current liabilities	(20.6)	(47.7)	(51.8)
Fair value of net assets	20.8	37.0	
Fair value of share of company assets acquired	5.2	27.6	
Consideration paid	6.1	50.2	
Goodwill arising on the transaction	0.9	22.6	

From the date of acquisition, ND SatCom has contributed EUR 0.1 million to the net profit of the Group and is reported as part of the EMEA segment.

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

After having already 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 a shareholder restructuring and reorganisation 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 2005 transaction	Purchase price allocation of April 2006 transaction
	Fair value on acquisition	Carrying value on acquisition
Property, plant and equipment	3.0	3.0
Current assets	4.0	4.0
Non-current liabilities	(0.8)	(0.8)
Current liabilities	(7.4)	(7.4)
Fair value of net assets acquired	(1.2)	
Consideration paid	–	
Goodwill arising on acquisition	1.2	

4. Acquisition of ASTRA Platform Services GmbH ('APS')

On January 1, 2005, SES 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 Fair value on acquisition	Purchase price allocation Carrying value on acquisition
Property, plant and equipment	12.5	9.6
Intangible assets	27.4	0.5
Other non-current assets	0.2	0.2
Current assets	5.0	5.1
Non-current liabilities	(14.0)	(3.0)
Current liabilities	(0.7)	(0.8)
Fair value of net assets acquired	30.4	
Consideration paid	59.6	
Goodwill arising on acquisition	29.2	

Note 5 – Interest in a joint venture

The Group has a 34.1% interest in AsiaSat, a jointly controlled entity which is involved in 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:

	2006 EUR million	2005 EUR million
Non-current assets	218.6	98.3
Current assets	81.5	76.3
Non-current liabilities	(6.4)	(10.5)
Current liabilities	(15.7)	(10.9)
Revenue	32.6	30.8
Operating expenses	(7.2)	(7.3)
Depreciation and amortisation	(10.5)	(10.3)
Finance costs, net	3.2	1.5
Income tax expense	(1.9)	(1.8)
Share of associate's result/minority interests	(0.3)	(0.1)
Net profit	15.9	12.8

The Group has a 70.0% interest in Ciel Satellite Limited Partnership, Canada, a jointly controlled entity which is involved in 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:

	2006 EUR million	2005 EUR million
Non-current assets	51.6	–
Current assets	0.7	–
Non-current liabilities	(50.2)	–
Current liabilities	(1.0)	–
Revenue	0.8	–
Operating expenses	(1.6)	–
Depreciation and amortisation	–	–
Finance costs	–	–
Net loss	(0.8)	–

Notes to the consolidated financial statements continued

December 31, 2006

Note 6 – Segment information: geographical segments

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

Until March 2006, the Group's business comprised principally the three regions 'Europe, Middle East and Africa (EMEA)', 'Americas' and 'Asia', which are organised and managed separately. During the year an additional segment was added, SES NEW SKIES, through the acquisition of New Skies Satellites on March 30. The SES NEW SKIES segment comprises all the operations acquired on March 30. NSS operates five satellites at five different orbital positions with particular strength in the developing markets of Asia, Latin America and Africa.

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 fifth business segment called 'SES and Other Participations' ('Other').

The EMEA segment includes SES ASTRA, the leading European direct-to-home satellite operator. The EMEA satellite fleet delivers TV and radio services to homes throughout Europe, and transmits 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. On June 29, 2006, ND SatCom was acquired by the Group and allocated to the EMEA segment.

The Americas segment is dominated by SES AMERICOM. SES AMERICOM operates a fleet of 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 fifth business segment 'SES and other participations' includes the results of SES 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.

For the year ended December 31, 2006 and as at that date:

	EMEA EUR million	Americas EUR million	SES NEW SKIES EUR million	Asia EUR million	Other EUR million	Elimination EUR million	Total EUR million
Segmental result							
External sales	886.7	544.9	150.0	33.4	0.2	–	1,615.2
Inter-segment sales	8.9	1.5	5.9	1.1	14.2	(31.6)	–
Total revenue	895.6	546.4	155.9	34.5	14.4	(31.6)	1,615.2
Operating expenses	(234.6)	(223.5)	(58.1)	(13.5)	(36.8)	31.7	(534.8)
EBITDA ¹	661.0	322.9	97.8	21.0	(22.4)	0.1	1,080.4
Depreciation	(188.1)	(178.9)	(55.2)	(16.1)	(0.3)	–	(438.6)
Amortisation	(33.3)	(3.2)	–	–	–	–	(36.5)
Operating profit	439.6	140.8	42.6	4.9	(22.7)	0.1	605.3
Share of associates' result	(2.1)	12.7	–	(0.1)	–	–	10.5
Segmental assets							
Property, plant and equipment	1,357.5	1,921.0	395.9	87.6	0.7	–	3,762.7
Intangible assets	590.4	1,991.4	582.2	218.6	–	–	3,382.6
Allocated non-current assets	1,947.9	3,912.4	978.1	306.2	0.7	–	7,145.3
Current assets	183.8	47.3	38.3	12.3	73.0	–	354.7
Total allocated assets	2,131.7	3,959.7	1,016.4	318.5	73.7	–	7,500.0
Non-allocated assets							566.1
Total assets							8,066.1
Segmental liabilities							
Non-current liabilities	50.0	134.1	25.7	–	0.6	–	210.4
Current liabilities	290.9	98.6	65.6	13.2	73.5	–	541.8
Total allocated liabilities	340.9	232.7	91.3	13.2	74.1	–	752.2
Non-allocated liabilities							4,268.8
Total liabilities							5,021.0
Capital expenditure	258.8	206.5	3.8	10.6	0.6	–	480.3

1 Earnings before interest, tax, depreciation and amortisation.

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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 ¹	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

¹ Earnings before interest, tax, depreciation and amortisation.

Note 7 – Segment information: business segments

The following tables present information regarding the Group's business segments for the years ended December 31, 2006 and 2005.

The segment infrastructure 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, 2006				
External sales	1,346.9	268.3	–	1,615.2
Inter-segment sales	69.8	3.4	(73.2)	–
Total revenue	1,416.7	271.7	(73.2)	1,615.2
Allocated assets	7,205.7	294.3	–	7,500.0
Non-allocated assets				566.1
Total assets				8,066.1
Capital expenditure	438.7	41.6	–	480.3
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

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.

2006 operating expenses include a charge of EUR 28.5 million concerning one-time restructuring costs concerning the integration of SES NEW SKIES activities into the Group and the rationalisation of U.S. teleport activities. These are recorded as follows: within 'Staff costs' EUR 15.6 million; within 'Direct cost of sales' EUR 4.5 million; and, within 'Other operating expenses' EUR 8.4 million.

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Note 9 – Finance revenues and costs

	2006 EUR million	2005 EUR million
Finance revenues		
Interest income	60.8	20.8
Gain on settlement of external borrowings	–	4.1
Foreign exchange gains	14.7	48.3
Dividend income	1.5	–
Gain on disposal of subsidiary	15.0	–
	92.0	73.2
Finance costs		
Interest expense	(168.0)	(77.9)
Impairment on available for sale financial asset	(4.8)	–
	(172.8)	(77.9)

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:

	2006 EUR million	2005 EUR million
Consolidated income statement		
Current income tax		
Current income tax charge	(90.8)	(107.4)
Foreign taxes	6.5	(6.5)
Adjustments in respect of prior periods	–	(1.2)
Deferred income tax		
Relating to origination and reversal of temporary differences	(15.9)	15.8
Relating to tax credits	0.8	–
Income tax expense per consolidated income statement	(99.4)	(99.3)
Consolidated statement of changes in equity		
Deferred income tax related to items charged or credited directly		
Net loss on revaluation of financial instruments	0.4	73.0
Unrealised loss on loans and borrowings	(18.6)	32.0
Income taxes reported in equity	(18.2)	105.0

A reconciliation between tax expenses and the profit before tax of the Group multiplied by theoretical tax rate of 30.38% which corresponds to the Luxembourg domestic rate for the years ended 31 December 2006 and 2005 is as follows:

	2006 EUR million	2005 EUR million
Profit before tax	524.5	471.1
Multiplied by theoretical tax rate	159.3	143.1
Investment tax credits	(17.7)	(29.1)
Tax exempt income	(8.4)	(13.4)
Foreign taxes	(6.5)	6.5
Effect of different local tax rates	(36.1)	(18.6)
Taxes related to prior years	–	(1.4)
Non-deductible expenditures	6.2	7.0
Effects of change in tax rate	2.6	–
Other	–	5.2
Income tax reported in the consolidated income statement	99.4	99.3

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

	Deferred tax assets 2006 EUR million	Deferred tax assets 2005 EUR million	Deferred tax liabilities 2006 EUR million	Deferred tax liabilities 2005 EUR million	Deferred tax in income 2006 EUR million	Deferred tax in income 2005 EUR million
Loss carried forward	141.8	143.4	–	–	8.1	(76.7)
Tax-based special depreciation	–	–	–	–	–	–
Amortisation	–	–	170.7	260.9	9.6	7.9
Depreciation	–	–	583.8	521.8	30.7	90.4
Retirement benefit obligation	5.5	–	–	–	(1.6)	–
Value adjustments on financial asset	–	–	105.2	9.8	(15.0)	(1.2)
Value adjustments on treasury shares	1.6	–	–	2.0	–	(3.4)
Measurement of financial instruments at fair value	–	–	48.7	31.2	–	(33.4)
Receivables	–	–	4.6	8.5	(2.5)	3.8
Payables	–	0.9	0.8	(0.2)	(3.2)	1.7
Other provisions and accruals	–	–	3.7	42.8	(11.0)	(5.0)
Other	0.2	0.7	–	0.3	–	0.1
Subtotal	149.1	145.0	917.5	877.1	15.1	(15.8)
Offset of deferred taxes	(111.5)	(139.9)	(111.5)	(139.9)	–	–
Total	37.6	5.1	806.0	737.2	15.1	(15.8)

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 237.4 million (2005: EUR 267.5 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.

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 2006, earnings per share of EUR 0.82 per A share (2005: EUR 0.67), EUR 0.33 per B share (2005: EUR 0.27), and EUR 0.82 per C share (2005: EUR 0.67), have been calculated on the following basis:

	2006 EUR million	2005 EUR million
Profit attributable to equity holders of the parent	435.8	381.9

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

	2006 million	2005 million
Class-A shares	330.3	305.5
Class-B shares	225.7	239.3
Class-C shares	111.4	167.1

The weighted average number of shares is based on the capital structure of the Company as described in Note 23. In calculating the weighted average of the Class-C shares in 2005, 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.

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Note 12 – Dividends paid and proposed

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

	2006 EUR million	2005 EUR million
Class-A dividend for 2005: EUR 0.40 (2004: EUR 0.30)	142.0	93.1
Class-B dividend for 2005: EUR 0.16 (2004: EUR 0.12)	36.6	29.5
Class-C dividend for 2005: EUR 0.40 (2004: EUR 0.30)	41.3	54.4
Total	219.9	177.0
Proposed for approval at the SES Annual General Meeting (not recognised as a liability as at December 31, 2006)		
Class-A dividend for 2006: EUR 0.44	148.9	
Class-B dividend for 2006: EUR 0.18	38.8	
Class-C dividend for 2006: EUR 0.44	45.4	
Total	233.1	

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, 2005	85.2	2,303.3	122.6	13.9	2,525.0
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 course of construction (Note 14)	–	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
Reclassifications	–	–	–	–	–
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

	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 2006 on cost					
As at January 1	151.9	4,654.0	416.3	104.6	5,326.8
Change of consolidation scope	15.4	545.0	24.0	20.0	604.4
Additions	4.0	–	26.4	19.4	49.8
No claim bonus received	–	(8.4)	–	–	(8.4)
Disposals/retirements	(0.9)	(25.4)	(48.9)	(9.1)	(84.3)
Transfers from assets in course of construction (Note 14)	12.4	381.0	12.8	1.8	408.0
Impact of currency translation	(5.0)	(289.4)	(22.3)	(2.1)	(318.8)
As at December 31	177.8	5,256.8	408.3	134.6	5,977.5
Movements in 2006 on depreciation					
As at January 1	(64.9)	(2,069.3)	(295.6)	(76.6)	(2,506.4)
Change of consolidation scope	(0.7)	(98.1)	(9.6)	(10.4)	(118.8)
Depreciation	(7.9)	(376.0)	(30.6)	(17.6)	(432.1)
Impairment	–	–	(6.5)	–	(6.5)
Depreciation on disposals/retirements	0.4	4.0	50.3	8.5	63.2
Reclassifications	–	0.1	0.4	–	0.5
Impact of currency translation	1.6	73.1	14.1	1.5	90.3
As at December 31	(71.5)	(2,466.2)	(277.5)	(94.6)	(2,909.8)
Net book value as at December 31, 2006	106.3	2,790.6	130.8	40.0	3,067.7

The carrying value of fixed assets held under finance lease contracts as at December 31, 2006 amounts to EUR 0.9 million (2005: EUR 1.7 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, 2005	–	640.8	7.2	648.0
Movements in 2005				
Change of consolidation scope	–	–	–	–
Additions	0.1	358.4	24.0	382.5
Disposals	–	–	–	–
Transfers to assets in use (Note 13)	–	(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
Movements in 2006				
Change of consolidation scope	–	12.2	1.7	13.9
Additions	–	391.5	39.1	430.6
Disposals	(0.1)	(4.5)	(4.0)	(8.6)
Transfers to assets in use (Note 13)	–	(381.0)	(27.0)	(408.0)
Impact of currency translation	–	(19.8)	(7.4)	(27.2)
Cost and net book value as at December 31, 2006	–	664.5	30.5	695.0

Borrowing costs of EUR 22.7 million (2005: EUR 17.2 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 5.00% (2005: 4.09%) was used, representing the borrowing cost of the relevant loans.

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Note 15 – Intangible assets

	Indefinite life			Definite life intangibles EUR million	Total EUR million
	Orbital slot licence rights EUR million	Goodwill EUR million	Other EUR million		
Book value as at January 1, 2005	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)
Book value as at December 31, 2005	605.3	1,912.6	–	501.2	3,019.1
Movements in 2006 on cost					
As at January 1	605.3	1,912.6	–	652.2	3,170.1
Change of consolidation scope	403.4	240.6	2.8	24.6	671.4
Additions	–	–	–	5.8	5.8
Transfer from current assets	–	–	–	2.2	2.2
Impact of currency translation	(63.5)	(209.3)	–	(7.8)	(280.6)
As at December 31	945.2	1,943.9	2.8	677.0	3,568.9
Movements in 2006 on amortisation					
As at January 1	–	–	–	(150.9)	(150.9)
Amortisation	–	–	–	(36.5)	(36.5)
Impact of currency translation	–	–	–	1.1	1.1
As at December 31	–	–	–	(186.3)	(186.3)
Book value as at December 31, 2006	945.2	1,943.9	2.8	490.7	3,382.6

Indefinite life intangible assets

The indefinite life intangible assets as at December 31, 2006 have a net book value of EUR 2,891.9 million (2005: EUR 2,517.9 million) made up as set out per cash-generating unit in the table below.

	2006 EUR million	2005 EUR million
SES AMERICOM	1,947.2	2,183.2
SES NEW SKIES	582.2	–
AsiaSat	218.5	217.6
SES SIRIUS	87.5	87.3
ASTRA Platform Services	29.2	29.2
ND SatCom	26.7	–
SES ASTRA	0.6	0.6
Total	2,891.9	2,517.9

1. 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 SES NEW SKIES, as well as through the targeted acquisition of such rights from third parties. The Group believes that it has a high probability of being able to achieve the extension of these rights as the current agreements expire and hence these assets are not amortised, but rather are held on the balance sheet at acquisition cost. Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate.

2. Goodwill

The increase in goodwill during 2006 reflects mainly the acquisitions of SES NEW SKIES and ND SatCom. No impairment charges on goodwill were taken during the year (2005: EUR 3.7 million).

Impairment procedures are performed at least once a year to assess whether the carrying value is still appropriate. The recoverable amount of the goodwill is determined based on a value-in-use calculation (Note 2) using the most recent business plan information approved by senior management which covers a period of up to seven years. 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 6.25% and 10.00% 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 3.00% – such growth rates can be supported by reference to the trading performance of the companies concerned over a longer period.

Definite life intangible assets

The Group's primary definite life intangible assets concern the agreement concluded by SES ASTRA with the Luxembourg Government in relation to the usage of the Luxembourg frequencies in the orbital positions of the geostationary arc from 45° West to 50° East for the period of January 1, 2001 to December 31, 2021.

Given the finite nature of this agreement, these usage rights – valued at EUR 550.0 million on acquisition – are being amortised on a straight-line basis over the 21-year term of the agreement.

Impairment testing of goodwill and intangibles with indefinite lives

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

The calculations of value in use are most sensitive to:

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

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

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

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

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

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Note 16 – Investment in associates

On December 31, 2006, the Group held investments in associates of EUR 88.6 million (2005: EUR 100.7 million). The only material investment related to the 19.99% holding in Star One S.A. ('Star One'), Brazil. Star One 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, 2006 was EUR 90.3 million (2005: EUR 92.6 million).

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

	2006 EUR million	2005 EUR million
Non-current assets	75.8	74.6
Current assets	22.1	51.1
Non-current liabilities	(34.0)	(34.5)
Current liabilities	(9.8)	(22.8)
Revenue	30.5	45.0
Profit	11.9	15.3

The Group has a 43.55% share of Accelon, a South African company established to provide connectivity services in the African market. However the company has ceased operations with the holding company having been placed into liquidation after the year end. The carrying value of this investment at the year end was nil (2005: nil).

No goodwill impairment charges on investments in associates were taken during the year (2005: EUR 3.6 million).

Note 17 – Other financial assets

	2006 EUR million	2005 EUR million
Loans and receivables		
Amounts receivable from associates after one year	12.0	13.5
Other non-current receivables	4.0	5.7
	16.0	19.2
Held for trading		
Investments held	–	2.2
Other financial assets		
Sundry financial assets	3.7	0.3
Total other financial assets	19.7	21.7

Amounts receivable from associates after one year related to a loan made to the Group's Mexican affiliate Quetzsat.

Note 18 – Trade and other receivables

	2006 EUR million	2005 EUR million
Net trade debtors	135.0	43.1
Unbilled accrued revenue	65.6	84.0
Receivable from insurance companies	47.9	36.7
Other receivables	40.0	28.0
Total trade and other receivables	288.5	191.8

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 33.1 million (2005: EUR 28.7 million). An amount of EUR 8.7 million was charged to income in 2006 concerning debtor provisions compared to income of EUR 0.8 million in 2005. These amounts are disclosed in other operating charges.

Trade debtors and other receivables at December 31, 2006 include EUR 12.0 million (2005: EUR 80.8 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 2006 EUR million	Fair value 2006 EUR million	Carrying amount 2005 EUR million	Fair value 2005 EUR million
Financial assets				
Cash and cash equivalents	393.4	393.4	196.8	196.8
Loans and receivables	16.0	16.0	19.2	19.2
Held for trading investments	–	–	2.2	2.2
Other financial assets (non-current)	3.7	3.7	0.2	0.2
Cross currency swaps	–	–	38.8	38.8
Forward currency contracts	2.6	2.6	15.2	15.2
Financial liabilities				
Interest-bearing loans and borrowings				
Floating rate borrowings				
Bilateral multi currency	273.3	273.3	467.8	467.8
Commercial Paper	–	–	158.8	158.8
Eurobond 2009 (EUR 300 million)	299.5	300.0	–	–
Bank overdraft	2.8	2.8	–	–
Fixed rate borrowings				
Eurobond 2008 (EUR 500 million)	484.1	501.0	489.4	512.0
Eurobond 2007 (EUR 300 million)	299.7	300.2	299.3	305.5
Eurobond 2013 (EUR 500 million)	495.1	492.5	–	–
Eurobond 2011 (EUR 650 million)	647.1	639.0	–	–
Series A USD 400 million	298.3	297.1	331.4	327.9
Series B USD 513 million	388.5	384.2	433.9	426.1
Series C USD 87 million	66.6	65.7	74.5	73.1
Series D GBP 28 million	41.6	42.4	40.7	41.0
Cross currency swaps	6.9	6.9	–	–
Preferred C shares – liability component	–	–	8.1	9.4
Interest rate swaps	14.3	14.3	9.5	9.5
Forward currency contracts	0.9	0.9	–	–

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, 2006 and 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 2008. 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, 2006 the fair value of these contracts amounted to a liability of EUR 14.3 million (2005: EUR 8.7 million).

Hedge of net investment in foreign operations

As at December 31, 2005 the Group had ceased hedging its net investment in foreign operations.

During the year the following financial instruments were redesignated as hedge instruments of the net investments in SES AMERICOM, SES NEW SKIES, and SES GLOBAL Re International.

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December 31, 2006

Note 19 – Financial instruments continued

1. US Private Placement

As of April 3, 2006 and August 1, 2006 US Private Placement amounting to USD 563.0 million and USD 437.0 million respectively, were redesignated as hedges (2005: nil).

2. Cross currency swaps

As at December 31, 2006 and 2005 the Group had no cross currency swaps in place which had been designated as a hedge of the net investment in foreign operations.

3. Forward currency contracts

In December 2006 the Group entered into six forward currency contracts for a total amount of USD 600.0 million which were designated as net investment hedges.

The average terms of the forward currency contracts were as follows:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 600.0 million	EUR 455.3 million	March 2007	EUR/USD 1.3178

4. Bilateral multi currency loans

As at December 31, 2006, bilateral multi currency loans amounting to USD 160.0 million were designated as hedges.

During the year, net gains on the retranslation and fair value of these hedge instruments, amounting to EUR 46.5 million (net of deferred tax of EUR 20.3 million) were transferred to equity to offset any net losses on translation of the net investments in the subsidiaries.

Cash flow hedge

At December 31, 2006 and 2005, the Group held numerous forward exchange contracts designated as hedges of contracted future commitments to suppliers relating to satellite procurement. 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, 2006:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
EUR 12.0 million	USD 15.7 million	May 2007	EUR/USD 1.3098
EUR 65.1 million	USD 85.1 million	May 2007	EUR/USD 1.3072
USD 42.5 million	EUR 34.5 million	May 2007	EUR/USD 1.2327

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

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 loss of EUR 8.3 million (2005: unrealised gain of EUR 9.6 million) net of deferred tax of EUR 2.9 million (2005: EUR 2.9 million) relating to the hedging instruments is included in equity.

As at December 31, 2006 the fair value of the contracts amounted to EUR 1.4 million (2005: EUR 12.6 million).

Note 20 – Financial risk management objectives and policies

The Group's financial instruments, other than derivatives, comprise bilateral multi currency credit facilities with banks, Eurobonds, US-dollar borrowings under a Private Placement issue, Euro-denominated Commercial Paper, cash and short-term deposits. The main purpose of 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 the 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's accounting policies in relation to derivatives and other financial instruments are set out in Note 2.

Liquidity risk

The Group's objective is to efficiently use 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 1,175.0 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 the US-based operations (for example SES AMERICOM), the Group's balance sheet can be highly affected by movements in USD/EUR 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 also supports transactional currency exposures, arising from sales or purchases by one of the operating companies that are non-functional currency denominated. Approximately 45.6% (2005: 41%) of the Group's sales and 55.2% (2005: 58%) of the Group's costs are denominated in a Group's member non-functional currency. The Group uses forward currency contracts to eliminate the currency exposure on single deals, such as satellite procurements, tailoring the maturities to each milestone payment. The forward contracts are in the same currency as the hedged item and can cover up to 100% of the total value of the contract. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

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 effectiveness.

At December 31, 2006 the Group had hedged approximately 23% (2005: 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 certain Eurobonds and the US Private Placement borrowings, for which the Group pays a fixed interest rate. Borrowings under the Bilateral Multi Currency Credit Facilities, under the Eurobond maturing 2009, and Commercial Paper bear a floating interest rate.

The Group carefully monitors the mix between fixed and floating interest rate 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, 2006, after taking into account the effect on the interest rate swaps, approximately 68% (2005: 50%) 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 relating to financial assets (cash and cash equivalents, held for trading financial assets, loans receivable and derivative instruments), this exposure relates to the potential default of the counterparty, with the maximum exposure being equal to the carrying amount of these instruments. To mitigate this risk, the Group only deals with recognised financial institutions with a minimum rating standard.

Satellite in-orbit insurance

It is the Group's policy to set up an 'in-orbit' self-insurance for each satellite up to 35% (2005: 20%) of its book value, up to a maximum amount of EUR 50.0 million (2005: EUR 30.0 million) per satellite.

Note 21 – Short-term investments

The short-term investments of EUR 24.8 million (2005: nil) primarily relate to a deposit of USD 30.0 million to an escrow bank account which was to become payable as the first milestone payment on the successful launch and taking into service of the NSS-8 satellite.

Note 22 – Cash and cash equivalents

	2006 EUR million	2005 EUR million
Cash at bank and in hand	57.4	51.0
Short-term deposits	336.0	145.8
	393.4	196.8

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.

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Note 23 – Issued capital and reserves

The Company has share capital of EUR 827.9 million (2005: EUR 859.1 million), represented by Class-A, -B and -C shares with no par value. On April 6, 2006, the Annual General Meeting of the Company voted for a motion allowing the Company to acquire its own shares and Fiduciary Deposit Receipts (FDRs) in the framework of a buy-back and cancellation programme. On the same day, the Board of Directors of SES approved and authorised management to implement such a share buy-back programme. In order to reduce the impact of the buyout 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 14, 2006, the shareholders of SES, at an Extraordinary General Meeting, passed a motion cancelling 25,002,156 shares acquired under the programme for a total consideration of EUR 233.2 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, 2006	320,058,724	229,104,312	133,653,542	4,496,358	687,312,936
Conversion of Preferred C shares	–	–	4,496,358	(4,496,358)	–
Conversion of C shares to A shares	35,000,000	–	(35,000,000)	–	–
Cancelled on December 14, 2006	(16,668,104)	(8,334,052)	–	–	(25,002,156)
As at December 31, 2006	338,390,620	220,770,260	103,149,900	–	662,310,780

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

All Class-B shares are currently held by the State of Luxembourg, or by Luxembourg public institutions.

The Class-C shares were issued as part of the consideration for the acquisition of SES AMERICOM. A holder of Preferred Class C shares was 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 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 are 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 was entitled to fixed dividends, which consisted 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 accrued 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. All the Preferred C shares were converted into Ordinary C shares in 2006.

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 shareholder described above, the Company recognised separately the components of Preferred C shares that (a) creates a financial liability of the equity being the obligation to pay the fixed dividends and (b) grants an option to the holder to convert it into an equity instrument of the entity. As at December 31, 2005, the liability component amounted to EUR 8.0 million and was 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 has, in agreement with the shareholders, purchased Fiduciary Deposit Receipts in respect of 'A' shares for use in connection with executives' and employees' option schemes. At the year-end, the Company held FDRs in connection with share-based compensation schemes as set out below.

	2006	2005
FDRs held as at December 31	7,555,216	4,753,430
Carrying value of FDRs held (EUR million)	82.5	51.2

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, 2006 an amount of EUR 55.3 million (2005: EUR 37.6 million) is included within other reserves. Other reserves include a further undistributable amount of EUR 162.2 million (2005: EUR 106.1 million).

Note 24 – Share-based payment plans

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

1. IPO plan

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

	2006	2005
Outstanding options at the end of the year	1,174,590	1,188,160
Weighted average exercise price in EUR	12.64	12.64

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

The Star Plan, initiated in 2000, was until 2005 a cash-settled scheme available to non-executive staff of SES ASTRA and SES. Under the Plan employees are granted rights to receive cash settlements reflecting the movement of the share price in relation to the strike price. A third of the STAR Plan rights vest each year over a three-year period and the rights have a two-year exercise period once fully vested. Options granted before 2006 can be specified as follows:

	2006	2005
Outstanding options at the end of the year	1,224,470	1,655,230
Weighted average exercise price in EUR	7.69	8.19

In 2006 the Star Plan has been turned into an equity-settled scheme. The options granted in 2006 can be analysed as follows:

	2006	2005
Outstanding options at the end of the year	743,594	–
Weighted average exercise price in EUR	12.93	–

3. Executive Incentive Compensation Plan ('EICP')

The EICP initiated in 2002 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.

	2006	2005
Outstanding options at the end of the year	4,567,495	3,262,820
Weighted average exercise price in EUR	10.21	8.92

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 further be allocated 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.

	2006	2005
Restricted shares granted at the end of the year	372,827	110,636
Weighted average fair value in EUR	10.62	11.31

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, 2006, and December 31, 2005.

	2006	2005
Dividend yield (%)	3.77	2.825
Expected volatility (%)	34.53	29.44
Historic volatility (%)	32.31	33.47
Risk-free interest rate (%)	3.595	3.180
Expected life of options (years)	5	5
Weighted average share price (EUR)	12.34	11.55

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.

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Note 24 – Share-based payment plans continued

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, 2006, is EUR 4.0 million (2005: EUR 6.1 million).

Note 25 – Interest-bearing loans and borrowings

As at December 31, 2006 and 2005, the loan accounts for the Group were as follows:

	Effective interest rate	Maturity	Amounts outstanding 2006 EUR million	Amounts outstanding 2005 EUR million
Non-current				
US Private Placement				
Series A USD 400 million	5.74%	September 2013	255.7	331.4
Series B USD 513 million	5.82%	September 2015	388.5	433.9
Series C USD 87 million	5.63%	September 2015	66.6	74.5
Series D GBP 28 million	5.63%	September 2013	35.6	40.7
Eurobond 2007 (EUR 300 million)	4.27%	December 2007	–	299.3
Eurobond 2008 (EUR 500 million)	4.54%	November 2008	484.1	489.4
Eurobond 2013 (EUR 500 million)	4.375%	October 2013	495.1	–
Eurobond 2009 (EUR 300 million)	Euribor +0.25 %	October 2009	299.5	–
Eurobond 2011 (EUR 650 million)	4.00%	March 2011	647.1	–
Bilateral multi currency credit facilities	Euribor/Libor + 0.275%	January 2010	273.3	467.8
Preferred C shares – debt component	4.00%	Note 23	–	8.1
Other borrowings	–	Various	1.8	–
			2,947.3	2,145.1
Current				
US Private Placement				
Series A USD 400 million	5.74%	September 2007	42.6	–
Series D GBP 28 million	5.63%	September 2007	6.0	–
Eurobond 2007 (EUR 300 million)	4.27%	December 2007	299.7	–
Titres de créances négociables (Commercial Paper)	2.37%	October 2006	–	158.8
Bank overdraft	–	On demand	1.0	–
			349.3	158.8

US Private Placement

On September 30, 2003, SES through SES GLOBAL-Americas Holdings GP issued in the U.S. Private Placement market four series of unsecured notes amounting to USD 1,000.0 million and GBP 28.0 million. These notes comprised:

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

On these four series, the Group pays interest semi-annually. SES is committed under the U.S. Private Placement to maintaining a number of financial covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to the lenders.

EUR 500.0 million Eurobond

On November 19, 2003, SES 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, has been assigned to SES GLOBAL-Americas Holdings GP as new issuer with the same terms and conditions.

EUR 500.0 million Eurobond

On December 17, 2003, SES 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 a final maturity of December 17, 2007.

Bilateral multi currency facilities

On December 31, 2006, SES had unsecured bilateral multi currency revolving credit facilities in place with 12 banks for a total of EUR 1,175.0 million (2005: ten banks for EUR 1,000.0 million) with a weighted average maturity of January 2010 (2005: April 2010), of which EUR 273.3 million (2005: EUR 467.8 million) was drawn as at the year end.

These bilateral facilities are available to both SES and SES GLOBAL-Americas Holdings GP. SES is committed under the bilateral multi currency revolving credit facilities to maintaining a number of financial covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to the lenders.

Commercial Paper Programme

On October 25, 2005 SES put in place a EUR 500.0 million 'Programme de Titres de Créances Négociables' in the French market where the company issued 'Billets de Trésorerie' (Commercial Paper) in accordance with articles L.213-1 to L213-4 of the French Monetary and Financial Code and decree n°92.137 of February 13, 1992 and all subsequent regulations. The maximum outstanding amount of 'Billet de Trésorerie' 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, 2006 there were no borrowings outstanding under this programme (2005: EUR 158.8 million with a weighted average maturity of March 2006).

European Medium-Term Note Programme (EMTN)

On December 6, 2005 SES put in place a EUR 2,000.0 million EMTN enabling SES, or SES GLOBAL-Americas Holdings GP, to issue as and when required notes up to a maximum aggregate amount of EUR 2,000.0 million. As at December 31, 2006 SES had issued EUR 1,450.0 million (2005: nil) under the EMTN programme with maturities ranging from 2009 – 2013.

Note 26 – Provisions and deferred income

	Provisions EUR million	Deferred income EUR million	Total EUR million
As at January 1, 2006	38.2	102.0	140.2
Increase in provisions	29.0	–	29.0
Movement on deferred income	–	41.2	41.2
As at December 31, 2006	67.2	143.2	210.4

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 are two defined benefit schemes. An actuarial valuation has been performed for these schemes and a corresponding provision for EUR 12.6 million (2005: EUR 1.9 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, 2006, accrued premiums of EUR 6.8 million (2005: EUR 9.0 million) are included in this position. Contributions made in 2006 to Group pension schemes totalled EUR 2.6 million (2005: EUR 2.0 million).

Provisions also include an amount of EUR 18.3 million concerning part of the restructuring charges described in Note 8.

Note 27 – Trade and other payables

	2006 EUR million	2005 EUR million
Trade creditors	101.4	79.5
Payments received in advance	30.7	51.7
Interest on loans	48.8	17.6
Personnel-related liabilities	31.7	15.3
Tax liabilities other than for income tax	9.3	7.0
Other liabilities	88.2	36.8
Total	310.1	207.9

Notes to the consolidated financial statements continued

December 31, 2006

Note 28 – Commitments and contingencies

Capital commitments

The Group had outstanding commitments in respect of contracted capital expenditure totalling EUR 598.6 million at December 31, 2006 (2005: EUR 697.3 million). These commitments largely reflect the purchase and launch of future satellites for the expansion and replacement of the Group satellite system, together with the necessary expansion of the associated ground station and control facilities. In the case of termination by the Group of these contracts, contractual penalty provisions apply.

Operating lease commitments

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

	2006 EUR million	2005 EUR million
Within one year	0.3	1.4
After one year but not more than five years	0.3	2.1
More than five years	–	–
Total	0.6	3.5

Commitments under transponder service agreements

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

	2006 EUR million	2005 EUR million
Within one year	48.4	59.5
After one year but not more than five years	140.4	152.8
After more than five years	57.6	82.2
Total	246.4	294.5

Litigation

Damage claim by Eutelsat SA

On October 31, 2006, Eutelsat S.A. filed a suit against Deutsche Telekom AG, T-Systems Business Services GmbH and SES S.A. before the Commercial Court of Paris, claiming EUR 141.5 million for damages on a joint and several basis. Eutelsat, like SES, operates satellites and markets transponders (i.e. satellite capacity) to customers in Europe and worldwide. T-Systems has contracted several transponders on a Eutelsat satellite and has, with effect from January 1, 2006, sub-contracted six of these transponders to SES. Eutelsat argues that this sub-contract constitutes a breach of contract by T-Systems and SES based on i) the alleged undertaking by T-Systems to only use these transponders for certain purposes and ii) SES' alleged breach of its undertaking to use certain frequencies utilised on these transponders only outside of Europe. Eutelsat S.A. claims that Deutsche Telekom AG and T-Systems have no authority to resell the capacity and claims damages based on what it considers should be a premium to that agreed by the Eutelsat intergovernmental organisation with its associate members. Deutsche Telekom AG, T-Systems and SES refute this allegation and the claim for additional pricing.

SES and the other defendants believe the claims to be unfounded and will contest the proceedings vigorously. SES has been advised by legal counsel that the possibility of success of this claim is remote. Accordingly no provision has been made in these financial statements.

Guarantees

On December 31, 2006 the Group had outstanding bank guarantees for an amount of EUR 1.0 million (2005: EUR 0.2 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 22.8 million (2005: EUR 4.5 million). The 2006 amount is disclosed on the balance sheet as a short-term investment.

Note 29 – Related parties

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

GE Capital holds a 15.57% (2005: 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 in 2005 included a receivable from GE Capital of EUR 5.6 million.

Revenues include EUR 27.4 million (2005: EUR 0.3 million) through sales to various General Electric companies. External charges in 2005 included an amount of EUR 0.6 million relating to the supply of a variety of services by various General Electric companies. Included in the 2005 capital expenditure was an insurance charge paid to GE Capital of EUR 0.9 million.

As described in Note 23 SES implemented a share buy-back programme in 2005 which was continued in 2006. Under this programme, 8,334,052 Ordinary C shares were purchased in 2006 from GE Capital for a total consideration of EUR 43.4 million and 16,668,104 B shares were repurchased directly and indirectly from the Luxembourg state for a total consideration of EUR 189.7 million. Under this programme, 10,078,255 Ordinary C shares were repurchased in 2005 from GE Capital for a total consideration of EUR 129.4 million and 16,714,524 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 26.9 million (2005: EUR 7.6 million) in relation to sales to Star One.

The total payments to directors for attendance at Board and Committee meetings in 2006 amounted to EUR 0.7 million (2005: EUR 0.7 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:

	2006 EUR million	2005 EUR million
Short-term employee benefits	3.6	3.0
Post-employment pension and medical benefits	–	–
Share-based payments	–	0.7
Total	3.6	3.7

Note 30 – Events after the balance sheet date

The following two significant events occurred between the balance sheet date and the approval of the financial statements on February 15, 2007.

1. Agreement on a split-off transaction with GE

On February 14, 2007, SES announced that it agreed with General Electric (GE), one of its main shareholders, a EUR 1,238 million split-off transaction, in which SES will contribute certain assets and cash to a new company, SES International Holdings, Inc. (SIH), and will exchange the shares of that new company for GE's entire holding of 103,149,900 shares in SES.

SIH will comprise the AMC-23 satellite and its related business; 100% of SATLYNX; and all of SES' interest in Bowenvale, representing a 34.1% interest in Asia Satellite Telecommunications Holdings (AsiaSat), Star One, and Orbcomm; and EUR 588 million in cash, subject to certain closing adjustments.

The transaction allows SES to restructure and optimise its portfolio of assets following the acquisition of SES NEW SKIES, and to remove the GE share overhang which had resulted from GE's announced intention, in 2005, to divest its interest in SES, and which had created a perceived cap on the SES share price. Upon closing, it will also result in the simplification of the Company's share structure, and increase shareholder value through the cancellation of shares.

The transaction is subject to closing conditions, which include, among others, regulatory approvals and a ruling regarding the tax treatment of the transaction for GE. The transaction is expected to close by Q2, 2007.

2. NSS-8 spacecraft launch failure

NSS-8, the sixth satellite in the SES NEW SKIES fleet, was destroyed upon lift-off due to a malfunction of the Zenith-3SL launch vehicle on January 30, 2007.

The spacecraft was intended to operate at SES NEW SKIES orbital position of 57° East to replace the existing NSS-703 satellite. NSS-703 is now being maintained at 57° East to continue service until at least 2009. The launch failure of NSS-8 is thus not expected to impact existing customers or revenues from existing contracts. However, following the launch failure, SES NEW SKIES will not be able to trigger growth opportunities resulting from the expansion capacity on NSS-8.

Since the satellite procurement programme was pre-financed by the manufacturer, with SES NEW SKIES only taking delivery of the satellite following its attaining the planned orbital position, the direct impact of this failure on the financial results of SES in 2007 is expected to be limited. Capitalised programme costs of USD 21 million were written off in the first quarter of 2007. The Group has performed impairment testing during the first quarter on the intangible assets arising on the acquisition of SES NEW SKIES in March 2006. This testing has confirmed the preliminary assessment that no impairment charge is required. The impact on the Group's revenues and EBITDA are reflected in the updated published guidance for 2007.

Report of the independent auditor

To the Shareholders of
SES (formerly SES GLOBAL) Société Anonyme
Betzdorf

Following our appointment by the Annual General Meeting of the Shareholders dated April 6, 2006, we have audited the accompanying annual accounts of SES, which comprise the balance sheet as at December 31, 2006 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Responsibility of the 'réviseur d'entreprises'

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the 'Institut des Réviseurs d'Entreprises'. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the 'réviseur d'entreprises', including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the 'réviseur d'entreprises' considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

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

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of SES as at December 31, 2006, and of the results of its operations for the year then ended, in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Ernst & Young

Société Anonyme
Réviseur d'Entreprises

Werner WEYNAND

February 15, 2007

SES S.A. balance sheet

December 31, 2006

	Note	2006 EUR million	2005 EUR million
Assets			
Formation expenses	3	–	0.1
Intangible assets	4	–	–
Tangible assets	5		
Other fixtures and fittings, tools and equipment		0.7	0.4
		0.7	0.4
Financial assets			
Shares in affiliated undertakings	6	9,230.9	8,371.7
Securities held as fixed assets	7	82.6	48.8
		9,313.5	8,420.5
Current assets			
Debtors (becoming due and payable within one year)			
Amounts owed by affiliated undertakings	8	1,591.9	211.0
Other debtors		0.7	0.2
Cash at bank and in hand		174.4	43.6
		1,767.0	254.8
Prepayments		12.0	7.4
Total assets		11,093.2	8,683.2
Liabilities			
	Note	2006 EUR million	2005 EUR million
Capital and reserves			
Subscribed capital	9	827.9	859.1
Share premium		2,268.4	2,470.3
Legal reserve	10	55.3	37.6
Other reserves		124.5	8.2
Result brought forward		1.3	1.3
Result for the financial year		277.3	354.0
		3,554.7	3,730.5
Creditors			
Amounts becoming due and payable after more than one year			
Notes and bonds	11	2,803.4	1,708.5
Amounts owed to credit institutions	12	273.4	468.3
		3,076.8	2,176.8
Amounts becoming due and payable within one year			
Notes and bonds	11	355.2	158.8
Amounts owed to credit institutions		–	5.6
Trade creditors		1.3	1.0
Amounts owed to affiliated undertakings	13	3,945.1	2,486.7
Taxes and social security debt			
Tax debt	15	104.4	102.6
Social security debt		–	–
Other creditors		55.7	21.2
		4,461.7	2,775.9
Deferred income		–	–
Total liabilities		11,093.2	8,683.2

The notes are an integral part of the annual accounts.

SES S.A. profit and loss account

Year ended December 31, 2006

Charges	Note	2006 EUR million	2005 EUR million
External charges		20.2	13.9
Staff costs	14	9.3	7.0
Depreciation and amortisation	3,4,5	0.4	5.4
Other operating charges		2.2	2.2
Value adjustments in respect of financial assets	6,7	3.6	0.8
Interest payable and similar charges concerning affiliated undertakings		58.0	60.2
Other interest payable and charges		129.8	92.9
Taxes on profit or loss	15	(39.5)	1.7
Profit for the financial year		277.3	354.0
		461.3	538.1
Income			
Net turnover	16	5.7	–
Other operating income	17	6.7	7.6
Income from participating interests derived from affiliated undertakings		350.0	350.0
Income from other transferable securities and from loans forming part of the fixed assets		4.7	–
Other interest receivable and similar income derived from affiliated undertakings		57.8	30.9
Other interest receivable and similar income	18	22.6	149.6
Extraordinary income	19	13.8	–
		461.3	538.1

The notes are an integral part of the annual accounts.

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

Year ended December 31, 2006

	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	859.1	2,470.3	37.6	8.2	1.3	354.0	3,730.5
Allocation of result	–	–	17.7	336.3	–	(354.0)	–
Distribution of dividends	–	–	–	(220.0)	–	–	(220.0)
Capital reduction	(31.2)	(201.9)	–	–	–	–	(233.1)
Profit for the financial year	–	–	–	–	–	277.3	277.3
Balance, end of the year	827.9	2,268.4	55.3	124.5	1.3	277.3	3,554.7

The notes are an integral part of the annual accounts.

Notes to the SES S.A. accounts

December 31, 2006

Note 1 – General

SES S.A. (the 'Company'), formerly SES GLOBAL S.A., was incorporated on March 16, 2001 as a limited liability company (Société Anonyme) under the law of the Grand Duchy of Luxembourg for an unlimited period of time. On December 14, 2006, an Extraordinary General Meeting of the shareholders resolved to change the name to SES.

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 Holdings GP, whose accounts are integrated in those of the Company to the level of its share of the partnership.

Note 2 – Significant accounting policies

In accordance with Luxembourg legal and regulatory requirements, consolidated accounts are prepared.

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

Formation expenses

The costs of formation of the Company and the costs related to the increases in issued share capital are capitalised and amortised over 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. Up to September 2006 such costs were amortised over the loan periods. Since September 2006, loan origination costs are amortised over estimated loan periods in order to reflect the Company's financing structure plan.

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.

Notes to the SES S.A. accounts continued

December 31, 2006

Note 2 – Significant accounting policies continued

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 2006 and 2005 is as follows:

	2006 EUR million	2005 EUR million
Cost at beginning and end of year	0.8	0.8
Accumulated amortisation at beginning of year	(0.7)	(0.4)
Amortisation of the year	(0.1)	(0.3)
Accumulated amortisation at end of year	(0.8)	(0.7)
Net book value at beginning of year	0.1	0.4
Net book value at end of year	–	0.1

Note 4 – Intangible assets

	2006 EUR million	2005 EUR million
Cost at beginning of year	4.9	3.6
Additions	–	1.2
Cost at end of year	4.9	4.8
Accumulated amortisation at beginning of year	(4.9)	–
Value adjustments of the year	–	(4.8)
Accumulated amortisation at end of year	(4.9)	(4.8)
Net book value at beginning of year	–	3.6
Net book value at end of year	–	–

During the financial year 2005, the Company capitalised development costs incurred amounting to EUR 1.2 million in order to develop prototypes of advanced Ka-band outdoor unit technology and Ku-band multi-feed technology. These development costs are fully amortised.

Note 5 – Tangible assets

The development of tangible assets during the financial years 2006 and 2005 is as follows:

	Other fixtures and fittings, tools and equipment EUR million	Total 2006 EUR million	Total 2005 EUR million
Cost at beginning of year	1.2	1.2	1.0
Accumulated depreciation at beginning of year	(0.8)	(0.8)	(0.5)
Net book value at beginning of year	0.4	0.4	0.5
Movements of the year			
Additions	0.6	0.6	0.2
Depreciation	(0.3)	(0.3)	(0.3)
Cost at end of year	1.8	1.8	1.2
Accumulated depreciation at end of year	(1.1)	1.1	(0.8)
Net book value at end of year	0.7	0.7	0.4

Note 6 – Shares in affiliated undertakings

	2006 EUR million	2005 EUR million
Cost at beginning of year	8,406.2	8,375.3
Additions	3,119.5	30.9
Disposals	(2,255.8)	–
Cost at end of year	9,269.9	8,406.2
Value adjustments at beginning of year	(34.5)	(34.5)
Value adjustments of the year	(4.7)	–
Reversal of value adjustments on disposals	0.2	–
Value adjustments at end of year	(39.0)	(34.5)
Net book value at end of year	9,230.9	8,371.7

As at December 31, 2006, the Company holds the following investments:

	Participation	Net book value EUR million
SES ASTRA S.A., Betzdorf, Luxembourg	100%	1,769.0
SES GLOBAL-Americas, Inc., Princeton, United States	99.94%	4,454.6
ASTRA Broadband Services S.A. (formerly SES ASTRAnet S.A.), Betzdorf, Luxembourg	0.01%	–
SES GLOBAL-Americas Finance Inc, Delaware, United States	100%	–
SES SIRIUS A.B., Stockholm, Sweden	32.34%	50.1
SES Europe S.A. (formerly SES GLOBAL Europe S.A.), Betzdorf, Luxembourg	100%	95.7
SES Participations S.A. (formerly SES GLOBAL Participations S.A.), Betzdorf, Luxembourg	100%	200.0
SES GLOBAL Africa S.A., Betzdorf, Luxembourg	100%	406.6
SES Finance S.à r.l. (formerly SES GLOBAL Insurance S.à r.l.), Switzerland	100%	895.7
SES Holdings (Netherlands) BV, Netherlands	100%	1,359.2
Betzdorf Holdings Ltd., Dublin, Ireland	100%	–
SES GLOBAL (Gibraltar) Ltd., Gibraltar	100%	–
SES Subsidiary 1 S.A., Luxembourg	100%	–
SES Subsidiary 2 S.A., Luxembourg	100%	–
		9,230.9

In March 2006, the Company incorporated SES Holdings (Netherlands) BV, for the purpose of the acquisition of New Skies Satellites BV for an amount of EUR 18,000. In July 2006, the Company contributed to the capital increase of SES Holdings (Netherlands) BV through a contribution in kind of part of its assets and liabilities for a total amount of EUR 1,359.2 million consisting of all the shares in SES Asia S.A., NSS Latin America Holdings S.A. (formerly SES GLOBAL Latin America S.A.), and SES Holdings (Bermuda) Ltd.

In April 2006, the Company acquired all the shares of SES Satellite Leasing Ltd (formerly SES GLOBAL Satellite Leasing Ltd) from SES GLOBAL Africa for an amount of EUR 409.6 million in exchange of an interest-free promissory note.

In May 2006, the Company contributed to the further increase of SES Satellite Leasing Ltd (formerly SES GLOBAL Satellite Leasing Ltd) through a contribution in kind of an interest-free promissory note totalling EUR 455.0 million.

In addition the Company contributed to the capital increase of SES Finance S.à r.l. (formerly SES GLOBAL Insurance S.à r.l.) through a contribution in kind of part of its assets and liabilities consisting of all the shares in SES Satellite Leasing Ltd (formerly SES GLOBAL Satellite Leasing Ltd) and SES GLOBAL Re International Ltd.

During 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 affiliate entities 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., SES Holdings (Bermuda) Ltd and SES GLOBAL Insurance S.à r.l..

Art. 65 paragraph (1) 2^o 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 auditor's report thereon have been lodged with the Luxembourg Trade Registry.

Notes to the SES S.A. accounts continued

December 31, 2006

Note 7 – Securities held as fixed assets

	Note	2006 EUR million	2005 EUR million
Cost at beginning of year		50.7	23.5
Value adjustments at beginning of year		(1.9)	(1.1)
Net book value at beginning of year		48.8	22.4
Movements of the year			
Purchase of own shares	9	233.1	517.4
Purchase of FDRs		34.3	32.2
Cancellation of own shares	9	(233.1)	(517.4)
Disposals		(1.4)	(5.0)
Value adjustments of the year		(0.8)	(0.8)
Reversal of value adjustments		1.7	–
Cost at end of year		83.6	50.7
Value adjustments at end of the year		(1.0)	(1.9)
Net book value at end of year		82.6	48.8

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.

In 2005, the Company purchased 2,335,550 FDRs from SES ASTRA S.A. for a total amount of EUR 31.9 million. As at December 31, 2006, the Company owns 7,555,216 FDRs (2005: 4,753,430).

Note 8 – Amounts owed by affiliated undertakings

Amounts owed by affiliated undertakings of EUR 1,591.9 million (2005: EUR 211.0 million) consist of the following :

	2006 EUR million	2005 EUR million
Short-term loans	982.0	–
Current accounts	609.9	211.0
	1,591.9	211.0

As at December 31, 2006 short-term loans bear interest at market rates, are repayable upon demand and mainly include short-term loans granted to New Skies Satellites BV and SES Holdings (Netherlands) BV.

As at December 31, 2006 current accounts represent short-term advances bearing interest at market rates and mainly include short-term advances owed by SES Satellite Leasing Ltd (formerly SES GLOBAL Satellite Leasing Ltd) and SES ASTRA S.A.

As at December 31, 2005, current accounts were mainly contracted with SES ASTRA S.A. and SES AMERICOM Inc. (a subsidiary of SES GLOBAL Americas Inc.).

Note 9 – Subscribed capital

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 was 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.

Following the sale in March 2006 by one of the Company shareholders of 35 million C shares, the Company automatically converted the Preferred C shares into Ordinary C shares in accordance with article 7 of the articles of incorporation.



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On December 8, 2005, an Extraordinary General Meeting of Shareholders of the Company voted a further motion allowing the Company to acquire its own shares and Fiduciary Deposit Receipts (FDRs), thus paving the way for a new share buy-back and cancellation programme to run until June 8, 2007.

On the same day, the Board of Directors of SES approved and authorised management to implement such share buy-back programme up to 63 million shares and FDRs. In order to reduce the impact of the buyout 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 14, 2006, at an Extraordinary General Meeting, the shareholders of SES voted a motion to cancel 25,002,156 of the Company's shares after the completion of part of the share buy-back and to cancel the programme. These shares had been acquired for a total consideration of EUR 233.1 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 this Extraordinary General Meeting held on December 14, 2006, the subscribed capital of the Company was decreased by an amount of EUR 31.2 million in order to reduce it from EUR 859.1 million to EUR 827.9 million through the cancellation of 25,002,156 own shares (16,668,104 Class-A ordinary shares and 8,334,052 Class-B ordinary shares) and the decrease of the share premium by an amount of EUR 201.9 million.

During the same Extraordinary General Meeting, following the share capital reduction and the automatic conversion of all Preferred C shares into Ordinary C shares, the shareholders decided to remove all references to Preferred C shares in the Company's articles.

As at December 31, 2006, the issued and fully paid share capital amounted to EUR 827.9 million represented by 662,310,780 shares with no par value (338,390,620 Class-A ordinary shares, 220,770,260 Class-B ordinary shares and 103,149,900 Class-C ordinary shares).

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. Dividends are paid in such manner that the payment on one share of Class-B equals 40% of the payment of one share of Class-A. Dividends on ordinary C shares are calculated as for A shares.

Note 10 – Legal reserve

In accordance with Luxembourg legal requirements, a minimum of 5% of the yearly net profit is transferred to a legal reserve from which distribution is restricted. This requirement is satisfied when the reserve reaches 10% of the issued share capital. An allocation of EUR 13.9 million is required in the current year.

Note 11 – Notes and bonds

US Private Placement

On September 30, 2003, SES, through SES GLOBAL-Americas Holdings GP, issued in the US Private Placement market four series of 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 is committed under the US Private Placement to maintaining a number of financial covenants requiring certain financial ratios to be maintained within agreed limits in order to provide sufficient security to lenders.

EUR 500.0 million Eurobond

On November 19, 2003, SES 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 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 with the same terms and conditions.

EUR 300.0 million Eurobond

On December 17, 2003, SES, 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.

Notes to the SES S.A. accounts continued

December 31, 2006

Note 11 – Notes and bonds continued

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 set up a 'Titres de Créance Négociables' (TCN) programme in the French market where the Company 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, 2006 no amount was issued under this programme (2005: a total of EUR 158.8 million was 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 set up a EUR 2,000 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, 2006, three notes were issued under this Programme (2005: nil) with the following terms and conditions:

EUR 650.0 million European Medium Term Note

On March 15, 2006, SES issued a note for the purposes of the financing of the New Skies Satellites acquisition. The issuance was for a nominal amount of EUR 650.0 million with a coupon of 4% and a final maturity of March 15, 2011.

EUR 500.0 million European Medium Term Note

On October 20, 2006, SES issued a note for general refinancing purposes. The issuance was for a nominal amount of EUR 500.0 million with a coupon of 4.375% and a final maturity of October 21, 2013.

EUR 300.0 million European Medium Term Note

On October 20, 2006, the Company issued a note for general refinancing purposes for a nominal amount of EUR 300.0 million with a floating rate of three-month EURIBOR plus a margin of 0.25% and a final maturity of October 20, 2009.

The maturity profile of notes and bonds is as follows as at December 31, 2006 and 2005:

	2006 EUR million	2005 EUR million
Within one year	355.2	158.8
Between one to two years	555.1	355.2
Between two to five years	1,205.3	665.8
After five years	1,043.0	687.5
Total after one year	2,803.4	1,708.5

Note 12 – Amounts owed to credit institutions

Bilateral multi currency facilities

On April 7, 2005, the Company entered into 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.

On March 31, 2006 and April 10, 2006, the Company entered into new unsecured bilateral multicurrency revolving credit facilities with two banks for EUR 100.0 million with a maturity of March 2007 and EUR 75.0 million with a maturity of April 10, 2011 respectively.

As at December 31, 2006, EUR nil (2005: EUR 455.5 million) and USD 360.0 million (EUR 273.4 million) (2005: USD 15.0 million (EUR 12.8 million)) were drawn under these facilities.

SES is committed under the bilateral multi currency revolving credit facilities to maintaining a number of financial covenants requiring certain financial ratios to be maintained 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, 2006:

	2006 EUR million	2005 EUR million
Within one year	–	–
Between one and two years	–	–
Between two and five years	273.4	468.3
After one year	273.4	468.3

Note 13 – Amounts owed to affiliated undertakings

Amounts owed to affiliated undertakings of EUR 3,945.1 million (2005: EUR 2,486.7 million) include the following:

	2006 EUR million	2005 EUR million
Short-term loans	640.2	242.1
Notes	2,224.0	1,369.6
Current accounts	1,080.9	875.0
	3,945.1	2,486.7

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, which may be extended for successive periods of two years each.

As at December 31, 2006 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 792.4 million (2005: EUR 664.4 million).

Note 14 – Staff costs

As at December 2006, the number of employees in the workforce was 59 (2005: 54) and the average number of employees in the workforce for 2006 was 56 (2005: 52). Staff costs can be analysed as follows:

	2006 EUR million	2005 EU million
Wages and salaries	8.8	6.6
Social security costs	0.5	0.4
	9.3	7.0

Note 15 – Taxes on profit or 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., ASTRA Broadband Services S.A. (formerly SES ASTRAnet S.A.), ASTRA TechCom S.A., SES Participations S.A. (formerly SES GLOBAL Participations S.A.), SES GLOBAL Africa S.A., SES Europe S.A. (formerly SES GLOBAL Europe S.A.), NSS Latin America Holdings S.A. (formerly SES GLOBAL Latin America S.A.), SES ASTRA 3B Satellite Company S.à r.l. (formerly SES ASTRA Satellite Company 1 S.à r.l.), SES Managed Services (formerly SES GLOBAL Europe Subsidiary 1), SES Digital Distribution Services (formerly SATLYNX S.A.), 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.

Note 16 – Net turnover

Net turnover amounting to EUR 5.7 million (2005: nil) consists of transponder revenue generated from trading with affiliated undertakings for which satellite rental costs of EUR 5.7 million (2005: nil) are included in external charges.

Note 17 – Other operating income

Other operating income mainly consists of Group recharge revenues amounting to EUR 6.5 million (2005: EUR 6.7 million) representing direct and indirect costs incurred with the rendering of advisory support services to two affiliates.

Note 18 – Other interest receivable and similar income

Other interest receivable and similar income include the following:

	2006 EUR million	2005 EUR million
Interest income	4.2	4.1
Foreign exchange gains, net	18.1	145.3
Other financial income	0.3	0.2
	22.6	149.6

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

Note 19 – Extraordinary income

Extraordinary income amounting to EUR 13.8 million (2005: nil) consists of a reversal of prior years income taxes accruals following receipt of the final assessment.

Note 20 – Board of Directors' remuneration

At the Annual General Meeting held on April 6, 2006, 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 2006 were EUR 0.7 million (2005: EUR 0.7 million).

Notes to the SES S.A. accounts continued

December 31, 2006

Note 21 – Off balance sheet items

Financial derivatives

External cross currency interest rate swaps

At December 31, 2006 and 2005 the Company held one cross currency swap agreement. The term of this agreement was as follows:

Currency sold	Currency bought	Maturity date	Exchange rate
EUR 120.8 million	USD 150.0 million	September 2007	EUR/USD 1.2421

At December 31, 2005, the Company held four cross currency swap agreements. These agreements were terminated in January and July 2006 (Note 18); their average terms were as follows:

Currency sold	Currency bought	Maturity date	Exchange rate
EUR 521.5 million	USD 650.0 million	September 2007	EUR/USD 1.2464

At December 31, 2005, the Company also held one cross currency swap agreement in the name of SES GLOBAL-Americas Holdings GP. This agreement was terminated in February 2006 (Note 18); its average term 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

External interest rate swap

As at December 31, 2006 and 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.

As at December 31, 2006 and 2005 the Company held one interest rate swap agreement with a notional amount of USD 145.3 million whereby the Company receives a variable interest rate quarterly equal to three-month LIBOR plus a margin. This interest rate swap matures in December 2007.

In addition, as at December 31, 2006 the Company also held one interest rate swap agreement with a notional amount of USD 41.7 million whereby the Company receives a variable interest rate quarterly equal to three-month LIBOR plus a margin. This interest rate swap matures in December 2008.

At December 31, 2005 the Company also held one interest rate swap agreement with a notional amount of USD 45.4 million whereby the Company received 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. This agreement was terminated in February 2006 (Note 18).

Forward foreign exchange contracts

As at December 31, 2006 and 2005 the Company had outstanding foreign exchange contracts, whose average terms are as follows:

As at December 31, 2006:

Currency sold	Note	Currency bought	Average weighted maturity	Average exchange rate
EUR 12.0 million	1	USD 15.7 million	May 2007	EUR/USD 1.3098
EUR 53.2 million	2	USD 69.0 million	May 2007	EUR/USD 1.2970
USD 51.9 million	2	EUR 42.2 million	May 2007	EUR/USD 1.2312
USD 3.3 million	3	SEK 23.8 million	May 2007	USD/SEK 7.2061
USD 600.0 million	4	EUR 455.3 million	March 2007	EUR/USD 1.3178
SEK 264.7 million		EUR 28.8 million	July 2007	EUR/SEK 9.2009
USD 42.2 million		EUR 32.5 million	March 2007	EUR/USD 1.2981

As at December 31, 2005:

Currency sold	Note	Currency bought	Average weighted maturity	Average exchange rate
EUR 45.0 million	1	USD 58.2 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 285.5 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

1. These foreign exchange contracts have monthly maturities up to January 2008 as at December 31, 2006, 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 as at December 31, 2006 and correspond to specific contracts relating to satellite procurements for SES Satellite Leasing. Of this total, contracts for an amount of USD 37.6 million against EUR 30.5 million exactly mirror the internal forward foreign exchange contracts entered into with SES Satellite Leasing (2005: USD 110.7 million against EUR 85.9 million).
3. These foreign exchange contract have monthly maturities up to September 2007 as at December 31, 2006 and exactly mirror the internal forward foreign exchange contracts entered into with SES SIRIUS.
4. These foreign exchange contracts have monthly maturities up to March 2007 as at December 31, 2006 and have been designated as a hedge of net investments.

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, 2006 and 2005:

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

As at December 31, 2006 and 2005 the Company had inter-company foreign exchange contracts whose average terms were as follows:

As at December 31, 2006:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
SEK 23.8 million	USD 3.3 million	May 2007	USD/SEK 7.2061
EUR 6.1 million	SEK 56.5 million	July 2007	EUR/SEK 9.2690
USD 69.9 million	EUR 53.2 million	May 2007	EUR/USD 1.2970
EUR 42.5 million	USD 53.3 million	May 2007	EUR/USD 1.2545
USD 15.7 million	EUR 12.0 million	May 2007	EUR/USD 1.3098

As at December 31, 2005:

Currency sold	Currency bought	Average weighted maturity	Average exchange rate
USD 58.2 million	EUR 45.0 million	October 2006	EUR/USD 1.2929
USD 110.7 million	EUR 86.0 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

Restrictions on the use of cash

As at December 31, 2005 the Company held cash under restrictions amounting to EUR 4.0 million.

Guarantees

As at December 31, 2006 and 2005 the Company had outstanding bank guarantees for an amount of EUR 0.3 million. This relates to performance guarantees for services of satellite operations.

Corporate guarantees

In 2006 and 2005, SES has given several corporate guarantees to satellite providers for the provision of communications spacecraft and related equipment contracted by fully owned subsidiaries of the Group.

Note 22 – Events after the balance sheet date

Agreement on a split-off transaction with GE

On February 14, 2007, SES announced that it agreed with General Electric (GE), one of its main shareholders, a EUR 1,238 million split-off transaction, in which SES will contribute certain assets and cash to a new company, SES International Holdings, Inc. (SIH), and will exchange the shares of that new company for GE's entire holding of 103,149,900 shares in SES.

SIH will comprise the AMC-23 satellite and its related business; 100% of SATLYNX; all of SES' interest in Bowenvale, representing a 34.1% interest in Asia Satellite Telecommunications Holdings (AsiaSat); Star One; Orbcomm; and EUR 588 million in cash, subject to certain closing adjustments.

The transaction allows SES to restructure and optimise its portfolio of assets following the acquisition of SES NEW SKIES, and to remove the GE share overhang which had resulted from GE's announced intention, in 2005, to divest its interest in SES, and which had created a perceived cap on the SES share price. Upon closing, it will also result in the simplification of the Company's share structure, and increase shareholder value through the cancellation of shares.

The transaction is subject to closing conditions, which include, among others, regulatory approvals and a ruling regarding the tax treatment of the transaction for GE. The transaction is expected to close by Q2, 2007.

Other information

Shareholder information

Registered office and Group headquarters

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2007 Financial calendar

Annual General Meeting of Shareholders: April 5, 2007
Dividend payment: April 20, 2007
Announcement of first-half 2007 results: August 6, 2007

Listed security

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

Fiduciary agent

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