Press release

Inmarsat plc Reports Interim Results 2012

London, UK: 3 August 2012. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today provided the following information for the six months ended 30 June 2012.

Inmarsat plc - Highlights

- Total revenue $684m (2011: $683m)
- Inmarsat Global MSS revenue $367m up 1.4% (2011: $362m)
- EBITDA $381m (2011: $427m)
- EBITDA excluding LightSquared $332m (2011: $336m)
- Profit before tax $223m (2011: $255m)
- Interim dividend of 16.94 cents (US$), up 10%
- Strong growth in Maritime revenue, up 13%
- Over 30,000 FleetBroadband terminals installed
- Over 65,000 active IsatPhone Pro terminals

Inmarsat Group Limited - Second Quarter Highlights

- Total revenue $329m (2011: $359m)
- Inmarsat Global MSS revenue $189m up 4.2% (2011: $181m)
- Inmarsat Solutions revenue $205m (2011: $189m)
- Total EBITDA $176m (2011: $223m)
- MSS active terminals up 13%

Rupert Pearce, Inmarsat's Chief Executive Officer, said, "The results for the first half and second quarter show that we have returned our core MSS business to growth, fuelled by continuing strong subscriber take up and the benefits of pricing initiatives. In light of on-going momentum in subscriber additions, we are making further progress towards meeting our expectations for the full year."

Inmarsat plc

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Inmarsat Global	441.2	472.6	(6.6%)
Inmarsat Solutions	396.2	364.7	8.6%
	837.4	837.3	-
Intercompany eliminations and adjustments	(153.2)	(154.4)	
Total revenue	**684.2**	**682.9**	**0.2%**

Inmarsat Global

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Maritime voice services	41.4	46.9	(11.7%)
Maritime data services	159.5	131.3	21.5%
Total maritime sector	200.9	178.2	12.7%
Land mobile voice services	5.5	3.3	66.7%
Land mobile data services	60.7	77.0	(21.2%)
Total land mobile sector	66.2	80.3	(17.6%)
Aviation	49.4	48.6	1.6%
Leasing	50.4	54.8	(8.0%)
Total mobile satellite services	366.9	361.9	1.4%
Other income	74.3	110.7	(32.9%)
Total revenue	**441.2**	**472.6**	**(6.6%)**

Growth in our maritime data revenue resulted primarily from the impact of pricing initiatives, in particular as a result of the elimination (with effect from January) of volume discounts previously available for older services and the implementation of certain price changes (with effect from May) in relation to our FleetBroadband service. We continue to see strong take up of our FleetBroadband service. During the half year 2012, we added 4,305 FleetBroadband terminals, of which 2,295 were added during the second quarter. At the end of the half year we had more than 30,000 active FleetBroadband terminals. In addition, the migration of certain leasing business to our maritime sector also contributed to our maritime revenue growth.

Although customer migration from older maritime services continues to have a negative impact on our rate of revenue growth in the maritime sector, we believe that this effect is now more than offset by usage increases we have seen from our FleetBroadband subscribers and by the impact of the price changes we have implemented. Although maritime voice revenue was down year over year, this is largely due to the impact of voice price reductions implemented in April 2011 and the on-going effect of voice to email substitution that we record as data revenues.

Interest in our XpressLink service has continued to gain momentum following the appointment of a number of leading maritime communications specialists as dealers which has increased market awareness. XpressLink is now a highly competitive alternative to traditional VSAT services and we continue to believe that XpressLink will gain meaningful market traction during 2012.

In our land mobile sector, while our BGAN and IsatPhone Pro services continue to attract new customer revenue to our network, this growth has been more than offset by the on-going decline in revenue from government users in Afghanistan. Lower revenue from Afghanistan, in connection with reduced military activity, remains a material headwind to our overall rate of growth in 2012. We estimate that Afghanistan and events in North Africa and Japan in the first half of 2011 contributed $18.2m more revenue year-over-year, compared to the first half of 2012. While revenue from North Africa and Japan has now largely normalised, our annualised land mobile revenue from Afghanistan remains material, but is expected to decline further in the remainder of the year.

Our IsatPhone Pro service continues to see strong subscriber take up. At the end of the quarter we had over 65,000 IsatPhone Pro subscribers, being the primary contributor to growth in our land voice revenues.

Aviation revenue growth for the first half was driven by the combination of strong take up and growth in revenue from our SwiftBroadband service, offset by lower usage from Swift 64 mainly due to lower military and government usage. In July, we announced the deployment of SwiftBroadband by two leading airlines in the Asia Pacific region to support in-flight passenger services. Leasing for the first half was in line with expectations.

Lower revenue recorded as Other Income was primarily driven by lower revenue from LightSquared partially offset by increased equipment sales in relation to our IsatPhone Pro service.

Inmarsat Solutions

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Inmarsat MSS	198.5	214.9	(7.6%)
Broadband and other MSS	197.7	149.8	32.0%
Total revenue	**396.2**	**364.7**	**8.6%**

Growth in our Inmarsat Solutions division was primarily driven by recognition of new VSAT service revenues resulting from the acquisition of Ship Equip completed in April 2011, and by growth in our Inmarsat Government business unit, both primarily reported within Broadband and other MSS. Lower Inmarsat MSS revenue at the Inmarsat Solutions level was driven primarily by lower revenue from Afghanistan and lower event-related revenue year-over-year.

Outlook

During the first half 2012, despite a poor macroeconomic environment and a continuing loss of revenue from government users in Afghanistan, we have made solid progress in returning our Inmarsat Global MSS business to growth. Furthermore, we are seeing sustained take-up and usage growth for our key services, FleetBroadband, IsatPhone Pro, and SwiftBroadband. In the medium term, we remain confident in the prospects for our XpressLink service and in our Global Xpress investment programme. As a result, the outlook statement provided in March 2012 continues to reflect our expectations for the performance of the group and our medium term revenue targets remain unchanged.

Liquidity

At 30 June 2012, the Inmarsat plc group had net borrowings of $1,468.0m, made up of cash and cash equivalents of $376.9m and total borrowings of $1,844.9m. Including cash and available but undrawn borrowing facilities, the group had total available liquidity of $1,479.6m. We remain fully funded as to all our capital needs for the foreseeable future.

Our Financial Reports

Inmarsat Group Limited, our wholly-owned subsidiary, today reported unaudited consolidated financial results for the three months ended 30 June 2012. A copy of the full financial report for 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 Friday, 3 August at 2:00pm London time, (United States 9:00am EST). To access the call please dial +44 (0)1452 555 566. The conference id for the call is 10246633. The call will be recorded and available for one week after the event. To access the recording please dial +44 (0)1452 550 000 and enter the access number 10246633#. The call will also be available via a webcast, to access the webcast please go to www.inmarsat.com/webcast.

Inmarsat will be holding a meeting for analysts and investors on Tuesday, 9 October 2012. The meeting will contain a series of presentations focusing on our Global Xpress programme. The meeting will be held at Inmarsat's offices, 99 City Road, London, EC1Y 1AX and will start at 8.30am. To register to attend, please email laura.slater@inmarsat.com.

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 2012
(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 2011, 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 (including 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, loss on disposal of assets 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,

Rupert Pearce
Chief Executive Officer
3 August 2012

Rick Medlock
Chief Financial Officer
3 August 2012

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 2012. 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 an L-band satellite-based network. With an in-orbit fleet of 10 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, comprising our direct and indirect distribution businesses, 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 owned and operated microwave and satellite telecommunications facilities.

In addition to our established L-band satellite services business, we are implementing our Global Xpress programme, a major US$1.2 billion investment project with initial deployment and global service on track for 2013 and 2014, respectively. Global Xpress services will be supported by a network of three Ka-band satellites, the Inmarsat-5 satellites, being built by Boeing Space and Intelligence Systems. Global Xpress will offer seamless global coverage and deliver MSS broadband speeds of up to 50 Mbps for users in the government, maritime, energy, enterprise and aviation sectors.

The Group's revenues for the half year ended 30 June 2012 were US$684.2m (2011: US$682.9m), EBITDA was US$381.4m (2011: US$426.9m) and operating profit was US$259.4m (2011: US$307.4m). 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.

Vertical market reorganisation

On 3 January 2012, we announced a new organisational structure for our Inmarsat Solutions business that aligns its operations more closely to our core vertical market segments and strengthens our support to both direct and indirect distribution of services.

With the reorganisation, Inmarsat Solutions became responsible for our global direct and indirect sales, marketing and delivery and operates through four market-facing business units:

- Inmarsat Maritime, focusing on worldwide commercial maritime opportunities;
- Inmarsat Government, focusing on US government opportunities, both military and civil;
- Inmarsat Global Government, focusing on worldwide (i.e. non-US) civil and military government opportunities; and
- Inmarsat Enterprise, focusing on worldwide energy, industry, media, carriers, commercial aviation and M2M opportunities.

The Stratos, Segovia and Ship Equip operations are now providing their services within the relevant business units, and are using the 'Inmarsat' brand name. Although we have changed the organisational structure of Inmarsat Solutions, we continue to report our results for our two primary segments, Inmarsat Global and Inmarsat Solutions.

Acquisition of NewWave Broadband Limited

Following on from our acquisition of Ship Equip in April 2011, on 13 January 2012, we acquired 100% of the outstanding shares of NewWave Broadband Limited ("NewWave") for a total cash consideration of US$7.7m (net of cash acquired). NewWave sources and manages satellite capacity exclusively for Ship Equip, as well as providing maintenance services for certain Ship Equip network assets. The operations of NewWave have been integrated within our Inmarsat Solutions business.

Global Xpress Programme Update

Our Global Xpress programme remains on budget and on schedule for initial deployment and global service in 2013 and 2014, respectively.

In March 2012, we completed the placement of launch and in-orbit insurance covering the launch and the first year in-orbit of our Inmarsat-5 satellites. We have also obtained a level of in-orbit insurance for our Inmarsat-5 satellites for a further four years. In connection with the placement of insurance for the Inmarsat-5 satellites, we simultaneously placed similar insurance arrangements for our Alphasat satellite which is being built for our L-band satellite network.

On 30 March 2012, we announced the signing of a Memorandum of Understanding with Imtech Marine to become the first Value Added Reseller of Global Xpress for maritime services. Imtech Marine is also expected to offer our XpressLink service which is a package of Ku-band VSAT and L-band FleetBroadband and provides a service bridge to our Global Xpress service.

On 18 April 2012, we announced the signing of an exclusive agreement with Honeywell to develop global in-flight connectivity services for business, commercial and government aviation customers around the world. Under the terms of the agreement, Honeywell will develop, produce and distribute the onboard hardware that will enable users to connect to our Global Xpress network.

Inmarsat Global Services

On 15 February 2012, we launched our new BGAN M2M service targeting machine-to-machine ("M2M") applications in the utilities, energy and retail banking markets. BGAN M2M supports end-to-end IP data capability for real-time M2M applications including smart metering, supervisory control & data acquisition, monitoring and other infrastructure telemetry solutions.

On 22 March 2012, we announced the launch of BGAN Link, a new broadband IP data service for users who need reliable connectivity over a sustained period from a permanent or semi-permanent site. For a fixed monthly fee the new service offers a data connection of up to 0.5 Mbps, suitable for standard office-type applications such as email, internet and intranet access, and VPN access to corporate networks.

On 17 May 2012, we announced the launch of FleetBroadband Multi-voice, a new capability available on all our FleetBroadband terminals (including FB150 the entry level variant) that will allow up to nine simultaneous telephone calls to be made through a single FleetBroadband terminal. This enhancement to our FleetBroadband service will enable vessel owners and managers to offer more crew communications options, while separating this traffic from operational use.

On 10 July 2012, we announced that SwiftBroadband will be deployed as the satellite backbone for in-flight internet services on two airlines in the Asia Pacific region. Leading Japanese air carrier ANA will deploy SwiftBroadband on its international routes from mid-2013, mainly serving US and European destinations. The SwiftBroadband service is being provided by Inmarsat distribution partner OnAir, which will deploy its 'Internet OnAir' wi-fi capability on 28 aircraft initially.

OnAir is also providing in-flight connectivity for Cebu Pacific Air, the Philippines' largest carrier and the first low cost carrier in Southeast Asia. Starting with deployment on its Airbus A330 fleet, the airline will roll out Internet OnAir to passengers during 2013. It also has an option to install wi-fi services on its fleet of Airbus A320 aircraft, for short haul flights, in a second phase.

Inmarsat Solutions Services

On 25 January 2012, we announced that Frontline, a world leader in the international seaborne transportation of crude oil, has committed to Inmarsat XpressLink for more than 100 vessels from its existing fleet and its planned new builds. The installation of XpressLink on Frontline's vessels has already started and will continue throughout 2012.

In February 2012, we were awarded the contract to provide FleetBroadband on vessels of Thome Ship Management. In addition to FleetBroadband services, the contracts include the deployment of other value-added services provided by Inmarsat Solutions.

On 23 April 2012, we announced the first appointments for our global network of XpressLink dealers. We now have 24 leading maritime communications specialists that have been approved to sell XpressLink, providing access to shipping fleets worldwide through sales teams based in North America, Europe, Middle East and Asia.

LightSquared Cooperation Agreement

On 20 April 2012, we announced an agreement with LightSquared to amend certain terms of the Cooperation Agreement. In connection with the amended terms, LightSquared made a payment to Inmarsat of US$56.25m, resulting in the completion of all payments due under Phase 1 of the Agreement. Under the terms of the amendment, we renegotiated and agreed to suspend Phase 2 of the Cooperation Agreement until 31 March 2014. During the period of suspension, LightSquared will not be required to make any Phase 2 payments to us, including a payment of US$29.6m which was due 31 March 2012. In certain circumstances, including at the option of LightSquared, Phase 2 may be restarted prior to 1 April 2014. Phase 1.5 of the Cooperation Agreement was also renegotiated within the scope of the amendment and is no longer operative. The amended terms of the Cooperation Agreement are designed to allow LightSquared additional time to secure regulatory consents that may ultimately lead to the deployment of its ATC network in North America.

LightSquared has made total payments to us in respect of all the phases of the Cooperation Agreement of US$546.4m, of which US$85.8m was received during the half year ended 30 June 2012. We have, thus far, recognised US$275.9m of revenue and US$16.9m of operating costs under all the phases of the Cooperation Agreement. At 30 June 2012, we recorded a balance of US$270.5m deferred income, within trade and other payables on the Balance Sheet.

The table below sets out the contribution of our Cooperation Agreement with LightSquared to our profit for the periods indicated:

(US$ in millions)	**2012 Half year**	**2011 Half year**
Revenue	54.6	96.4
Net operating costs	(5.3)	(5.9)
EBITDA	**49.3**	**90.5**
Income tax expense	(12.1)	(24.0)
Profit for the year	**37.2**	**66.5**

Under Phase 1 (including the previous Phase 1.5), LightSquared has made payments to us totalling US$408.7m. We are accounting for the Phase 1 payments using the percentage of completion method. We have recognised US$25.0m of revenue and US$5.3m of operating costs during the half year ended 30 June 2012 (2011: US$47.5m and US$5.9m, respectively).

Under the original Phase 2, LightSquared has made payments to us totalling US$137.7m. Revenue has been recognised on a straight-line basis over the period from commencement of the original Phase 2 until 31 March 2012. We have recognised US$29.6m of revenue during the half year ended 30 June 2012 (2011: US$48.9m). As a result of the suspension of Phase 2, we do not expect to recognise any further revenue under Phase 2 of the Cooperation Agreement until such time as Phase 2 recommences.

Financing

On 11 April 2012, our indirect subsidiary, Inmarsat Finance plc, issued a further US$200m aggregate principal amount of our 7.375% Senior Notes due 1 December 2017 ("Senior Notes due 2017"). The aggregate gross proceeds of US$212m, including US$12m premium on issuance, are available for general corporate purposes. We capitalised the issuance costs in relation to the issue of these additional Senior Notes due 2017.

Dividends

A final dividend of 24.96 cents (US$) per ordinary share (total dividend US$111.7m) for the 2011 financial year as recommended by the Directors was approved at the Annual General Meeting and paid to shareholders on 25 May 2012.

The Board intends to declare and pay an interim dividend for the 2012 financial year of 16.94 cents (US$) per ordinary share on 25 October 2012 to ordinary shareholders on the share register at the close of business on 5 October 2012. 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 as at 30 June 2012.

Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat plc for the half year ended 30 June 2012. We report two operating segments, Inmarsat Global and Inmarsat Solutions. The Inmarsat Solutions segment includes the operations of formerly acquired businesses: Stratos, Segovia, Ship Equip (acquired on 28 April 2011) and NewWave (acquired on 13 January 2012). The table below sets out the results of the Group for the periods indicated:

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Revenue	**684.2**	**682.9**	**0.2%**
Employee benefit costs	(108.3)	(96.9)	11.8%
Network and satellite operations costs	(141.2)	(109.0)	29.5 %
Other operating costs	(65.0)	(59.4)	9.4%
Own work capitalised	11.7	9.3	25.8%
Total net operating costs	**(302.8)**	**(256.0)**	**18.3%**
EBITDA	**381.4**	**426.9**	**(10.7%)**
Depreciation and amortisation	(122.5)	(120.2)	1.9%
Loss on disposal of assets	(0.1)	–	–
Share of results of associates	0.6	0.7	(14.3%)
Operating profit	**259.4**	**307.4**	**(15.6%)**
Interest receivable and similar income	1.1	4.2	(73.8%)
Interest payable and similar charges	(37.7)	(56.8)	(33.6%)
Net interest payable	(36.6)	(52.6)	(30.4%)
Profit before income tax	**222.8**	**254.8**	**(12.6%)**
Income tax expense	(48.0)	(63.5)	(24.4%)
Profit for the period	**174.8**	**191.3**	**(8.6%)**

Revenues

Total Group revenues for the half year ended 30 June 2012 increased by 0.2% compared with the half year ended 30 June 2011. The table below sets out the components, by segment, of the Group's total revenue for each of the periods indicated:

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Inmarsat Global	441.2	472.6	(6.6%)
Inmarsat Solutions	396.2	364.7	8.6%
	837.4	837.3	–
Intercompany eliminations and adjustments	(153.2)	(154.4)	
Total revenue	**684.2**	**682.9**	**0.2%**

Net operating costs

Total Group net operating costs for the half year ended 30 June 2012 increased by 18.3% compared with the half year ended 30 June 2011. 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)	2012 Half year	2011 Half year	Increase
Inmarsat Global	113.1	109.9	2.9%
Inmarsat Solutions	342.8	300.4	14.1%
	455.9	410.3	11.1%
Intercompany eliminations and adjustments	(153.1)	(154.3)	
Total net operating costs	**302.8**	**256.0**	**18.3%**

EBITDA

Group EBITDA for the half year ended 30 June 2012 decreased by 10.7% compared with the half year ended 30 June 2011; this was primarily as a result of decreased revenue from our Cooperation Agreement with LightSquared and increased operating costs, partially offset by the inclusion of the results of Ship Equip (acquired on 28 April 2011). EBITDA margin has decreased to 55.7% for the half year ended 30 June 2012, compared with 62.5% for the half year ended 30 June 2011. Below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

(US$ in millions)	**2012 Half year**	**2011 Half year**	**Increase/ (decrease)**
Profit for the period	174.8	191.3	(8.6%)
Add back:			
Income tax expense	48.0	63.5	(24.4%)
Net interest payable	36.6	52.6	(30.4%)
Depreciation and amortisation	122.5	120.2	1.9%
Loss on disposal of assets	0.1	–	–
Share of results of associates	(0.6)	(0.7)	(14.3%)
EBITDA	**381.4**	**426.9**	**(10.7%)**
EBITDA margin %	***55.7%***	***62.5%***	

Depreciation and amortisation

The increase in depreciation and amortisation of US$2.3m for the half year ended 30 June 2012 is due to the inclusion of depreciation on the assets acquired through the purchase of Ship Equip and additional depreciation on additions to tangible fixed assets in our Inmarsat Solutions segment. Partially offsetting the increase is a reduction in depreciation due to the Inmarsat-3 satellites and certain billing system assets becoming fully depreciated.

Operating profit

As a result of the factors discussed above, operating profit during the half year ended 30 June 2012 was US$259.4m, a decrease of US$48.0m, or 15.6%, compared with the half year ended 30 June 2011.

Interest

Net interest payable for the half year ended 30 June 2012 was US$36.6m, a decrease of US$16.0m, or 30%, compared with the half year ended 30 June 2011.

Interest payable for the half year ended 30 June 2012 was US$37.7m, a decrease of US$19.1m, or 34%, compared with the half year ended 30 June 2011. The decrease in interest payable is predominantly due to a significant increase in the amount of interest that we are required to capitalise. During the half year ended 30 June 2012 we capitalised interest of US$24.4m that was attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, compared with US$8.9m capitalised in the half year ended 30 June 2011. In the half year ended 30 June 2011, we recorded US$2.4m of interest in respect of unwinding of the discount we applied to the Segovia acquisition deferred consideration compared with US$nil in the half year ended 30 June 2012. In addition, in the half year ended 30 June 2011, we recognised an unrealised foreign exchange loss on the pension and post-retirement scheme liabilities of US$1.6m (half year ended 30 June 2012: US$nil), due to the movement of the US Dollar exchange rate in the period and we wrote off unamortised issue costs of US$3.8m following the refinancing of our previous Senior Credit Facility. The decrease was partially offset by increased interest following further drawdowns of our Ex-Im Bank Facility and the issue of additional Senior Notes due 2017.

Interest receivable for the half year ended 30 June 2012 was US$1.1m compared to US$4.2m in the half year ended 30 June 2011. 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.

Profit before tax
Profit before tax for the half year ended 30 June 2012 was US$222.8m, a decrease of US$32.0m, or 12.6%, compared with the half year ended 30 June 2011. The decrease is due primarily to decreased revenues from our Cooperation Agreement with LightSquared and increased net operating costs, partially offset by the inclusion of the results of Ship Equip (acquired on 28 April 2011) and decreased net interest payable, during the half year ended 30 June 2012.

Income tax expense
The tax charge for the half year ended 30 June 2012 was US$48.0m, a decrease of US$15.5m, or 24%, compared with the half year ended 30 June 2011. The decrease in the tax charge is largely driven by the underlying decrease in profits for the half year ended 30 June 2012. The change in the UK rate of corporation tax from 26% in 2011 to 24% with effect from 1 April 2012 has given rise to a one-off tax credit of US$2.6m on the revaluation of UK deferred tax liabilities. In addition, there was a prior year adjustment for the half year ended 30 June 2012 which resulted in a one-off tax credit of US$5.0m. The prior year adjustment for the half year ended 30 June 2011 resulted in a one-off tax credit of US$2.9m.

The effective tax rate for the half year ended 30 June 2012 was 21.5% compared to 24.9% for the half year ended 30 June 2011. If the effect of the prior year adjustment and the credit relating to the change in the UK rate of corporation tax is removed, the effective tax rate for the half year ended 30 June 2012 is 25.0% compared to 26.1% for the half year ended 30 June 2011. The decrease in the adjusted effective tax rate is predominantly due to the reduction of the UK main rate of corporation tax from 26% in 2011 to 24% with effect from 1 April 2012. Although the change in tax rate became effective on 1 April 2012, this has the effect of lowering the average UK statutory tax rate for 2012, and therefore the rate upon which the half year's tax charge is based, to 24.5%.

Profit for the period
As a result of the factors discussed above, profit for the half year ended 30 June 2012 was US$174.8m, a decrease of US$16.5m, or 8.6%, compared with the half year ended 30 June 2011.

Earnings per share
For the half year ended 30 June 2012, basic and diluted earnings per share for profit attributable to the equity holders of the Company were 38 cents (US$) and 38 cents (US$), respectively, compared with 42 cents (US$) and 41 cents (US$), respectively for the half year ended 30 June 2011.

The half year ended 30 June 2012 basic and diluted earnings per share adjusted to exclude the after tax effect of the LightSquared contribution, were 30 cents (US$) and 30 cents (US$), respectively, compared with 27 cents (US$) and 27 cents (US$), respectively for the half year ended 30 June 2011.

Inmarsat Global Results

Revenues

During the half year ended 30 June 2012, although revenues from Inmarsat Global were US$441.2m, a decrease of US$31.4m, or 6.6%, compared with the half year ended 30 June 2011, MSS revenues increased by US$5.0m, or 1.4%, period on period. The decrease in total revenue in the half year ended 30 June 2012 is due to a reduction in revenues recognised in relation to our Cooperation Agreement with LightSquared. Our FleetBroadband and SwiftBroadband services have shown solid growth in revenue during the half year ended 30 June 2012 compared to the same period in 2011. The revenue growth incorporates the effect of certain price increases to our FleetBroadband service as well as other maritime data services. This growth has been partly offset by a continued expected decline in revenue from our BGAN and GAN services due to the combination of troop withdrawals from Afghanistan and the inclusion of significant event revenue in 2011. In addition, we experienced a decline in maritime voice revenues due to the impact of product mix changes and a decline in revenues from our older services such as Inmarsat B, Mini M, Fleet, GAN and 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)	2012 Half year	2011 Half year	Increase/ (decrease)
Revenues			
Maritime sector:			
Voice services	41.4	46.9	(11.7%)
Data services	159.5	131.3	21.5%
Total maritime sector	**200.9**	**178.2**	**12.7%**
Land mobile sector:			
Voice services	5.5	3.3	66.7%
Data services	60.7	77.0	(21.2%)
Total land mobile sector	**66.2**	**80.3**	**(17.6%)**
Aviation sector	49.4	48.6	1.6%
Leasing	50.4	54.8	(8.0%)
Total MSS revenue	**366.9**	**361.9**	**1.4%**
Other income (including LightSquared)	74.3	110.7	(32.9%)
Total revenue	**441.2**	**472.6**	**(6.6%)**

Total active terminal numbers as at 30 June 2012 increased by 13.3%, compared with 30 June 2011. The table below sets out the active terminals by sector for each of the periods indicated:

(000's)	As at 30 June 2012	As at 30 June 2011	Increase
Active terminals[(a)]			
Maritime	187.6	184.7	1.6%
Land mobile	140.1	104.4	34.2%
Aviation	14.5	12.8	13.3%
Total active terminals	**342.2**	**301.9**	**13.3%**

(a) Active terminals are the number of subscribers or terminals that have been used to access commercial services (except certain handheld terminals) at any time during the preceding twelve-month period and registered at 30 June. Active terminals also include the average number of certain handheld terminals active on a daily basis during the period. Active terminals exclude terminals (Inmarsat D+, IsatM2M, IsatData Pro and BGAN M2M) used to access our M2M or telemetry services. At 30 June 2012, we had 221,099 (2011: 226,661) M2M terminals.
In active terminals reported at 30 June 2012, we have included approximately 65,000 IsatPhone Pro terminals.

The growth of active terminals in the maritime sector is from our FleetBroadband service, where we have seen active terminal numbers grow by 39% period over period. On 19 June 2012, we reached 30,000 active FleetBroadband terminals. This growth has been partially offset by the expected decline in active terminals of older services such as Inmarsat B and Fleet. The growth of active terminals in the land mobile sector is predominantly due to our

IsatPhone Pro service, which was introduced at the end of June 2010. In the aviation sector, we have seen growth in SwiftBroadband active terminals of 65% period over period, partially offset by the decline in our other aviation services such as Swift 64.

Maritime Sector. During the half year ended 30 June 2012, revenues from the maritime sector were US$200.9m, an increase of US$22.7m, or 12.7%, compared with the half year ended 30 June 2011.

Revenues from data services in the maritime sector during the half year ended 30 June 2012 were US$159.5m, an increase of US$28.2m, or 21%, compared with the half year ended 30 June 2011. Growth in our maritime data revenues was primarily driven by pricing and service package changes implemented in January and May 2012. In addition, the migration of certain leasing business into our maritime sector has contributed to our growth. During the period we have seen significant migration of end users from usage-based pricing plans to subscription-based plans with higher monthly fees and inclusive usage. We have also seen strong terminal activations and increasing average revenue per user ("ARPU"). During the half year ended 30 June 2012, we added 4,305 FleetBroadband subscribers and ended the half year with over 30,000 active FleetBroadband terminals. Despite the overall revenue growth reported, customer migration to FleetBroadband from certain older services continues to be a constraint on 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.

Revenue from our Inmarsat B service continues to decline due to the natural run-off and migration 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 many of these customers also transitioned to our FleetBroadband service.

Revenues from voice services in the maritime sector during the half year ended 30 June 2012 were US$41.4m, a decrease of US$5.5m or 11.7% compared with the half year ended 30 June 2011. We have continued to see voice revenues being 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 also 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 continue to believe that 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 2012, revenues from the land mobile sector were US$66.2m, a decrease of US$14.1m, or 17.6%, compared with the half year ended 30 June 2011.

Revenues from data services in the land mobile sector during the half year ended 30 June 2012 were US$60.7m, a decrease of US$16.3m, or 21%, compared with the half year ended 30 June 2011. This expected decline in revenues is due to the combination of troop withdrawals from Afghanistan and the inclusion of significant event revenue in 2011. We estimate that Afghanistan and events in North Africa and Japan in the half year ended 30 June 2011 contributed US$18.2m more revenue year-over-year, compared to the half year ended 30 June 2012. Although we continue to see new growth in BGAN usage from new subscribers, this growth is unable to fully offset the impact of reduced revenue from Afghanistan and other world events.

Revenues from voice services in the land mobile sector during the half year ended 30 June 2012 were US$5.5m, an increase of US$2.2m, or 67%, compared with the half year ended 30 June 2011. The increase is due to growth in revenues from our IsatPhone Pro service, which was launched in 2010 to readdress the handheld voice opportunity. Take up of the IsatPhone Pro service has remained very strong and we ended the half year with over 65,000 active subscribers. The increase in our installed subscriber base is driving overall traffic growth and is the primary contributor to our voice revenue growth.

***Aviation Sector*.** During the half year ended 30 June 2012, revenues from the aviation sector were US$49.4m, an increase of US$0.8m, or 1.6%, compared with the half year ended 30 June 2011. We have seen strong growth in revenues from our SwiftBroadband service, period over period. However, this increase has been partially offset by a decline in Swift 64 revenues, due to a reduction in usage by certain government customers.

Leasing. During the half year ended 30 June 2012, revenues from leasing were US$50.4m, a decrease of US$4.4m, or 8.0%, compared with the half year ended 30 June 2011. The decrease is predominantly due to a reduction in revenue from certain maritime contracts, some of which is now recorded in demand-assigned maritime revenues.

***Other income*.** Other income for the half year ended 30 June 2012 was US$74.3m, a decrease of US$36.4m or 33%, compared with the half year ended 30 June 2011. The decrease is primarily due to revenue recorded in respect of the LightSquared Cooperation Agreement (during the half year ended 30 June 2012 we recorded US$54.6m, compared with US$96.4m for the same period in 2011). During the half year ended 30 June 2012, we recorded US$12.8m of revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) compared with US$8.5m in the same period in 2011. We believe IsatPhone Pro equipment sales in the half year ended 30 June 2012 increased as a result of distributors seeking to increase inventory before the implementation of a hardware price increase which became effective during April 2012. In addition, we recorded US$2.0m of non-recurring component sales in the half year ended 30 June 2012 compared to US$nil in the comparative period.

Net operating costs

Net operating costs in the half year ended 30 June 2012 increased by 2.9% compared with the half year ended 30 June 2011. Included within net operating costs for the half year ended 30 June 2012 are net costs in relation to our Global Xpress programme totalling US$6.9m (half year ended 30 June 2011: US$4.1m) and costs in relation to the LightSquared Cooperation Agreement of US$5.3m (half year ended 30 June 2011: US$5.9m).

The table below sets out the components of Inmarsat Global's net operating costs for each of the periods indicated:

(US$ in millions)	**2012 Half year**	**2011 Half year**	**Increase/ (decrease)**
Employee benefit costs	49.7	48.0	3.5%
Network and satellite operations costs	20.6	22.3	(7.6%)
Other operating costs	51.9	46.6	11.4%
Own work capitalised	(9.1)	(7.0)	30.0%
Net operating costs	**113.1**	**109.9**	**2.9%**

***Impact of hedged foreign exchange rate*.** The functional currency of the Group's principal subsidiaries is US Dollars. Approximately 50% of Inmarsat Global's costs are denominated in Pounds Sterling. Inmarsat Global's hedged rate of exchange for 2012 is US$1.48/£1.00 compared to US$1.51/£1.00 in 2011, which does not give rise to a material variance in comparative costs.

Employee benefit costs. Employee benefit costs increased by US$1.7m in the half year ended 30 June 2012 compared to the half year ended 30 June 2011. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (568 at 30 June 2012 compared to 546 at 30 June 2011), partially offset by a decline in other benefit costs. Headcount has increased primarily to support our Global Xpress programme.

***Network and satellite operations costs*.** Network and satellite operations costs decreased by US$1.7m in the half year ended 30 June 2012 compared to the half year ended 30 June 2011, primarily due to decreased in-orbit insurance costs following the contract renewal in August 2011.

Other operating costs. Other operating costs for the half year ended 30 June 2012 increased by US$5.3m compared to the half year ended 30 June 2011. The increase relates primarily to higher direct cost of sales due to IsatPhone Pro terminal sales (US$4.6m) and increased interconnect charges due to increased traffic (US$2.2m). The increase was partially offset by the absence of professional fees incurred in the half year ended 30 June 2011 in relation to our acquisition of Ship Equip and reduced professional fees incurred in relation to our Cooperation Agreement with LightSquared in the half year ended 30 June 2012.

Own work capitalised. Own work capitalised for the half year ended 30 June 2012 increased by US$2.1m compared to the half year ended 30 June 2011, predominantly a result of increased activity on our Global Xpress programme.

Operating profit

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Total revenue	441.2	472.6	(6.6%)
Net operating costs	(113.1)	(109.9)	2.9%
EBITDA	**328.1**	**362.7**	**(9.5%)**
EBITDA margin %	*74.4%*	*76.7%*	
EBITDA (excluding LightSquared)	278.8	272.2	2.4%
Depreciation and amortisation	(76.2)	(83.1)	(8.3%)
Operating profit	**251.9**	**279.6**	**(9.9%)**

The decrease in operating profit for the half year ended 30 June 2012 of US$27.7m, compared to the half year ended 30 June 2011, is primarily a result of decreased revenues from our Cooperation Agreement with LightSquared. In addition, net operating costs increased, partially offset by lower depreciation and amortisation and higher MSS revenues period on period.

Inmarsat Solutions Results

On 28 April 2011, we completed the acquisition of Ship Equip. On 13 January 2012, we completed the acquisition of NewWave. We include the operations of formerly acquired businesses: Stratos, Segovia, Ship Equip and NewWave in a single reporting segment, Inmarsat Solutions.

Revenues

During the half year ended 30 June 2012, revenues from Inmarsat Solutions increased by 8.6%, compared with the half year ended 30 June 2011. The table below sets out the components of Inmarsat Solutions' revenues for each of the periods indicated:

(US$ in millions)	2012 Half year	2011 Half year	Increase/ (decrease)
Inmarsat MSS	198.5	214.9	(7.6%)
Broadband and Other MSS[(a)]	197.7	149.8	32.0%
Total revenue	**396.2**	**364.7**	**8.6%**

(a) Includes Ship Equip from 28 April 2011 and NewWave from 13 January 2012.

Inmarsat MSS. Revenues derived from Inmarsat MSS for the half year ended 30 June 2012 decreased by US$16.4m, or 7.6%, compared with the half year ended 30 June 2011. Generally, the market sector trends we discuss in relation to our MSS revenue at our Inmarsat Global business have a very similar impact on revenues reported for Inmarsat MSS at the Inmarsat Solutions level. Growth in maritime MSS revenue at Inmarsat Solutions lagged the growth reported at the Inmarsat Global level as effective wholesale price increases, resulting from the elimination of certain volume discounts in January 2012, have not generally been passed on by Inmarsat Solutions to end users. As a result, certain price increases at the Inmarsat Global wholesale level have not resulted in equivalent revenue increases at the Inmarsat Solutions retail level.

For the half year ended 30 June 2012, Inmarsat Solutions' share of Inmarsat Global's MSS revenues was 39%, which is slightly lower than the 40% share for the half year ended 30 June 2011.

Broadband and Other MSS. 'Broadband and Other MSS' revenues primarily consist 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 our Inmarsat Government business unit (primarily drawn from the operations of Segovia), which provides secure IP managed solutions and services to United States government agencies and an element of revenues from our Inmarsat Maritime business unit (primarily drawn from the operations of Ship Equip), which provides VSAT maritime communications services, including our XpressLink service, to the shipping, offshore energy and fishing markets.

Revenues from 'Broadband and Other MSS' during the half year ended 30 June 2012 increased by US$47.9m, or 32%, compared with the half year ended 30 June 2011. The increase is due to the inclusion of Ship Equip for the full period in 2012 compared to the period from 28 April to 30 June in 2011 and increased revenues in our Inmarsat Government business unit from growth in network services and equipment sales. There were also increases in mobile terminal and equipment sales and other ancillary revenues which were partially offset by a reduction in VSAT revenues from energy operations.

Net operating costs

Net operating costs in the half year ended 30 June 2012 increased by US$42.4m, or 14.1%, compared with the half year ended 30 June 2011, primarily as a result of the inclusion of Ship Equip for the full period in 2012 compared to the period from 28 April to 30 June in 2011 and increased costs in Inmarsat Government related to the increased revenues. 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)	2012 Half year	2011 Half year	Increase
Cost of goods and services	291.2	259.9	12.0%
Operating costs	51.6	40.5	27.4%
Total operating costs	**342.8**	**300.4**	**14.1%**
Allocated as follows:			
Employee benefit costs	58.6	48.9	19.8%
Network and satellite operations costs[(a)]	268.9	240.1	12.0%
Other operating costs	17.9	13.7	30.7%
Own work capitalised	(2.6)	(2.3)	13.0%
Net operating costs	**342.8**	**300.4**	**14.1%**

(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 our 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 2012 increased by US$31.3m, compared with the half year ended 30 June 2011. The increase is predominantly due to the inclusion of Ship Equip for the full period in 2012 compared to the period from 28 April to

30 June in 2011, increased cost for airtime from Inmarsat Global as a result of price increases and increased costs in Inmarsat Government, related to the increased revenues.

Operating costs. Operating costs during the half year ended 30 June 2012 increased by US$11.1m, compared with the half year ended 30 June 2011. The increase is primarily due to the inclusion of Ship Equip for the full period in 2012 compared to the period from 28 April to 30 June in 2011 and increased costs in Inmarsat Government related to an increased number of employees, increased benefits and severance costs and higher sales and marketing costs.

Operating profit

(US$ in millions)	**2012 Half year**	**2011 Half year**	**Increase/ (decrease)**
Total revenue	396.2	364.7	8.6%
Cost of goods and services	(291.2)	(259.9)	12.0%
Gross margin	**105.0**	**104.8**	**0.2%**
Gross margin %	*26.5%*	*28.7%*	
Operating costs	(51.6)	(40.5)	27.4%
EBITDA	**53.4**	**64.3**	**(17.0%)**
EBITDA margin %	*13.5%*	*17.6%*	
Depreciation and amortisation	(46.3)	(37.1)	24.8%
Loss on disposal of assets	(0.1)	–	–
Share of results of associate	0.6	0.7	(14.3%)
Operating profit	**7.6**	**27.9**	**(72.8%)**

Inmarsat Solutions' operating profit for the half year ended 30 June 2012 decreased by US$20.3m, compared with the half year ended 30 June 2011. This decrease results from a decrease in EBITDA and an increase in depreciation and amortisation. The EBITDA contribution from the sales of Inmarsat MSS has decreased primarily as a result of lower revenues, an increase in the cost of airtime from Inmarsat Global and changes in product mix. This decrease has been partially offset by the inclusion of the results of Ship Equip for the full period in 2012 compared to the period from 28 April to 30 June in 2011. The increase in depreciation and amortisation is primarily a result of the inclusion of Ship Equip for the same periods and increased capital expenditures, partially offset by a decrease in amortisation as a result of the reduction in the carrying amount of the Stratos, Segovia and Ship Equip trade names to US$nil at the end of 2011.

Gross margin consists of revenues less cost of goods and services. Gross margin has increased slightly in the half year ended 30 June 2012 due to the increased revenue. The gross margin percentage for the half year ended 30 June 2012 decreased as a result of the above noted decline in Inmarsat MSS revenue along with the increased cost and changes in product mix, as well as a reduced gross margin percentage in Inmarsat Government as a result of the newer revenues being at lower margins and changes in product mix. These decreases have been partially offset by the additional operations of Ship Equip which has a higher gross margin.

Group liquidity and capital resources

At 30 June 2012, the Group had cash and cash equivalents of US$376.9m and available but undrawn borrowing facilities of US$1,102.7m 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 foreseeable future. In addition, we remain well-positioned to access the capital markets when needed to meet new financing needs or to improve our liquidity or change the mix of our liquidity sources.

In April 2012, we issued a further US$200m aggregate principal amount of our Senior Notes due 2017. The aggregate gross proceeds of US$212m, including US$12m premium on issuance, have been made available for general corporate purposes. We capitalised the issuance costs in relation to the issue of the additional Senior Notes due 2017.

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 our borrowing facilities and debt securities.

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

(US$ in millions)	**As at 30 June 2012**	**As at 31 December 2011**
EIB Facility	282.7	308.4
Ex-Im Bank Facility	347.3	277.3
Senior Notes due 2017	850.0	650.0
– Net issuance premium/(discount)	8.2	(3.6)
Convertible Bonds	318.9	307.4
– Accretion of principal	2.9	2.7
Deferred satellite payments	32.0	34.7
Bank overdrafts	2.9	0.7
Total borrowings	**1,844.9**	**1,577.6**
Cash and cash equivalents	(376.9)	(183.5)
Net Borrowings (gross of deferred finance costs)	**1,468.0**	**1,394.1**

The table below shows the condensed consolidated interim cash flow for the Group for the half year ended 30 June 2012 and 2011:

(US$ in millions)	**2012 Half year**	**2011 Half year**
Net cash from operating activities	360.3	475.3
Net cash used in investing activities, excluding capital expenditure	(13.1)	(131.7)
Capital expenditure, including own work capitalised	(246.3)	(160.7)
Dividends paid	(109.6)	(103.4)
Net cash from/(used in) financing activities, excluding dividends paid	199.1	(206.3)
Foreign exchange adjustment	0.8	(0.2)
Net increase/(decrease) in cash and cash equivalents	**191.2**	**(127.0)**

The decrease in net cash generated from operating activities in the half year ended 30 June 2012, compared to the half year ended 30 June 2011, of US$115.0m, primarily relates to decreased EBITDA in the half year ended 30 June 2012 and movements in working capital, due to the timing of receipts from LightSquared in respect of our Cooperation Agreement.

Net cash used in investing activities excluding capital expenditure in the half year ended 30 June 2012 decreased by US$118.6m compared to the half year ended 30 June 2011. 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$18.5m of deferred consideration in relation to previous acquisitions. In the half year ended 30 June 2012, we acquired 100% of the outstanding shares of NewWave for a total cash consideration of US$7.7m (net of cash acquired) and paid US$5.4m of deferred consideration in relation to previous acquisitions.

Capital expenditure, including own work capitalised, increased by US$85.6m in the half year ended 30 June 2012, compared to the half year ended 30 June 2011, primarily due to expenditure on our Global Xpress programme. Capital expenditure may fluctuate with the timing of milestone payments on current projects.

During the half year ended 30 June 2012 the Company paid dividends of US$109.6m, compared with US$103.4m in the half year ended 30 June 2011.

Net cash from financing activities, excluding the payment of dividends, in the half year ended 30 June 2012 was US$199.1m compared to cash used in financing activities of US$206.3m in the half year ended 30 June 2011. During the half year ended 30 June 2012, we received gross issuance proceeds of US$212.0m on the April 2012 issue of additional Senior Notes due 2017, we drew down US$70.0m of our Ex-Im Bank Facility and we received US$3.2m from the issue of ordinary shares in connection with certain staff incentive programmes. In addition, we paid cash interest of US$48.2m, repaid US$25.7m of our EIB Facility, paid fees in relation to debt issuance of US$6.1m and paid US$5.9m to repurchase our own shares.

During the half year ended 30 June 2011, the Group repaid US$200.0m outstanding under our previous 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 fees in relation to debt issuance of US$8.8m. In addition, we received US$88.0m from the drawdown of our Ex-Im Bank Facility during the half year ended 30 June 2011.

Group free cash flow

(US$ in millions)	**2012 Half year**	**2011 Half year**
Cash generated from operations	400.1	514.4
Capital expenditure, including own work capitalised	(246.3)	(160.7)
Net cash interest paid	(46.8)	(39.2)
Cash tax paid	(41.2)	(40.7)
Free cash flow	**65.8**	**273.8**

Free cash flow decreased by US$208.0m, or 76%, during the half year ended 30 June 2012, compared to the half year ended 30 June 2011. The decrease is primarily due a reduction in cash generated from operations, an increase in capital expenditure and an increase in cash interest paid.

Group balance sheet

The table below shows the condensed consolidated Group balance sheet as at 30 June 2012:

(US$ in millions)	**As at 30 June 2012**	**As at 31 December 2011**
Non-current assets	3,057.9	2,937.1
Current assets	677.2	472.0
Total assets	**3,735.1**	**3,409.1**
Current liabilities	(988.9)	(966.3)
Non-current liabilities	(1,595.6)	(1,361.7)
Total liabilities	**(2,584.5)**	**(2,328.0)**
Net assets	**1,150.6**	**1,081.1**

The increase in the Group's non-current assets of US$120.8m is due primarily to an increase in property, plant and equipment due to additions in the half year ended 30 June 2012 predominantly as a result of our Global Xpress programme.

The increase in current assets of US$205.2m is due predominantly to an increase in cash and cash equivalents from US$183.5m at 31 December 2011 to US$376.9m at 30 June 2012. The increase in cash and cash equivalents is due primarily to the gross issuance proceeds of US$212.0m received on the April 2012 issue of additional Senior Notes due 2017. In addition, trade and other receivables increased by US$14.4m to US$271.6m at 30 June 2012.

The increase in current liabilities of US$22.6m relates primarily to a US$31.2m increase in deferred revenue recognised in relation to our Cooperation Agreement with LightSquared, during the six months ended 30 June 2012. In addition, current borrowings have increased US$14.9m to US$376.4m at 30 June 2012 primarily due to interest accretion on the Convertible Bonds and current income tax liabilities have increased US$14.7m to US$67.0m at 30 June 2012. The increase has been partially offset by a decrease in other trade and other payables.

The increase in non-current liabilities of US$233.9m relates primarily to an increase in non-current borrowings of US$249.1m to US$1,438.0m at 30 June 2012. Non-current borrowings increased primarily due to additional Senior Notes due 2017 issued in April 2012 (gross issuance proceeds of US$212.0m) and the drawdown of US$70.0m of our Ex-Im Bank Facility, partially offset by the repayment of US$25.7m of our EIB Facility.

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.

Satellites

Our satellites are subject to significant operational risks while in orbit which, if they were to occur, could adversely affect our revenues, profitability and liquidity. Although we maintain in-orbit insurance on our Inmarsat-4 satellite fleet and have obtained launch insurance for Alphasat and our Inmarsat-5 satellites, 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

We continue to rely in part 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.

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 North America or other countries will not result in harmful interference to our operations. If we are unable to prevent or mitigate against such interference it could have an effect on our operations, revenues, profitability and liquidity.

LightSquared Cooperation Agreement

Our Cooperation Agreement with LightSquared may present us with operational and financial risks. If fully implemented, 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 believe 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, as well as to our Global Xpress service when launched. The process of migrating customers from 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 business, financial condition and results of operations.

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.

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.

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 aviation 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. We believe that our acquisition of Ship Equip and our investment in Global Xpress will position us favourably to compete with alternate technology providers and reduce the impact of such competition on our L-band MSS business.

Related Party Transactions
There have been no material changes in the related party transactions described on page 98 of the 2011 Inmarsat plc Annual Report and Accounts.

Recent Events
Subsequent to 30 June 2012, 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,

Rupert Pearce	Rick Medlock
Chief Executive Officer	Chief Financial Officer
3 August 2012	3 August 2012

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the half year ended 30 June 2012 (unaudited)

(US$ in millions)	2012 Half year	2011 Half year
Revenues	**684.2**	**682.9**
Employee benefit costs	(108.3)	(96.9)
Network and satellite operations costs	(141.2)	(109.0)
Other operating costs	(65.0)	(59.4)
Own work capitalised	11.7	9.3
Total net operating costs	**(302.8)**	**(256.0)**
EBITDA	**381.4**	**426.9**
Depreciation and amortisation	(122.5)	(120.2)
Loss on disposal of assets	(0.1)	–
Share of results of associates	0.6	0.7
Operating profit	**259.4**	**307.4**
Interest receivable and similar income	1.1	4.2
Interest payable and similar charges	(37.7)	(56.8)
Net interest payable	(36.6)	(52.6)
Profit before income tax	**222.8**	**254.8**
Income tax expense	(48.0)	(63.5)
Profit for the period	**174.8**	**191.3**
Attributable to:		
Equity holders	**174.7**	**191.2**
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	0.38	0.42
— Diluted	0.38	0.41
Adjusted earnings per share for profit attributable to the equity holders of the Company during the period (expressed in US$ per share)		
— Basic	0.30	0.27
— Diluted	0.30	0.27

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2012 (unaudited)

(US$ in millions)	2012 Half year	2011 Half year
Profit for the period	**174.8**	**191.3**
Other comprehensive income		
Actuarial gains/(losses) from pension and post retirement healthcare benefits	8.0	(0.8)
Net gains on cash flow hedges	0.6	11.1
Tax charged directly to equity	(3.3)	(1.4)
Other comprehensive income for the period, net of tax	**5.3**	**8.9**
Total comprehensive income for the period, net of tax	**180.1**	**200.2**
Attributable to:		
Equity holders	**180.0**	**200.1**
Non-controlling interest	**0.1**	**0.1**

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
At 30 June 2012

(US$ in millions)	As at 30 June 2012 (unaudited)	As at 31 December 2011 (audited)	As at 30 June 2011 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	1,944.0	1,820.1	1,477.1
Intangible assets	1,073.6	1,081.7	1,220.9
Investments	30.9	31.0	31.2
Other receivables	8.8	4.2	5.7
Derivative financial instruments	0.6	0.1	4.1
	3,057.9	**2,937.1**	**2,739.0**
Current assets			
Cash and cash equivalents	376.9	183.5	218.8
Trade and other receivables	271.6	257.2	297.2
Inventories	21.5	23.5	26.9
Derivative financial instruments	7.2	7.8	18.2
	677.2	**472.0**	**561.1**
Total assets	**3,735.1**	**3,409.1**	**3,300.1**
Liabilities			
Current liabilities			
Borrowings	376.4	361.5	35.9
Trade and other payables	527.1	535.4	485.7
Provisions	0.4	2.9	0.3
Current income tax liabilities	67.0	52.3	70.5
Derivative financial instruments	18.0	14.2	10.8
	988.9	**966.3**	**603.2**
Non-current liabilities			
Borrowings	1,438.0	1,188.9	1,322.3
Other payables	25.0	28.1	42.2
Provisions	22.9	26.7	45.0
Deferred income tax liabilities	105.2	108.9	86.5
Derivative financial instruments	4.5	9.1	11.9
	1,595.6	**1,361.7**	**1,507.9**
Total liabilities	**2,584.5**	**2,328.0**	**2,111.1**
Net assets	**1,150.6**	**1,081.1**	**1,189.0**
Shareholders' equity			
Ordinary shares	0.3	0.3	0.3
Share premium	687.2	683.9	683.9
Equity reserve	56.9	56.9	56.9
Other reserves	28.8	25.8	33.1
Retained earnings	376.4	313.3	414.0
Equity attributable to shareholders of the parent	**1,149.6**	**1,080.2**	**1,188.2**
Non-controlling interest	1.0	0.9	0.8
Total equity	**1,150.6**	**1,081.1**	**1,189.0**

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2012

(US$ in millions)	**Ordinary share capital**	**Share premium account**	**Equity reserve**	**Share Option reserve**	**Cash flow hedge reserve**	**Revaluation reserve**	**Currency reserve**	**Other reserves**	**Retained earnings**	**Non-controlling interest**	**Total**
Balance at 1 January 2011 (audited)	**0.3**	**683.9**	**56.9**	**37.5**	**(7.5)**	**0.6**	**–**	**(11.5)**	**327.8**	**0.7**	**1,088.7**
Share options charge	–	–	–	4.6	–	–	–	–	–	–	4.6
Dividends payable	–	–	–	–	–	–	–	–	(104.5)	–	(104.5)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	191.2	0.1	191.3
Other Comprehensive Income – before tax	–	–	–	–	11.1	–	–	–	(0.8)	–	10.3
Other Comprehensive Income - tax	–	–	–	–	(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**
Share options charge	–	–	–	5.6	–	–	–		(2.4)	–	3.2
Purchase of own shares	–	–	–	–	–	–	–	–	(98.4)	–	(98.4)
Dividends payable	–	–	–	–	–	–	–	–	(68.9)	–	(68.9)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	58.1	0.1	58.2
Other Comprehensive Income – before tax	–	–	–	–	(13.8)	–	0.4	–	14.2	–	0.8
Other Comprehensive Income - tax	–	–	–	–	0.5	–	–	–	(3.3)	–	(2.8)
Balance at 31 December 2011 (audited)	**0.3**	**683.9**	**56.9**	**47.7**	**(11.4)**	**0.6**	**0.4**	**(11.5)**	**313.3**	**0.9**	**1,081.1**
Issue of share capital	–	3.3	–	–	–	–	–	–	–	–	3.3
Share options charge	–	–	–	3.8	–	–	–	–	(0.1)	–	3.7
Purchase of own shares	–	–	–	–	–	–	–	–	(5.9)	–	(5.9)
Dividends payable	–	–	–	–	–	–	–	–	(111.7)	–	(111.7)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	174.7	0.1	174.8
Other Comprehensive Income – before tax	–	–	–	–	0.6	–	–	–	8.0	–	8.6
Other Comprehensive Income - tax	–	–	–	–	(1.4)	–	–	–	(1.9)	–	(3.3)
Balance at 30 June 2012 (unaudited)	**0.3**	**687.2**	**56.9**	**51.5**	**(12.2)**	**0.6**	**0.4**	**(11.5)**	**376.4**	**1.0**	**1,150.6**

(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 2012 (unaudited)

(US$ in millions)	2012 Half year	2011 Half year
Cash flow from operating activities		
Cash generated from operations	400.1	514.4
Interest received	1.4	1.6
Income taxes paid	(41.2)	(40.7)
Net cash from operating activities	**360.3**	**475.3**
Cash flow from investing activities		
Purchase of property, plant and equipment	(226.0)	(141.0)
Additions to capitalised development costs, including software	(7.6)	(9.1)
Own work capitalised	(12.7)	(10.6)
Acquisition of subsidiaries and other investments	(13.1)	(131.7)
Net cash used in investing activities	**(259.4)**	**(292.4)**
Cash flow from financing activities		
Dividends paid to shareholders	(109.6)	(103.4)
Repayment of Previous Senior Credit Facility	–	(200.0)
Repayment of EIB Facility	(25.7)	–
Drawdown of Ex-Im Bank Facility	70.0	88.0
Gross issuance proceeds of Senior Notes due 2017	212.0	–
Repayment of Ship Equip long-term debt	–	(44.7)
Interest paid on borrowings	(48.2)	(40.8)
Arrangement costs of new borrowing facilities	(6.1)	(8.8)
Purchase of own shares	(5.9)	–
Net proceeds from the issue of ordinary shares	3.2	–
Other financing activities	(0.2)	–
Net cash from/(used in) financing activities	**89.5**	**(309.7)**
Foreign exchange adjustment	0.8	(0.2)
Net increase/(decrease) in cash and cash equivalents	**191.2**	**(127.0)**
Movement in cash and cash equivalents		
At beginning of period	182.8	343.5
Net increase/(decrease) in cash and cash equivalents	191.2	(127.0)
As reported on balance sheet (net of bank overdrafts)	**374.0**	**216.5**
At end of period, comprising		
Cash at bank and in hand	43.3	75.8
Short-term deposits with original maturity of less than 3 months	333.6	143.0
Bank overdrafts	(2.9)	(2.3)
	374.0	**216.5**

NOTES TO THE CONSOLIDATED 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 3 August 2012.

The financial information for the year ended 31 December 2011 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 2012 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 2011, 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 2011 annual consolidated financial statements prepared under IFRS, set out on pages 56 to 99. Operating results for the half year ended 30 June 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012. The consolidated balance sheet as at 31 December 2011 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:
  - IFRS 7 (as amended) – Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (effective for financial years beginning on or after 1 July 2011);
  - IAS 12 (as amended) – Income Taxes – Limited scope amendment (recovery of underlying assets) (effective for financial years beginning on or after 1 January 2012).

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 are well placed to manage their 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.

In particular, the calculation of the Group's tax balances and of its potential liabilities or assets necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. The amounts recognised or disclosed are derived from the Group's best estimation and judgement. However, the inherent uncertainty regarding the outcome of these means eventual realisation could differ from the accounting estimates and therefore impact the Group's results and cash flows.

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 Inmarsat Global 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.

Segment information:

(US$ in millions)	Inmarsat Global	Inmarsat Solutions[a]	Unallocated	Eliminations	Total
	2012 Half year				
Revenues					
External sales	294.2	390.0	–	–	684.2
Inter-segment	147.0	6.2	–	(153.2)	–
Total revenues	**441.2**	**396.2**	**–**	**(153.2)**	**684.2**
EBITDA	**328.1**	**53.4**	**–**	**(0.1)**	**381.4**
Segment result (operating profit) before operating profit from LightSquared	202.6	7.6	–	(0.1)	210.1
Operating profit from LightSquared	49.3	–	–	–	49.3
Segment result (operating profit)	**251.9**	**7.6**	**–**	**(0.1)**	**259.4**
Net interest charged to the Income Statement	–	–	(36.6)	–	(36.6)
Profit before income tax					**222.8**
Income tax expense					(48.0)
Profit for the period					**174.8**
Segment assets	2,875.2	931.5	376.9	(448.5)	3,735.1
Segment liabilities	(523.8)	(152.3)	(1,986.6)	78.2	(2,584.5)
Investment (included in segment assets)[b]	23.5	–	–	–	23.5
Capital expenditure[c]	(203.7)	(25.3)	–	–	(229.0)
Depreciation	(66.8)	(23.4)	–	–	(90.2)
Amortisation of intangible assets	(9.4)	(22.9)	–	–	(32.3)

(a) Includes NewWave Broadband Limited (“NewWave”) from 13 January 2012.
(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
	2011 Half year				
Revenues					
External sales	321.8	361.1	–	–	682.9
Inter-segment	150.8	3.6	–	(154.4)	–
Total revenues	**472.6**	**364.7**	**–**	**(154.4)**	**682.9**
EBITDA	**362.7**	**64.3**	**–**	**(0.1)**	**426.9**
Segment result (operating profit) before operating profit from LightSquared	189.1	27.9	–	(0.1)	216.9
Operating profit from LightSquared	90.5	–	–	–	90.5
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 period					**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 from 28 April 2011.
(b) Relates to 19% stake in SkyWave.
(c) Capital expenditure stated using accruals basis.

4. Net interest payable

(US$ in millions)	2012 Half year	2011 Half year
Interest on Senior Notes and credit facilities	(38.3)	(31.1)
Interest on Convertible Bond	(14.1)	(13.8)
Interest on Inmarsat Solutions borrowings	(0.2)	–
Pension and post-retirement liability finance costs	–	(1.6)
Interest rate swaps	(4.5)	(6.9)
Unwinding of discount on deferred satellite liabilities	(1.1)	(1.3)
Unwinding of discount on deferred consideration	–	(2.4)
Amortisation of debt issue costs	(3.8)	(7.9)
Net amortisation of discount on Senior Notes due 2017	–	(0.3)
Other interest	(0.1)	(0.4)
Interest payable and similar charges	**(62.1)**	**(65.7)**
Less: Amounts included in the cost of qualifying assets	24.4	8.9
Total interest payable and similar charges	**(37.7)**	**(56.8)**
Bank interest receivable and other interest	1.0	4.2
Net amortisation of premium on Senior Notes due 2017	0.1	–
Total interest receivable and similar income	**1.1**	**4.2**
Net interest payable	**(36.6)**	**(52.6)**

5. Income tax expense

(US$ in millions)	2012 Half year	2011 Half year
Current tax expense:		
Current year	(51.9)	(67.2)
Adjustments in respect of prior periods:		
– Other	(3.2)	2.9
Total current tax expense	**(55.1)**	**(64.3)**
Deferred tax credit:		
Origination and reversal of temporary differences:		
– Other temporary differences	(1.1)	0.8
Adjustments in respect of prior periods:		
– Other	8.2	–
Total deferred tax credit	**7.1**	**0.8**
Total income tax expense	**(48.0)**	**(63.5)**

6. Net borrowings

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

	As at 30 June 2012			As at 31 December 2011		
(US$ in millions)	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	2.9	–	2.9	0.7	–	0.7
Deferred satellite payments	8.2	–	8.2	7.9	–	7.9
EIB Facility[(a)]	44.1	–	44.1	44.1	–	44.1
Convertible Bonds[(b)]	318.9	(0.6)	318.3	307.4	(1.3)	306.1
– Accretion of principal	2.9	–	2.9	2.7	–	2.7
Total current borrowings	**377.0**	**(0.6)**	**376.4**	**362.8**	**(1.3)**	**361.5**
Non-current:						
Deferred satellite payments	23.8	–	23.8	26.8	–	26.8
Senior Notes due 2017[(c)]	850.0	(12.1)	837.9	650.0	(9.2)	640.8
– Net issuance premium/(discount)	8.2	–	8.2	(3.6)	–	(3.6)
EIB Facility[(a)]	238.6	(1.9)	236.7	264.3	(2.2)	262.1
Ex-Im Bank Facility[(d)]	347.3	(15.9)	331.4	277.3	(14.5)	262.8
Total non-current borrowings	**1,467.9**	**(29.9)**	**1,438.0**	**1,214.8**	**(25.9)**	**1,188.9**
Total Borrowings[(e)]	**1,844.9**	**(30.5)**	**1,814.4**	**1,577.6**	**(27.2)**	**1,550.4**
Cash and cash equivalents	(376.9)	–	(376.9)	(183.5)	–	(183.5)
Net Borrowings	**1,468.0**	**(30.5)**	**1,437.5**	**1,394.1**	**(27.2)**	**1,366.9**

(a) On 15 April 2010, we signed an eight-year facility agreement with 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 on both tranches beginning 30 April 2012. The first repayment of US$25.7m was made in April 2012. Interest is equal to three-month USD LIBOR plus a margin payable in April, July, October and January each year.

(b) On 16 November 2007, we issued US$287.7m in principal amount of 1.75% convertible bonds due 2017 (the"Convertible Bonds"). 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 representing approximately 5% of the Company's current issued share capital. 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 seven 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. Management have assumed a maturity of five years for the purpose of the effective interest rate calculation. At 30 June 2012, the Convertible Bonds were recorded as a current liability.

(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. On 11 April 2012, we issued a further US$200.0m aggregate principal amount of our Senior Notes due 2017. The aggregate proceeds were US$212.0m, including US$12.0m premium on issuance and we capitalised US$3.8m 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 four years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility incur interest at a fixed rate of 3.11% for the life of the loan.

(e) 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 five-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 five-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. As at 30 June 2012, there were no drawings on the Senior Credit Facility.

7. Dividends

(US$ in millions)	2012 Half year	2011 Half year
Final dividend for the year ended 31 December 2011 of 24.96 cents (US$) (year ended 31 December 2010: 22.69 cents (US$)) per share	111.7	104.5

The Board intends to declare and pay an interim dividend of 16.94 cents (US$) per ordinary share on 25 October 2012 to ordinary shareholders on the share register at the close of business on 5 October 2012. 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 2012.

8. Earnings per share

The basic and diluted earnings per share are based on a weighted average number of ordinary shares in issue of 457,189,408 and potentially in issue of 461,586,473, respectively (30 June 2011: 460,441,134 and 464,726,286). Diluted earnings per share is calculated by the weighted average number of ordinary shares outstanding for the dilutive potential ordinary shares in respect of the share options/awards in relation to employee share plans.

At 30 June 2012, there were a total of 448,234,210 (30 June 2011: 461,758,899) ordinary shares in issue.

Adjusted earnings per share

Adjusted earnings per share reflects the basic and diluted earnings per share for the half year ended 30 June 2012 and half year ended 30 June 2011 adjusted to exclude the after tax effect of the contribution of LightSquared to earnings.

The table below sets out the adjusted earnings attributable to equity holders of the Company that was used in the calculation of both the adjusted basic and diluted earnings per share for the half year ended 30 June 2012. The weighted average number of ordinary shares in issue and potentially in issue did not differ from the unadjusted earnings per share calculation.

(US$ in millions)	2012 Half year	2011 Half year
Earnings attributable to equity holders of the Company	174.7	191.2
Adjustments for:		
LightSquared contribution (net of tax)	(37.2)	(66.5)
Adjusted earnings attributable to equity holders of the company	**137.5**	**124.7**

9. Acquisition of NewWave Broadband Limited

Following on from our acquisition of Ship Equip in April 2011, on 13 January 2012 we acquired 100% of the outstanding shares of NewWave Broadband Limited ("NewWave") for a total cash consideration of US$7.7m (net of cash acquired). NewWave sources and manages satellite capacity exclusively for Ship Equip, as well as providing maintenance services for certain Ship Equip network assets. The operations of NewWave have been integrated within our Inmarsat Solutions business.

NewWave has been accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combination'. We have provisionally recognised US$8.8m of goodwill in relation to the acquisition. The final purchase price allocation will be finalised in due course in line with IFRS 3. The Group has not presented a full acquisition note in line with IFRS 3 as the acquisition is not considered to be material.

10. Events after the balance sheet date

The Chancellor, in the Budget on 21 March 2012, announced a reduction in the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. This rate change was substantively enacted on 3 July 2012. The Government also announced the intention to further reduce the main rate of corporation tax by 1% to 22% with effect from 1 April 2014.

The deferred tax assets and liabilities in the accounts are calculated at the substantively enacted rate at the balance sheet date of 24%. Whilst detailed calculations have not been prepared at this stage, it is estimated that the impact of the remaining annual corporation tax rate reductions would reduce the value of the group's deferred tax liabilities at the balance sheet date by approximately US$11.1m and reduce the value of the group's deferred tax assets at the balance sheet date by approximately US$0.9m.

Subsequent to 30 June 2012, 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 2012 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 2012 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
3 August 2012