



Satellite broadband services experience dynamic growth in 2006

NSR has released the latest edition to its industry-standard report *Broadband Satellite Markets: 6th Edition*. The report is a comprehensive analysis of the global market for enterprise & SME VSAT networks, single site satellite broadband Internet access services, and satellite IP trunking applications.

With enterprise & SME VSAT networks and single site satellite broadband Internet access services leading the way, NSR forecasts total global revenues from monthly service fees and sales of customer premise equipment (CPE) will break the US\$5 billion barrier by 2011. Not only does this market benefit equipment manufacturers and service providers such as Hughes and WildBlue, commercial satellite fleet operators around the world are securing an important slice of the action.

NSR estimates that almost 900 36-MHz transponders will be needed to provide the global base of broadband VSAT sites and satellite Internet access subscribers by 2011. This is almost a 40 percent increase over transponders leased in 2006. "Ku-band ca-

capacity will play a dominant role in these markets over the entire forecast period," stated Patrick French, Senior Analyst and author of the report. "Yet, many companies are seriously looking to commercial Ka-band, not just dedicated Ka-band satellites like WildBlue-1 and Spaceway-3, for these markets, and the next few years will prove critical in determining just how rapidly the industry moves down this path."

Government-sponsored or mandated broadband VSAT projects, notably in developing countries, form a large part of NSR's forecast of net new broadband IP VSAT site installations through 2011. The Mexican e-Mexico and Enciclomedia projects are two shining examples of the power of VSATs to bring communications services to unserved

areas and modern educational techniques to all schools no matter where they are located. Beyond these projects, NSR also noted new networks or expansion of existing e-government networks in Thailand, Colombia and Brazil among others. Further, NSR understands that additional, large rural connectivity and tele-education projects are under serious consideration or even have sought proposals in Russia, Turkey, Malaysia, Argentina and Brazil.

Conversely, it is single site satellite broadband Internet access services that are powering the satellite broadband market in developed countries. Single site satellite broadband netted over 170,000 new subscribers worldwide in 2006 with well over 80 percent of these coming in the North American market. Interestingly, Australia was the next most important single site satellite broadband market in the last year. "While smaller in scope, the Australian Broadband Connect broadband access subsidy program is an excellent example of a government initiative to bring broadband services to rural areas at a price on par with services in urban parts of the country," stated French. "This program merits close examination from other governments around the world as an example of a way to help close the digital divide that exists even in developed nations." ■

Consolidated revenue up 28 percent

"**Loral's results remain on course**, carrying our success from 2006 into a solid first quarter in 2007," said Michael Targoff, Chief Executive Officer of Loral. "Our satellite manufacturing business, Space Systems/Loral (SS/L), continues to perform well, winning two awards during the quarter. SS/L has successfully expanded its market over the last year to capture opportunities in the growth of high-definition video services by direct-to-home service providers, mobile multimedia and communications platforms, and broadband data services – all applications that are driving satellite industry growth.

"We remain enthusiastic about the Telesat Canada transaction. Integration plans for Loral Skynet and Telesat Canada are continuing and the transaction is proceeding through the required US and Canadian regulatory approval process, including approvals from the Federal Communications Commission (FCC) and Industry Canada. We continue to expect to close the transaction this summer."

For the financial results for the period

Loral Space & Communications has announced its financial results for the three months ended March 31, 2007. Loral's results remain on course, carrying on its success from 2006 into a solid first quarter in 2007.

ended March 31, 2007, Loral's reported revenue rose 28 percent over last year's first quarter to \$221 million, as a result of a 44 percent increase in revenue before eliminations at SS/L.

Adjusted EBITDA(1) for the first quarter was \$8 million, compared to Adjusted EBITDA of \$11 million reported in the same period a year ago.

Results for the quarter reflect higher research and development and marketing expenses to respond to the increase in opportunities we are experiencing at SS/L. Results also reflect higher litigation expense and intercompany activity in the quarter.

Loral reported a net loss in the quarter

of \$17 million, compared to a net loss of \$16 million in the first quarter of 2006.

Loral ended the first quarter of 2007 with \$507 million in available cash and short term investments. In February, Loral completed its \$300 million of preferred stock financing with MHR Fund Management LLC. As previously discussed, Loral intends to utilize its cash and short term investments primarily for working capital requirements and facilities upgrades at SS/L, for the continued construction of Loral Skynet's Telstar 11N satellite and to complete the Telesat Canada transaction.

Loral's total consolidated backlog at March 31, 2007 was \$1.559 billion, compared to \$1.347 billion at December 31, 2006



and \$1.115 billion on March 31, 2006.

Satellite manufacturing

Space Systems/Loral continues to book new awards and benefit from the satellite construction contracts it has been awarded over the past two years. Since 2005, SS/L has won contracts for 13 new satellite programs, including two in the first quarter: Intelsat 14 and EchoStar XIV.

In the first quarter of 2007, Space Systems/Loral reported revenues before eliminations of \$200 million, a 44 percent increase from the \$139 million reported in the first quarter of 2006. SS/L's Adjusted EBITDA was \$7.4 million in the quarter, a 27 percent increase compared to Adjusted EBITDA of \$5.8 million in the year-ago period. First quarter Adjusted EBITDA reflects SS/L's increased investments of \$3 million in research and development and bid and proposal activities, offset by the substantial increase in revenue.

With SS/L's two new bookings in the first quarter, in addition to the seven orders SS/L received in 2006, backlog at SS/L at March 31, 2007 rose to \$1.297 billion, including intercompany backlog of \$103 million compared to backlog at December 31, 2006 of \$1.118 billion, including intercompany backlog of \$116 million. SS/L's backlog on March

31, 2006 was \$830 million, including intercompany backlog of \$129 million. Intercompany backlog primarily includes the Telstar 11N satellite being built for Loral's satellite services division, Loral Skynet.

In 2007, there are four geostationary satellites scheduled for delivery: EchoStar XI, Galaxy 18, ICO G1 and XM-5, as well as eight low earth orbit satellites for Globalstar.

Satellite services

Loral's satellite services subsidiary, Loral Skynet, experienced continued steady performance on its four-satellite fleet. Loral Skynet's revenue and Adjusted EBITDA results in the quarter reflect the impact of the Connexion by Boeing contract termination in the third quarter of 2006 and the elimination of lower profit network services contracts in the fourth quarter of 2006, partially offset by additional new sales.

Loral Skynet reported first quarter 2007 revenues before eliminations of \$34 million, down slightly from \$36 million reported in the first quarter of 2006. Loral Skynet's Adjusted EBITDA in the first quarter totaled \$11.9 million, compared to \$12.6 million for the prior year quarter, as a result of lower revenues, offset by cost savings related to personnel reductions in the fourth quarter of 2006.

Loral Skynet's backlog on March 31,

2007 was \$375 million, including intercompany backlog of \$9 million compared to backlog on December 31, 2006 of \$355 million, including intercompany backlog of \$10 million. Loral Skynet's backlog on March 31, 2006 was \$433 million, including intercompany backlog of \$19 million.

Capacity utilization on Loral Skynet's satellite fleet at the end of the first quarter was at 72 percent.

Telesat Canada update

On December 16, 2006, the joint venture company formed by Loral and its Canadian partner, PSP Investments, entered into a definitive agreement with BCE Inc. (TSX/NYSE: BCE) to acquire 100 percent of the stock of Telesat Canada from BCE for CAD 3.25 billion. Loral expects to close the transaction this summer.

Telesat Canada reported first quarter 2007 revenues of CAD 122 million and Adjusted EBITDA of CAD 67 million. The company's backlog at March 31, 2007 was CAD 5.1 billion. This backlog includes the benefit of two satellites under construction where all of the capacity has been leased for the entire life of the satellites. It also includes the lifetime lease to EchoStar of the Ku-band payload on Anik F3, which was successfully launched on April 9, 2007. ■



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SES reports strong earnings in first quarter

SES reports strong results for the first quarter of 2007. The results for the period include the contribution until 30 March 2007 of the assets transferred to GE as part of the split-off transaction announced on 14 February 2007.

Romain Bausch, President and CEO of SES, commented: "The year has begun extremely well, with the conclusion of a significant agreement with Canal+ for the transmission of its French pay-TV offer on ASTRA and the completion of the transaction with GE. These two events deliver a combination of guaranteed growth in Europe and improved development potential for our assets worldwide. In particular, the GE transaction has now removed the share overhang associated with their shareholding and has facilitated the optimisation of the SES fleet. The subsequent cancellation of the GE shares delivers additional value per share to SES shareholders. We continue to focus on efforts to enhance shareholder value."

Business review

The year has begun well with good operational performance complemented by the conclusion of the new long-term agreement with Canal+ for the transmission of its full pay-TV offer for the French market on the ASTRA satellite platform, and the announcement and completion of the EUR 1.2 billion transaction with major shareholder GE. The transaction with GE exchanged certain assets and cash for the remaining GE shareholding of 103 million shares in SES, which were subsequently cancelled. Following the conclusion of the transaction, the SES group net debt at 31 March was EUR 3,332 million, representing a reported net debt/EBITDA multiple of 2.95.

Revenue in the period grew 21 percent to EUR 399.5 million, with a solid same scope underlying growth of 6.2 percent, complemented by the contribution from the acquired businesses SES NEW SKIES and ND SatCom. EBITDA grew by 21 percent to EUR 275.2m, representing a margin of 68.9 percent. The infrastructure margin rose to 80.5 percent, while services activities returned a margin of 11.2 percent, excluding start-up costs and non-recurring items.

Excluding the non-recurring EUR 15.9 million charge taken in connection with the NSS-8 launch failure, the operating profit also rose strongly by 22 percent mirroring the top line growth.

Profit of the group declined from EUR 118.3 m to EUR 97.7m, principally reflecting a one-off gain of EUR 15.0 million recorded

in February 2006 on the sale of SES Ré S.A., and the non-recurring NSS-8 charge in Q1 2007. The GE transaction concluded just before the quarter end will have a significantly favourable impact on earnings per share beginning in the second quarter.

As of 1 January 2007, assets were reorganised under the operating companies of the SES group, to reflect their geographical focus. The principal change effected was the transfer of certain satellite assets to SES NEW SKIES. The AAP-1 satellite (28 transponders) was renamed NSS-11. The AMC-12/ASTRA 4A capacity (72 transponders) was transferred from SES AMERICOM and SES ASTRA respectively, and renamed NSS-10. SES NEW SKIES also assumed responsibility for the commercialisation of the ASTRA 2B steerable beam from SES ASTRA, currently comprising eight transponders.

SES ASTRA

The major development in the period was the agreement with Canal+ to transmit its full pay-TV programming offer for the French market from a single orbital position on the ASTRA satellite platform at 19.2° East. The agreement provides that Canal+ will take several ASTRA transponders in addition to those currently contracted and also foresees a framework for the long term growth requirements of Canal+ Group. This agreement consolidates and secures ASTRA's position in the French market.

TV and radio channels carried on the ASTRA and SIRIUS satellite systems continued to grow, with over 2,000 channels now

being delivered via these systems.

The reach of the ASTRA satellite system grew to over 109 million TV households in the 35 countries surveyed in Europe and North Africa, confirming the pre-eminent position of the ASTRA system in the region.

ASTRA2Connect, a service offering high-speed internet connectivity via satellite, commenced service from the 23.5° East orbital position, delivering broadband services via satellite to consumers not served by terrestrial means.

SES ASTRA's utilisation rate at the period end was 88 percent, or 232 of 263 commercially available transponders (As reported at 31 December 2006: 84 percent, or 251 of 305 commercially available transponders).

Pre-commercial development of the entavio platform and its associated services continued during the period. On 19 April, SES ASTRA announced the successful conclusion of an agreement with German Pay-TV operator Premiere, which becomes the first major pay-TV customer of the entavio platform and provides critical mass for the development of its digital services in the German market. Negotiations are underway with other potential broadcasting customers of the platform.

SES ASTRA's services activities continued to perform well. ASTRA Platform Services renewed and extended existing contracts, continued to diversify its product offering and grew its broadcaster customer base. ND Satcom, a full member of the group since June 2006, continued to grow its strong government business and develop the large

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framework agreement with German Bundeswehr (BW2 contract). Revenue from this unit reflects these developments. The SES ASTRA services activities also included revenue from Q1 for SATLYNX, which has left the group from end of March following the completion of the split-off transaction with GE.

SES AMERICOM

The successful launch of AMC-18 in December 2006 was soon followed by its entry into commercial service in February 2007 after extensive in-orbit testing. AMC-18 was initially built as the ground spare for the successful AMC-10 and AMC-11 satellite programmes, and represented a very low cost opportunity to deliver additional capacity in orbit. This satellite, augmenting the HD-PRIME cable neighbourhood in the US, has a 15-year design life, and will provide additional capacity to feed the demand for HDTV into cable systems across the US.

AMERICOM Government Services extended its contract with NASA for a multi-year period to provide capacity for television feeds and broadcasting activities. The capacity will be used for carrying Space Shuttle mission broadcasts and for NASA TV channels.

NewCom International, a teleport opera-

tor and global communications provider, signed an agreement with SES AMERICOM to add REDISat to its Emergency Communications Portfolio. SES AMERICOM's utilisation rate at the period end was 73 percent, or 327 of 447 commercially available transponders (As reported at 31 December 2006: 71 percent, or 357 of 499 commercially available transponders).

Additional development of the IP-PRIME offering also featured during the period. As well as numerous technical enhancements, Cisco joined with SES AMERICOM to support the launch of a complete IPTV offering to U.S. Regional LECs. IP-PRIME now offers over 350 TV and audio channels for IPTV offerings by telephone and cable companies. Commercial activities are expected to begin in the second quarter 2007.

SES NEW SKIES

On January 30 the NSS-8 satellite launch resulted in failure when the rocket exploded on the launch platform. The procurement process has begun for a replacement satellite and an announcement will be made in due course. The impact of the failure is that there will be a slowing of the growth profile expected in the coming months, however this represents a delay rather than a disappearance of the revenue foreseen to be associ-

ated with the satellite. SES NEW SKIES continues to market available capacity in the region.

New contracts in the period included a two-transponder, multi-year contract to provide internet trunking to French Polynesia, and a contract to broadcast two new free-to-air DTH channels with STV of Cameroon in West Africa. Finally, as part of the group's fleet reorganisation, the AMC-12 and AAP-1 satellites were transferred into the SES NEW SKIES fleet, and are now designated NSS-10 and NSS-11. SES NEW SKIES' utilisation rate at the period end was 63.5 percent, or 202 of 318 commercially available transponders (As reported at 31 December 2006: 71 percent, or 152 of 215 commercially available transponders).

Outlook

"The excellent start to the year provides additional opportunities, especially now that SES is the majority owner of its entire fleet. This gives greater control over the commercialisation of its capacity. Organic growth continues in SES's core markets, driven by ongoing channel growth as well as the development of High Definition Television. SES remains on track to follow its continuous growth path as additional new transponder capacity is launched into orbit," said Bausch. ■

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Global Security Asia 2007 draws a record number of international experts to biennial event

The increasingly complex question of homeland security took centre-stage at the recent Global Security Asia 2007 Show. Reflecting the importance of this growing area covering national security was the large turn-out of visitors to both the exhibition and conference.

More than 6,500 visitors from 61 countries had the opportunity to evaluate the latest in homeland security technologies in the exhibition, whilst the conference attracted a record 527 delegates from 44 countries, comprising industry representatives, VIP delegations, government agencies and speakers.

This figure represents a 40 percent growth from the launch show in 2005, whilst the 70 VIP delegations from 28 countries that attended the three day meeting represented a 60 percent increase.

To underscore the importance of this year's event, hosted by the Ministry of Home Affairs, there were no less than three Ministers who graced the Opening Ceremony. They were Deputy Prime Minister, Prof S Jayakumar, who is also Co-ordinating Minister for National Security and Minister for Law; Deputy Prime Minister, Mr Wong Kan Seng, who is also the Minister for Home Affairs and the Host Minister for GSA; and Assoc Prof Ho Peng Kee, Senior Minister of State for Law and Home Affairs. Former Deputy Prime Minister, Dr Tony Tan was also in attendance at the event.

With eight of the Official VIP delegations being headed by Ministers and Permanent Secretaries or their equivalent, it illustrates the importance of homeland security to Singapore and the region, and Global Security Asia 2007 as an important event in Singapore and the Asia-Pacific region.

Commenting on the growth of the show, Mr Roger Marriott, Managing Director of Global Security Asia, said: "The inevitable growth in homeland security reflects the changing times we live in. It is not now a case of fighting against a well-defined enemy, as it has been in the past but fighting an amorphous, yet highly-intelligent adversary. The thoughts, experiences and ideas that were shared at the show were a reflection of the seriousness in which this subject is treated."

A total of 42 papers were presented at the conference covering technology, geopolitics, chemical, biological, radiation and nuclear threats. Presenting these papers were world experts drawn from homeland security agencies from around the globe.

The Conference was chaired by interna-

tional experts Dr Rohan Gunaratna, Head of Singapore's International Centre for Political Violence & Terrorism Research (ICPVTR), S. Rajaratnam School of International Studies, Nanyang Technological University; and Dr Peter Varnish OBE, Director, Closed Solutions, UK.

Said Dr Gunaratna: "The threat of terrorism and extremism has grown significantly since 9-11. There has been a sharp escalation in the regional threat after the US invasion and occupation of Iraq. To manage the growing threat it is critical to build bridges to the Muslim community. In addition to investing in operational counter terrorism, it is now necessary to develop a robust community engagement program to challenge extremist radicalisation of the Muslim community."

Additionally, Dr Varnish said: "GSA strives to discuss the counter-terrorist technologies that make the world a safer place. Whilst the conference theme of "Emerging Threats – New Technologies" was well covered, the number of papers on policy, resilience, and financing of terrorism was particularly pleasing. The reward and uniqueness of the GSA Series is the frank and open discussions that take place after each detailed and state of the art presentations.

"The delegates made their own special contributions, as the debates varied widely

and were often very personal. The mixed nature of the threat was matched by the equally evolving technological response. The emphasis on border control matched the requirements of the ASEAN states, and many of the videos presented were extremely educational. The collaboration not only between nations but also within the blue-light responders and military, intelligence agencies and civil sectors was manifest."

The exhibition allowed exhibitors from all over the world to demonstrate the capabilities of their products and services. Said Mr Danny Nadri, of ODF Optronics from Israel: "GSA 2007 presented ODF with an excellent platform to bring our products to the Asian market. We have created relationships with other end-users and potential partners."

Further demonstrating the efficacy of GSA, Mr Alan Organ, of The Forensic Science Service, United Kingdom, said: "We find that many so called 'international security shows' around the world are just full of exhibitors selling CCTV and alarm equipment. The visitors to such shows are not potential customers of ours, only people just trying to sell to us! This is definitely not the case with Global Security Asia, where the high quality of exhibitors and delegates creates the ideal environment in which to promote professional scientific services." ■

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Alexandria meeting seeks to strengthen international cooperation in emergency telecommunications

Aiming to strengthen international cooperation in the use of information and communication technology for disaster mitigation, a conference in Alexandria, Egypt, 14-17 April 2007 brought together nearly 400 participants including senior government and telecommunication regulatory officials, United Nations Agencies, NGOs, academics and the private sector.

Tsunamis, earthquakes, hurricanes, volcanic eruptions, floods, landslides, forest fires - a spate of disasters in recent times has spelt havoc around the world, profoundly impacting its victims, their environment and their livelihoods. The legacy of lost and broken lives, economic upheaval and sheer devastation has imposed long-lasting impediments to sustainable development and global efforts at poverty reduction. The poor, especially those living in remote and isolated areas, are the most vulnerable and disaster-prone, and international attention has inevitably focused on least developed countries and small island developing states.

Access to information and communication facilities is essential for providing vital early-warning information as well as quick response for humanitarian assistance and rehabilitation in the aftermath of disasters. Aiming to strengthen international cooperation in the use of information and communication technology for disaster mitigation, a conference in Alexandria, Egypt, 14-17 April 2007 brought together nearly 400 participants including senior government and telecommunication regulatory officials, United Nations Agencies, NGOs, academics and the private sector.

The International Telecommunication Union co-organized the event along with the League of Arab States; the Arab Ministerial Council of ICTs, Health and Environment; World Health Organization; United Nations Environment Programme; Centre for Environment and Development for the Arab Region and Europe (CEDARE); and the Arab Academy for Science & Technology & Maritime Transport. The conference was inaugurated by the Minister of Social Solidarity of Egypt, Dr Ali Al-Moselhi.

Emergency telecommunications deemed critical

Speaking at the opening session, Mr Sami Al-Basheer, Director of ITU's Telecommunication Development Bureau noted that emergency telecommunication is a key priority for ITU. "Any disaster reduction measure that is

not linked to telecommunications does not go far enough," he said. "For this reason, a ubiquitous, resilient, and multi-hazard telecommunications network is critical." Mr Al-Basheer added that ITU is ready to provide the partnership link with its Member States and Sector Members, as repeatedly emphasized by ITU Secretary-General Dr Hamadoun Touré.

Participants included Sir David Veness, United Nations Under-Secretary-General for Safety and Security, Mr Adel Labib, Governor of Alexandria, and Dr Nadia Makaram Ebeid, Executive Director of CEDARE.

The meeting provided a platform for best practices in disseminating vital information on disaster management, environmental monitoring, and delivery of ICT applications/services such as e-health for the benefit of disaster victims.

Future objectives aim at:

- Identifying appropriate technologies and options for disaster communications;
- Enhancing institutional and human capacity;
- Conducting drills and simulations for telecommunications applications in disaster management;
- Preparing case studies to draw lessons and facilitate exchange among countries; and
- Establishing appropriate regulatory and legal frameworks for ratification and implementation of the Tampere Convention.

Bandung Declaration seeks development of ICT for emergencies

The conference in Alexandria follows the Bandung Declaration of 28 March 2007 that calls upon ITU to launch a global project to develop ICT resources that can be deployed in a timely manner anywhere in the world in the event of a disaster. It seeks to build on the goals set by the World Summit on the Information Society, the resolutions and programmes adopted by ITU's World Telecommunication Development Conference in

Doha in March 2006, and the resolutions adopted by the ITU Plenipotentiary Conference held in Antalya, Turkey in November 2006.

ITU and Télécoms Sans Frontières form partnership

As part of its ongoing effort to promote international cooperation and multi-stakeholder partnerships, ITU concluded a Memorandum of Understanding on 11 April 2007 with Télécoms Sans Frontières (TSF), a non-governmental organization, to open the door to greater coordination of efforts in this area.

"Télécoms Sans Frontières is doing excellent work in the field and we look forward to the potential impact of this collaboration," ITU Secretary-General Dr Hamadoun Touré said after the signing the agreement. "TSF has demonstrated how telecommunications can be used to strengthen emergency response efforts and save lives."

This sentiment was echoed by TSF Founding President, Mr Jean-François Cazenave. He said, "Télécoms Sans Frontières is very proud to collaborate with ITU, and we sincerely hope that this will encourage telecommunication operators to recognize the potential of their products and services to save lives. We welcome them to join us in this common cause." ■

"Télécoms Sans Frontières is doing excellent work in the field and we look forward to the potential impact of this collaboration," said ITU Secretary-General Dr Hamadoun Touré
