Press release

Inmarsat plc Reports 2006 Interim Results

London, UK: 4 August 2006. Inmarsat plc (LSE: ISAT), the leading provider of global mobile satellite communications services, today reported consolidated financial results for the 6 months ended 30 June 2006.

- **First half 2006 revenue $245.9 million and EBITDA $162.8 million**
- **Underlying first half revenue up 2.2%, underlying EBITDA up 3.6%**
- **Strong growth from maritime data up 11% year over year**
- **Aeronautical sector grows 36% on strong Swift64 take-up**
- **OnAir selects Inmarsat as network for in-flight mobile telephony**
- **Second quarter improving trends in maritime voice and land data**
- **BGAN on track, take-up encouraging and customer feedback positive**
- **Raising interim dividend by 4% to 10.66 cents (US$) per share**

Andrew Sukawaty, Inmarsat's Chairman and Chief Executive Officer commented, "Our first half performance delivers solidly on our expectations that growth in our maritime data and aeronautical businesses would be sustained in 2006. Importantly, we also saw improved trends during the half in both the maritime voice and land data sectors. With the prospect of an increasing contribution from BGAN and an improved outlook for leasing following the signing of new business late in the first half, we remain well-positioned to achieve our goals for the year."

US$ millions	H1 2006 Adjusted*	H1 2005 Adjusted*	*Adjusted YoY growth*	H1 2006 Reported	H1 2005 Reported
Total revenue	245.9	240.7	*2.2%*	245.9	253.6
Net operating costs	(74.5)	(75.2)	*-0.9%*	(83.1)	(81.8)
EBITDA	171.4	165.4	*3.6%*	162.8	171.8

* 2005 revenue adjusted for non-recurring impact of $2.0 million event revenue due to Asian tsunami, $2.1 million JCAB lease fee, and to eliminate subsidiary revenue of $8.8 million. 2005 net operating costs adjusted to eliminate $8.8 million subsidiary operating costs and $2.2 million non-cash foreign exchange gain. 2006 net operating cost adjusted for $6.8 million non-recurring restructuring charge, $2.1 million headquarters lease adjustment, and $0.3 million non-cash foreign exchange gain.

Mobile Satellite Services

Revenue from our **maritime sector** grew by 5% year over year. Growth in maritime data revenue was 11% driven by continued strong take up and usage of our Fleet product, together with good performances from other maritime services. Growth in maritime active terminals of over 9% year over year has been bolstered by expansion of the global shipping fleet as well as increased penetration by Inmarsat products. At the same time, the average data usage per vessel has been increasing over the past several quarters, demonstrating how Inmarsat Fleet products can meet the expanding data needs of maritime end customers.

Our maritime voice business, while down 3% year over year, improved markedly during the first half resulting in a second quarter performance slightly up on the second quarter last year. Maritime voice revenue is impacted by the process of analogue to digital service migration which we expect to complete by the end of 2007. While we continue to record overall maritime voice traffic growth, this is not yet sufficient to fully offset the impact of analogue service migration and competition from other MSS operators.

Revenue from the **land sector** was lower year over year, in part reflecting the fact that the first half of 2005 was positively impacted by $2.0 million of demand for Inmarsat services in the area affected by the Asian tsunami. Lower demand for GAN services, particularly by government and military users in the Middle East, was the main driver of lower land data revenue. Partially offsetting the decline in GAN was increased demand for our R-BGAN service, which has been growing well in response to extended geographic coverage available with the first Inmarsat-4 satellite since July 2005 and second Inmarsat-4 satellite since April 2006. In line with the recent introduction, we recorded a small contribution from our BGAN service during the first half and saw encouraging growth in terminal activations throughout the period. The early population of BGAN terminals has been geographically diverse and includes a number of new users to our network.

Land voice revenue continues to be impacted by competitive erosion to hand-held MSS operators. During the first half of 2006 our base of active terminals for our mini-M service fell due to churn to hand-held voice competitors and we expect this trend to continue to impact our reported voice revenue and active terminals in the land sector. We also saw a fall in our base of Inmarsat C terminals, which are used for low value data services, but which contributed to a lower overall base of active terminals in the land sector.

Revenue from our **aeronautical sector** increased by 36% over the first half 2005. Strong growth in our aeronautical business continues to be driven by take-up of our Swift64 service. Activations of Swift64 terminals in the first half were up over 30% on the same period last year. The second quarter 2006 was a record quarter for Swift64 activations, underlining the increasing popularity and penetration of this service.

Following an announcement yesterday, we are pleased to confirm that Inmarsat's SwiftBroadband product has been selected by OnAir, a joint venture between Airbus and SITA, to support in-flight mobile telephony trials with major airlines beginning in 2007.

As anticipated, our **leasing** revenue for the first half 2006 was impacted by the expiry of a number of short-term leases early in the year. Furthermore, comparison with the prior year is impacted by a non-recurring fee of $2.1 million recorded in the first half of 2005 in connection with a Japanese Civil Aviation Board lease. With the signing of new government leasing business late in the first half, the outlook for leasing revenue in the second half of 2006 has improved.

Operating costs for the first half were impacted by a non-recurring charge of $6.8 million in connection with a restructuring programme following the completion of the Inmarsat-4 programme. The charge primarily relates to severance costs for technical staff who will leave the business during the course of 2006. The restructuring programme is expected to result in full year savings of approximately $8.7 million in 2007.

Operating costs were further impacted during the second quarter by a non-recurring and non-cash charge of $2.1 million in connection with a review of the accounting policy for the lease on the company's headquarters building in London. Adjusting for the non-recurring operating costs and non-cash foreign exchange movement in the first half, continuing EBITDA was $171.4 million, compared with reported EBITDA of $162.8 million.

Impact of volume discounts

The volume discounts we offer to our distributors have an increasing impact on our margins as the year progresses. As our distributors reach certain volume targets we reduce our wholesale prices and this process reduces margins until the end of the calendar year when our rates are then reset to their pre-discount level. In order to offset the impact of volume discounts in the second half of 2006, we must grow our overall traffic for our mobile satellite services. Growth in traffic is dependent on the continued take-up of growth services, including our recently introduced BGAN services.

Outlook

Our core business is performing well and meeting our expectations for the year. During the half we saw continued growth in our maritime data and aeronautical sectors, and improved trends in our maritime voice business. With recently signed new contracts, the outlook for leasing in the second half has improved. Our recently launched BGAN service is on track and building its contribution to revenue and active terminals. With cost expectations fully in line, we remain confident in our outlook for the rest of the year.

Liquidity

At the end of the first half we had net external debt of $846.1 million made up of cash of $15.1 million and total external debt of $831.0 million. In addition to our cash resources, we had a revolving credit facility with an amount available but undrawn at the end of the first half of $300 million. Cash used to fund capital expenditure during the half was $40.6 million. Also during the first half we used $49.7 million of cash to pay the final dividend for 2005 on 26 May 2006.

A copy of our full financial report for the first half 2006 can be accessed via our website at www.inmarsat.com/investor_relations/

Second Quarter 2006 Financial Results for Inmarsat Holdings Limited and Inmarsat Group Limited

Inmarsat Holdings Limited, through its subsidiary Inmarsat Finance II plc, is the issuer of $450.0 million of 10.375% Senior Discount Notes due 2012. Inmarsat Group Limited, through its subsidiary Inmarsat Finance plc, is the issuer of $310.4 million of 7.625% Senior Notes due 2012. Inmarsat Holdings Limited and Inmarsat Group Limited today reported financial results for the second quarter ended 30 June 2006. Holders of our notes are referred to the financial reports for the second quarter 2006 which can be accessed via our website at www.inmarsat.com/investor_relations/ and which will be filed with the SEC later today.

Other Information

A webcast recording of the analyst presentation to be held on 4 August will be posted to our website after the event. Inmarsat management will also host a conference call on Friday, 4 August at 1:30pm London time (United States 8:30am EST). To access the call please dial +44 20 8609 0238 and enter the access code 745819#. The call will also be available via webcast, to access the webcast please go to http://investors.inmarsat.com/webcast. A recording of the call will be available for one week. To access the recording please dial +44 20 8609 0289 and enter the conference code 148348.

Forward-looking Statements

Certain statements in this announcement constitute “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. 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 of 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 2006 (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 our 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 our 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 our 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 Form 20-F Annual Report for Inmarsat Holdings Ltd. for the year ended December 31, 2005 as filed with the Securities and Exchange Commission on April 28, 2006.

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

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Business and Financial Review

The following is a discussion of the 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 2006. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The condensed consolidated interim financial results were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and IFRIC interpretations issued and effective at the time of this report.

Overview

Inmarsat is the leading provider of global mobile satellite communications services, providing data and voice connectivity to end-users worldwide. Headquartered in London, Inmarsat has more than 27 years of experience in designing, launching and operating its satellite-based network. With a fleet of ten owned and operated geostationary satellites, we provide a wide range of data and voice services, including telephony, fax, video, email and high-speed intranet and internet access. The Group's revenues, operating profit and EBITDA under IFRS for the half year ended 30 June 2006 were $245.9 million, $87.5 million and $162.8 million, respectively.

The results of the Group's operations are reported in US dollars as the majority of revenues and borrowings are denominated in US dollars.

Key operational developments

The second Inmarsat-4 satellite, F-2, which was launched in November 2005, entered commercial service in January 2006 and now carries existing services and the new Broadband Global Area Network ("BGAN") service in the Atlantic Ocean Region, including the Americas. This means that the Group's BGAN service is now available across approximately 85% of the world's landmass, covering approximately 98% of the world's population. The BGAN service offers users simultaneous voice and broadband data usage from light, highly portable terminals currently provided by three terminal manufacturers: Thrane & Thrane, Nera SatCom and Hughes Network Systems. We expect that a fourth terminal manufacturer, Add Value, will start to supply terminals later this year.

In May 2006, the Group completed de-orbiting the Inmarsat-2 F-3 satellite, in line with expectations. This is a normal procedure at the end of a satellite's life. All traffic had earlier successfully migrated to one of the Inmarsat-3 satellites. The de-orbited satellite was launched in December 1991 and its operational life far exceeded its design life of ten years. There were no incremental costs associated with de-orbiting this satellite, nor any asset impairment provision.

New Distribution Partners

During the first half of 2006, Chinasat and Thrane & Thrane Airtime were appointed as additional Distribution Partners for the Group's new BGAN services. Since 30 June 2006, Telefonica has additionally been appointed. Following the takeover of Xantic by Stratos, the total number of BGAN Distribution Partners is now eleven.

Restructuring programme

In January 2006 the Group announced its intention to restructure the organisation to reflect the fact that the Inmarsat-4 programme was nearing completion. The principal action in the restructuring plan involved a redundancy programme. The redundancies primarily relate to those employees responsible for the completion of the Inmarsat-4 programme, with the departure of staff being phased across the year. Redundancy and other restructuring costs of $6.8 million have been recognised as an expense for the half year ended 30 June 2006, and are expected to result in full year annual savings of approximately $8.7 million in the 2007 financial year. The majority of the restructuring costs have been paid during the first half of the year, with a provision of $2.2 million remaining in the balance sheet at 30 June 2006.

Dividends

A final dividend of 10.95 cents (US dollars) per ordinary share (total dividend $49.8 million) for the 2005 financial year as recommended by the Directors was approved and paid to shareholders on 26 May 2006.

The Board intends to declare and pay an interim dividend of 10.66 cents (US dollars) per ordinary share on 27 October 2006 to ordinary shareholders on the Register at the close of business on 29 September 2006. 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 2006.

Additional Non–Executive Director

On 9 May 2006 Ms Kathleen Flaherty was appointed as an independent non-executive director of the Company. Ms Flaherty has also been appointed a member of the Remuneration Committee. Her previous experience includes being Chief Marketing Officer of AT&T; President and Chief Operating Officer of Winstar International; Senior Vice President of Global Product Architecture for MCI Communications Inc and Marketing Director for National Business Communications at BT plc.

Auditors

After many years' service from PricewaterhouseCoopers LLP and its predecessor firms, the Board of Directors decided during the first half of 2006 that it would be appropriate to carry out a competitive tender process for the statutory audit of the Group. This process took place during the period, following which, the Board of Directors resolved to appoint Deloitte & Touche LLP ("Deloitte") to this position. Deloitte have therefore carried out a review of the unaudited financial information for the period ended 30 June 2006 set out in this document and will perform the statutory audit for the year ending 31 December 2006. A resolution proposing their appointment by shareholders will be put to the Annual General Meeting in 2007.

Revenues

Revenues for the half year ended 30 June 2006 were $245.9 million, a reduction of $7.7 million, or 3%, compared with the half year ended 30 June 2005. Revenues excluding subsidiaries disposed of during 2005, increased by 0.4%, from $244.8 million to $245.9 million.

The table below sets out the components of the Group's total revenue for each of the periods under review.

	Half year	
	2006	**2005**
Revenues	**(US$ in millions)**	
Maritime sector:		
voice services	50.2	52.0
data services	90.8	82.1
Total maritime sector	141.0	134.1
Land sector:		
voice services	10.7	12.4
data services	49.0	53.4
Total land sector	59.7	65.8
Aeronautical sector	14.4	10.6
Leasing (incl. navigation)	27.3	31.0
Total mobile satellite communications services	242.4	241.5
Subsidiary companies (disposed)	-	8.8
Other income	3.5	3.3
Total revenue	**245.9**	**253.6**

	Half year	
	2006	**2005**
Active terminals (1)	**(000's)**	
Maritime	128.5	118.3
Land	73.7	71.9
Aeronautical	7.2	6.4
Total active terminals	209.4	196.6

(1) Active terminals are terminals registered with us as at 30 June that have been used to access services at any time during the preceding twelve-month period.

During the half year ended 30 June 2006, revenues from mobile satellite communication services were $242.4 million, an increase of $0.9 million, or 0.4%, compared with the half year ended 30 June 2005. This is as a result of growth in maritime and aeronautical offset by a decline in land and leasing. The maritime, land, aeronautical and leasing sectors accounted for 58%, 25%, 6% and 11% of total revenues from mobile satellite communication services respectively during the half year ended 30 June 2006. Active terminals have increased by 7% between 30 June 2005 and 30 June 2006.

During the half year ended 30 June 2005, revenues from mobile satellite services included two items which management consider to be one-off in nature. These were a license fee from the Japanese Civil Aviation Board ("JCAB") of $2.1 million, and the estimated additional revenues earned as a result of the Asian Tsunami in December 2004 ($2.0 million). Growth in revenues from mobile satellite services excluding these two amounts was $4.9 million, or 2.1%.

Maritime Sector. During the half year ended 30 June 2006, revenues from the maritime sector were $141.0 million, an increase of $6.9 million, or 5%, compared with the half year ended 30 June 2005. This principally reflects an increase in data revenue and a decrease in voice revenue. Revenues from data services in the maritime sector during the half year ended 30 June 2006 were $90.8 million, an increase of $8.7 million, or 11%, compared with the half year ended 30 June 2005. The increase in revenues from data services reflects continued take-up and strong usage of our Fleet services. Demand for Fleet terminals has also been driven by growth in the global shipping fleet new-build market. Revenues from voice services in the maritime sector during the half year ended 30 June 2006 were $50.2 million, a decrease of $1.8 million, or 3%, compared with the half year ended 30 June 2005. Historically our voice revenues for the maritime sector have been affected by the migration of users from our higher-priced analogue service to our lower priced digital services and to a lesser extent by competition. This has been offset by growth in both our newer Fleet service and various promotions we have initiated to respond to increased competition in certain of our established services.

Land Sector. During the half year ended 30 June 2006, revenues from the land sector were $59.7 million, a decrease of $6.1 million, or 9%, compared with the half year ended 30 June 2005. Revenues from data services in the land sector during the half year ended 30 June 2006 were $49.0 million, a decrease of $4.4 million, or 8%, compared to the half year ended 30 June 2005. The decrease in revenues from data services in the land sector is a result of a decline in GAN high-speed data traffic following a reduction in traffic in the Middle East and competition from VSAT. It also reflects the recording in the half year ended 30 June 2005 of an estimated $2.0 million relating to the Tsunami disaster in Asia which has not recurred in 2006. These reductions were partially offset by strong demand and usage of R-BGAN across both the Inmarsat-4 F-1 and F-2 satellite footprints, and, to a lesser extent, by initial traffic from the new BGAN service. Revenues from voice services in the land sector during the half year ended 30 June 2006 were $10.7 million, a decrease of $1.7 million, or 14%, compared to the half year ended 30 June 2005. This continues the trend seen over the last few years of declining voice traffic volumes resulting from competition, principally for the mini-M and Large Antennae mini-M services, from operators of hand-held satellite telephones who offer lower priced voice services.

Aeronautical Sector. During the half year ended 30 June 2006, revenues from the aeronautical sector were $14.4 million, an increase of $3.8 million, or 36%, compared with the half year ended 30 June 2005. The increase in revenues from this sector continues to be attributed primarily to strong take-up of our Swift64 high-speed data service, which targets the government aircraft and business jet markets as well as being used by commercial airlines.

Leasing. During the half year ended 30 June 2006, revenues from leasing were $27.3 million, a decrease of $3.7 million, or 12%, compared with the half year ended 30 June 2005. This is primarily as a result of the recording in 2005 of a one-off license fee of $2.4 million received from the Japanese Civil Aviation Authority. The number and value of leasing contracts in place at any one time can vary from period to period giving rise to variations in the level of leasing revenues. Following a number of recent contract signatures, we remain confident regarding the outlook in this sector.

Subsidiary revenues. Subsidiary revenues represent revenues from Invsat Limited and Rydex Corporation Limited which were operating subsidiaries during the half year ended 30 June 2005. Both of these businesses were disposed of during the second half of that year.

Other income. Other income of $3.5 million for the half year ended 30 June 2006 consists primarily of income from the provision of conference facilities, leasing certain floors at our head office to external organisations, fees for satellite tracking and in-orbit support services supplied to third parties and revenue from sales of R-BGAN end user terminals and is largely unchanged from the half year ended 30 June 2005.

Seasonality. Revenues are impacted by volume discounts that increase over the course of the financial year. There are lower discount levels in early months representing the minimum annual discount and higher discount levels in later months, as distribution partners meet specific volume thresholds, resulting in lower prices beyond the level of the minimum annual discount. Additionally, in 2006 and future years, the total amount of volume discounts will be affected by the takeover of Xantic by Stratos which serves to increase the amount of revenues attributed to a single distribution partner.

Net operating costs

Net operating costs in the half year ended 30 June 2006 were $83.1 million, an increase of $1.3 million or 1.6% compared with the half year ended 30 June 2005. The table below sets out the components of the Group's net operating costs for each of the periods under review.

(US$ in millions)	**Half year ended 30 June 2006**	Half year ended 30 June 2005
Employee benefits costs before restructuring	(41.8)	(44.5)
Restructuring costs including termination benefits	(6.8)	-
Network and satellite operations costs	(15.0)	(24.0)
Other operating costs	(26.3)	(27.3)
Work performed by the Group and capitalised	6.8	14.0
Total net operating costs	(83.1)	(81.8)

Employee benefits costs before restructuring

Employee benefits costs before restructuring during the half year ended 30 June 2006 were $41.8 million, a decrease of $2.7 million, or 6% compared to the half year ended 30 June 2005. This is primarily due to a reduction in subsidiary employee benefits costs of $3.1 million following the disposal of Invsat Limited and Rydex Corporation Limited in the second half of 2005. This was partially offset by an increase in recorded share options costs which amounted to $2.7 million in the half year ended 30 June 2006 (2005:$1.1 million). Total full-time equivalent headcount at June 30, 2006 was 381, compared to 404 (excluding subsidiaries) at June 30, 2005.

Restructuring costs including termination benefits

During the half year ended 30 June 2006 the Group recognised $6.8 million of termination costs related to the restructuring programme (2005: $nil) discussed above. On a full year basis, it is estimated that this will generate annual savings of $8.7 million.

Network and satellite operations costs

Network and satellite operations costs during the half year ended 30 June 2006 were $15.0 million compared to $24.0 million during the half year ended 30 June 2005. Included in this category in the period ended 30 June 2005 was $11.7 million representing the net cost of leasing satellite capacity from Thuraya for our R-BGAN service for a four month period. No such costs were incurred in 2006 as the R-BGAN service had been transferred to the Inmarsat-4 satellites. However this reduction was offset in part by the incurrence of additional warranty and other operational costs relating to our Inmarsat-4 ground infrastructure that were not incurred to the same extent in 2005.

Other operating costs

During the half year ended 30 June 2006, other operating costs were $26.3 million, a decrease of $1.0 million, or 4%, compared with the half year ended 30 June 2005.

Costs in the half year ended 30 June 2006 include an amount of $2.1 million which is non-cash and non-recurring in nature, reflecting an adjustment to record operating lease costs on the Group's London head office on a straight-line basis for the full year 2005. This accounting policy is considered more appropriate than the previous policy of recording lease costs as incurred, and is also adopted for the first half of 2006. It is however considered not material to require a restatement of prior year amounts. Excluding the one-off adjustment discussed above, the impact of the new accounting policy is to increase lease costs in the half year ended 30 June 2006 by $1.1 million compared to the reported amount for the half year ended 30 June 2005.

In the half year ended 30 June 2005, the Group incurred subsidiary operating costs of $5.7 million. Following the disposal of these operations in the second half of 2005, no such costs were incurred in the half year ended 30 June 2006. Additionally, in the half year ended 30 June 2005, the Group recorded an exchange gain of $2.2 million offset against other operating costs (2006: $0.3 million).

Work performed by the Group and capitalised

Own work capitalised during the half year ended 30 June 2006 was $6.8 million, a decrease of $7.2 million, or 51.4%, compared with the half year ended 30 June 2005. Capitalisable expenditure has decreased following the commencement of the BGAN service over the Inmarsat-4 satellites.

EBITDA

As a result of the factors discussed above, EBITDA for the half year ended 30 June 2006 was $162.8 million, a decrease of $9.0 million, or 5%, compared with the half year ended 30 June 2005. EBITDA margin has decreased to 66% for the half year ended 30 June 2006 compared to 68% for the half year ended 30 June 2005.

Impact of disposal of subsidiaries

In September 2005 and October 2005 the Group disposed of its interests in Invsat Limited and Rydex Corporation Limited respectively. These businesses contributed the following amounts to the results for the half years ended 30 June 2006 and 2005:

(US$ in millions)	**Six months ended June 30, 2006**	Six months ended June 30, 2005
Revenue	–	8.8
Employee benefits costs	–	(3.1)
Other operating costs	–	(5.7)
EBITDA	–	**–**

Depreciation and amortisation

During the half year ended 30 June 2006, depreciation and amortisation was $75.3 million, an increase of $25.6 million, or 52%, compared to the half year ended 30 June 2005.

The increase relates to the additional depreciation on both the first (from June 2005) and second (from February 2006) Inmarsat-4 satellites following commencement of commercial service, in addition to various elements of the associated ground infrastructure also now being depreciated.

Operating profit

As a result of the factors discussed above, operating profit during the half year ended 30 June 2006 was $87.5 million, a decrease of $34.6 million, or 28%, compared with the half year ended 30 June 2005, the majority of which is accounted for by the higher depreciation charge.

Net interest payable

Interest payable for the half year ended 30 June 2006 was $44.5 million, a decrease of $59.9 million compared to half year ended 30 June 2005. Following the listing of the Company's shares on the London Stock Exchange in June 2005, the Group restructured its debt facilities and made significant debt repayments. As a result interest costs have been reduced substantially. See "Liquidity and capital resources".

Interest receivable for the half year ended 30 June 2006 was $4.5 million, a decrease of $43.3 million compared with the half year ended 30 June 2005. The decrease principally relates to an unrealised foreign exchange gain on the revaluation of Euro-denominated Subordinated Preference Certificates of $39.3 million recognised in 2005. The Subordinated Preference Certificates were fully repaid in June 2005. See "Liquidity and capital resources".

Profit before income tax

During the half year ended 30 June 2006, profit before income tax was $47.5 million, a decrease of $18.0 million compared with the half year ended 30 June 2005, with higher depreciation charges offset in part by lower net interest costs following the favourable restructuring of the Group's debt portfolio.

Income tax expense

The tax charge for the half year ended 30 June 2006 was $16.2 million, compared to $22.7 million for the half year ended 30 June 2005 and is based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The decrease in the tax charge is largely driven by a decrease in profit before tax. The decrease in the effective tax charge between the half year ended 30 June 2006 (34%) and 2005 (35%) is largely driven by permanent differences resulting from disallowable expenditures.

The Group's tax profile is such that material cash tax payments are not expected in the next twelve months as available capital allowances and deductions for interest charges are anticipated to be in excess of the accounting profits.

Liquidity and capital resources

The Group had net borrowings at 30 June 2006 of $892.0 million primarily comprising Senior Credit Facility drawings of $250.0 million, Senior Notes of $256.8 million (net of $53.6 million Senior Notes purchased by the Group), Senior Discount Notes of $349.5 million and deferred satellite payments of $64.8 million, net of cash and cash equivalents and short-term deposits of $15.1 million. See note 8.

During the half year ended 30 June 2006, the Group's subsidiary, Inmarsat Investments Limited, purchased $43.6 million of the 7 5/8% Senior Notes 2012 issued by the Group's subsidiary, Inmarsat Finance plc, and paid a total premium on purchase of $1.2 million. As at 30 June 2006 the Company had acquired a total of $53.6 million or 17% of the aggregate principal amount of Senior Notes outstanding.

Net cash from operating activities during the half year ended 30 June 2006 was $134.0 million compared to $155.8 million during the half year ended 30 June 2005. The decrease primarily relates to working capital movements and to a reduction of $7.5 million in interest income.

Net cash used in investing activities during the half year ended 30 June 2006 was $40.6 million compared with a net cash inflow from investing activities of $63.4 million for the half year ended 30 June 2005. During the half year ended 30 June 2005 the Group had recorded an inflow from maturing short-term deposits of $151.0 million. No such inflow has been received in 2006. Offsetting the inflow in short-term deposits in 2005 was continued capital expenditure for the construction of our Inmarsat-4 satellites, associated ground infrastructure and maintenance capital expenditure of $87.6 million. In the half year ended 30 June 2006 such expenditure amounted to $40.6 million.

Net cash used in financing activities during the half year ended 30 June 2006 was $113.7 million compared to $217.3 million during the half year ended 30 June 2005. During the half year ended 30 June 2006 the Group purchased $43.6 million of Senior Notes and paid $20.4 million of interest on Senior Notes and Facilities, a decrease of $20.9 million on 2005 as a result of lower levels of debt following the IPO and related transactions which took place in June 2005. The Group also paid a dividend of $49.7 million to shareholders in May 2006.

Recent Events

In July 2006, the Group signed OnAir as its first SwiftBroadband distribution partner to deliver GSM, SMS, GPRS and internet services to short and long haul airline passengers. This service is expected to commence in 2007 with trials already announced with Air France, TAP and bmi in Europe. OnAir is a joint venture between SITA and Airbus.

Subsequent to 30 June 2006, other than the events discussed above, there have been no material events, which would affect the information reflected in the condensed consolidated financial results of the Group.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For half year ended 30 June

	2006 Half year (unaudited)	2005 Half year (unaudited) (as restated)
	(US$ in millions)	
Revenue	245.9	253.6
Employee benefits costs before restructuring	(41.8)	(44.5)
Restructuring costs including termination benefits	(6.8)	-
Total employee benefits costs	(48.6)	(44.5)
Network and satellite operations costs	(15.0)	(24.0)
Other operating costs	(26.3)	(27.3)
Work performed by the Group and capitalised	6.8	14.0
EBITDA	162.8	171.8
Depreciation and amortisation	(75.3)	(49.7)
Operating profit	87.5	122.1
Interest receivable	4.5	47.8
Interest payable and similar charges	(44.5)	(104.4)
Net interest payable	(40.0)	(56.6)
Profit before income tax	47.5	65.5
Income tax expense	(16.2)	(22.7)
Profit for the period	31.3	42.8
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in cents (US$) per share)		
— Basic	0.07	0.14
— Diluted	0.07	0.13

CONDENSED CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE
For half year ended 30 June

	2006 Half year (unaudited)	2005 Half year (unaudited)
	(US$ in millions)	
Profit for the period	31.3	42.8
Movement in cumulative translation reserve	-	(0.3)
Movement in cash flow hedge reserve	9.4	(10.0)
Actuarial gains/(losses) from pension and post retirement healthcare benefits	7.1	(0.6)
Income tax credit/(charge) on actuarial losses/(gains)	(2.1)	0.2
Total recognised income for the period	45.7	32.1

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	As at 30 June 2006 (unaudited)	As at 31 December 2005 (audited)	As at 30 June 2005 (unaudited) (as restated)
		(US$ in millions)	
ASSETS			
Non-current assets			
Property, plant and equipment	1,294.4	1,319.1	1,225.2
Intangible assets	521.2	524.5	509.2
Derivative financial instruments	1.9	-	3.0
	1,817.5	1,843.6	1,737.4
Current assets			
Cash and cash equivalents	15.1	35.3	234.0
Short-term deposits	-	-	0.7
Trade and other receivables	152.4	143.3	159.5
Inventories	0.4	0.3	1.2
Derivative financial instruments	6.1	2.3	1.4
	174.0	181.2	396.8
Total assets	1,991.5	2,024.8	2,134.2
LIABILITIES			
Current liabilities			
Trade and other payables	137.3	172.4	158.9
Borrowings	36.8	10.6	169.2
Provisions	2.6	0.4	0.5
Current income tax liabilities	23.3	23.1	14.7
Derivative financial instruments	0.4	3.6	0.5
	200.4	210.1	343.8
Non-current liabilities			
Other payables	33.4	33.8	7.1
Borrowings	870.3	908.9	906.3
Provisions	34.7	37.6	24.4
Deferred income tax liabilities	173.3	157.6	170.8
Derivative financial instruments	0.4	0.3	0.2
	1,112.1	1,138.2	1,108.8
Total liabilities	1,312.5	1,348.3	1,452.6
Net assets	679.0	676.5	681.6
SHAREHOLDERS' EQUITY			
Ordinary shares	0.4	0.4	0.4
Share premium	675.3	672.3	670.6
Other reserves	19.9	8.7	12.2
Accumulated losses	(16.6)	(4.9)	(1.6)
Total shareholders' equity	679.0	676.5	681.6

INMARSAT PLC

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For half year ended 30 June 2006

	2006 Half year (unaudited)	2005 Half year (unaudited)
	(US$ in millions)	
Cash flow from operating activities:		
Cash generated from operations	133.0	147.0
Interest received	1.4	8.9
Income taxes paid	(0.4)	(0.1)
Net cash inflow from operating activities	**134.0**	**155.8**
Cash flow from investing activities:		
Decrease in short-term deposits	-	151.0
Purchase of property, plant and equipment	(40.6)	(87.6)
Net cash (used in)/from investing activities	**(40.6)**	**63.4**
Cash flow from financing activities:		
Purchase of Senior Notes	(43.6)	-
Dividends paid to shareholders	(49.7)	-
Interest paid on Senior Notes and Facilities	(20.4)	(41.3)
Net proceeds from issue of ordinary shares	-	652.3
Net proceeds of New Senior Credit Facility	-	244.8
Repayments of Previous Senior Credit Facilities	-	(737.5)
Net proceeds from issuance of Senior Notes	-	(0.8)
Repayment of Subordinated Preference Certificates	-	(334.6)
Finance lease interest paid	-	(0.2)
Net cash used in financing activities	**(113.7)**	**(217.3)**
Foreign exchange adjustment	-	0.2
Net (decrease)/increase in cash and cash equivalents	**(20.3)**	**2.1**
Movement in cash and cash equivalents:		
At beginning of year	35.1	231.6
Net (decrease)/increase in cash and cash equivalents	(20.3)	2.1
As reported on balance sheet (net of bank overdrafts)	**14.8**	**233.7**
At end of period, comprising:		
Cash and cash equivalents per the balance sheet	15.1	234.0
Bank overdrafts	(0.3)	(0.3)
	14.8	**233.7**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

1. General Information

The Company was reregistered as a public limited company and changed its name from Inmarsat Group Holdings Limited to Inmarsat plc on 27 May 2005. The Company is incorporated and domiciled in England and Wales.

The address of its registered office is 99 City Road, London, EC1Y 1AX, United Kingdom.

These unaudited condensed consolidated interim financial results were approved by the Board of Directors for issue on 4 August 2006.

The financial information for the year ended 31 December 2005 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

2. Principal accounting policies and critical estimates

Basis of preparation

The unaudited interim results for the Group have been prepared in accordance with IFRS as adopted by the EU and in accordance with IAS 34 "Interim Financial Reporting".

The unaudited Group results for the half year ended 30 June 2006 have been prepared on a basis consistent with the IFRS accounting policies as set out on pages 43 to 51 of the Annual Report for the year to 31 December 2005 as available on our website www.inmarsat.com.

The preparation of the condensed consolidated 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 current knowledge of the amount, event or actions, these results ultimately may differ from those estimates.

The functional currency of the Company and Group is the US dollar, as the majority of operational transactions are denominated in US dollars.

There have been no changes to the critical accounting estimates disclosed in the published financial statements for the year ended 31 December 2005.

3. Restatement and reclassification of results for the period ended 30 June 2005

The comparative figures presented above for the half year ended 30 June 2005 reflect the following restatement and reclassifications first made in the financial statements presented for the year ended 31 December of that year. These are as follows:

- In the financial statements at 31 December 2005 the Group restated the 2004 income tax expense to account for a $4.2 million asset recorded incorrectly on interest deductions in that year. The effect of this restatement was to increase the total income tax expense by $4.2 million, with a corresponding increase to the current tax liability of $4.2 million for the 2004 financial year. This restatement also reduces net assets at 30 June 2005 by $4.2 million.

- The Group previously disclosed foreign exchange gains and losses within ‘employee benefit costs’, ‘network and satellite operations costs’ and ‘other operating costs’. Management believes that their inclusion as part of ‘other operating costs’ is a fairer representation of the Group’s activities and, as a result, $3.1 million of foreign exchange losses have been reclassified to ‘other operating costs’ in the half year ended 30 June 2005.

- In the financial statements at 31 December 2005, the Group reclassified the 2004 current and deferred income tax balances to reflect the treatment of pension and post-retirement benefits under IAS 19 ‘Employee Benefits’. The effect of this reclassification is to increase the current income tax liability as at 30 June 2005 by $3.3 million, with a corresponding decrease in the deferred tax liability. There is no impact on net assets.

As noted above, the Group has additionally amended its accounting treatment for lease payments on the Group’s head office building. The terms of the lease specify an increase being made to the annual payments in 2010, 2015 and 2020, with annual payments constant between these dates. The Group now records the total lease payments on a straight-line basis over the full anticipated 25 year period of the lease rather than as incurred. The income statement for the first half of 2006 therefore includes a non-recurring and non-cash charge of $2.1 million to reflect the costs of this change for the full year 2005. This amount is, however, considered not material to require a restatement of 2005 figures.

4. Segment information

The Group operates in one business segment being the supply of mobile satellite communications services ("MSS"). "Other" comprises the results of the Group's former operating subsidiaries, Invsat and Rydex and the elements of Other Income which are not directly related to the provision of MSS.

Primary reporting format—Business segments

	2006 Half year (unaudited)				2005 Half year (unaudited)				
	MSS	Other	Unallocated	Total	MSS	Other	Unallocated (as restated)	Elimination	Total
	(US$ in millions)								
Revenue	243.1	2.8	-	245.9	241.5	12.1	-	-	253.6
Segment result (operating profit)	86.2	1.3	-	87.5	120.9	1.2	-	-	122.1
Net interest charged to the income statement	-	-	(40.0)	(40.0)	-	-	(56.6)	-	(56.6)
Profit before income tax				47.5					65.5
Income tax expense				(16.2)					(22.7)
Profit for the year				31.3					42.8
Segment assets	1,976.4	-	15.1	1,991.5	1,889.1	15.4	234.0	(4.3)	2,134.2
Segment liabilities	(208.8)	-	(1,103.7)	(1,312.5)	(193.5)	(4.5)	(1,254.6)	-	(1,452.6)
Capital expenditure	(46.8)	-	-	(46.8)	(140.8)	-	-	-	(140.8)
Depreciation	(65.2)	-	-	(65.2)	(37.1)	(0.5)	-	-	(37.6)
Amortisation of intangible assets	(10.1)	-	-	(10.1)	(12.1)	-	-	-	(12.1)

5. Net interest payable

	2006 Half year (unaudited)	2005 Half year (unaudited)
	(US$ in millions)	
Interest on Senior Notes and Senior Credit Facilities	(19.9)	(39.3)
Accretion of discount on the Senior Discount Notes	(17.5)	(15.8)
Financing costs of pension and post retirement healthcare liabilities	(3.4)	-
Unwinding of discount on deferred satellite liabilities	(2.0)	(1.1)
Amortisation of debt issue costs	(1.5)	(6.5)
Interest and facility fees payable on bank loans, overdrafts and finance leases	(0.2)	(0.6)
Previous Senior Credit Facility deferred debt issue costs written off	-	(19.9)
Accretion of discount on the principal of Subordinated Preference Certificates	-	(19.6)
Interest rate swap	-	(1.4)
Other interest payable	-	(0.2)
Total interest payable and similar charges	(44.5)	(104.4)
Interest rate swap	1.2	-
Bank interest receivable and other interest	3.3	5.1
Currency gain on repayment of Subordinated Preference Certificates	-	39.3
Realised gain on amendment to interest rate swap	-	3.4
Total interest receivable and similar income	4.5	47.8
Net interest payable	(40.0)	(56.6)

6. Tax

	2006 Half year (unaudited)	2005 Half year (unaudited)
	(US$ in millions)	
Current tax:		
UK corporation tax	0.8	(7.9)
	0.8	(7.9)
Deferred tax:		
Current year	15.4	30.6
	15.4	30.6
Total tax charge	**16.2**	**22.7**

The corporation tax charge for the interim period is 34% (2005: 35%), representing the best estimate of the weighted average annual corporation tax rate expected for the full financial year, and differs from the UK corporation tax rate of 30% because of permanent differences, in particular in relation to disallowable expenditure.

7. Reconciliation of movements in shareholders' equity

	Ordinary share capital	Share premium account	Other reserves	(Accumulated losses) (as restated)	Total
			(US$ in millions)		
Balance as at 1 January 2005 (as restated)	**0.3**	**34.8**	**21.4**	**(44.0)**	**12.5**
Fair value (losses) - cash flow hedges	—	—	(10.0)	—	(10.0)
Issue of ordinary share capital	0.1	635.8	—	—	635.9
Share option costs	—	—	1.1	—	1.1
Profit for the period	—	—	—	42.8	42.8
Actuarial losses from pension and post-retirement healthcare benefit (net of tax)	—	—	—	(0.4)	(0.4)
Movement in cumulative translation reserve	—	—	(0.3)	—	(0.3)
Balance as at 30 June 2005 (as restated)	**0.4**	**670.6**	**12.2**	**(1.6)**	**681.6**
Fair value (losses) – cash flow hedges	—	—	(5.6)	—	(5.6)
Issue of ordinary share capital	—	1.7	—	—	1.7
Share option costs	—	—	2.4	—	2.4
Share options exercised	—	—	0.2	—	0.2
Loss for the period	—	—	—	(3.1)	(3.1)
Actuarial losses from pension and post-retirement healthcare benefit (net of tax)	—	—	—	(5.7)	(5.7)
Deferred tax credit on share options	—	—	—	5.5	5.5
Movement in cumulative translation reserve	—	—	(0.5)	—	(0.5)
Balance as at 31 December 2005	**0.4**	**672.3**	**8.7**	**(4.9)**	**676.5**
Fair value gains - cash flow hedges	—	—	9.4	—	9.4
Issue of ordinary share capital	—	3.0	—	—	3.0
Share option costs	—	—	1.6	—	1.6
Share options exercised	—	—	0.2	—	0.2
Profit for the period	—	—	—	31.3	31.3
Dividend payable	—	—	—	(49.8)	(49.8)
Actuarial gains from pension and post-retirement healthcare benefit (net of tax)	—	—	—	5.0	5.0
Deferred tax credit on share options	—	—	—	1.8	1.8
Balance as at 30 June 2006	**0.4**	**675.3**	**19.9**	**(16.6)**	**679.0**

8. Net borrowings

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

	As at 30 June 2006 (unaudited)			As at 31 December 2005 (audited)			As at 30 June 2005 (unaudited)		
	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
				(US$ in millions)					
Current:									
Bank overdraft	0.3	-	0.3	0.2	-	0.2	0.3	-	0.3
Deferred satellite payments	11.5	-	11.5	10.4	-	10.4	7.9	-	7.9
Current portion – New Senior Credit Facility	25.0	-	25.0	-	-	-	-	-	-
Current portion - Senior Notes	-	-	-	-	-	-	167.1	(6.1)	161.0
Total current borrowings	**36.8**	**-**	**36.8**	**10.6**	**-**	**10.6**	**175.3**	**(6.1)**	**169.2**
Non-current:									
New Senior Credit Facility	225.0	(2.0)	223.0	250.0	(2.3)	247.7	250.0	(2.7)	247.3
Senior Discount Notes, 10.375%	349.5	(8.4)	341.1	332.2	(8.7)	323.5	315.9	(9.2)	306.7
—Accretion of discount on the principal	4.6	-	4.6	4.4	-	4.4	4.2	-	4.2
Senior Notes	256.8	(9.7)	247.1	300.4	(10.6)	289.8	310.4	(11.5)	298.9
Premium on Senior Notes	1.2	-	1.2	1.3	-	1.3	2.2	-	2.2
Deferred satellite payments	53.3	-	53.3	42.2	-	42.2	47.0	-	47.0
Total non-current borrowings	**890.4**	**(20.1)**	**870.3**	**930.5**	**(21.6)**	**908.9**	**929.7**	**(23.4)**	**906.3**
Total Borrowings	**927.2**	**(20.1)**	**907.1**	**941.1**	**(21.6)**	**919.5**	**1,105.0**	**(29.5)**	**1,075.5**
Cash and cash equivalents	**(15.1)**	**-**	**(15.1)**	**(35.3)**	**-**	**(35.3)**	**(234.0)**	**-**	**(234.0)**
Short-term deposits	**-**	**-**	**-**	**-**	**-**	**-**	**(0.7)**	**-**	**(0.7)**
Net Borrowings	**912.1**	**(20.1)**	**892.0**	**905.8**	**(21.6)**	**884.2**	**870.3**	**(29.5)**	**840.8**

9. Dividends

	2006 Half year (unaudited)	2005 Half year (unaudited)
	(US$ in millions)	
Ordinary Shares		
Final dividend for the year ended 31 December 2005 of 10.95 cents (US$) (2004: Nil) per share	49.8	-

The Board intends to declare and pay an interim dividend of 10.66 cents (US dollars) per ordinary share on 27 October 2006 to ordinary shareholders on the Register at the close of business on 29 September 2006. 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 IAS10, this dividend has not been recognised as a liability for the half year ended 30 June 2006.

10. Earnings per share

Basic and diluted earnings per share is based on a weighted average number of ordinary shares in issue of 453,497,292 and 458,753,854 respectively (2005: 302,638,396 and 307,246,919). At 30 June 2006 there were a total of 457,151,668 ordinary shares in issue.

11. Contingent liabilities / Contingent assets

In April 2006, certain of our distribution partners commenced arbitration proceedings with a view to clarifying the terms of their Commercial Framework Agreements with us, specifically concerning the recent appointment of a new distribution partner for BGAN services which they believe took place outside the terms of these Commercial Framework Agreements. Having taken legal advice, we believe that the claims of these distribution partners are without merit and we intend vigorously to defend our position in the arbitration proceedings.

There were no other material contingent assets or liabilities at 30 June 2006.

INDEPENDENT REVIEW REPORT TO INMARSAT PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprise the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of recognised income and expense, the condensed consolidated cash flow statement and related notes 1 to 11. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with Bulletin 1999/4 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority and the requirements of IAS 34 which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2006.

Deloitte & Touche LLP
Chartered Accountants London
4 August 2006