Press release

Inmarsat plc Reports Interim Results 2011

London, UK: 4 August 2011. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today reported consolidated financial results for the 6 months ended 30 June 2011.

Inmarsat plc Interim Results Highlights

- Total revenue $682.9m up 20% (2010: $570.7m)
- EBITDA $426.9m up 28% (2010: $334.4m)
- Profit before tax $254.8m up 68% (2010: $151.8m)
- Interim dividend of 15.4 cents (US$) up 10%
- 30,000 IsatPhone Pro handsets activated to date
- Rupert Pearce appointed CEO effective January 2012
- Acquisition of Ship Equip International completed
- $1.45bn of new financing completed, Inmarsat-5 fully-funded
- $250m share repurchase programme announced today

Inmarsat Group Limited Second Quarter Highlights

- Total revenue $359.0m up 24% (2010: $289.2m)
- Total Inmarsat Global MSS revenue $181.3m (2010: $181.7m)
- EBITDA $222.7m up 32% (2010: $168.6m)

Andrew Sukawaty, Chairman and Chief Executive Officer, said, "Income from our Cooperation Agreement with LightSquared is driving record revenue and EBITDA growth and offsetting a slowdown in the growth of our Inmarsat Global MSS revenue. While we believe that a return to more normalised revenue growth in our MSS business is only a matter of time, we expect near-term factors will constrain growth for longer than previously anticipated. As a result, we are revising our outlook for MSS revenue growth for 2011. In the meantime, given the strong financial position of the company, we have increased our interim dividend and have launched a share repurchase programme."

Inmarsat plc

(US$ in millions)	2011 Half year	2010 Half year	Increase
Inmarsat Global	472.6	367.8	28.5%
Inmarsat Solutions	364.7	355.8	2.5%
	837.3	723.6	15.7%
Intercompany eliminations and adjustments	(154.4)	(152.9)	
Total revenue	**682.9**	**570.7**	**19.7%**

Inmarsat Global

(US$ in millions)	2011 Half year	2010 Half year	Increase/ (decrease)
Maritime voice services	46.9	48.9	(4.1)%
Maritime data services	131.3	128.8	1.9%
Total maritime sector	178.2	177.7	0.3%
Land mobile voice services	3.3	4.0	(17.5)%
Land mobile data services	77.0	75.8	1.6%
Total land mobile sector	80.3	79.8	0.6%
Aeronautical sector	48.6	49.6	(2.0)%
Leasing	54.8	55.8	(1.8)%
Total mobile satellite services	361.9	362.9	(0.3)%
Other income	110.7	4.9	
Total revenue	**472.6**	**367.8**	**28.5%**

Growth in Other income, primarily resulting from our Cooperation Agreement with LightSquared, was responsible for our Inmarsat Global overall revenue growth during the first half. During the first half we entered into a further amendment agreement with LightSquared and expect to begin recognising additional revenue from this amendment during the second half of 2011.

In the maritime sector, our results continue to be adversely impacted by rapid customer migration to our FleetBroadband service where pricing is typically lower than the older services being replaced. In addition, voice to email substitution and, to a lesser extent, competition from alternative providers, have contributed to lower than expected revenue growth in 2011. However, activations of new FleetBroadband terminals have remained strong and we added 5,607 terminals during the first half, of which 2,727 were activated in the second quarter. Our analysis of customers who have migrated to FleetBroadband shows consistently that average data usage per ship is increasing in response to the capability of the faster service. Usage growth will gradually offset the revenue impact of service migration, while the number of ships yet to migrate is rapidly falling.

While we remain confident in the longer term prospects for our maritime business, we now expect the impact of migration to last longer than previously anticipated and this will have an effect on maritime results for the remainder of the year and possibly the early part of 2012.

To improve maritime revenue growth and visibility, we have recently introduced package-based pricing plans that are proving effective in retaining business previously at risk from alternative service providers. In the short period since we began offering such plans, we have won orders from ship operators for over 150 vessels to be upgraded to FleetBroadband combined with a pricing plan. In almost all circumstances, these plans will result in significantly higher revenue per ship for Inmarsat, but much of the revenue benefit of these upgrades will only be realised in future periods.

In our MSS land sector, we are seeing continued take up of our BGAN and handheld IsatPhone Pro service from new users and high usage levels in North Africa. However, this growth is being largely offset by a decline in revenue from foreign government and military users in Afghanistan due to reductions in troop numbers and changes in their operational status. As a result, revenue growth from our land mobile sector is likely to continue to be impacted by declining revenue from Afghanistan for some time.

We are pleased with the progress of our handheld IsatPhone Pro service. After a relatively short period since launch, we have now reached the milestone of 30,000 active units. Feedback from our distribution channel suggests that IsatPhone Pro is taking at least a third of all new satellite phone sales. This metric puts us ahead of our market share target by number of units and we expect a more material revenue contribution to follow in due course.

Changes in demand from aeronautical government customers, particularly for service over Afghanistan, continues to hold back our aeronautical and leasing revenue growth. While we continue to add new SwiftBroadband terminals at a very strong rate and have already replaced lost leasing business, we now expect revenue from our aeronautical and leasing sectors in the second half to be consistent with the first half.

Inmarsat Solutions

(US$ in millions)	2011 Half year	2010 Half year	Increase/ (decrease)
Inmarsat MSS	214.9	215.1	(0.1)%
Broadband and other MSS	149.8	140.7	6.5%
Total revenue	**364.7**	**355.8**	**2.5%**

Revenue growth in our Inmarsat Solutions division has primarily been driven by recognition of new revenues following the acquisition of Ship Equip and by growth in our Segovia business.

Outlook

We expect new revenue resulting from our Cooperation Agreement with LightSquared to drive strong growth in our total revenue, EBITDA, and profitability in 2011. The positive impact of the agreement with LightSquared will make 2011 the strongest year of growth in Inmarsat's history and will more than compensate for a weaker than expected near-term performance in our Inmarsat Global MSS business.

In our three Inmarsat Global MSS sectors, we believe we offer the current market leading services. The success of these services is being demonstrated by consistently high levels of new terminal activations and by increasing usage trends. However, as a result of faster than expected customer migration from higher to lower priced maritime services, together with lower customer spending levels in our land mobile and aeronautical sectors, our revenue growth in the first half has slowed and is unlikely to pick up in the second half as previously expected. While we believe that higher numbers of network users, new product initiatives, and increased usage trends will deliver improved revenue growth in time, for 2011 we now expect our Inmarsat Global MSS revenue to be broadly flat year over year. Consequently, our 5-year medium-term Inmarsat Global MSS revenue target is also under review.

Due to a range of factors, including our current expectation that we will be able to record more profitability from our agreement with LightSquared in 2011, we believe our core MSS revenue outlook will not prevent us from meeting current market expectations for profit before tax for 2011. Our outlook for capital expenditure on a cash basis is unchanged at between $450m and $550m for 2011.

Share Repurchase Programme

Inmarsat plc is today announcing a programme of on-market purchases of its ordinary shares under the existing authority approved by shareholders at the Company's AGM on 3 May 2011. Subject to a number of pre-set parameters, the Company intends to repurchase its shares up to an equivalent value of $250m over the next twelve months. The programme will be funded from available liquidity and the Company intends to cancel any repurchased shares.

Liquidity

At 30 June 2011, the Inmarsat plc group had net borrowings of $1,162.5m, made up of cash and cash equivalents of $218.8m and total borrowings of $1,381.3m. Including cash and available but undrawn borrowing facilities, the group had total available liquidity of $1,580.8m. During the first half, we completed a $700m financing facility with Ex-Im Bank and replaced our previous $500m Senior Credit Facility with a new 5-year $750m Senior Credit Facility. Total drawings under the Ex-Im Bank Facility and the new Senior Credit Facility were $88.0m and $nil, respectively at 30 June 2011.

Our Financial Reports

Inmarsat Group Limited, our wholly-owned subsidiary, today reported unaudited consolidated financial results for the three months ended 30 June 2011. A copy of the full financial report for the Inmarsat Group Limited can be accessed via the investor relations section of our website.

Other Information

Inmarsat management will discuss the results announced today and other financial and business information in a conference call on Thursday, 4 August at 9:30am London time, (United States 4:30am EST). To access the call please dial +44 (0)20 7162 0125. The conference id for the call is 899711. The call will be recorded and available for one week after the event. To access the recording please dial +44 (0)20 7031 4064 and enter the access number 899711. The call will also be available via a webcast, to access the webcast please go to http://www.inmarsat.com/webcast.

Forward-looking Statements

Certain statements in this announcement constitute "forward-looking statements". These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance or programmes, or the delivery of products or services under them; structural change in the satellite industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances.

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INMARSAT PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS For the half year ended 30 June 2011 (unaudited)

Forward-Looking Statements

This document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. Statements containing the words "believe", "expect", "intend", "may", "estimate" or, in each case, their negative and words of similar meaning are forward-looking.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important facts that could cause the Group's actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from current expectations include those risk factors disclosed in the Group's Annual Report for the year ended 31 December 2010, which can be accessed via our website at www.inmarsat.com.

As a consequence, the Group's future financial condition, results of operations and cash flows, as well as the development of the industry in which we operate, may differ from those expressed in any forward-looking statements made by us or on the Group's behalf.

Non-IFRS Measures

In addition to International Financial Reporting Standards ("IFRS") measures, we use a number of non-IFRS measures in order to provide readers with a better understanding of the underlying performance of our business, and to improve comparability of our results for the periods concerned. Where such non-IFRS measures are given, this is clearly indicated and the comparable IFRS measure is also given.

Net Borrowings

Net Borrowings is defined as total borrowings less cash at bank and in hand less short-term deposits with an original maturity of less than three months. We use Net Borrowings as a part of our internal debt analysis. We believe that Net Borrowings is a useful measure as it indicates the level of borrowings after taking account of the financial assets within our business that could be utilised to pay down the outstanding borrowings. In addition the Net Borrowings balance provides an indication of the Net Borrowings on which we are required to pay interest.

Free cash flow

We define free cash flow ("FCF") as cash generated from operations less capital expenditure, own work capitalised, net interest and cash tax payments. Other companies may define FCF differently and, as a result, our measure of FCF may not be directly comparable to the FCF of other companies.

FCF is a supplemental measure of our performance and liquidity under IFRS that is not required by, or presented in accordance with IFRS. Furthermore, FCF is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to profit for the period and operating profit as a measure of our performance and net cash generated from operating activities as a measure of our liquidity, or any other performance measures derived in accordance with IFRS.

We believe FCF is an important financial measure for use in evaluating our financial performance and liquidity, which measures our ability to generate additional cash from our business operations. We believe it is important to view FCF as a measure that provides supplemental information to our entire statement of cash flows.

EBITDA

We define EBITDA as profit before interest, taxation, depreciation and amortisation and share of results of associates. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to the EBITDA of other companies.

EBITDA and the related ratios are supplemental measures of our performance and liquidity under IFRS that are not required by, or presented in accordance with IFRS. Furthermore, EBITDA is not a measurement of our financial performance under IFRS and should not be considered as an alternative to profit for the period, operating profit or any other performance measures derived in accordance with IFRS.

We believe EBITDA among other measures facilitates operating performance comparisons from period to period and management decision-making. It also facilitates operating performance comparisons from company to company. EBITDA eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortisation of tangible and intangible assets (affecting relative depreciation and amortisation expense). We also present EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating similar issuers, the vast majority of which present EBITDA when reporting their results.

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Responsibility Statement

The Directors confirm to the best of their knowledge that:

(a) the condensed set of unaudited financial statements has been prepared in accordance with IAS 34, 'Interim Financial Reporting';

(b) the interim management report includes a fair review of the information required by Disclosure and Transparency Rule ("DTR") 4.2.7R, being an indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

The Directors of Inmarsat plc are listed on our website at www.inmarsat.com.

By order of the Board,

Andrew Sukawaty
Chairman and Chief Executive Officer
4 August 2011

Rick Medlock
Chief Financial Officer
4 August 2011

Operating and Financial Review

The following is a discussion of the unaudited consolidated results of operations and financial condition of Inmarsat plc (the "Company" or together with its subsidiaries, the "Group") for the half year ended 30 June 2011. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Overview

Inmarsat is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide, with over 30 years of experience in designing, launching and operating its satellite-based network. With a fleet of eleven owned and operated geostationary satellites, our Inmarsat Global business provides a comprehensive portfolio of wholesale global mobile satellite communications services for use on land, at sea and in the air. These include voice and broadband data services, which support safety communications, as well as standard office applications such as email, internet, secure VPN access and video conferencing. Our Inmarsat Solutions business, (previously called Stratos), comprising Stratos, Segovia and Ship Equip International A.S ("Ship Equip") and their respective subsidiaries, offers a broad portfolio of remote telecommunications solutions to end-user customers, offering services over the mobile and fixed satellite systems of a number of the leading global and regional satellite system operators, predominantly the Inmarsat satellite system, and through their owned and operated microwave and satellite telecommunications facilities.

The Group's revenues for the half year ended 30 June 2011 were US$682.9m (2010: US$570.7m), EBITDA was US$426.9m (2010: US$334.4m) and operating profit was US$307.4m (2010: US$220.1m). The results of the Group's operations are reported in US dollars as the majority of our revenues and borrowings are denominated in US dollars.

Acquisition of Ship Equip

On 28 April 2011, we acquired the entire share capital of Ship Equip for a cash consideration of US$113.2m (net of cash acquired and after hedging the foreign exchange risk).

Based in Ålesund, Norway, Ship Equip is a leading provider of VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets. Ship Equip's expertise in developing and deploying VSAT communications solutions in the maritime market, coupled with its worldwide committed capacity arrangements and installed base of over 850 vessels (as at December 2010), have made it a leader in the evolving VSAT maritime communications market. In 2010 Ship Equip generated revenues of US$56m.

We believe Ship Equip is ideally positioned to support the evolution of certain segments of the maritime market to higher speed services, especially those to be offered by the Global Xpress programme after its expected launch in 2013. Ship Equip has a large installed base of VSAT customers, who we expect to transition to Global Xpress services, as well as a management team with extensive knowledge of VSAT operations and customers which will help us ensure that Global Xpress is a compelling proposition for the maritime community.

Ship Equip was acquired by Inmarsat Solutions Limited and operates as a separate subsidiary alongside the Stratos and Segovia businesses. Inmarsat financed the acquisition from available liquidity.

Global Xpress Programme

Global Xpress™, our major new US$1.2 billion investment project is progressing well, with initial deployment and global service on track for 2013 and 2014. Global Xpress will be supported by a global network of three Ka-band satellites, the Inmarsat-5 generation, currently being built by Boeing. Global Xpress will offer seamless global coverage and deliver unprecedented mobile broadband speeds of up to 50MB/s for users in the government, maritime, enterprise, energy and aeronautical sectors.

On 18 February 2011, we signed a contract with VT iDirect ("iDirect") to provide the Ground Network Infrastructure and Core Module technology for integration into the satellite terminals for our Global Xpress service.

iDirect will design, develop, manufacture, test and commission the Global Xpress Ground Network Infrastructure, building upon its leadership position in the VSAT network technology arena. In addition, iDirect will supply a Global Xpress compatible Core Module for integration into Global Xpress maritime satellite terminals and a range of Global Xpress Core Modules specifically designed for the Aeronautical and Government sectors.

On 2 March 2011, we announced the selection of Cobham plc ("Cobham") as the initial launch partner for maritime satellite terminals for our Global Xpress service. Sea Tel, a subsidiary of Cobham, has been awarded contracts to develop, manufacture, test and distribute Global Xpress Ka-band maritime satellite terminals. As initial launch partner, Sea Tel will ensure availability of Global Xpress maritime satellite terminals at service introduction which is planned for 2013.

On 29 July 2011, we signed a contract with ILS International Launch Services, Inc. ("ILS") to provide launch services for the three Inmarsat-5 satellites. The launches, scheduled for 2013-2014, will use ILS's Proton launch vehicle from the Baikonur Cosmodrome in Kazakhstan.

LightSquared Cooperation Agreement

Transition into Phase 1 of our Cooperation Agreement with LightSquared is progressing as planned. In order to activate Phase 1, we have begun a process of transition to a modified spectrum plan which will increase spectrum contiguity for both Inmarsat and LightSquared. In addition, we will incur the cost of certain network and terminal modifications. During this process, LightSquared is making a series of payments to us under the Cooperation Agreement totalling US$368.8m, which includes US$31.25m paid in December 2009 to maintain the Cooperation Agreement. To date, LightSquared has made Phase 1 payments totalling US$232.5m. We are accounting for these and future Phase 1 payments using the percentage of completion method. During 2011, we currently expect to recognise US$80.0m to US$100.0m of revenue and up to US$20.0m of operating costs in relation to Phase 1, of which we have recognised US$47.5m of revenue and US$5.9m of external operating costs during the half year ended 30 June 2011.

On 28 January 2011, we received notice from LightSquared triggering the commencement of transition to Phase 2 of the Cooperation Agreement. In order to activate Phase 2, we have begun a phased transition to a further spectrum plan that increases the total spectrum capacity available to LightSquared for ATC services in North America. In return, we are receiving payments of US$115.0m per annum, increasing at a rate of 3% annually, with effect from 28 January 2011. To date we have received US$77.8m in respect of Phase 2. The implementation of Phase 2 will cause an eventual reduction in the aggregate amount of L-band spectrum available for Inmarsat services over North America. While it is too soon to predict the impact that this early notice and subsequent reduction of spectrum will have on our MSS revenue growth in North America in the coming years, we are confident that we will be able to minimise the service impact on our existing users in this area. We have already taken measures as part of the migration programme to offer enhanced services for customers (such as the Inmarsat B to FleetBroadband migration incentive and a safety services over SwiftBroadband programme), and we will continue to encourage users to progressively upgrade to much more spectrum efficient BGAN, SwiftBroadband and FleetBroadband services. Furthermore, starting in 2013, we expect customers will be able to start to benefit from extensive Ka-band services following the launch of our Global Xpress services, which will greatly augment our available spectrum resources in North America. During 2011, we currently expect to recognise US$107.0m of revenue in relation to Phase 2, of which we have recognised US$48.9m during the half year ended 30 June 2011.

On 25 April 2011, we agreed with LightSquared to make certain amendments to the Cooperation Agreement. In connection with the agreed amendments, we received a payment of US$40.0m on 29 April 2011 and expect to incur certain additional costs in the future which we do not expect to exceed the payment received. We will be accounting for this payment using the percentage of completion method. During 2011, we currently expect to recognise US$10.0m to US$15.0m of revenue and a similar amount in operating costs in relation to this payment. We have not recorded any such revenue or costs in the half year ended 30 June 2011.

Inmarsat Global Services

On 23 March 2011, we announced the availability of a data service on our global handheld satellite phone, IsatPhone Pro. The new circuit-switched data capability, offering an effective data rate of up to 20kbps, is now available on all new handsets.

On 27 May 2011, we announced the development of a multi-channel voice capability for FleetBroadband that will offer additional telephone lines to support up to 9 simultaneous voice calls through a single FleetBroadband terminal. This service enhancement will work on existing FleetBroadband terminals and be introduced in Q4 2011.

In addition, we also released details of two other voice initiatives: a new reduced US$0.55 per minute suggested retail price for voice calls on FleetBroadband, and the introduction of our new FleetPhone service. FleetPhone is a new entry-level voice service, developed specifically for the marine environment, which we expect to become commercially available during Q3 2011. Inmarsat has partnered with Beam Communications - designer and manufacturer of its IsatPhone Pro docking units - to produce the new FleetPhone hardware.

On 25 July 2011, TAM Airlines, Brazil's leading airline, announced plans to extend OnAir's Inmarsat-supported passenger connectivity services, which are based on SwiftBroadband, across their entire fleet of 80 aircraft. Installation of 31 short-haul planes has already started, with OnAir connectivity gradually coming into service by the beginning of next year, and with the long-haul service being rolled-out from the second half of 2012. This follows nine highly successful months using OnAir's passenger connectivity services, in which passengers have enjoyed the chance to make phone calls, send and receive text messages and emails, and access the Internet on selected TAM short-haul flights.

On 29 July 2011, we introduced a new voice distress service on FleetBroadband. The free-to-use service, which provides a 'red button' for one-touch easy use, ensures that all non-priority telephone calls underway on the vessel's FleetBroadband are interrupted, connecting the vessel directly to a Maritime Rescue Coordination Centre ("MRCC"). Simultaneously, an email is sent to the MRCC and network controllers to alert them to a call, providing additional data such as vessel name, identification and position.

We are today also announcing, in conjunction with our partner SkyWave, the launch of a new low data rate tracking, monitoring and messaging service, called IsatData Pro. IsatData Pro will deliver a significant increase in capability over other services already in the market. The new service will support a wide range of security and location-based services in the fast-growing M2M market, from tracking and in-cab messaging for commercial transportation and government fleets, transmitting telemetry information from oil & gas distribution equipment, to remote management and control of fixed assets.

Inmarsat Solutions Services

On 22 February 2011, Segovia was awarded NATO's Communication Information Services ("CIS") Consultant Support Services indefinite delivery, indefinite quantity ("IDIQ") contract to provide professional and technical services support to the International Security Assistance Force ("ISAF") in Afghanistan. The contract has a four-year period of performance if all option years are exercised. Segovia was also awarded the first task order under the contract – a multi-million dollar contract to deploy full-time communication and information services support to NATO operations in Kandahar, Afghanistan.

Stratos has recently been successful in winning contracts to deploy FleetBroadband services across a number of major shipping fleets. This includes FBBPlus, under a five-year contract, on approximately 40 vessels for Hapag-Lloyd, FleetBroadband on The Shipping Corporation of India Ltd's. fleet of 156 ships, which includes tankers, bulk carriers, liners and supply vessels and FleetBroadband on 55 commercial vessels for Harren & Partner Ship Management GmbH & Co. KG. In addition to FleetBroadband services, the contracts include the deployment of other value-added services provided by Stratos, such as AmosConnect and the Stratos Advantage suite of services.

On 21 July 2011, Stratos announced that it had purchased most of the operational assets of Blue Ocean Wireless Ltd. ("BOW"). These assets are used to provide shipboard GSM services that enable crewmembers to use their personal GSM phones to communicate with family and friends by voice and SMS. As part of the acquisition, Stratos assumes responsibility for providing services to most of BOW's customers, including many large commercial shipping companies worldwide. Stratos will continue to market and sell BOW's services to existing and new customers, under the new brand 'GSM Oceanwide'.

In July 2011, Stratos completed the deployment of its StratosMAX II broadband service for W&T Offshore, Inc ("W&T") at 29 sites in the Gulf of Mexico. W&T is an independent oil and gas company based in Houston. The WiMAX-based StratosMAX II provides reliable voice communications, high-speed (up to 10Mbps) Internet connectivity, Stratos HotSpot WiFi service and a wide range of mobile applications. In addition, Stratos is providing W&T with an auto-failover VSAT service to ensure 100% service continuity to those StratosMAX II sites.

Financing

On 11 May 2011, we signed a 12.5-year US$700.0m direct financing agreement with the Export-Import Bank of the United States ("Ex-Im Bank Facility") to fund the build of the Inmarsat-5 satellites and certain other related capital expenditure. The facility has a total availability period of 4 years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility will incur interest at a fixed rate of 3.11% for the life of the loan. As at 30 June 2011, we had total drawings of US$88.0m under the Ex-Im Bank Facility.

On 30 June 2011, we refinanced our previous US$500.0m Senior Credit Facility, which was due to mature in May 2012, with a new 5-year US$750.0m Senior Credit Facility. Under the terms of the new facility the full US$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the 5-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. The new facility has been provided by a group of 12 commercial banks.

Simultaneously with the signing of the new Senior Credit Facility, we prepaid and cancelled the previous US$500.0m Senior Credit Facility. The amount outstanding on the previous facility at that date was US$200.0m and this was funded from available cash. As a result, as at 30 June 2011 there were no drawings on the new Senior Credit Facility.

Both the Ex-Im Bank Facility and the new Senior Credit Facility rank as senior secured creditors of Inmarsat Investments Limited, pari passu with our EIB Facility and ahead of our

7.375% Senior Notes due 2017. Inmarsat Investments Limited is a direct subsidiary of Inmarsat Group Limited and an indirect subsidiary of Inmarsat plc.

New Chief Executive Officer

On 6 July 2011, we announced that with effect from 1 January 2012, Rupert Pearce will become the new Chief Executive Officer. Andrew Sukawaty will move from his current role as Chairman and Chief Executive Officer and become Executive Chairman.

Rupert Pearce, who currently serves as Senior Vice President of Inmarsat Enterprises and Inmarsat's Group General Counsel, has been with Inmarsat for six years. In this time he has been instrumental in shaping the strategic direction of Inmarsat, including the acquisition of our largest distributor, Stratos; formulating and executing the business plan for Global Xpress services and the Inmarsat-5 satellite constellation; as well as the creation and negotiation of the Cooperation Agreement with LightSquared on use of Inmarsat's spectrum over North America.

Andrew Sukawaty has agreed to continue to be involved in the business as Executive Chairman for not less than two years and will continue in his current role until 31 December 2011.

Share repurchase programme

Inmarsat plc today announces that, with immediate effect, it intends to make on-market purchases of the Company's ordinary shares. This announcement follows a review of the Group's capital position in light of the ongoing strength in the generation of Free Cash Flow, the level of the Group's ratio of net debt to EBITDA, and the clearly defined profile of our current investment programmes. The Company has made no changes to its existing prudent capital policy and expects to remain fully-funded as to all existing capital needs throughout the repurchase programme implementation. Accordingly, it is our intention to commence a repurchase programme of up to US$250.0m, to be implemented over the next 12 months.

Any purchases made under the programme will be effected within the Company's existing authority to purchase its ordinary shares of €0.0005 each, as approved by shareholders at the Company's AGM on 3 May 2011, and certain other pre-set parameters. The maximum price which may be paid for such ordinary shares is 5% above the average of the middle market quotations of such ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the day the purchase is made.

The timing and quantum of any purchases will be determined by Inmarsat in accordance with the above parameters and in consultation with the Company's brokers with regard to prevailing market conditions and any other relevant considerations. Any purchases will be funded out of the Company's available liquidity and the Company intends to cancel any repurchased shares.

Dividends

A final dividend of 22.69 cents (US$) per ordinary share (total dividend US$104.5m) for the 2010 financial year as recommended by the Directors was approved at the Annual General Meeting and paid to shareholders on 27 May 2011.

The Board intends to declare and pay an interim dividend for the 2011 financial year of 15.40 cents (US$) per ordinary share on 27 October 2011 to ordinary shareholders on the share register at the close of business on 7 October 2011. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. This dividend has not been recognised as a liability for the half year ended 30 June 2011.

Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat plc for the half year ended 30 June 2011. We report two operating segments, Inmarsat Global and Inmarsat Solutions. The Inmarsat Solutions segment, in addition to Stratos, includes Segovia and Ship Equip, which were acquired on 12 January 2010 and 28 April 2011 respectively. The table below sets out the results of the Group for the periods indicated:

(US$ in millions)	2011 Half year	2010 Half year	Increase/ (decrease)
Revenue	**682.9**	**570.7**	**19.7%**
Employee benefit costs	(96.9)	(92.0)	5.3%
Network and satellite operations costs	(109.0)	(109.4)	(0.4%)
Other operating costs	(59.4)	(43.1)	37.8%
Own work capitalised	9.3	8.2	13.4%
Total net operating costs	**(256.0)**	**(236.3)**	**8.3%**
EBITDA	**426.9**	**334.4**	**27.7%**
Depreciation and amortisation	(120.2)	(114.9)	4.6%
Share of results of associates	0.7	0.6	16.7%
Operating profit	**307.4**	**220.1**	**39.7%**
Interest receivable and similar income	4.2	3.8	10.5%
Interest payable and similar charges	(56.8)	(72.1)	(21.2%)
Net interest payable	(52.6)	(68.3)	(23.0%)
Profit before income tax	**254.8**	**151.8**	**67.9%**
Income tax expense	(63.5)	(44.8)	41.7%
Profit for the period	**191.3**	**107.0**	**78.8%**

Revenues

Total Group revenues for the half year ended 30 June 2011 increased by 19.7% compared with the half year ended 30 June 2010. The table below sets out the components, by segment, of the Group's total revenue for each of the periods indicated:

(US$ in millions)	2011 Half year	2010 Half year	Increase
Inmarsat Global	472.6	367.8	28.5%
Inmarsat Solutions	364.7	355.8	2.5%
	837.3	723.6	15.7%
Intercompany eliminations and adjustments	(154.4)	(152.9)	
Total revenue	**682.9**	**570.7**	**19.7%**

Net operating costs

Total Group net operating costs for the half year ended 30 June 2011 increased by 8.3% compared with the half year ended 30 June 2010. The table below sets out the components, by segment, of the Group's net operating costs for each of the periods indicated:

(US$ in millions)	2011 Half year	2010 Half year	Increase
Inmarsat Global	109.9	89.8	22.4%
Inmarsat Solutions	300.4	300.3	–
	410.3	390.1	5.2%
Intercompany eliminations and adjustments	(154.3)	(153.8)	
Total net operating costs	**256.0**	**236.3**	**8.3%**

EBITDA

Group EBITDA for the half year ended 30 June 2011 increased by 28% compared with the half year ended 30 June 2010. EBITDA margin has increased to 62.5% for the half year ended 30 June 2011, compared with 58.6% for the half year ended 30 June 2010, primarily as a result of the inclusion of revenue from our Cooperation Agreement with LightSquared.

Set forth below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

(US$ in millions)	**2011 Half year**	**2010 Half year**	**Increase/ (decrease)**
Profit for the period	191.3	107.0	78.8%
Add back:			
Income tax expense	63.5	44.8	41.7%
Net interest payable	52.6	68.3	(23.0%)
Depreciation and amortisation	120.2	114.9	4.6%
Share of results of associates	(0.7)	(0.6)	16.7%
EBITDA	**426.9**	**334.4**	**27.7%**
EBITDA margin %	***62.5%***	***58.6%***	

Depreciation and amortisation

The increase in depreciation and amortisation of US$5.3m for the half year ended 30 June 2011 is partly due to the amortisation of intangible assets recorded in respect of the acquisition of Segovia. The final fair value review and purchase price allocation in relation to the Segovia acquisition was completed in June 2010. In addition we recorded depreciation of assets relating to our Global Satellite Phone Service (“GSPS”) in the half year ended 30 June 2011, following commercial launch of IsatPhone Pro at the end of June 2010. Partially offsetting the increase is a reduction in depreciation due to the Inmarsat-3 satellites becoming fully depreciated.

Share of results of associates

During the half year ended 30 June 2011, we recorded US$0.7m in respect of earnings from associates, compared to US$0.6m during the half year ended 30 June 2010. The earnings from associates arose from equity accounted investments held by Stratos.

Operating profit

As a result of the factors discussed above, operating profit during the half year ended 30 June 2011 was US$307.4m, an increase of US$87.3m, or 40%, compared with the half year ended 30 June 2010.

Interest

Net interest payable for the half year ended 30 June 2011 was US$52.6m, a decrease of US$15.7m, or 23%, compared with the half year ended 30 June 2010.

Interest payable for the half year ended 30 June 2011 was US$56.8m, a decrease of US$15.3m, or 21%, compared with the half year ended 30 June 2010. The majority of the decrease relates to the reduction in interest payable following the repayment of Stratos' external funding in May/June 2010. The decrease was partially offset by an unrealised foreign exchange loss on the pension and post-retirement scheme liabilities of US$1.6m, due to the movement of the US dollar exchange rate during the period, and due to the write-off of unamortised issue costs of US$3.8m following the refinancing of the previous Senior Credit Facility.

Interest payable also reflects a credit in relation to the capitalisation of borrowing costs attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, of US$8.9m in the half year ended 30 June 2011, compared to US$3.0m in the half year ended 30 June 2010.

Interest receivable for the half year ended 30 June 2011 was US$4.2m compared to US$3.8m in the half year ended 30 June 2010. In the half year ended 30 June 2011, we recorded a hedge accounting gain of US$3.0m in relation to the repayment of Ship Equip long-term debt. In the half year ended 30 June 2010, we experienced an unrealised foreign exchange gain on the pension and post-retirement scheme liabilities of US$3.4m, due to the movement of the US dollar exchange rate during the period.

Profit before tax

Profit before tax for the half year ended 30 June 2011 was US$254.8m, an increase of US$103.0m, or 68%, compared with the half year ended 30 June 2010. The increase is due primarily to increased revenues as a result of our Cooperation Agreement with LightSquared and decreased net interest payable during the half year ended 30 June 2011. The increase is partially offset by increased underlying Group operating costs and increased depreciation and amortisation during the half year ended 30 June 2011.

Income tax expense

The tax charge for the half year ended 30 June 2011 was US$63.5m, an increase of US$18.7m, or 42%, compared with the half year ended 30 June 2010. The increase in the tax charge is largely driven by the underlying increase in profits for the half year ended 30 June 2011. The change in the UK main rate of corporation tax from 28% in 2010 to 26% with effect from 1 April 2011 has given rise to a one-off tax credit of US$0.9m on the revaluation of UK deferred tax liabilities at 31 March 2011. There was also a prior year adjustment which resulted in a one off tax credit of US$2.9m.

The effective tax rate for the half year ended 30 June 2011 was 24.9% compared to 29.5% for the half year ended 30 June 2010. If the effect of the prior year adjustment is removed, the effective rate for the half year ended 30 June 2011 is 26.1% compared to 27.6% for the half year ended 30 June 2010. The decrease in the adjusted effective tax rate is predominately due to the reduction of the UK main rate of corporation tax from 28% in 2010 to 26% with effect from 1 April 2011. Although the change in tax rate became effective on 1 April 2011, this has the effect of lowering the average UK statutory tax rate for 2011, and therefore the rate upon which the half year's tax charge is based, to 26.5%.

Profit for the period

As a result of the factors discussed above, profit for the half year ended 30 June 2011 was US$191.3m, an increase of US$84.3m, or 79%, compared with the half year ended 30 June 2010.

Earnings per share

For the half year ended 30 June 2011, basic and diluted earnings per share for profit attributable to the equity holders of the Company were 42 cents (US$) and 41 cents (US$), respectively, compared with 23 cents (US$) and 24 cents (US$), respectively for the half year ended 30 June 2010.

Inmarsat Global Results

Revenues

During the half year ended 30 June 2011, revenues from Inmarsat Global were US$472.6m, an increase of US$104.8m, or 29%, compared with the half year ended 30 June 2010. MSS revenues decreased by US$1.0m, or 0.3%, period on period. Our FleetBroadband, SwiftBroadband and BGAN services have shown strong growth in revenue during the half year ended 30 June 2011 compared to the same period in 2010. This growth has been more than offset by the decline in revenue from our older services such as Inmarsat B, Mini M, Fleet and GAN, as well as from Swift 64, period on period. The table below sets out the components of Inmarsat Global's revenue for each of the periods indicated:

(US$ in millions)	2011 Half year	2010 Half year	Increase/ (decrease)
Revenues			
Maritime sector:			
Voice services	46.9	48.9	(4.1%)
Data services	131.3	128.8	1.9%
Total maritime sector	**178.2**	**177.7**	**0.3%**
Land mobile sector:			
Voice services	3.3	4.0	(17.5%)
Data services	77.0	75.8	1.6%
Total land mobile sector	**80.3**	**79.8**	**0.6%**
Aeronautical sector	48.6	49.6	(2.0%)
Leasing	54.8	55.8	(1.8%)
Total MSS revenue	**361.9**	**362.9**	**(0.3%)**
Other income	110.7	4.9	
Total revenue	**472.6**	**367.8**	**28.5%**

Total active terminal numbers as at 30 June 2011 increased by 12.6%, compared with 30 June 2010. The table below sets out the active terminals by sector for each of the periods indicated:

	As at 30 June		
(000's)	2011	2010	Increase
Active terminals[(a)]			
Maritime	184.7	176.7	4.5%
Land mobile	104.4	79.8	30.8%
Aeronautical	12.8	11.7	9.4%
Total active terminals	**301.9**	**268.2**	**12.6%**

(a) Active terminals are the number of subscribers or terminals that have been used to access commercial services (except certain SPS terminals) at any time during the preceding twelve-month period and registered at 30 June. Active terminals also include the average number of certain SPS terminals active on a daily basis during the period. Active terminals exclude our terminals (Inmarsat D+ and IsatM2M) used to access our Satellite Low Data Rate ("SLDR") or telemetry services. At 30 June 2011, we had 226,661 SLDR terminals.

Maritime Sector. During the half year ended 30 June 2011, revenues from the maritime sector were US$178.2m, an increase of US$0.5m, or 0.3%, compared with the half year ended 30 June 2010.

Revenues from data services in the maritime sector during the half year ended 30 June 2011 were US$131.3m, an increase of US$2.5m, or 1.9%, compared with the half year ended 30 June 2010. The increase in revenues from data services reflects strong growth in our FleetBroadband service. We added 5,607 new FleetBroadband terminals in the half year ended 30 June 2011. We believe that the accelerated adoption of our FleetBroadband service has constrained our rate of revenue growth as the price of services using FleetBroadband is typically less than the price of equivalent services on the terminals being replaced or upgraded. However, over time, we expect to offset this effect through usage growth in response to increased service capability and faster speeds available through FleetBroadband. Although a lesser factor, competition from VSAT service offerings has also increased since the announcement of our Global Xpress service. In addition, we believe the ongoing challenging economic and competitive environment for the shipping industry continues to impact our rate of revenue growth.

Revenue from our Inmarsat B service continues to decline due to the natural run-off of this mature service. Active Inmarsat B terminal numbers are reducing due to older ships being decommissioned or re-fitted with FleetBroadband terminals. In addition, there was a decrease in revenues from our Fleet, Mini M and Inmarsat C services, as these customers also transition to FleetBroadband.

Revenues from voice services in the maritime sector during the half year ended 30 June 2011 were US$46.9m, a decrease of US$2.0m or 4.1% compared with the half year ended 30 June 2010. Voice revenues have been negatively impacted by product mix changes as users transition from our older services to our newer FleetBroadband service where the price of voice services is lower and by the substitution effect of voice usage moving to email and Voice Over IP which we record as data revenues. In addition, to encourage higher usage, we introduced new lower voice pricing for FleetBroadband customers with effect from 1 April 2011. We believe the current economic environment for the shipping industry and increased competition are also factors impacting our voice revenues in the maritime sector.

Land Mobile Sector. During the half year ended 30 June 2011, revenues from the land mobile sector were US$80.3m, an increase of US$0.5m, or 0.6%, compared with the half year ended 30 June 2010.

Revenues from data services in the land mobile sector during the half year ended 30 June 2011 were US$77.0m, an increase of US$1.2m, or 1.6%, compared with the half year ended 30 June 2010. An increase in BGAN revenues has resulted from the events in North Africa and Japan, which has been partially offset by a decline in BGAN and GAN revenue due to reduced traffic levels from government users in Afghanistan. Also, last year we benefited from disaster relief efforts for the Haiti and Chile earthquakes.

Revenues from voice services in the land mobile sector during the half year ended 30 June 2011 were US$3.3m, a decrease of US$0.7m, or 17.5%, compared with the half year ended 30 June 2010. We continue to experience declining traffic volumes resulting from competition, principally for our Mini M service, from other MSS operators. Although we launched our handheld satellite phone, IsatPhone Pro, in 2010 to readdress the voice opportunity, the early contribution is not yet sufficient to fully offset the decline of other voice revenue from older services. We remain encouraged by the strength of sales of our IsatPhone Pro terminals and are seeing steady growth in traffic and revenues.

Aeronautical Sector**.** During the half year ended 30 June 2011, revenues from the aeronautical sector were US$48.6m, a decrease of US$1.0m, or 2.0%, compared with the half year ended 30 June 2010. Swift 64 revenues recorded in our aeronautical sector, declined period on period due to certain customers rationalising their spending by switching to existing underutilised leases that they currently have with us. However, this decline has been partially offset by strong growth in revenues from our SwiftBroadband service which grew US$3.6m, or 171%, compared to the half year ended 30 June 2010. Our low-speed data services also benefited from increased industry demand.

Leasing. During the half year ended 30 June 2011, revenues from leasing were US$54.8m, a decrease of US$1.0m, or 1.8%, compared with the half year ended 30 June 2010. The decrease is a result of the non-renewal of an aeronautical contract and the reduction of a maritime contract, towards the end of 2010, partially offset by increased revenues for an additional contract for land-based services, and a new contract with the Federal Aviation Authority.

Other income**.** Other income for the half year ended 30 June 2011 was US$110.7m, an increase of US$105.8m or 2159%, compared with the half year ended 30 June 2010. The increase is due to US$96.4m of revenue recorded in respect of the LightSquared Cooperation

Agreement and US$8.5m of revenue relating to the sale of IsatPhone Pro terminals and accessories.

Net operating costs

Net operating costs in the half year ended 30 June 2011 increased by 22% compared with the half year ended 30 June 2010. The table below sets out the components of Inmarsat Global's net operating costs for each of the periods indicated:

(US$ in millions)	2011 Half year	2010 Half year	Increase
Employee benefit costs	48.0	45.9	4.6%
Network and satellite operations costs	22.3	21.1	5.7%
Other operating costs	46.6	29.7	56.9%
Own work capitalised	(7.0)	(6.9)	1.4%
Net operating costs	**109.9**	**89.8**	**22.4%**

Impact of hedged foreign exchange rate. The functional currency of the Group's principal subsidiaries is US dollars. Approximately 60% of Inmarsat Global's costs are denominated in Pounds Sterling. Inmarsat Global's hedged rate of exchange for 2011 is US$1.51/£1.00 compared to US$1.49/£1.00 in 2010, which does not give rise to a material variance in comparative costs.

Employee benefit costs. Employee benefit costs increased by US$2.1m in the half year ended 30 June 2011 compared to the half year ended 30 June 2010. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (546 at 30 June 2011 compared to 499 at 30 June 2010). Headcount has increased primarily to support our Global Xpress programme and increased activity in relation to our Cooperation Agreement with LightSquared.

Network and satellite operations costs. Network and satellite operations costs increased marginally by US$1.2m in the half year ended 30 June 2011 compared to the half year ended 30 June 2010. The increase is due to a combination of increased costs in relation to service contracts, gateway costs and software and hardware maintenance. The increase was partially offset by a decrease in in-orbit insurance following favourable contract renegotiations towards the later part of 2010.

Other operating costs. Other operating costs for the half year ended 30 June 2011 increased by US$16.9m compared to the half year ended 30 June 2010. The increase relates to professional fees incurred in relation to our acquisition of Ship Equip, our Cooperation Agreement with LightSquared, our Global Xpress programme and to higher direct cost of sales resulting from IsatPhone Pro terminal sales. In addition, in the half year ended 30 June 2011 we recorded a foreign exchange translation loss of US$1.4m compared to a foreign exchange translation gain of US$1.1m in the half year ended 30 June 2010.

Own work capitalised. Own work capitalised for the half year ended 30 June 2011 of US$7.0m, was broadly in line with the half year ended 30 June 2010.

Operating profit

(US$ in millions)	2011 Half year	2010 Half year	Increase
Total revenue	472.6	367.8	28.5%
Net operating costs	(109.9)	(89.8)	22.4%
EBITDA	**362.7**	**278.0**	**30.5%**
EBITDA margin %	*76.7%*	*75.6%*	
Depreciation and amortisation	(83.1)	(83.1)	–
Operating profit	**279.6**	**194.9**	**43.5%**

The increase in operating profit for the half year ended 30 June 2011 of US$84.7m, compared to the half year ended 30 June 2010, is a result of higher revenues, partially offset by higher net operating costs.

Inmarsat Solutions Results

On 12 January 2010, we acquired the business assets of Segovia. On 28 April 2011, we completed the acquisition of Ship Equip. As a result of a Group Reorganisation completed in June 2010 and the acquisitions of Segovia and Ship Equip, we now include the Stratos, Segovia and Ship Equip businesses in a single reporting segment, Inmarsat Solutions.

Revenues

During the half year ended 30 June 2011, revenues from Inmarsat Solutions increased by 2.5%, compared with the half year ended 30 June 2010. The table below sets out the components of Inmarsat Solutions' revenues for each of the periods indicated:

(US$ in millions)	2011 Half year	2010 Half year	Increase/ (decrease)
Inmarsat MSS	214.9	215.1	(0.1%)
Broadband and Other MSS[(a)]	149.8	140.7	6.5%
Total revenue	**364.7**	**355.8**	**2.5%**

(a) Includes Segovia from 12 January 2010 and Ship Equip from 28 April 2011.

Inmarsat MSS. Revenues derived from Inmarsat MSS for the half year ended 30 June 2011 decreased by US$0.2m, or 0.1%, compared with the half year ended 30 June 2010. The decrease is primarily due to decreases in leasing revenue, partially offset by increases in the aeronautical, maritime and land sectors. Growth has been driven by increased revenues from Inmarsat's broadband services and increased Swift 64 revenue, which was more than offset by decreases in revenues from Inmarsat's older services. Competitive pricing, as a result of the market entry of new Inmarsat distributors, continued to negatively impact revenues from Inmarsat broadband services.

For the half year ended 30 June 2011, Inmarsat Solutions' share of Inmarsat Global's MSS revenues was 40%, in line with the half year ended 30 June 2010.

Broadband and Other MSS. During the half year ended 30 June 2011, Stratos reorganised its operations to include its former Broadband business into the same structure as its MSS operations. As a result, the former Broadband revenue has been combined in the category 'Broadband and Other MSS' revenues. This primarily consists of sales of VSAT and microwave services, mobile terminal and equipment sales, rental and repairs, mobile telecommunications services sourced on a wholesale basis from other MSS providers, network services provided to certain distributors and other ancillary services. Also included within 'Broadband and Other MSS' are revenues from Segovia, which provides secure IP managed solutions and services to United States government agencies and other commercial customers and Ship Equip which provides VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets.

Revenues from 'Broadband and Other MSS' during the half year ended 30 June 2011 increased by US$9.1m, or 6.5%, compared with the half year ended 30 June 2010. The increase is due to the inclusion of Ship Equip from 28 April 2011, increased revenues primarily from network services and mobile satellite services in our Segovia business, as well as the additional days for Segovia in the six months ended 30 June 2011 compared to the same period in 2010 when the acquisition of Segovia was completed. These increases were offset in part by a reduction in network services provided to other Inmarsat distributors and decreased sales of mobile terminals and equipment in Stratos.

Net operating costs

Net operating costs in the half year ended 30 June 2011 were broadly in line with the half year ended 30 June 2010. The table below sets out the components of Inmarsat Solutions' net operating costs and shows the allocation of costs to the Group's cost categories for each of the periods indicated:

(US$ in millions)	**2011 Half year**	**2010 Half year**	**Increase/ (decrease)**
Cost of goods and services	259.9	260.5	(0.2%)
Operating costs	40.5	39.8	1.8%
Total operating costs	**300.4**	**300.3**	**–**
Allocated as follows:			
Employee benefit costs	48.9	46.1	6.1%
Network and satellite operations costs[a]	240.1	241.3	(0.5%)
Other operating costs	13.7	14.3	(4.2%)
Own work capitalised	(2.3)	(1.4)	64.3%
Net operating costs	**300.4**	**300.3**	**–**

(a) Includes the cost of airtime from satellite operators, including intercompany purchases from Inmarsat Global.

Cost of goods and services. Cost of goods and services includes variable expenses such as the cost of airtime and satellite capacity purchased from satellite operators (predominantly from Inmarsat Global), cost of equipment, materials and services, and variable labour costs related to Stratos' repair and service workforce. Cost of goods and services also includes costs such as network infrastructure operating costs, customer support centre costs, telecommunications services purchased from terrestrial providers, rents and salaries that do not vary significantly with changes in volumes of goods and services sold.

Cost of goods and services during the half year ended 30 June 2011 decreased by US$0.6m, compared with the half year ended 30 June 2010. The decrease is predominantly due to a reduction of costs related to the sales of mobile terminals and equipment and network services provided to other Inmarsat distributors by Stratos. These revenues have very low gross margins and the reduction in these revenues results in significant reductions in the related cost of sales. This decrease is partially offset by higher network infrastructure operating costs in Stratos resulting primarily from higher salary costs and adverse changes in exchange rates, additional costs in Segovia due to the increase in number of days in 2011 compared to 2010 and the inclusion of Ship Equip.

Operating costs. Operating costs during the half year ended 30 June 2011 increased by US$0.7m, compared with the half year ended 30 June 2010. The increase is primarily due to the inclusion of Ship Equip and an increase in Segovia operating costs as a result of the growth in business and an increase in the number of days reported compared to 2010, partially offset by a decrease in salaries and benefits costs in Stratos due to reduced incentive plan costs and a decrease in professional fees.

Operating profit

(US$ in millions)	2011 Half year	2010 Half year	Increase/ (decrease)
Total revenue	364.7	355.8	2.5%
Cost of goods and services	(259.9)	(260.5)	(0.2%)
Gross margin	**104.8**	**95.3**	**10.0%**
Gross margin %	*28.7%*	*26.8%*	
Operating costs	(40.5)	(39.8)	1.8%
EBITDA	**64.3**	**55.5**	**15.9%**
EBITDA margin %	*17.6%*	*15.6%*	
Depreciation and amortisation	(37.1)	(31.8)	16.7%
Share of results of associate	0.7	0.6	16.7%
Operating profit	**27.9**	**24.3**	**14.8%**

Inmarsat Solutions' operating profit for the half year ended 30 June 2011 increased by US$3.6m, compared with the half year ended 30 June 2010, primarily as a result of increased gross margin, partially offset by increased depreciation. Depreciation has increased primarily as a result of the addition of Ship Equip and increased capital expenditures in Stratos.

Gross margin consists of revenues less cost of goods and services. Gross margin and gross margin percentage for the half year ended 30 June 2011 increased as a result of changes in product mix and the addition of Ship Equip, which has a higher gross margin. Changes in product mix include the decreased sales of equipment and network services provided to other Inmarsat distributors in Stratos, which have a lower gross margin and an increase in Segovia revenues which have a higher gross margin. This is partially offset by the migration of Stratos customers from older Inmarsat services to services such as BGAN and FleetBroadband, where the margin at the Stratos level tends to be lower.

Group liquidity and capital resources

At 30 June 2011, the Group had cash and cash equivalents of US$218.8m and available but undrawn borrowing facilities of US$1,362.0m under our Senior Credit Facility and Ex-Im Bank Facility. We believe our liquidity position is more than sufficient to meet the Group's needs for the next twelve months. In addition, among satellite companies, the Group has historically maintained one of the lowest levels of debt leverage, as measured by the ratio of Net Borrowings to EBITDA. As a result of this prudent approach we remain well-positioned to access the capital markets when needed to meet our financing needs.

The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of borrowing facilities and debt securities.

On 11 May 2011, we signed the Ex-Im Bank Facility, a 12.5-year US$700.0m direct financing agreement with the Export-Import Bank of the United States, to fund the build of the Inmarsat-5 satellites and certain other related capital expenditure. The facility has a total availability period of 4 years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility will incur interest at a fixed rate of 3.11% for the life of the loan. As at 30 June 2011, we had total drawings of US$88.0m under the Ex-Im Bank Facility.

On 30 June 2011, we refinanced our previous US$500.0m Senior Credit Facility, which was due to mature in May 2012, with a new 5-year US$750.0m Senior Credit Facility. Under the terms of the new facility the full US$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the 5-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. The new facility has been provided by a group of 12 commercial banks.

Simultaneously with the signing of the new Senior Credit Facility, we prepaid and cancelled the previous US$500m Senior Credit Facility. The amount outstanding on previous facility at that date was US$200.0m and this was funded from available cash. As a result, as at 30 June 2011 there were no drawings on the new Senior Credit Facility.

Both the Ex-Im Bank Facility and the new Senior Credit Facility rank as a senior secured creditors of Inmarsat Investments Limited, pari passu with our EIB Facility and ahead of our 7.375% Senior Notes due 2017. Inmarsat Investments Limited is a direct subsidiary of Inmarsat Group Limited and an indirect subsidiary of Inmarsat plc.

The Group's net borrowings (gross of deferred finance costs) are presented in the table below:

(US$ in millions)	As at 30 June 2011	As at 31 December 2010
Senior Credit Facility	–	200.0
EIB Facility	308.4	308.4
Ex-Im Bank Facility	88.0	–
Senior Notes due 2017	650.0	650.0
– issuance discount	(3.9)	(4.2)
Convertible Bond	296.1	285.2
– accretion of principal	2.8	2.5
Deferred satellite payments	37.6	40.8
Bank overdrafts	2.3	0.3
Total borrowings	**1,381.3**	**1,483.0**
Cash and cash equivalents	(218.8)	(343.8)
Net Borrowings (gross of deferred finance costs)	**1,162.5**	**1,139.2**

The table below shows the condensed consolidated interim cash flow for the Group for the half year ended 30 June 2011:

(US$ in millions)	2011 Half year	2010 Half year
Net cash from operating activities	475.3	314.2
Net cash used in investing activities excluding capital expenditure	(131.5)	(113.6)
Capital expenditure, including own work capitalised	(160.9)	(67.6)
Dividends paid	(103.4)	(94.4)
Net cash used in financing activities, excluding dividends paid	(206.3)	(124.7)
Foreign exchange adjustment	(0.2)	0.5
Net decrease in cash and cash equivalents	**(127.0)**	**(85.6)**

The increase in net cash generated from operating activities in the half year ended 30 June 2011, compared to the half year ended 30 June 2010, of US$161.1m, primarily relates to US$197.8m received from LightSquared in the half year ended 30 June 2011 in respect of our Cooperation Agreement and higher EBITDA, offset by movements in working capital and higher cash tax paid in the half year ended 30 June 2011.

Net cash used in investing activities excluding capital expenditure in the half year ended 30 June 2011 increased by US$17.9m compared to the half year ended 30 June 2010. During the half year ended 30 June 2011, we purchased Ship Equip for a cash consideration of US$113.2m (excluding the repayment of debt which is treated as a financing activity and net of cash acquired and foreign exchange risk hedging gains) and paid US$18.4m of deferred consideration (in respect of the 2010 full year) relating of our purchase of Segovia and our investment in SkyWave. In the half year ended 30 June 2010, we purchased Segovia for an initial cash consideration of US$110.0m.

Capital expenditure, including own work capitalised, increased by US$93.3m in the half year ended 30 June 2011, compared to the half year ended 30 June 2010, primarily due to expenditure on our Global Xpress programme. Capital expenditure may fluctuate with the timing of milestone payments on current projects. Inmarsat Solutions' cash outflow in respect of capital expenditure for property, plant and equipment and additions to capitalised development costs, including software, was US$19.7m for the half year ended 30 June 2011 (half year ended 30 June 2010: US$11.3m).

Net cash used in financing activities, excluding the payment of dividends, increased by US$81.6m in the half year ended 30 June 2011, compared to the half year ended 30 June 2010. During the half year ended 30 June 2011, the Group repaid US$200.0m outstanding under our old Senior Credit Facility, repaid US$44.7m of outstanding debt in Ship Equip (net of US$3.0m of hedge gains), paid cash interest of US$40.8m and paid arrangement costs in respect of new financing of US$8.7m. We received US$88.0m from the drawdown of our Ex-Im Bank Facility during the half year ended 30 June 2011.

During the half year ended 30 June 2010, the Group repaid the outstanding balance of the Stratos Senior Credit Facility of US$209.2m and redeemed the entire principal amount of the Stratos Senior Unsecured Notes of US$150.0m, plus the redemption premium of US$7.4m. At the date of the redemption of the Stratos Senior Unsecured Notes in June 2010, the Group held 58.4% of the principal amount of the notes issued. Therefore, upon redemption of these notes, the Group received US$91.9m (US$87.6m principal amount plus US$4.3m redemption premium). During the half year ended 30 June 2010, and prior to the redemption date, the Group purchased US$24.4m principal amount of the Stratos Senior Unsecured Notes. In addition, we paid US$53.0m of cash interest and US$2.6m relating to arrangement costs of borrowing facilities. We received US$180.0m from the drawdown of the EIB Facility and US$50.0m from the drawdown of our Senior Credit Facility.

Group free cash flow

(US$ in millions)	2011 Half year	2010 Half year
Cash generated from operations	514.4	325.5
Capital expenditure, including own work capitalised	(160.9)	(67.6)
Net cash interest paid	(39.2)	(52.8)
Cash tax paid	(40.7)	(11.5)
Free cash flow	**273.6**	**193.6**

Free cash flow increased by US$80.0m, or 41%, during the half year ended 30 June 2011, compared to the half year ended 30 June 2010. The increase is due to an increase in EBITDA as a result of higher revenues and a favourable movement in working capital due mainly to the amounts received from LightSquared in respect of our Cooperation Agreement with them. In addition, we experienced reduced cash interest paid, offset by increased cash tax paid and additional capital expenditure.

Group balance sheet

The table below shows the condensed consolidated Group balance sheet as at 30 June 2011:

(US$ in millions)	As at 30 June 2011	As at 31 December 2010
Non-current assets	2,739.0	2,525.8
Current assets	561.1	632.2
Total assets	**3,300.1**	**3,158.0**
Current liabilities	(603.2)	(467.3)
Non-current liabilities	(1,507.9)	(1,602.0)
Total liabilities	**(2,111.1)**	**(2,069.3)**
Net assets	**1,189.0**	**1,088.7**

The increase in the Group's non-current assets of US$213.2m is due primarily to the recognition of US$49.1m of non-current assets and US$110.8m of goodwill following the acquisition of Ship Equip on 28 April 2011 (see note 9 for details) and additions during the half year ended 30 June 2011.

The decrease in current assets of US$71.1m is due predominantly to the decrease in cash and cash equivalents from US$343.8m at 31 December 2010 to US$218.8m at 30 June 2011. The decrease in cash and cash equivalents is due primarily to the repayment of the old Senior Credit Facility, additional capital expenditure and cash tax paid, offset in part by cash received in relation to our Cooperation Agreement with LightSquared and from our Ex-Im Bank Facility. Trade and other receivables increased by US$36.4m to US$297.2m at 30 June 2011, inventory increased by US$6.7m to US$26.9m at 30 June 2011 and derivative financial instruments increased by US$10.8m to US$18.2m at 30 June 2011. We recognised US$19.0m of current assets following the acquisition of Ship Equip on 28 April 2011 (see note 9 for details).

The increase in current liabilities of US$135.9m relates primarily to deferred revenue recognised in relation to our Cooperation Agreement with LightSquared. In addition, current income tax liabilities increased by US$23.7m to US$70.5m at 30 June 2011. Partially offsetting the increase in current liabilities was the decrease in short-term borrowings of US$22.7m to US$35.9m at 30 June 2011. This decrease in short-term borrowings was due to the repayment of the current portion of old Senior Credit Facility of US$50.0m, offset by US$25.7m of the EIB Facility being transferred from non-current to current in the year. We recognised US$16.6m of current liabilities following the acquisition of Ship Equip on 28 April 2011 (see note 9 for details).

The decrease in non-current liabilities of US$94.1m relates primarily to the repayment of the non-current portion of the old Senior Credit Facility of US$150.0m and the transfer of US$25.7m of the EIB Facility to current borrowings, offset in part by the receipt of US$88.0m from the drawdown of the Ex-Im Bank Facility. In addition, other payables decreased by US$16.1m to US$42.2m at 30 June 2011 due primarily to the reclassification of a portion of the Segovia deferred consideration to current liabilities. We recognised US$1.4m of non-current liabilities following the acquisition of Ship Equip on 28 April 2011 (see note 9 for details). The long-term debt of US$47.7m acquired as part of the Ship Equip acquisition was immediately repaid (see note 9 for details).

Principal risks and uncertainties

The Group faces a number of risks and uncertainties that may adversely affect our business, operations, liquidity, financial position or future performance, not all of which are wholly within our control. Although many of the risks and uncertainties influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services.

Our principal risks and uncertainties are discussed below, however this summary is not intended to be an exhaustive analysis of all risks and uncertainties affecting the business. Some risks and uncertainties may be unknown to us and other risks and uncertainties, currently regarded as immaterial, could turn out to be material. All of them have the potential to impact our business, operations, liquidity, financial position or future performance adversely. They should also be carefully considered in conjunction with the forward-looking statements in this document and the cautionary statement regarding forward-looking statements.

Satellites

Our satellites are subject to significant operational risk while in orbit which, if they were to occur, could adversely affect our revenues, profitability and liquidity. Although we have in-orbit insurance on our Inmarsat-4 satellite fleet, this may be insufficient to cover all losses if we had a satellite failure. Even if our insurance were sufficient, delays in building and launching a replacement satellite could adversely affect our revenues, profitability and liquidity.

Distribution

Although we now own one of our largest distribution partners (Stratos), we continue to rely on other third party distribution partners and service providers to sell our services to end-users and they determine the prices end-users pay. There is a risk that our distribution partners or service providers could fail to distribute our services effectively, or fail to offer services at prices which are competitive. In addition, the loss of any key distribution partners could materially affect our routes to market, reduce customer choice or represent a significant bad debt risk. Since the acquisition of Stratos and the signing of new distribution agreements in 2009 and the addition of new distribution partners, this risk has been mitigated to some extent.

Spectrum

We rely on radio spectrum to provide our services. This has historically been allocated by the International Telecommunications Union without charge, and usage has to be co-ordinated with other satellite operators in our spectrum band. In the future, we may not be successful in co-ordinating our satellite operations under applicable international regulations and procedures or in obtaining sufficient spectrum or orbital resources necessary for our operations.

Development of hybrid networks, including ATC

The implementation of ATC services by MSS operators in North America or other countries may result in increased competition for the right to use L-band spectrum, and such competition may make it difficult for us to obtain or retain the spectrum resources we require for our existing and future services. We cannot be certain that the development of hybrid networks, including ATC, in the North America or other countries will not result in harmful interference to our operations. If we are unable to prevent such interference it could have an effect on our operations, revenues, profitability and liquidity.

LightSquared Cooperation Agreement

Our Cooperation Agreement with LightSquared presents us with operational and financial risks. The Cooperation Agreement will ultimately result in a reduction in available L-band spectrum for Inmarsat services over North America and the need for our L-band services to co-exist in North America with ATC services in adjacent frequencies. Whilst we are confident that we can continue to operate our services over North America with minimal impact to our users following the launch of ATC services, there is a risk that our L-band services may be congested, interrupted and/or interfered with, which could have an adverse affect on our future L-band service performance in North America. In order to mitigate this risk, we have already taken measures as part of the migration programme envisaged under the Cooperation Agreement to offer enhanced services for customers (such as the Inmarsat B to FleetBroadband migration incentive and safety services over SwiftBroadband programme), and we will continue to encourage users to progressively upgrade to much more spectrum-efficient BGAN, SwiftBroadband and FleetBroadband services. The migration of customers off our Existing and Evolved services to our broadband services gives rise to the risk of customers choosing to move to other competitive services, which could have an adverse effect on our revenues and profitability.

In addition, we are subject to the risk that LightSquared may default on their payments under the Cooperation Agreement or that they may elect to terminate the implementation of Phase 2 and return to Phase 1 (which they may do from 28 January 2016), which may have a material adverse effect on our future profitability.

Regulation

Our business is subject to regulation and we face increasing regulation with respect to the transmission of our satellite signals. The provision of our mobile satellite communication services in some countries could cause us to incur additional costs, could expose us to fines and could limit our ability to provide services in some countries.

Competition

Although Inmarsat is a market leader in MSS, the global communications industry is highly competitive. We face competition today from a number of communications technologies in the various target sectors for our services. It is likely that we will continue to face increasing competition from other network operators in some or all of our target sectors in the future, particularly from existing mobile satellite network operators. In addition, communications providers who operate private networks using VSAT or hybrid systems also continue to target users of mobile satellite services. Technological innovation in VSAT, together with increased C-band, Ku-band and Ka-band coverage and commoditisation, have increased, and we believe will continue to increase, the competitiveness of VSAT and hybrid systems in some traditional MSS sectors, including maritime and aeronautical sectors. Furthermore, the gradual extension of terrestrial wireline and wireless communications networks to areas not currently served by them may reduce demand for some of our land mobile services in those areas. This risk has been mitigated to some extent by our acquisition of Ship Equip and our plans to introduce our Global Xpress service.

Next generation services and satellites
Our major new investment project, Global Xpress, which will be deployed over a global network of Ka-band satellites, is currently being developed. The development, which includes the satellites, ground network, terminals and related services, may be subject to delays and/or material cost over-runs. There can be no assurance that the development of new satellites, ground networks, or terminals and/or the introduction of new services will proceed according to anticipated schedules or cost estimates, or that the level of demand for the new services will justify the cost of setting up and providing such new services. Failure or a delay in the completion of such networks and/or services and/or the launch or deployment or operation of such satellites and/or new services, or increases in the associated costs, could have a material adverse effect on our revenue, profitability and liquidity.

Financial risks
The Group's operations and significant debt financing expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, debt market prices, credit risks, liquidity risks and interest rates. The Group has in place a financial risk management programme that seeks to limit the adverse effects on the financial performance by using forward exchange contracts to limit exposure to foreign currency risk and interest rate swaps to reduce the impact of fluctuating interest rates on its floating rate long-term debt.

Economic conditions
The global economic environment continues to remain unstable and any further weakening may lead to a fall in demand for our services, particularly in the maritime and aeronautical sectors. Many of the customers we serve are government and industrial corporations who, because of their own business needs, rely on our communications solutions and services even as economic conditions fluctuate. However, they too are being placed under pressure to curtail spending in certain areas, which may result in a reduction in funds available for spending on our services. In addition, the ongoing withdrawal of troops from Afghanistan may lead to a fall in demand for our services and therefore have an adverse impact on our revenues and profitability. Our business does, however, benefit from diversity of sectors, services offered and customer types on land, sea and air.

Related Party Transactions
There have been no material changes in the related party transactions described on page 102 of the 2010 Inmarsat plc Annual Report and Accounts.

Recent Events
Subsequent to 30 June 2011, other than the events discussed above, there have been no other material events which would affect the information reflected in the condensed consolidated financial results of the Group.

Inmarsat plc
99 City Road
London EC1Y 1AX

By order of the Board,

Andrew Sukawaty	Rick Medlock
Chairman and Chief Executive Officer	Chief Financial Officer
4 August 2011	4 August 2011

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the half year ended 30 June 2011
(unaudited)

(US$ in millions)	2011 Half year	2010 Half year
Revenues	**682.9**	**570.7**
Employee benefit costs	(96.9)	(92.0)
Network and satellite operations costs	(109.0)	(109.4)
Other operating costs	(59.4)	(43.1)
Own work capitalised	9.3	8.2
Total net operating costs	**(256.0)**	**(236.3)**
EBITDA	**426.9**	**334.4**
Depreciation and amortisation	(120.2)	(114.9)
Share of results of associates	0.7	0.6
Operating profit	**307.4**	**220.1**
Interest receivable and similar income	4.2	3.8
Interest payable and similar charges	(56.8)	(72.1)
Net interest payable	(52.6)	(68.3)
Profit before income tax	**254.8**	**151.8**
Income tax expense	(63.5)	(44.8)
Profit for the period	**191.3**	**107.0**
Attributable to:		
Equity holders	**191.2**	**106.9**
Non-controlling interest	**0.1**	**0.1**
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US$ per share)		
— Basic	0.42	0.23
— Diluted	0.41	0.24

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2011
(unaudited)

(US$ in millions)	2011 Half year	2010 Half year
Profit for the period	**191.3**	**107.0**
Other comprehensive income		
Actuarial losses from pension and post retirement healthcare benefits	(0.8)	–
Net gains/(losses) on cash flow hedges	11.1	(31.8)
Tax (charged)/credited directly to equity	(1.4)	9.4
Other comprehensive income/(loss) for the period, net of tax	**8.9**	**(22.4)**
Total comprehensive income for the period, net of tax	**200.2**	**84.6**
Attributable to:		
Equity holders	**200.1**	**84.5**
Non-controlling interest	**0.1**	**0.1**

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
At 30 June 2011

(US$ in millions)	As at 30 June 2011 (unaudited)	As at 31 December 2010 (audited)	As at 30 June 2010 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	1,477.1	1,355.7	1,331.0
Intangible assets	1,220.9	1,127.2	1,146.7
Investments	31.2	30.8	31.0
Other receivables	5.7	5.2	3.8
Derivative financial instruments	4.1	6.9	1.5
	2,739.0	**2,525.8**	**2,514.0**
Current assets			
Cash and cash equivalents	218.8	343.8	141.8
Trade and other receivables	297.2	260.8	267.5
Inventories	26.9	20.2	12.5
Derivative financial instruments	18.2	7.4	1.3
	561.1	**632.2**	**423.1**
Total assets	**3,300.1**	**3,158.0**	**2,937.1**
Liabilities			
Current liabilities			
Borrowings	35.9	58.6	174.9
Trade and other payables	485.7	348.6	231.3
Provisions	0.3	0.4	0.5
Current income tax liabilities	70.5	46.8	57.3
Derivative financial instruments	10.8	12.9	19.0
	603.2	**467.3**	**483.0**
Non-current liabilities			
Borrowings	1,322.3	1,402.3	1,287.2
Other payables	42.2	58.3	54.9
Provisions	45.0	42.5	52.2
Deferred income tax liabilities	86.5	85.3	72.0
Derivative financial instruments	11.9	13.6	20.2
	1,507.9	**1,602.0**	**1,486.5**
Total liabilities	**2,111.1**	**2,069.3**	**1,969.5**
Net assets	**1,189.0**	**1,088.7**	**967.6**
Shareholders' equity			
Ordinary shares	0.3	0.3	0.3
Share premium	683.9	683.9	683.9
Equity reserve	56.9	56.9	56.9
Other reserves	33.1	19.1	(4.2)
Retained earnings	414.0	327.8	230.1
Equity attributable to shareholders of the parent	**1,188.2**	**1,088.0**	**967.0**
Non-controlling interest	0.8	0.7	0.6
Total equity	**1,189.0**	**1,088.7**	**967.6**

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2011

(US$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Share Option reserve	Cash flow hedge reserve	Revaluation reserve	Other reserves	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2010 (audited)	**0.3**	**679.7**	**56.9**	**27.5**	**(2.6)**	**0.6**	**(10.1)**	**217.2**	**0.5**	**970.0**
Net fair value losses - cash flow hedges	–	–	–	–	(31.8)	–	–	–	–	(31.8)
Issue of share capital	–	4.2	–	–	–	–	–	–	–	4.2
Share options charge	–	–	–	4.9	–	–	(1.4)	–	–	3.5
Profit for the period	–	–	–	–	–	–	–	106.9	0.1	107.0
Dividends payable	–	–	–	–	–	–	–	(94.7)	–	(94.7)
Tax credited directly to equity	–	–	–	–	8.7	–	–	0.7	–	9.4
Balance at 30 June 2010 (unaudited)	**0.3**	**683.9**	**56.9**	**32.4**	**(25.7)**	**0.6**	**(11.5)**	**230.1**	**0.6**	**967.6**
Net fair value gains - cash flow hedges	–	–	–	–	22.8	–	–	–	–	22.8
Share options charge	–	–	–	5.1	–	–	–	–	–	5.1
Profit for the period	–	–	–	–	–	–	–	154.0	0.1	154.1
Dividends payable	–	–	–	–	–	–	–	(64.3)	–	(64.3)
Actuarial gains from pension and post-retirement healthcare benefits	–	–	–	–	–	–	–	9.9	–	9.9
Tax charged directly to equity	–	–	–	–	(4.6)	–	–	(1.9)	–	(6.5)
Balance at 31 December 2010 (audited)	**0.3**	**683.9**	**56.9**	**37.5**	**(7.5)**	**0.6**	**(11.5)**	**327.8**	**0.7**	**1,088.7**
Net fair value gains - cash flow hedges	–	–	–	–	11.1	–	–	–	–	11.1
Share options charge	–	–	–	4.6	–	–	–	–	–	4.6
Profit for the period	–	–	–	–	–	–	–	191.2	0.1	191.3
Dividends payable	–	–	–	–	–	–	–	(104.5)	–	(104.5)
Actuarial losses from pension and post-retirement healthcare benefits	–	–	–	–	–	–	–	(0.8)	–	(0.8)
Tax (charged)/credited directly to equity	–	–	–	–	(1.7)	–	–	0.3	–	(1.4)
Balance at 30 June 2011 (unaudited)	**0.3**	**683.9**	**56.9**	**42.1**	**1.9**	**0.6**	**(11.5)**	**414.0**	**0.8**	**1,189.0**

(a) The other reserve relates to ordinary shares held by the employee share trust.

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the half year ended 30 June 2011
(unaudited)

(US$ in millions)	2011 Half year	2010 Half year
Cash flow from operating activities		
Cash generated from operations	514.4	325.5
Interest received	1.6	0.2
Income taxes paid	(40.7)	(11.5)
Net cash from operating activities	**475.3**	**314.2**
Cash flow from investing activities		
Purchase of property, plant and equipment	(141.2)	(46.3)
Additions to capitalised development costs, including software	(9.1)	(13.1)
Own work capitalised	(10.6)	(8.2)
Purchase of Segovia	–	(110.0)
Purchase of Ship Equip	(113.2)	–
Other investments, including acquisition of other subsidiaries	(18.3)	(3.6)
Net cash used in investing activities	**(292.4)**	**(181.2)**
Cash flow from financing activities		
Dividends paid to shareholders	(103.4)	(94.4)
(Repayment)/drawdown of Senior Credit Facility	(200.0)	50.0
Drawdown of EIB Facility	–	180.0
Drawdown of Ex-Im Bank Facility	88.0	–
Repayment of the Stratos Senior Credit Facility	–	(209.2)
Redemption of the Stratos Senior Unsecured Notes	–	(65.5)
Purchase of own debt securities, including discount	–	(24.4)
Interest paid on borrowings	(40.8)	(53.0)
Arrangement costs of new borrowing facilities	(8.8)	(2.6)
Repayment of Ship Equip long-term debt	(44.7)	–
Net cash used in financing activities	**(309.7)**	**(219.1)**
Foreign exchange adjustment	(0.2)	0.5
Net decrease in cash and cash equivalents	**(127.0)**	**(85.6)**
Movement in cash and cash equivalents		
At beginning of period	343.5	226.3
Net decrease in cash and cash equivalents	(127.0)	(85.6)
As reported on balance sheet (net of bank overdrafts)	**216.5**	**140.7**
At end of period, comprising		
Cash at bank and in hand	75.8	80.8
Short-term deposits with original maturity of less than 3 months	143.0	61.0
Bank overdrafts	(2.3)	(1.1)
	216.5	**140.7**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL RESULTS

1. General Information

The principal activity of Inmarsat plc and its subsidiaries (together "the Group") is the provision of mobile satellite communications services ("MSS").

These consolidated interim financial results were approved for issue by the Board of Directors on 4 August 2011.

The financial information for the year ended 31 December 2010 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. A copy of the statutory accounts for the year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Principal accounting policies

Basis of preparation
The unaudited consolidated interim financial results for the half year ended 30 June 2011 have been prepared using International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with International Accounting Standards ("IAS") 34, 'Interim Financial Reporting'. This announcement does not contain sufficient information to comply with all of the disclosure requirements of IFRS.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's most recent annual consolidated financial statements, which are for the year ended 31 December 2010, and which are available on our website at www.inmarsat.com. Except as described below, the unaudited condensed consolidated interim financial statements are based upon accounting policies and methods consistent with those in the Group's 2010 annual consolidated financial statements prepared under IFRS, set out on pages 60 to 103. Operating results for the half year ended 30 June 2011 are not necessarily indicative of the results that may be expected for the year ending 31 December 2011. The consolidated balance sheet as at 31 December 2010 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by IFRS for complete financial statements.

- Taxes are accrued based on management's estimated annual effective income tax rate applied to the Group's interim pre-tax income.
- In addition, the following standards and interpretations, issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC"), are effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position:
    - IAS 24 (as revised) – Related Party Disclosures – Revised Definition of related parties (effective for financial years beginning on or after 1 January 2011).
    - IAS 32 (as revised) – Financial Instruments: Presentation – classification of rights issues (effective for financial years beginning on or after 1 February 2010).
    - IFRIC 14 (as amended) – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2011).
    - IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning on or after 1 July 2010).
    - Amendments resulting from the May 2010 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2011, except for IFRS 3 and IAS 27 which are effective for financial years beginning on or after 1 July 2010).

The Group has a robust and resilient business model, strong free cash flow generation and is compliant with all covenants. As a consequence and despite the continuing uncertain economic climate, the Directors believe that the Company and the Group is well placed to manage its business risks successfully. After considering current financial projections and facilities available and after making enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat plc continues to adopt the going concern basis in preparing the consolidated financial statements.

The functional currency of the Company and all of the Group's subsidiaries and the presentation currency is the US dollar, as the majority of operational transactions and borrowings are denominated in US dollars.

Basis of accounting
The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Balance Sheet dates and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best estimate of the amount, event or actions, these results ultimately may differ from those estimates. Accounting policies adopted in preparing these condensed consolidated interim financial statements have been selected in accordance with IFRS.

3. Segment information

IFRS 8, 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to allocate resources and assess performance. The CODM is the Chief Executive Officer who is responsible for assessing the performance of the individual segments.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance is specifically focused on the individual performance of each of the divisions within the Group, namely Inmarsat Global and Inmarsat Solutions (formerly Stratos).

The Group's reportable segments are therefore as follows:

- Inmarsat Global – principally the supply of wholesale airtime, equipment and services to distribution partners and other wholesale partners of mobile satellite communications by the Global Inmarsat business, including entering into spectrum coordination agreements. The segment also includes income from technical support to other operators, the provision of conference facilities and leasing surplus office space to external organisations, all of which are not material on a standalone basis and in aggregate;
- Inmarsat Solutions – the supply of advanced mobile and fixed-site remote telecommunications services, the provision of customised turnkey remote telecommunications solutions, value-added services, equipment and engineering services to end-users; and
- 'Unallocated' – includes Group borrowings and the related interest expense, cash and cash equivalents and current and deferred tax balances, which are not allocated to each segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of investment revenue, finance costs and income tax expense.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL RESULTS (continued)

Segment information:

(US$ in millions)	Inmarsat Global	Inmarsat Solutions[a]	Unallocated	Eliminations	Total
			2011 Half year		
Revenue					
External sales	321.8	361.1	–	–	682.9
Inter-segment	150.8	3.6	–	(154.4)	–
Total revenue	**472.6**	**364.7**	**–**	**(154.4)**	**682.9**
Segment result (operating profit)	279.6	27.9	–	(0.1)	307.4
Net interest charged to the Income Statement	–	–	(52.6)	–	(52.6)
Profit before income tax					**254.8**
Income tax expense	–	–	–	–	(63.5)
Profit for the year					**191.3**
Segment assets	2,433.1	1,092.5	218.8	(444.3)	3,300.1
Segment liabilities	(496.0)	(173.6)	(1,515.2)	73.7	(2,111.1)
Investment (included in segment assets)[b]	23.5	–	–	–	23.5
Capital expenditure[c]	(157.7)	(17.5)	–	–	(175.2)
Depreciation	(71.2)	(17.0)	–	–	(88.2)
Amortisation of intangible assets	(11.9)	(20.1)	–	–	(32.0)

(a) Includes Ship Equip International A.S. ("Ship Equip") from 28 April 2011.
(b) Relates to 19% stake in SkyWave Mobile Communications ("SkyWave").
(c) Capital expenditure stated using accruals basis.

(US$ in millions)	Inmarsat Global	Inmarsat Solutions[a]	Unallocated	Eliminations	Total
			2010 Half year		
Revenue					
External sales	217.9	352.8	–	–	570.7
Inter-segment	149.9	3.0	–	(152.9)	–
Total revenue	**367.8**	**355.8**	**–**	**(152.9)**	**570.7**
Segment result (operating profit)	194.9	24.3	–	0.9	220.1
Net interest charged to the Income Statement	–	–	(68.3)	–	(68.3)
Profit before income tax					**151.8**
Income tax expense					(44.8)
Profit for the year					**107.0**
Segment assets	2,057.4	929.2	141.8	(191.3)	2,937.1
Segment liabilities	(269.8)	(190.5)	(1,591.4)	82.2	(1,969.5)
Investment (included in segment assets)[b]	23.5	–	–	–	23.5
Capital expenditure[c]	(51.7)	(16.2)	–	–	(67.9)
Depreciation	(72.3)	(14.4)	–	–	(86.7)
Amortisation of intangible assets	(10.8)	(17.4)	–	–	(28.2)

(a) Includes Segovia from 12 January 2010.
(b) Relates to 19% stake in SkyWave.
(b) Capital expenditure stated using accruals basis.

4. Net interest payable

(US$ in millions)	2011 Half year	2010 Half year
Interest on Senior Notes and credit facilities	(31.1)	(30.5)
Interest on Convertible Bond	(13.8)	(12.8)
Interest on Inmarsat Solution's borrowings	–	(14.6)
Pension and post-retirement liability finance costs	(1.6)	–
Interest rate swaps	(6.9)	(6.8)
Unwinding of discount on deferred satellite liabilities	(1.3)	(1.4)
Unwinding of discount on deferred consideration	(2.4)	(2.5)
Amortisation of debt issue costs	(7.9)	(3.9)
Amortisation of discount on Senior Notes due 2017	(0.3)	(0.3)
Premium on purchase of Stratos Senior Unsecured Notes	–	(1.4)
Other interest	(0.4)	(0.9)
Interest payable and similar charges	**(65.7)**	**(75.1)**
Less: Amounts included in the cost of qualifying assets	8.9	3.0
Total interest payable and similar charges	**(56.8)**	**(72.1)**
Bank interest receivable and other interest	4.2	0.4
Pension and post-retirement liability finance gains	–	3.4
Total interest receivable and similar income	**4.2**	**3.8**
Net interest payable	**(52.6)**	**(68.3)**

5. Income tax expense

(US$ in millions)	2011 Half year	2010 Half year
Current tax expense:		
Current year	(67.2)	(34.6)
Adjustments in respect of prior periods:		
– Other	2.9	–
Total current tax expense	**(64.3)**	**(34.6)**
Deferred tax expense:		
Origination and reversal of temporary differences:		
– Other temporary differences	0.8	(10.2)
Total deferred tax expense	**0.8**	**(10.2)**
Total income tax expense	**(63.5)**	**(44.8)**

6. Net borrowings

These balances are shown net of unamortised deferred finance costs, which have been allocated as follows:

	As at 30 June 2011			As at 31 December 2010		
(US$ in millions)	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	2.3	–	2.3	0.3	–	0.3
Deferred satellite payments	7.9	–	7.9	8.3	–	8.3
Senior Credit Facility[a]	–	–	–	50.0	–	50.0
EIB Facility[b]	25.7	–	25.7	–	–	–
Total current borrowings	**35.9**	**–**	**35.9**	**58.6**	**–**	**58.6**
Non-current:						
Senior Credit Facility[a]	–	–	–	150.0	(6.1)	143.9
Senior Notes due 2017[c]	650.0	(10.1)	639.9	650.0	(10.8)	639.2
—Issuance discount	(3.9)	–	(3.9)	(4.2)	–	(4.2)
EIB Facility[b]	282.7	(2.4)	280.3	308.4	(2.6)	305.8
Ex-Im Bank Facility[d]	88.0	(8.7)	79.3	–	–	–
Deferred satellite payments	29.7	–	29.7	32.5	–	32.5
Convertible Bond[e]	296.1	(1.9)	294.2	285.2	(2.6)	282.6
—Accretion of principal	2.8	–	2.8	2.5	–	2.5
Total non-current borrowings	**1,345.4**	**(23.1)**	**1,322.3**	**1,424.4**	**(22.1)**	**1,402.3**
Total Borrowings	**1,381.3**	**(23.1)**	**1,358.2**	**1,483.0**	**(22.1)**	**1,460.9**
Cash and cash equivalents	(218.8)	–	(218.8)	(343.8)	–	(343.8)
Net Borrowings	**1,162.5**	**(23.1)**	**1,139.4**	**1,139.2**	**(22.1)**	**1,117.1**

(a) On 30 June 2011, we refinanced our previous US$500.0m Senior Credit Facility, which was due to mature in May 2012, with a new 5-year US$750.0m Senior Credit Facility. Under the terms of the new facility the full US$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the 5-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. The amount outstanding on previous facility on the date of prepayment was US$200.0m and this amount was funded from available cash balances. As a result, as at 30 June 2011 there were no drawings on the new Senior Credit Facility.

(b) On 15 April 2010, we signed an 8-year facility agreement from the European Investment Bank (the "EIB Facility"). Under the agreement, we were able to borrow up to €225m at any time before 23 December 2010. The facility was available in Euros and US dollars. An initial drawdown of US$180.0m was made on 30 April 2010 and a final draw down of US$128.4m was made on 28 October 2010. This facility matures on 30 April 2018 and is repayable in equal annual instalments beginning 30 April 2012. Interest is equal to 3-month USD LIBOR plus a margin payable quarterly.

(c) On 12 November 2009, we issued US$650.0m aggregate principal amount of 7.375% Senior Notes due 1 December 2017 ("Senior Notes due 2017"). The aggregate gross proceeds were US$645.2m, net of US$4.8m issuance discount and we capitalised US$12.5m of issuance costs.

(d) On 11 May 2011, we signed a 12.5-year US$700.0m direct financing agreement with the Export-Import Bank of the United States (the "Ex-Im Bank Facility"). The facility has a total availability period of 4 years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility will incur interest at a fixed rate of 3.11% for the life of the loan.

(e) On 16 November 2007, we issued US$287.7m in principal amount of 1.75% convertible bonds due 2017 (the "Convertible Bond"). The bonds are convertible into ordinary shares of the Company and have a 1.75% per annum coupon payable semi-annually and a yield to maturity of 4.50%. The bonds have an initial conversion premium of 32.5% over the reference share price of £4.6193. The initial conversion price is US$12.694 and the total number of common shares to be issued if all bonds are converted is 22.7 million shares. The Company will have an option to call the bonds after 7 years at their accreted principal amount under certain circumstances. In addition, the holder of each bond will have the right to require the Company to redeem such bond at its accreted principal amount on 16 November 2012 and 16 November 2014.

7. Dividends

(US$ in millions)	2011 Half year	2010 Half year
Final dividend for the year ended 31 December 2010 of 22.69 cents (US$) (second interim dividend for the year ended 31 December 2009: 20.63 cents (US$)) per share	104.5	94.7

The Board intends to declare and pay an interim dividend of 15.40 cents (US$) per ordinary share on 27 October 2011 to ordinary shareholders on the share register at the close of business on 7 October 2011. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this dividend has not been recorded as a liability for the half year ended 30 June 2011.

8. Earnings per share

The basic and diluted earnings per share are based on a weighted average number of ordinary shares in issue of 460,441,134 and potentially in issue of 487,283,979, respectively (2010: 459,890,536 and 488,545,223). At 30 June 2011, there were a total of 461,758,899 (2010: 460,606,780) ordinary shares in issue.

9. Acquisition of Ship Equip

On 28 April 2011, we acquired 100% of the outstanding ordinary shares of Ship Equip for a total cash consideration of US$113.2m (net of cash acquired and after hedging the foreign exchange risk). Immediately following the transaction, we repaid Ship Equip’s external long-term debt amounting to US$44.7m (net of gains from hedging the foreign exchange risk).

Based in Ålesund, Norway, Ship Equip is a leading provider of VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets. Ship Equip's expertise in developing and deploying VSAT communications solutions to key verticals in the maritime market, coupled with its worldwide committed capacity arrangements and installed base of over 850 vessels (as at December 2010), have made it a leader in the evolving VSAT maritime communications market.

Ship Equip is ideally positioned to support the evolution of certain segments of the maritime market to higher speed services, especially those to be offered by the Global Xpress programme after its expected launch in 2013. Ship Equip has a large installed base of VSAT customers, who we expect to be in the forefront of the transition to Global Xpress services, as well as a management team with extensive knowledge of VSAT operations and customers which will help us ensure that Global Xpress is a compelling proposition for the maritime community. This acquisition demonstrates our clear determination to prepare the way for a fast and successful take-up of Ka-band services via Global Xpress.

Ship Equip has been acquired by Inmarsat Solutions Limited and will operate as a separate subsidiary alongside the Stratos and Segovia businesses. Inmarsat financed the acquisition of the shares and the debt repayment from available liquidity.

The acquisition of Ship Equip has been accounted for using the purchase method of accounting in accordance with IFRS 3 (2008), ‘Business Combinations’. The consolidated results of the Group for the half year ended 30 June 2011 include the financial results of Ship Equip for the period from 28 April 2011 to 30 June 2011. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

The allocation of the purchase consideration has not been finalised and is expected to be completed for Q3 2011. Once completed an element of the purchase price will be allocated to intangible assets and then amortised over the applicable useful economic life. As this exercise has not been completed, no amortisation relating to Ship Equip intangible assets has been recorded in the half year results. The table below sets out the provisional allocation of the purchase consideration to the net assets and liabilities of Ship Equip:

(US$ in millions)	**Book value and provisional fair value**
Net assets acquired:	
Intangible assets	1.3
Property, plant and equipment	47.3
Other assets	0.5
Total non-current assets	**49.1**
Trade and other receivables[(a)]	8.7
Inventories	6.2
Other assets	4.1
Total current assets	**19.0**
Trade and other payables	(9.5)
Deferred revenue	(8.5)
Long-term debt	(47.7)
Total liabilities	**(65.7)**
Identifiable net assets	**2.4**
Allocated purchase consideration:	
Cash consideration, net of cash acquired	119.8
Less: hedge accounting gains	(6.6)
Total allocated purchase consideration	**113.2**
Goodwill recognised	**110.8**

(a) The book value of trade receivables of US$8.4m, included within trade and other receivables, approximates to their fair value and the entire balance is deemed collectable.

Goodwill represents the excess of the purchase consideration over the provisional fair value of the assets and liabilities acquired. Qualitatively, goodwill represents among other factors, the assembled workforce, which is not separately identified as part of the purchase price allocation. In addition, the Group believes that Ship Equip's expertise in delivering VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets, will generate value for the Group through future customer relationships.

During the half year ended 30 June 2011, we recognised US$1.5m of transaction costs directly associated with the acquisition of Ship Equip as an expense in the Income Statement.

The revenue included in the Income Statement for the half year ended 30 June 2011, contributed by Ship Equip since the acquisition date, was US$10.5m. Ship Equip also contributed a profit after tax of US$0.1m during the half year ended 30 June 2011. Ship Equip's contribution to revenue and profit after tax, assuming the transaction had occurred on 1 January 2011, would have been US$28.7m and a loss of US$2.6m, respectively.

10. Events after the balance sheet date

Subsequent to 30 June 2011, other than the events discussed above, there have been no other material events which would affect the information reflected in the consolidated financial statements of the Group.

INDEPENDENT REVIEW REPORT TO INMARSAT PLC

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim cash flow statement and related notes 1 to 10. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
4 August 2011