Inmarsat plc reports Interim Results 2016

A solid quarter in challenging markets

London, UK: 4 August 2016. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite services, today provided the following unaudited information for the half year ended 30 June 2016.

Operational Highlights

- Inmarsat returned to growth in Q2, more than compensating for a soft Q1. Good revenue growth in Aviation, Government and Ligado Networks ('Ligado') outweighed weaker results in Maritime and Enterprise. Margins expanded in Q2 mainly reflecting an improved revenue mix and Sterling weakness.
- Maritime announced major strategic partnerships with three of the largest maritime VSAT resellers, Marlink, SpeedCast and Navarino. This strong endorsement of our Maritime GX offering, Fleet Xpress, commits our partners to over 5,000 Fleet Xpress VSAT installations over five years. FleetBroadband and XpressLink, which now account for over 80% of Maritime revenues, continued to grow well throughout the period.
- Aviation began demonstration flights, enabling airlines to see GX deliver high bandwidth inflight connectivity to the cabin. We have continued to progress cabin connectivity deals with major airlines and remain confident of taking attractive market share in this fast-emerging new sector.
- Government revenues grew, reflecting the initial take up of GX and increased operational activity, as well as success in our diversification strategy. In July, Inmarsat was awarded a material five year satcoms contract with the US government.
- Ligado elected for the 30MHz option. Variations to the Cooperation Agreement were agreed under which Ligado will pay Inmarsat $337m over 2016 to 2018, with other sums being deferred to 2021. Transition of spectrum was postponed and interim spectrum usage rights were granted back to Inmarsat until Ligado receives its FCC license and moves to deploy ATC services.
- With most activities denominated in US Dollars and a business that is well diversified across markets and geographies, Inmarsat is relatively well placed to withstand Brexit related market challenges.

Second Quarter Financial Headlines

- Total revenues up $19.0m (+6.1%) at $330.4m (Q2 2015: $311.4m)
  - Maritime $0.7m lower at $146.6m (-0.5%)
  - Government up $1.6m to $72.0m (+2.3%)
  - Enterprise $1.9m lower at $38.5m (-4.7%)
  - Aviation up $2.6m to $33.4m (+8.4%)
  - Ligado Networks income up $18.0m at $35.5m (+102.9%)
- EBITDA[1] up $36.3m (+21.9%) at $202.2m (Q2 2015: $165.9m)
- Profit after tax up $22.6m (+41.7%) at $76.8m (Q2 2015: $54.2m)

Half Year 2016 Financial Headlines

- Total revenues up $12.8m (+2.1%) at $629.0m (2015: $616.2m)
  - Ligado Networks income up $18.4m to $53.4m (+52.6%)
- EBITDA[1] up $25.7m (+7.5%) at $368.4m (2015: $342.7m)

[1] EBITDA is defined as profit before net financing costs, taxation, depreciation and amortisation, gains/losses on disposal of assets, impairment losses and share of profit of associates.

Rupert Pearce, Inmarsat's Chief Executive Officer, commented,

"We continue to compete aggressively and successfully in all of our core markets and to make solid progress with our long term GX and Aviation growth agendas.

Strong customer interest for GX is evident in all of our Business Units. In Maritime, we secured three major strategic deals which will bring over 5,000 vessels to GX over the next five years. In Government the take up of GX is gaining traction with rising revenues and strong operational interest. In Aviation, whilst closing cabin connectivity deals is taking longer than we expected, we have continued to make further progress, competing strongly in ongoing airline tenders for passenger connectivity services and the build out of our European Aviation Network is running to plan. We are currently conducting a worldwide live demonstration of our GX Aviation services to major airlines, which has been extremely well-received. I therefore continue to be confident in the long term growth prospects for the Group.

Nevertheless, our markets continue to be challenging and the outlook is becoming much harder to call as the macro economic environment worsens, new satellite capacity arrives driving prices lower, our new GX products launch and the Aviation passenger connectivity market becomes established.

I was also pleased to be able to report at the end of Q1 that Ligado Networks had opted to take the 30 MHz option under our Cooperation Agreement. This agreement is expected to provide several hundred million dollars of value to our shareholders over the next three years.

I am pleased to announce an increased interim dividend of 20.59 cents per share for 2016. With effect from this interim dividend, we will also be providing our shareholders with more choice through the option of a scrip dividend alternative."

Outlook and Guidance

As discussed above, the outlook for our markets and the company has become much more difficult to forecast. Nevertheless, with the background of strong long term growth in the demand for satellite communications services, the market-leading global broadband capabilities of GX, our unique position within Aviation, the resilience and differentiation of our L-Band franchise, the power of our global distribution channel and our full service global mobile offer that together strongly position Inmarsat against our competitors, we remain confident that Inmarsat is well placed to grow over the medium and longer term. We therefore re-iterate our current guidance of:

- 2016 revenues (ex Ligado Networks income) of $1,175m to $1,250m
- 2018 revenues (ex Ligado Networks income) of $1,450m to $1,600m
- Annual run rate of GX revenues of $500m reached by the end of 2020
- Capital expenditure of $500m to $600m in each of 2016, 2017 and 2018.
- Net debt to be normally maintained at less than 3.5x EBITDA.

Capital Markets Day

The company will host a Capital Markets Day in London on the morning of Friday 7 October.

Non-Executive Directors

In May the company announced the appointment of Pip McCrostie as a non-executive director and a member of the company's audit committee, to take effect from 1 September 2016. With her background as a senior leader within EY, Pip brings a wealth of experience in managing a global growth business and in advising enterprises across a wide range of strategic issues.

Forward looking Statements

This announcement contains 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance 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.

Other Information

While Inmarsat plc is the ultimate parent company of our group, our subsidiary Inmarsat Group Limited is required by the terms of our Senior Notes to report consolidated financial results on a quarterly basis. A copy of the resulting financial report for Inmarsat Group Limited will be available via the Investor Relations section of our website.

Results Presentation

Inmarsat management will host a presentation of the results on Thursday 4 August at the company's offices at 99 City Road, London EC1Y 1AX. The presentation will begin at 09.00 hrs BST (London time).

A live webcast of the presentation will also be available through our website at www.inmarsat.com and via a simultaneous conference call: +44 (0) 20 3427 1914; for US: +1877 280 1254, access Code 9179472.

A copy of this announcement can also be found on our website at www.inmarsat.com.

Contacts:

Investor Enquiries:
Morten Singleton
Tel: +44 (0)20 7728 1518
Morten.singleton@inmarsat.com

Media Enquiries:
Chris McLaughlin/ Jonathan Sinnatt
Tel: +44 (0)20 7728 1935
Chris.mclaughlin@inmarsat.com
Jonathan.sinnatt@inmarsat.com

OPERATING AND FINANCIAL REVIEW

The following is a discussion of the unaudited consolidated results of the operations and financial condition of Inmarsat plc (the 'Company' or, together with its subsidiaries, the 'Group') for the half year ended 30 June 2016. 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.

In addition to 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. All discussion of results relates to the half year ended 30 June 2016, and all comparisons are with the half year ended 30 June 2015, unless specifically stated otherwise.

Financial Highlights

Half Year ended 30 June

($ in millions)	Maritime 2016	Government 2016	Enterprise 2016	Aviation 2016	Central Services 2016	Total 2016	Total 2015
Revenue							
MSS and other	289.7	140.7	72.5	64.6	8.1	575.6	581.2
Ligado Networks[1]	–	–	–	–	53.4	53.4	35.0
Total revenue	**289.7**	**140.7**	**72.5**	**64.6**	**61.5**	**629.0**	**616.2**
Operating costs	(62.6)	(39.5)	(18.5)	(19.4)	(120.6)	(260.6)	(273.5)
EBITDA	**227.1**	**101.2**	**54.0**	**45.2**	**(59.1)**	**368.4**	**342.7**
EBITDA margin	*78.4%*	*71.9%*	*74.5%*	*70.0%*		*58.6%*	*55.6%*
Capital expenditure[2]	**23.7**	**1.9**	**0.3**	**4.3**	**145.2**	**175.4**	**255.7**

Three months ended 30 June

($ in millions)	Maritime 2016	Government 2016	Enterprise 2016	Aviation 2016	Central Services 2016	Total 2016	Total 2015
Revenue							
MSS and other	146.6	72.0	38.5	33.4	4.4	294.9	293.9
Ligado Networks[1]	–	–	–	–	35.5	35.5	17.5
Total revenue	**146.6**	**72.0**	**38.5**	**33.4**	**39.9**	**330.4**	**311.4**
Operating costs	(31.8)	(19.5)	(10.6)	(10.6)	(55.7)	(128.2)	(145.5)
EBITDA	**114.8**	**52.5**	**27.9**	**22.8**	**(15.8)**	**202.2**	**165.9**
EBITDA margin	*78.3%*	*72.9%*	*72.5%*	*68.3%*		*61.2%*	*53.3%*
Capital expenditure[2]	**10.8**	**1.4**	**–**	**2.6**	**82.2**	**97.0**	**135.4**

[1] On 11 February 2016 LightSquared announced a name change to Ligado Networks ('Ligado').
[2] Capital expenditure is stated using the accruals basis, including capitalised interest.

OPERATING REVIEW

Market

The growing demand for communications globally, especially for broadband applications, continues to drive growth in the commercial satellite services market and we remain encouraged by both the medium and long term opportunities that this provides in our markets.

Inmarsat provides global mobile connectivity on land, at sea and in the air. Our business unit structure ensures that we remain close to the needs of our Maritime, Government, Enterprise and Aviation customers. We continue to innovate to deliver products and solutions that meet their evolving remote and mobile connectivity needs.

In the first half of 2016 market conditions have continued to be difficult, reflecting challenging macro-economic conditions, market and budgetary pressures faced by our end customers and increasing competition, particularly on price, from third party operators and resellers.

In Maritime, the commercial shipping market remains in recession, with low growth in global trade, over-capacity in the global merchant fleet, high fixed costs and low cargo rates. The recent oil price volatility has also continued to adversely affect our energy customers, including oil and gas offshore supply vessel activity. Connectivity nevertheless continues to be seen as an enabler of lower cost operations and competitive advantage, with the return on investment in broadband communications being recognised by ship and rig operators. We continue to believe that FleetBroadband ('FB') and Global Xpress ('GX') are well positioned as the shipping industry's communications services of choice and that the application-based opportunities emerging in the smart shipping era will drive future growth in our Maritime business. Even in these difficult markets, the latest independent industry data shows that Inmarsat gained market share in 2015[1].

In Government, tight financial budgets and lower operational activity levels generally continue to put pressure on satellite operators' revenues and margins. Discretionary, rather than baseline funding levels remain the key drivers of commercial satellite expenditure. Outside the traditional defence markets, the situation is more mixed, with economic and currency headwinds in some areas and growing demand for specific solutions elsewhere.

Within Enterprise, the energy, non-governmental organisations ('NGO') and media industries continue to be depressed. Despite robust competition from terrestrial mobile operators, the Machine-to-Machine ('M2M') segment, together with emerging 'smart' sectors (particularly transportation, agriculture, cities, healthcare and education), continue to provide near and medium term growth opportunities

Aviation remains a major growth market, driven by the rapidly expanding demand for passenger connectivity, the increasing number of business and commercial aircraft and the need for more capable and sophisticated operational and safety services in the cockpit. Inmarsat's unique GX and European Aviation Network ('EAN') assets are expected to enable Inmarsat to compete strongly in this segment.

Brexit

To date there has been no material adverse impact on Inmarsat's operations of the vote to leave the European Union. The company is a global, well-funded business with relatively low dependence on trade inside the European Union. Our principal revenue generating assets are located in space, our revenues are generally denominated in US Dollars and our supply chain and customers are diversified across both geographies and industries. A significant proportion of our cost base is, however, denominated in Sterling, resulting in a lower dollar value for our costs. Our long and short term debt funding instruments are all dollar denominated. Inmarsat is therefore relatively well placed to withstand Brexit-related market challenges.

Ligado Cooperation Agreement

On 1 April, Inmarsat announced that Ligado Networks had elected the 30MHz option (the "30MHz Plan") under the Cooperation Agreement between the two companies. Since that date, the parties have discussed in detail the nature and timing of transition to the 30MHz Plan and agreed in May to an amendment that significantly benefits both parties.

[1] Source: Clarksons Research

In exchange for deferral of some payments from Ligado to Inmarsat, the parties have agreed to delay the transition to the 30MHz Plan and Ligado has provided Inmarsat enhanced spectrum usage rights for its satellite operations for a minimum period of two years.

Ligado will make aggregate payments of approximately $108m, $111m and $118m to Inmarsat in respect of 2016, 2017 and 2018 respectively, payable in quarterly instalments. Over that period, up to approximately $35m of additional contracted payments will be deferred. In 2019, Inmarsat has granted Ligado a full payment deferral in an aggregate amount of up to approximately $132m. All deferred amounts will be increased by agreed amounts and repayable on 30 June 2021 or earlier in certain circumstances. Payment deferrals will stop from the date of FCC approval of Ligado's spectrum for terrestrial use. From 1 January 2020, no further payments will be deferred and quarterly payments will recommence at the level of approximately $136m per annum, escalating at 3% per annum, in accordance with the existing terms of the Cooperation Agreement.

The impact of the foregoing on the deferred revenue balance of $205.2m currently carried by Inmarsat in respect of the costs of implementation of this agreement is still to be determined. In the second quarter, Inmarsat recognised $3.6m of this revenue to reflect the economic cost of the revenue discount arising under the revised transition agreement.

Global Xpress Programme

Since the global Inmarsat-5 satellite network was brought into operation (Commercial Service Introduction or 'CSI') at the end of 2015, Inmarsat has made available a range of market-specific GX terminals and services.

Government GX services have been operating successfully for some time. Inmarsat successfully supported the US Marine Corps and Republic of the Philippines forces in the Balikatan 2016 exercise which included humanitarian assistance, maritime law enforcement and environmental protection. Global Xpress managed service capability was used to deliver reliable core communications links during the exercise with the service being brought online within minutes, significantly faster than for traditional VSAT services.

In Maritime, our maritime GX service, Fleet Xpress ('FX'), was launched at the end of March, combining the high data speeds of the GX service with the seamless back up capability of our ultra-reliable FleetBroadband L-band service. Fleet Xpress switches automatically between Ka-band and L-band, providing an 'always on' guaranteed connection and a market-leading committed information rate. We subsequently announced major strategic partnerships with three of the world's largest maritime VSAT resellers, Marlink, SpeedCast and Navarino. These agreements are a strong endorsement of the capability of the Fleet Xpress service and these partners are expected to bring over 5,000 vessels to Fleet Xpress over the next five years.

Work continues on the GX Aviation service which we expect to launch in the autumn. In June and July, we received Supplemental Type Certificates ('STC') from the European Aviation Safety Agency ('EASA') for the GX Aviation Ka-band antenna for the Airbus A319, A320, A321 and A340 aircraft, which form the backbone of around half of the world's commercial aircraft fleets. These certifications are a key step towards availability for both line-fit and retrofit on every major Airbus and Boeing airframe. GX is now expected to be available on the first Lufthansa aircraft this autumn. In early July we commenced GX inflight demonstrations with over 45 airlines scheduled to experience the capabilities of GX around the world by the end of August.

For GX in Enterprise, Inmarsat announced in April the full Type Approval for Skyware's ATOM 99 terminal for media, oil and gas and other market sectors. This lightweight, rugged portable receiver delivers high speed broadband capability for high quality live broadcast and other functions in even the most inaccessible regions and completes a range of flyaway Global Xpress terminals for which we foresee a considerable appetite in the many Enterprise market sectors we serve.

Aviation Cabin Connectivity

We continue to make good progress on the transformational aviation cabin connectivity opportunity which builds upon both our newly launched GX platform discussed above, and on the European Aviation Network ('EAN', a unique, hybrid satellite/air to ground network designed specifically to serve the European short-haul passenger connectivity opportunity).

The EAN programme remains on track and on plan. Construction of the S-band satellite by Thales Alenia Space has been completed on schedule and it is now to be shipped to Thales' testing centre in Cannes for rigorous end-to-end testing before it is declared ready for flight, with the SpaceX Falcon Heavy launch expected in the first half of 2017. Deutsche Telekom has commenced build out of the EAN tower infrastructure and expects this to be ready, as planned, for network trials early in 2017.

Inmarsat has selected Cobham to develop and manufacture the satcoms terminal for the EAN and Thales to develop and manufacture the Complementary Ground Component ('CGC') terminal for the EAN. Development work on both programmes is scheduled for completion in March 2017, prior to system trial and formal entry into full commercial service in the same year.

The acquisition of the necessary licences from EU Member States and other European countries is progressing as anticipated. We have 28 MSS licences and 20 licences or in-principle national approvals for the CGC component. We remain confident that all of the regulatory approvals will be available within the required time frame, to support full commercial service introduction in the second half of 2017.

We have continued to make good progress with a number of major airlines and other aviation industry partners for both GX and the EAN opportunities and remain confident of advancing several current prospects into contracts over the remainder of the year. The uniqueness of our global GX Aviation offering, the EAN for Europe, and the complementarity of our SB L-band cockpit and safety services together position us powerfully to acquire substantial market share in the fast-emerging passenger connectivity segment.

Other Developments

In July the U.S. Defense Information Systems Agency confirmed its award of the U.S. Navy's next-generation commercial satellite communications contract, known as CSSC, to our Inmarsat Government unit. With option years, this contract is expected to run until the end of 2021.

The second Inmarsat Developer Conference was held in February bringing together hundreds of application, hardware and software developers to discuss multiple opportunities including sustainable fishing, digital transformation and machine-to-machine applications. Within the resulting framework of Inmarsat's Certified Application Partner programme, in June Inmarsat announced a deal with PressReader to bring premium newspaper and magazine content to Inmarsat BGAN customers. In addition, in April SingTel and Inmarsat announced a strategic partnership to strengthen global maritime cyber security capabilities using Trustwave's Unified Threat Management solution. This service, which will be provided through Fleet Xpress, offers a suite of cyber security defences, such as advanced firewall, anti-virus, intrusion prevention and web-filtering, which is backed by global round-the-clock support.

Under the Iris Service Evolution programme in Europe, Inmarsat has been awarded a contract by the European Space Agency to enhance Air Traffic Management in Europe with a new generation of satellite-based data link communications. Inmarsat is leading a consortium of over 30 companies from across the aviation industry to develop a technical, commercial and operational roadmap that meets Europe's long-term requirements for enhanced air traffic communications.

Inmarsat's next generation L-band safety solution, SwiftBroadband-Safety (SB-S) has been selected as a cockpit safety communications solution by Airbus for its A320 and A330 aircraft families. This agreement positions SB-S well for single-aisle aircraft (which constitute c.80% of global commercial aircraft) and reinforces Inmarsat's leadership in cockpit safety communications. SB-S will deliver unprecedented speeds and capacity and will also open up provisioning of Inmarsat's digital aviation safety applications, including continual positional awareness for flight tracking, flight data streaming (or "Black Box in the Cloud"), and electronic flight bag applications for pilots.

In July Inmarsat received type approval for its IsatPhone 2 technology in China, making it the only international operator legally eligible to sell handheld satellite phones in the country.

Inmarsat announced a partnership with Actility, the industry leader in Low Power Wide Area Networks, to enable an end-to-end Internet of Things ("IoT") solution to connect assets over public and private networks anywhere in the world. Inmarsat also joined the LoRa Alliance, which is dedicated to developing a global standard for IoT.

FINANCIAL REVIEW

Consolidated Group Results - Half Year 2016

During the half year ended 30 June 2016, total Group revenue increased by $12.8m (+2.1%) to $629.0m (2015: $616.2m) with growth in Aviation (+$6.7m), Government (+$3.5m) and Ligado income (+$18.4m) partially offset by a weaker performance in the Maritime (-$7.4m) and Enterprise (-$6.8m) markets.

Total Group revenue in the half year included wholesale MSS revenue of $430.8m, +6.7% higher than in the same period last year (2015: $403.8m), reflecting growth in FleetBroadband, SwiftBroadband and Global Xpress, but also declining revenues from our legacy services such as Fleet.

Net operating costs in the half year decreased by $12.9m (-4.7%) to $260.6m (2015: $273.5m) mainly reflecting a further improvement in product mix towards wholesale MSS revenue, foreign currency gains due particularly to the weakness of Sterling and the cost of increased investment in Aviation cabin connectivity capability.

Total Group EBITDA for the half year ended 30 June increased by $25.7m (+7.5%) to $368.4m (2015: $342.7m) and the Group's EBITDA margin increased from 55.6% to 58.6%, reflecting the matters noted above.

Consolidated Group Results – Second Quarter 2016

During the quarter ended 30 June 2016, Group revenue increased by $19.0m (+6.1%) to $330.4m (Q2 2015: $311.4m) with growth in Aviation (+$2.7m), Government (+$1.6m) and Ligado income (+$18.0m), partially offset by a weaker performance in Maritime (-$0.7m) and Enterprise (-$1.9m).

Total Group revenue in the quarter included wholesale MSS revenue of $223.8m, +8.9% higher than in the same period last year (Q2 2015: $205.5m). Government operational tempo, growth in MSS products such as FleetBroadband and SwiftBroadband and the impact of Maritime price changes all contributed to this growth.

Net operating costs in the quarter decreased by $17.2m (-11.8%) to $128.2m (Q2 2015: $145.4m) mainly reflecting improved product mix and foreign currency gains due particularly to the weakness of Sterling but also the cost of ongoing increased investment in Aviation cabin connectivity capability.

EBITDA for the quarter ended 30 June increased by $36.3m (+21.9%) to $202.2m (Q2 2015: $165.9m) and the Group's EBITDA margin increased to 61.2%, from 53.3%, reflecting the issues noted above.

Maritime

	Three months ended 30 June			**Half Year ended 30 June**		
($ in millions)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Revenue	146.6	147.3	(0.5%)	289.7	297.1	(2.5%)
Operating costs	(31.8)	(33.5)	(5.1%)	(62.6)	(66.4)	(5.7%)
EBITDA	**114.8**	**113.8**	**0.9%**	**227.1**	**230.7**	**(1.6%)**
EBITDA margin %	78.3%	*77.3%*		78.4%	*77.7%*	
Capital expenditure	**10.8**	**6.3**	**71.4%**	**23.7**	**12.2**	**94.3%**

Half Year 2016

The commercial shipping market continues in recession, with slow growth in global trade, over-capacity in the global merchant fleet, high fixed costs and low cargo rates. We are consequently seeing an increasing number of vessels being laid up or scrapped, tough price negotiations at the time of contract renewal and the adverse impact of a weaker Norwegian Kroner (in which some Maritime revenues arise).

Maritime revenue in the first half of 2016 decreased by $7.4m, or -2.5%, to $289.7m (2015: $297.1m) with the decline in mainly legacy, typically lower margin products ($20.9m or -27.3%) outweighing the growth in FleetBroadband ('FB') and VSAT (including XpressLink) services ($13.5m or +6.1%). Revenue mix consequently improved with FB and VSAT products accounting for 81% of Maritime revenues in the first half of 2016, up from 74% in the same period in 2015. The Fleet Xpress full Maritime launch and new distributor deals discussed above provide sound foundations for the future of Maritime revenues but they had no material impact on the results for this period.

Operating costs for the half year decreased by $3.8m (-5.7%) reflecting lower revenues and a reduction in indirect costs (particularly the non-repeat of advertising costs relating to the Volvo Ocean Race in 2015) but higher direct costs related to equipment sales and installations in Q1.

Maritime EBITDA in the half year decreased by $3.6m (-1.6%) compared with the same period in 2015, and the EBITDA margin expanded to 78.4% from 77.7% reflecting the issues noted above.

Second Quarter 2016

Maritime revenue in the second quarter decreased by $0.7m (-0.5%) to $146.6m (Q2 2015: $147.3m) with the decline in mainly legacy, typically lower margin products ($9.2m or -25.4%) outweighing growth in FB and VSAT (including XpressLink) services ($8.5m or +7.6%).

Maritime FB revenue in the second quarter grew by $5.8m, or +6.6%, to $94.3m, driven mainly by price changes in Q1. Wholesale ARPU increased by approximately 7% to over $750 per month in the second quarter. The installed base of 41,684 ships was virtually unchanged from last year (2015: 41,689) but we saw a net reduction of 338 ships in the quarter. This reflects an increased number of ships being laid up and tough market conditions generally.

FB is provided as an integral part of the XpressLink and Fleet Xpress VSAT services. Consequently almost 2,800 ships of the total FB estate above have revenue which is recognised as part of the VSAT revenue rather than as part of FB revenue. At normal FB prices, this equated to approximately $2.4m of VSAT revenue in the second quarter (Q2 2015: $1.9m).

VSAT revenues grew by $2.7m, or +11.8%, to $25.2m. ARPU of just over $3,100 per month was 9% below Q2 2015, driven mainly by lower market prices for both new and renewing customers, ships being laid up and adverse currency movements. New installations, including those for existing FB customers, continued at a good pace with around 160 net additions in the quarter taking the installed base up to almost 2,800 vessels, over 540 or 24% up on last year (Q2 2015: c. 2,200). The VSAT order book remains healthy with an installation backlog of over 6 months at current installation rates. With the full commercial launch of Fleet Xpress, this quarter also saw the first migrations from XpressLink to Fleet Xpress.

Fleet revenues continued to decline at a rate consistent with recent quarters, falling by $5.0m or -52.7%, to $4.5m in the second quarter of 2016. Fleet now accounts for just over 3% of total Maritime revenues.

Revenues from our mainly legacy, and generally lower margin, other Maritime products declined at slightly slower levels (the full year 2015 decline was -20.6%), falling by $4.2m, or -15.6%, to $22.6m in the second quarter. This slower rate of decline mainly related to a higher level of terminal sales.

Operating costs for the quarter decreased by $1.7m (-5.1%) mainly reflecting a $1.4m reduction in indirect costs, particularly the absence of Volvo Ocean Race sponsorship costs this year.

Maritime EBITDA in the quarter consequently increased by $1.0m (+0.9%) compared with the same period in 2015, and the EBITDA margin expanded to 78.3% from 77.3%.

Government

	Three months ended 30 June			**Half Year ended 30 June**		
($ in millions)	**2016**	**2015**	**Change**	**2016**	**2015**	**Change**
Revenue	72.0	70.4	2.3%	140.7	137.2	2.6%
Operating costs	(19.5)	(24.0)	(18.8%)	(39.5)	(45.0)	(12.2%)
EBITDA	**52.5**	**46.4**	**13.1%**	**101.2**	**92.2**	**9.8%**
EBITDA margin %	*72.9%*	*65.9%*		71.9%	*67.2%*	
Capital expenditure	**1.4**	**0.4**	**250.0%**	**1.9**	**1.2**	**58.3%**

Half Year 2016

Government revenue in the first half of 2016 increased by $3.5m (+2.6%) to $140.7m (2015: $137.2m).

In the US, the rate of decline in Government revenues continued to slow, with a decline of 6.9% in the first half of 2016 as compared to a 15.6% decline in the first half of 2015. This improvement mainly reflects the initial impact of GX and new L-band products such as LAISR (L-band Airborne Intelligence Surveillance and Reconnaissance) and LTAC (tactical beyond line of sight communications for military users). Outside the US, Government revenues rose by 17.0% mainly reflecting higher operational tempo, but also supported by our medium term programme to diversify and internationalise our Government business.

Government EBITDA increased by $9.0m (+9.8%) to $101.2m (2015: $92.2m), reflecting both the higher revenues and a better revenue mix. The EBITDA margin similarly increased to 71.9% (2015: 67.2%).

Second Quarter 2016

Government revenue in the second quarter increased by $1.6m, or +2.3%, to $72.0m (Q2 2015: $70.4m).

In the US, Government revenues fell by 11.0%, reflecting a tough comparative quarter in 2015 which benefitted from a large short-term new contract. Outside the US, Government revenues rose by 22.8% reflecting higher operational tempo generated by a small number of terminals consuming large quantities of data whilst active in the field.

Operating costs for the quarter decreased by $4.5m, or -18.8%, to $19.5m (Q2 2015: $24.0m) mainly reflecting improved revenue mix on the lower US Government revenue.

Government EBITDA in the quarter increased by $6.1m (+13.1%) to $52.5m (Q2 2015: $46.4m), reflecting both the higher revenues and better revenue mix. The EBITDA margin similarly increased to 72.9% (Q2 2015: 65.9%).

Enterprise

($ in millions)	Three months ended 30 June			Half Year ended 30 June		
	2016	**2015**	**Change**	**2016**	**2015**	**Change**
Revenue	38.5	40.4	(4.7%)	72.5	79.3	(8.6%)
Operating costs	(10.6)	(14.0)	(24.3%)	(18.5)	(26.7)	(30.7%)
EBITDA	**27.9**	**26.4**	**5.7%**	**54.0**	**52.6**	**2.7%**
EBITDA margin %	*72.5%*	*65.3%*		*74.5%*	*66.3%*	
Capital expenditure	**–**	**0.1**	**(100.0%)**	**0.3**	**0.3**	**–**

Half Year 2016

Enterprise revenues fell by $6.8m or -8.6% to $72.5m (2015: $79.3m). Within these totals, MSS revenue was broadly flat compared to the first half of 2015, with the continuing decline in BGAN revenues (-$4.4m) and other legacy products (-$1.2m) being offset by higher FleetBroadband fixed to mobile revenue (+$5.3m) resulting from price increases both this and last year and increased M2M revenue (+$0.3m). Non-MSS revenues were lower than in the same period in 2016, mainly due to lower GSPS sales in Q1 2016 from a combination of re-stocking of the channel in Q4 2015 and a slower market.

Operating costs for the half fell by $8.2m (-30.7%) to $18.5m mainly reflecting changes in the product mix. GSPS hardware sales have a lower EBITDA margin and the lower hardware sales this half has supported an improvement in EBITDA margin to 74.5% (2015: 66.3%).

Enterprise EBITDA in the half year was $1.4m or +2.7% higher at $54.0m (2015: $52.6m), with the impact of lower revenues being offset by a revenue mix driven reduction in operating costs.

Second Quarter 2016

Enterprise revenues fell by $1.9m (-4.7%) to $38.5m (Q2 2015: $40.4m). BGAN revenues were 30.1% lower reflecting weak sales in the Oil and Gas markets and a tough prior year comparative (relief agencies use of BGAN services following the Nepal earthquake in April 2015). FleetBroadband fixed to mobile revenues grew by $2.6m following price rises in February 2016 and last year. GSPS revenues, comprising both terminals and airtime, represented over 25% of Enterprise revenue in the quarter and revenue grew by 8.3% due to timing issues around bulk terminal sales.

Operating costs for the quarter decreased by $3.4m, or -24.3%, to $10.6m (Q2 2015: $14.0m) reflecting product mix changes and organisational efficiencies.

Consequently, Enterprise EBITDA in the quarter was $1.5m or 5.7% higher at $27.9m (Q2 2015: $26.4m) and the EBITDA margin increased to 72.5% (Q2 2015: 65.3%).

Aviation

($ in millions)	Three months ended 30 June 2016	2015	Change	Half Year ended 30 June 2016	2015	Change
Revenue	33.4	30.8	8.4%	64.6	57.9	11.6%
Operating costs	(10.6)	(4.8)	120.8%	(19.4)	(9.6)	102.1%
EBITDA	**22.8**	**26.0**	**(12.3%)**	**45.2**	**48.3**	**(6.4%)**
EBITDA margin %	*68.3%*	*84.4%*		*70.0%*	*83.4%*	
Capital expenditure[1]	**2.6**	**28.5**	**(90.9%)**	**4.3**	**42.4**	**(89.9%)**

Half Year 2016

Aviation revenue in the half year grew by $6.7m, or +11.6%, to $64.6m (2015: $57.9m).

Operating costs in the half year increased by $9.8m (+102.1%) to $19.4m (2015: $9.6m) mainly reflecting increased headcount and other costs associated with the pursuit and delivery of the major growth opportunities in cabin connectivity. Further fixed and variable cost increases will be incurred as this new business develops.

Aviation EBITDA in the half year decreased by $3.1m or -6.4% to $45.2m (2015: $48.3m) and the EBITDA margin decreased to 70.0% (2015: 83.4%) reflecting these additional costs.

Second Quarter 2016

Aviation revenue in the quarter grew by $2.6m, or 8.4%, to $33.4m (Q2 2015: $30.8m).

SwiftBroadband revenues grew by 6.4%. This rate of growth was lower than last year, when growth was fuelled by Take or Pay contracts with our major distributors which were not repeated this year. We are also continuing to see signs of a softer market, with a reduction in end user traffic in Europe. The active SwiftBroadband customer base increased to c. 8,000 aircraft with a monthly ARPU of c. $900.

The legacy Classic Aero service grew more strongly than in recent quarters, driven by price increases. Revenue grew by 26.1% with the active base increasing by 3% to c. 7,600 and monthly ARPU rising from c. $350 last year to c. $400.

Operating costs increased by $5.8m, or 120.8%, to $10.6m (Q2 2015: $4.8) due to increased headcount and other costs associated with the pursuit and delivery of the major growth opportunities in cabin connectivity. We will continue to invest in these areas in order to maximise the longer-term opportunities for growth.

Aviation EBITDA in the quarter decreased by $3.2m or -12.3% to $22.8m (Q2 2015: $26.0m). The EBITDA margin in the quarter decreased to 68.3% (Q2 2015: 84.4%) due to the increased headcount and other business development costs.

[1] All success-based capital expenditure is allocated to the business unit to which it relates. All major infrastructure projects capital expenditure is currently reflected within Central Services, where these projects are managed. From 1 January 2016 this includes all S-band related capital expenditure, previously classified in the Aviation business unit. The S-band project accounted for almost all of the Aviation capital expenditure in the first half of 2015. Prior year comparatives have not been restated.

Central Services

($ in millions)	Three months ended 30 June 2016	2015	Change	Half Year ended 30 June 2016	2015	Change
Revenue						
Ligado Networks	35.5	17.5	102.9%	53.4	35.0	52.6%
Other	4.4	5.0	(12.0%)	8.1	9.7	(16.5%)
Total revenue	39.9	22.5	77.3%	61.5	44.7	37.6%
Operating costs	(55.7)	(69.2)	(19.5%)	(120.6)	(125.8)	(4.1%)
EBITDA	**(15.8)**	**(46.7)**	**(66.2%)**	**(59.1)**	**(81.1)**	**(27.1%)**
Capital expenditure	**82.2**	**100.1**	**(17.9%)**	**145.2**	**199.6**	**(27.3%)**

Half Year 2016

Revenue from Ligado in the half year increased by $18.4m, or +52.6%, to $53.4m (2015: $35.0m), driven by the impact in the second quarter of the exercise of the 30MHz option by Ligado.

Operating costs in the half year decreased by $5.2m (-4.1%) to $120.6m reflecting the significant proportion of our cost base denominated in Sterling, resulting in a lower dollar value for these costs, particularly in the second quarter. The underlying variance included additional operating costs of GX infrastructure.

Second Quarter 2016

Revenue from Ligado in the quarter increased by $18.0m, or +102.9%, to $35.5m reflecting the impact of the exercise of the 30MHz option by Ligado.

Operating costs decreased by $13.5m, or -19.5%, to $55.7m (Q2 2015: $69.2m) reflecting gains from USD strengthening, particularly against Sterling, but also the additional operating costs of the new GX ground infrastructure.

Reconciliation of EBITDA to profit after tax

($ in millions)	Three months ended 30 June 2016	2015	Change	Half Year ended 30 June 2016	2015	Change
EBITDA	**202.2**	**165.9**	**21.9%**	**368.4**	**342.7**	**7.5%**
Depreciation and amortisation	(84.1)	(75.5)	11.4%	(174.6)	(150.9)	15.7%
Other	(0.5)	0.5	(200.0%)	0.1	10.4	(99.0%)
Operating profit	**117.6**	**90.9**	**29.4%**	**193.9**	**202.2**	**(4.1%)**
Net financing costs	(21.7)	(21.3)	1.9%	(39.5)	(36.3)	8.8%
Taxation Charge	(19.1)	(15.4)	24.0%	(32.0)	(34.3)	(6.7%)
Profit for the period	**76.8**	**54.2**	**41.7%**	**122.4**	**131.6**	**(7.0%)**

Operating profit

Depreciation and amortisation for the half year ended June 2016 increased by $23.7m to $174.6m as the I-5 satellites entered commercial service at the end of 2015. The prior period ‘other balance’ relates primarily to the gain on disposal of the SkyWave investment.

As a result of the factors discussed above, operating profit for the half year was $122.4m, a decrease of $9.2m (-7.0%), compared with the same period in 2015.

Net financing cost

Net financing costs for the half year increased by $3.2m to $39.5m. The increase is due to lower capitalised interest in the period caused by a reduction in the value of qualifying expenditure as the I-5 satellites entered commercial service at the end of the prior year.

Taxation

The tax charge for the first half of 2016 was $32.0m, a decrease of $2.3m, compared with the same period of 2015.

The effective tax rate for the half year ended 30 June 2016 was 20.7% (2015: 20.7%). Included within the tax charge are a number of non-recurring items which, for the half year ended 30 June 2016, resulted in a tax charge of $1.3m compared to a tax charge of $0.2m for the same period of 2015. The underlying effective tax rate after taking account of these items is 19.8% (2015: 20.7%). The lower underlying effective tax rate is principally due to the impact of lower profits in overseas jurisdictions where the tax rate is higher than the UK tax rate.

The Group maintains tax provisions in respect of ongoing enquiries with tax authorities. In the event all such enquiries were settled as currently provided for, we estimate that the Group would incur a cash tax outflow of approximately $80m in 2016 or 2017. The enquiries remain ongoing at this time.

Earnings per share

Basic and diluted earnings per share for profit attributable to the equity holders of the Company were both 27 cents compared with 29 cents for both in 2015.

Cash Flow

	Three months ended 30 June		**Half Year ended 30 June**	
($ in millions)	**2016**	**2015**	**2016**	**2015**
EBITDA	202.2	165.9	368.4	342.7
Non-cash items	4.2	0.6	6.2	8.6
Change in working capital	12.1	4.6	42.8	12.6
Cash generated from operations	218.5	171.1	417.4	363.9
Capital expenditure	(100.6)	(152.1)	(139.1)	(240.8)
Net interest paid	(27.7)	(28.2)	(38.5)	(39.0)
Tax (paid)/refunded	(4.5)	(12.4)	(21.6)	10.7
Free cash flow	**85.7**	**(21.6)**	**218.2**	**94.8**
Proceeds on disposal of assets	-	-	-	32.9
Dividends paid to shareholders	(143.6)	(135.1)	(144.0)	(135.1)
Other movement including foreign exchange	(0.8)	(0.8)	2.6	1.4
Net cash flow	**(58.7)**	**(157.5)**	**76.8**	**(6.0)**
Decrease in cash from borrowings	(26.0)	(28.6)	(66.4)	(7.0)
Net increase in cash and cash equivalents	**(84.7)**	**(186.1)**	**10.4**	**(13.0)**
Opening net borrowings	1,857.8	1,754.2	1,985.8	1,900.7
Net cash flow	58.7	157.5	(76.8)	6.0
Non-cash movements[1]	7.4	9.9	14.9	14.9
Closing net borrowings	**1,923.9**	**1,921.6**	**1,923.9**	**1,921.6**

Free cash flow increased by $123.4m to $218.2m driven primarily by lower capital expenditure (see below) and a reduction in working capital but an increase in taxation paid. Of the $30.2m improved working capital flows, $14.2m is mainly due to the timing of Ligado cash flows and the change from cash to accrual revenue recognition at the end of Q4 2015, with the remainder reflecting tighter working capital management.

[1] Includes the impact of deferred financing costs.

Capital Expenditure

Cash capital expenditure is broken down into three main categories of investment, shown in the table below.

($ in millions)	Three months ended 30 June 2016	Three months ended 30 June 2015	Half Year ended 30 June 2016	Half Year ended 30 June 2015
Major infrastructure projects[1]	66.3	115.3	100.2	188.6
Success-based capex[3]	10.5	5.5	23.1	10.8
Other capex (e.g. maintenance, product development) [3]	12.8	5.7	34.2	33.0
Cash flow timing[2]	11.0	25.6	(18.4)	8.4
Total cash capital expenditure	**100.6**	**152.1**	**139.1**	**240.8**

'Major infrastructure projects' capex consists of satellite design, build and launch costs and ground network infrastructure costs. First half 2016 expenditure in this category principally comprised the I-5 and S-band satellites.

'Success-based capex' consists of capital equipment installed on ships, aircraft and other customer platforms. This expenditure ties closely to near term new revenues. During 2016 this principally related to expenditure on installed Maritime customer equipment.

'Other capex' investments consist primarily of infrastructure maintenance, IT and capitalised product and service development costs.

Group Liquidity and Capital Resources

At 30 June 2016, the Group had cash and cash equivalents of $185.7m and available but undrawn borrowing facilities of $578.9m under our Senior Credit Facility and the 2014 Ex-Im Bank Facility.

Dividends

The Group aims to deliver dividend growth which reflects the expected sustainable long-term growth trajectory of the business.

In line with this policy, the Board intends to declare and pay an interim dividend for the 2016 financial year of 20.59 cents per share (2015: 19.61 cents), to be paid on 21 October 2016 to ordinary shareholders on the register of members at the close of business on 16 September 2016.

With effect from the 2016 interim dividend, we will introduce a full scrip dividend election opportunity for shareholders, to enable shareholders to elect in their absolute discretion to take all or any part of their cash dividend entitlement in Inmarsat shares.

Dividend payments that are due to be paid in cash will be paid in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. The procedure that will apply for scrip dividends will be advised to shareholders in due course.

The 2016 interim dividend is not recorded as a liability in the financial statements at 30 June 2016.

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, which have been subject to robust assessment and review, are discussed below; however this summary is not intended to be an exhaustive analysis of all risks and uncertainties affecting our business and they are not listed in any order of priority. Some risks and uncertainties may be unknown to us and other risks and uncertainties, currently regarded as immaterial,

[1] Capital expenditure is shown on an accruals basis, excluding capitalised interest.
[2] Cash flow timing represents the difference between accrued capex and the actual cash flows.

could turn out to be material. All of them have the potential to impact our business, operations, liquidity, financial position or future performance adversely. In accordance with the provisions of the UK Corporate Governance Code 2014, the Board has taken into consideration the principal risks in the context of determining whether to adopt the going concern basis of accounting and when assessing the prospects of the Company for the purpose of preparing the Viability Statement. The Going Concern and Viability Statements can be found in the 2015 Annual Report.

Satellites and our network

We face risks when we launch our satellites and while they are in operation. There are only a few companies who provide service to build and launch satellites and if they encounter problems, our launch may be delayed or fail. Our network may not be able to cope with the demand from users.

Next generation services

We may fail to correctly assess our market, technological changes, customer requirements and competitors' strategy and to exploit market opportunities and to make effective changes to our go-to-market strategies to respond to the changing market situation. We may develop next generation services that will not meet these market opportunities, or these developments could have delays or cost overruns impacting on our market position, revenue or returns on investment.

Spectrum

We rely on radio spectrum, which has historically been allocated without charge, to provide our services. We must agree how it is used in coordination with other satellite operators. We may not be able to coordinate usage in the future and/or may be charged for the spectrum which could affect our ability to provide services.

Cyber security

Our satellites, networks, systems and processes may be vulnerable to security risks from unauthorised access, computer viruses, denial of services and other security attacks. Our customers may not use our services if we cannot demonstrate that our services are reliable and meet certain cyber security requirements.

Critical customers

We rely on our distribution channel for part of our revenue and they might not sell our services effectively or competitively. We provide our services to many government organisations around the world which may have conflicting requirements, and our revenue may be affected by governments' reduction in spending and their other political priorities.

Critical suppliers

We rely on a limited number of third party suppliers and partners in the production of our satellites, systems, terminals and products and we may have limited control over availability, quality and delivery.

RELATED PARTY TRANSACTIONS

There have been no material changes in the related party transactions described on page 130 of the 2015 Inmarsat plc Annual Report and Accounts.

Inmarsat plc
99 City Road
London EC1Y 1AX

By order of the Board,

Rupert Pearce
Chief Executive Officer
4 August 2016

Tony Bates
Chief Financial Officer
4 August 2016

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
For the half year ended 30 June 2016 (unaudited)

($ in millions)	Three months ended 30 June 2016	Three months ended 30 June 2015	Half year ended 30 June 2016	Half year ended 30 June 2015
Revenues	**330.4**	**311.4**	**629.0**	**616.2**
Employee benefit costs	(66.6)	(66.6)	(132.3)	(129.4)
Network and satellite operations costs	(41.5)	(47.5)	(84.8)	(92.5)
Other operating costs	(31.5)	(40.6)	(64.1)	(70.6)
Own work capitalised	11.4	9.2	20.6	19.0
Total operating costs	**(128.2)**	**(145.5)**	**(260.6)**	**(273.5)**
EBITDA	**202.2**	**165.9**	**368.4**	**342.7**
Depreciation and amortisation	(84.1)	(75.5)	(174.6)	(150.9)
Gain on disposal of assets	–	–	–	9.3
Impairment loss	(1.2)	–	(1.2)	–
Share of profit of associates	0.7	0.5	1.3	1.1
Operating profit	**117.6**	**90.9**	**193.9**	**202.2**
Finance income	0.4	–	1.7	1.2
Finance expense	(22.1)	(21.3)	(41.2)	(37.5)
Net finance expense	(21.7)	(21.3)	(39.5)	(36.3)
Profit before tax	**95.9**	**69.6**	**154.4**	**165.9**
Taxation charge	(19.1)	(15.4)	(32.0)	(34.3)
Profit for the period	**76.8**	**54.2**	**122.4**	**131.6**
Attributable to:				
Equity holders	**76.7**	**54.1**	**122.1**	**131.4**
Non-controlling interest	**0.1**	**0.1**	**0.3**	**0.2**
Earnings per share for profit attributable to the equity holders of the Company (expressed in $ per share)				
– Basic	0.17	0.12	0.27	0.29
– Diluted	0.17	0.12	0.27	0.29

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the half year ended 30 June 2016 (unaudited)

($ in millions)	Three months ended 30 June 2016	Three months ended 30 June 2015	Half year ended 30 June 2016	Half year ended 30 June 2015
Profit for the period	**76.8**	**54.2**	**122.4**	**131.6**
Other comprehensive income/(loss)				
Items that may be classified subsequently to the Income Statement:				
Gain on measurement of available-for-sale financial asset	–	–	–	(9.4)
Foreign exchange translation differences	(0.1)	0.1	–	(0.1)
Net (loss)/gains on cash flow hedges	(12.9)	4.6	(12.1)	2.1
Tax credited directly to equity	–	(0.7)	–	1.0
Items that will not be reclassified subsequently to the Income Statement:				
Remeasurement of the defined benefit asset	3.0	(0.6)	3.0	(0.6)
Tax credited directly to equity	(0.6)	0.1	(0.6)	0.1
Other comprehensive income/(loss) for the period, net of tax	**(10.6)**	**3.5**	**(9.7)**	**(6.9)**
Total comprehensive income for the period, net of tax	**66.2**	**57.7**	**112.7**	**124.7**
Attributable to:				
Equity holders	**66.1**	**57.6**	**112.4**	**124.5**
Non-controlling interest	**0.1**	**0.1**	**0.3**	**0.2**

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

($ in millions)	As at 30 June 2016 (unaudited)	As at 31 December 2015 (audited)	As at 30 June 2015 (unaudited)
Assets			
Non-current assets			
Property, plant and equipment	2,874.7	2,860.2	2,759.1
Intangible assets	764.5	772.0	794.1
Investments	12.9	12.1	11.3
Other receivables	22.6	23.4	22.9
Deferred tax asset	43.4	44.6	29.3
Derivative financial instruments	0.7	–	–
	3,718.8	**3,712.3**	**3,616.7**
Current assets			
Cash and cash equivalents	185.7	177.3	198.0
Trade and other receivables	274.2	324.7	294.5
Inventories	25.2	25.0	35.3
Current tax assets	5.7	3.8	9.4
Derivative financial instruments	1.0	–	1.4
Restricted cash	2.3	3.0	–
	494.1	**533.8**	**538.6**
Total assets	**4,212.9**	**4,246.1**	**4,155.3**
Liabilities			
Current liabilities			
Borrowings	129.5	129.4	133.2
Trade and other payables	483.2	464.9	488.7
Provisions	0.9	1.8	4.2
Current tax liabilities	119.3	123.2	109.1
Derivative financial instruments	0.8	0.3	2.3
	733.7	**719.6**	**737.5**
Non-current liabilities			
Borrowings	1,980.1	2,033.7	1,986.4
Other payables	42.1	42.9	25.1
Provisions	2.8	2.5	22.9
Deferred tax liabilities	213.7	197.5	203.5
Derivative financial instruments	12.0	–	–
	2,250.7	**2,276.6**	**2,237.9**
Total liabilities	**2,984.4**	**2,996.2**	**2,975.4**
Net assets	**1,228.5**	**1,249.9**	**1,179.9**
Shareholders' equity			
Ordinary shares	0.3	0.3	0.3
Share premium	690.7	687.6	687.6
Equity reserve	56.9	56.9	56.9
Other reserves	66.9	71.8	66.4
Retained earnings	413.4	432.7	368.0
Equity attributable to shareholders	**1,228.2**	**1,249.3**	**1,179.2**
Non-controlling interest	**0.3**	**0.6**	**0.7**
Total equity	**1,228.5**	**1,249.9**	**1,179.9**

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 June 2016

($ in millions)	Ordinary share capital	Share premium account	Equity reserve	Share option reserve	Cash flow hedge reserve	Revaluation reserve	Currency reserve	Other reserves[1]	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2015 (audited)	**0.3**	**687.6**	**56.9**	**62.5**	**(1.6)**	**8.6**	**(0.4)**	**(2.4)**	**371.1**	**0.5**	**1,183.1**
Share options charge	-	-	-	6.1	-	-	-	-	2.0	-	8.1
Dividends paid	-	-	-	-	-	-	-	-	(136.0)	-	(136.0)
Comprehensive Income:											
Profit for the year	-	-	-	-	-	-	-	-	131.4	0.2	131.6
Other comprehensive loss – before tax	-	-	-	-	2.1	(9.4)	(0.1)	-	(0.6)	-	(8.0)
Other comprehensive loss – tax	-	-	-	-	(0.4)	1.4	-	-	0.1	-	1.1
Balance at 30 June 2015 (unaudited)	**0.3**	**687.6**	**56.9**	**68.6**	**0.1**	**0.6**	**(0.5)**	**(2.4)**	**368.0**	**0.7**	**1,179.9**
Balance at 1 January 2016 (audited)	**0.3**	**687.6**	**56.9**	**73.8**	**0.9**	**0.6**	**(1.1)**	**(2.4)**	**432.7**	**0.6**	**1,249.9**
Share options charge	-	-	-	7.2	-	-	-	-	(0.5)	-	6.7
Dividends paid	-	-	-	-	-	-	-	-	(143.3)	(0.6)	(143.9)
Issue of share capital	-	3.1	-	-	-	-	-	-	-	-	3.1
Comprehensive Income:											
Profit for the year	-	-	-	-	-	-	-	-	122.1	0.3	122.4
Other comprehensive loss – before tax	-	-	-	-	(12.1)	-	-	-	3.0	-	(9.1)
Other comprehensive loss – tax	-	-	-	-	-	-	-	-	(0.6)	-	(0.6)
Balance at 30 June 2016 (unaudited)	**0.3**	**690.7**	**56.9**	**81.0**	**(11.2)**	**0.6**	**(1.1)**	**(2.4)**	**413.4**	**0.3**	**1,228.5**

[1] Cash flow timing represents the difference between accrued capex and the actual

INMARSAT PLC
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT
For the half year ended 30 June 2016 (unaudited)

($ in millions)	Three months ended 30 June 2016	Three months ended 30 June 2015	Half year ended 30 June 2016	Half year ended 30 June 2015
Cash flow from operating activities				
Cash generated from operations	218.5	171.1	417.4	363.9
Interest received	0.4	0.2	0.6	0.9
Tax (paid)/refunded	(4.5)	(12.4)	(21.6)	10.7
Net cash inflow from operating activities	**214.4**	**158.9**	**396.4**	**375.5**
Cash flow from investing activities				
Purchase of property, plant and equipment	(87.2)	(140.0)	(118.5)	(209.9)
Additions to capitalised development costs and other intangibles	–	(4.0)	–	(10.4)
Own work capitalised	(13.4)	(8.1)	(20.6)	(20.5)
Proceeds on disposal of assets	–	–	–	32.9
Net cash used in investing activities	**(100.6)**	**(152.1)**	**(139.1)**	**(207.9)**
Cash flow from financing activities				
Dividends paid	(143.6)	(135.1)	(144.0)	(135.1)
Repayment of EIB Facility	(25.7)	(25.7)	(25.7)	(25.7)
Drawdown of Ex-Im Bank Facilities	–	–	–	46.8
Repayment of Ex-Im Bank Facilities	–	–	(40.4)	(24.8)
Interest paid	(28.1)	(28.4)	(39.1)	(39.9)
Arrangement costs of financing	(0.3)	(2.9)	(0.3)	(3.3)
Net proceeds from the issue of ordinary shares	0.6	–	3.1	–
Other financing activities	(1.3)	0.5	(1.0)	0.9
Net cash used in financing activities	**(198.4)**	**(191.6)**	**(247.4)**	**(181.1)**
Foreign exchange adjustment	(0.1)	(1.3)	0.5	0.5
Net increase/(decrease) in cash and cash equivalents	**(84.7)**	**(186.1)**	**10.4**	**(13.0)**
Cash and cash equivalents				
At beginning of the period	269.8	377.5	174.7	204.4
Net increase/(decrease) in cash and cash equivalents	(84.7)	(186.1)	10.4	(13.0)
At end of the period (net of bank overdrafts)	**185.1**	**191.4**	**185.1**	**191.4**
Comprising:				
Cash at bank and in hand	83.3	66.1	83.3	66.1
Short-term deposits with original maturity of less than three months	102.4	131.9	102.4	131.9
Bank overdrafts	(0.6)	(6.6)	(0.6)	(6.6)
Cash and cash equivalents at end of the period	**185.1**	**191.4**	**185.1**	**191.4**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

Inmarsat plc ('the Company' or, together with its subsidiaries, 'the Group') is a company incorporated in the United Kingdom and domiciled in England and Wales.

These condensed consolidated interim financial statements for the half year ended 30 June 2016 were approved by the Board of Directors on 4 August 2016.

The financial information presented in this release does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2015 were approved by the Board of Directors on 3 March 2016 and 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 and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2. Principal accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the half year ended 30 June 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2015, which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and are available on our website at www.inmarsat.com. The accounting policies applied in the condensed consolidated interim financial statements are consistent with those in the Group's Annual Report and Accounts for the year ended 31 December 2015. There are no new IFRS or IFRIC interpretations that are effective for this financial year that have had a material impact on the Group.

Going Concern

The Group has a robust and resilient business model, strong free cash flow generation and is compliant with all banking covenants. Because of this and the relatively stable overall 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 have adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat plc continues to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

Basis of accounting

The functional currency of the Company and most 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.

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the period. In particular, the calculation of some of the Group's potential tax assets or liabilities involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finalised until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Although these estimates are based on management's best estimate of the amount, event or actions, the actual results may ultimately differ from these estimates.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker to allocate resources and assess the performance of the Group. The Group's operating segments are aligned to five market-facing business units, being:

- Maritime, focusing on worldwide commercial maritime services;
- Enterprise, focusing on worldwide energy, industry, media, carriers, and M2M services;
- Aviation, focusing on commercial aviation services;
- US Government, focusing on US civil and military government services; and
- Global Government, focusing on worldwide civil and military government services.

These five business units are supported by 'Central Services' which include satellite operations and backbone infrastructure, corporate administrative costs, and any income that is not directly attributable to a business unit. The Group has aggregated the US Government and Global Government operating segments into one reporting segment, as the segments meet the criteria for aggregation under IFRS. Therefore, the Group's reportable segments are Maritime, Government, Enterprise, Aviation and Central Services.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment results are assessed at the EBITDA level without the allocation of central costs, depreciation, net financing costs and taxation.

	Three months ended 30 June		Half year ended 30 June	
($ in millions)	2016	2015	2016	2015
Revenues				
Maritime	146.6	147.3	289.7	297.1
Government	72.0	70.4	140.7	137.2
Enterprise	38.5	40.4	72.5	79.3
Aviation	33.4	30.8	64.6	57.9
Central Services[1]	39.9	22.5	61.5	44.7
Total segment revenues	**330.4**	**311.4**	**629.0**	**616.2**
EBITDA				
Maritime	114.8	113.8	227.1	230.7
Government	52.5	46.4	101.2	92.2
Enterprise	27.9	26.4	54.0	52.6
Aviation	22.8	26.0	45.2	48.3
Central Services	(15.8)	(46.7)	(59.1)	(81.1)
Total segment EBITDA	**202.2**	**165.9**	**368.4**	**342.7**
Depreciation and amortisation	(84.1)	(75.5)	(174.6)	(150.9)
Other	(0.5)	0.5	0.1	10.4
Operating profit	**117.6**	**90.9**	**193.9**	**202.2**
Net financing costs	(21.7)	(21.3)	(39.5)	(36.3)
Profit before tax	**95.9**	**69.6**	**154.4**	**165.9**
Taxation charge	(19.1)	(15.4)	(32.0)	(34.3)
Profit for the period	**76.8**	**54.2**	**122.4**	**131.6**
Capital expenditure[2]				
Maritime	10.8	6.3	23.7	12.2
Government	1.4	0.4	1.9	1.2
Enterprise	–	0.1	0.3	0.3
Aviation[3]	2.6	28.5	4.3	42.4
Central Services	82.2	100.1	145.2	199.6
Total capital expenditure	**97.0**	**135.4**	**175.4**	**255.7**

[1] Central services includes revenue and EBITDA from Ligado. In addition it includes central assets and related costs, such as satellites and other ground infrastructure.
[2] Capital expenditure is stated using the accruals basis.
[3] All success-based capital expenditure is allocated to the business unit to which it relates. All major infrastructure projects capital expenditure is currently reflected within Central Services, where these projects are managed. From 1 January 2016 this includes all S-band related capital expenditure, previously classified in the Aviation business unit. The S-band project accounted for almost all of the Aviation capital expenditure in the first half of 2015. Prior year comparatives have not been restated.

4. Net financing costs

($ in millions)	Three months ended 30 June 2016	2015	Half year ended 30 June 2016	2015
Bank interest receivable and other interest	(0.4)	–	(1.7)	(1.0)
Net interest on the net pension asset and post-employment liability	–	–	–	(0.2)
Total financing income	**(0.4)**	–	**(1.7)**	**(1.2)**
Interest on Senior Notes and credit facilities	18.9	18.9	38.3	38.1
Interest on Convertible Bonds	8.2	7.5	16.3	15.0
Unwinding of discount on deferred satellite liabilities	0.3	0.3	0.4	0.5
Amortisation of debt issue costs	1.8	3.0	3.5	4.7
Amortisation of discount on Senior Notes due 2022	0.3	0.3	0.5	0.6
Net interest on the net pension asset and post-employment liability	0.2	–	0.2	–
Other interest	–	0.2	–	1.9
Financing costs	**29.7**	**30.2**	**59.2**	**60.8**
Less: Amounts capitalised in the cost of qualifying assets	(7.4)	(8.9)	(17.9)	(23.3)
Total financing costs	**22.3**	**21.3**	**41.3**	**37.5**
Net financing costs	**21.9**	**21.3**	**39.6**	**36.3**

5. Taxation

($ in millions)	Three months ended 30 June 2016	2015	Half year ended 30 June 2016	2015
Current tax:				
Current period	10.3	8.4	15.5	17.3
Adjustments in respect of prior periods	(0.1)	–	2.9	–
Total current tax	**10.2**	**8.4**	**18.4**	**17.3**
Deferred tax:				
Origination and reversal of temporary differences	8.9	7.0	16.3	17.0
Adjustments in respect of prior periods	–	–	(2.7)	–
Total deferred tax	**8.9**	**7.0**	**13.6**	**17.0**
Total taxation charge	**19.1**	**15.4**	**32.0**	**34.3**

6. Net Borrowings

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

	At 30 June 2016			At 31 December 2015		
($ in millions)	Amount	Deferred finance costs	Net balance	Amount	Deferred finance costs	Net balance
Current:						
Bank overdrafts	0.6	–	0.6	2.6	–	2.6
Deferred satellite payments	3.9	–	3.9	1.8	–	1.8
EIB Facility	44.1	–	44.1	44.1	–	44.1
Ex-Im Bank Facilities	80.9	–	80.9	80.9	–	80.9
Total current borrowings	**129.5**	–	**129.5**	**129.4**	–	**129.4**
Non-current:						
Deferred satellite payments	9.6	–	9.6	14.5	–	14.5
Senior Notes due 2022	1,000.0	(6.7)	993.3	1,000.0	(7.3)	992.7
– Net issuance discount	(6.0)	–	(6.0)	(6.5)	–	(6.5)
EIB Facility	62.4	(0.2)	62.2	88.1	(0.4)	87.7
Ex-Im Bank Facilities	592.9	(15.7)	577.2	633.3	(18.0)	615.3
Convertible Bonds	340.2	–	340.2	326.6	–	326.6
– Accretion of principal	3.6	–	3.6	3.4	–	3.4
Total non-current borrowings	**2,002.7**	**(22.6)**	**1,980.1**	**2,059.4**	**(25.7)**	**2,033.7**
Total Borrowings	**2,132.2**	**(22.6)**	**2,109.6**	**2,188.8**	**(25.7)**	**2,163.1**
Cash and cash equivalents	(185.7)	0.0	(185.7)	(177.3)	–	(177.3)
Net Borrowings	**1,946.5**	**(22.6)**	**1,923.9**	**2,011.5**	**(25.7)**	**1,985.8**

EIB Facility

In 2010, the Group signed an 8-year facility agreement with the European Investment Bank (the 'EIB Facility'). No additional funding is available under this facility, which matures on 30 April 2018 and is repayable in equal annual instalments. Interest is equal to three-month USD LIBOR plus a margin, payable in January, April, July and October each year.

Ex-Im Bank Facilities

The Group has two direct financing agreements with the Export-Import Bank (the 'Ex-Im Bank Facilities') of the United States. The $700.0m facility signed in 2011 was available to be drawn down for four years and is now repayable in equal semi-annual instalments over a further 8.5 years. Drawings under this facility incur interest at a fixed rate of 3.11% for the life of the loan. In November 2014, the Group signed a seven year $185.9m facility which has a total availability period of two years and will then be repayable in equal semi-annual instalments over a further five years. Drawings under this facility incur interest at a fixed rate of 1.96% for the life of the loan.

Senior Notes due 2022

On 4 June 2014, the Group issued $1.0bn of 4.875% Senior Notes due 15 May 2022. The aggregate gross proceeds were $992.1m, net of $7.9m issuance discount.

Convertible Bonds

In 2007, the Group issued $287.7m of 1.75% Convertible Bonds due 9 November 2017. 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 4.5%. The total number of ordinary shares to be issued if all bonds are converted is 23.3 million shares and the conversion price at 30 June 2016 was $13.39. The conversion price is subject to periodic adjustment if dividends paid on ordinary shares exceed defined levels.

Senior Credit Facility

On 22 May 2015, the Group signed a five-year $500.5m revolving credit facility ('Senior Credit Facility'). Advances under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 0.7% and 1.7% determined by reference to the ratio of net debt to EBITDA. At 30 June 2016, there were no drawings under the Senior Credit Facility.

7. Fair value of financial instruments

The Group's derivative financial instruments consist of forward foreign currency contracts which are primarily designated as cash flow hedges. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The fair values at the Balance Sheet date were:

($ in millions)	At 30 June 2016	At 31 December 2015
Financial assets:		
Forward foreign currency contracts – designated cash flow hedges	1.7	–
Financial liabilities:		
Forward foreign currency contracts- designated cash flow hedges	(12.8)	–
Forward foreign currency contracts – undesignated	–	0.3
	(12.8)	0.3

The fair values of foreign exchange contracts are based upon a valuation provided by the counterparty and are classified as level 2 in the fair value hierarchy according to IFRS 7. The fair value of foreign exchange contracts is based upon the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk-free rate at the period end.

Except as detailed in the following table, the Directors consider that the carrying value of non-derivative financial assets and liabilities approximately equal to their fair values:

	At 30 June 2016		At 31 December 2015	
($ in millions)	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities:				
Senior Notes due 2022	1,000.0	917.5	1,000.0	996.3
Ex-Im Bank Facilities	673.8	704.3	714.2	741.4
Convertible bonds	340.2	437.2	326.6	498.6

8. Dividends

($ in millions)	At 30 June 2016	At 31 June 2015
Final dividend for the year ended 31 December 2015 of 31.78 cents ($) (year ended 31 December 2014: 30.26 cents ($)) per share	143.3	136.0

The Board intends to declare an interim dividend of 20.59 cents ($) per ordinary share, to be paid on 21 October 2016 to ordinary shareholders on the share register at the close of business on 16 September 2016. 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 2016.

With effect from the 2016 interim dividend, we will introduce a full scrip dividend election opportunity for shareholders, to enable shareholders to elect in their absolute discretion to take all or any part of their cash dividend entitlement in Inmarsat shares.

9. Earnings per share

Earnings per share for the half year ended 30 June 2016 has been calculated based on profit attributable to equity holders for the period and the weighted average number of ordinary shares in issue (excluding shares held by the Employee Benefit Trust).

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options and awards granted to employees under the employee share plans.

($ in millions)	Three months ended 30 June 2016	Three months ended 30 June 2015	Half year ended 30 June 2016	Half year ended 30 June 2015
Profit attributable to equity holders of the Company	76.7	54.1	122.1	131.4
(millions)				
Weighted average number of ordinary shares in issue	449.5	448.2	449.6	448.9
Potentially dilutive ordinary shares	3.9	4.6	3.9	4.6
Weighted average number of diluted ordinary shares	453.4	452.8	453.5	453.5
($ per share)				
Basic earnings per share	0.17	0.12	0.27	0.29
Diluted earnings per share	0.17	0.12	0.27	0.29

10. Contingent liabilities

The Group is subject to periodic legal claims in the ordinary course of its business, none of which is expected to have a material impact on the Group's financial position. There have been no material changes to the Group's contingent liabilities from those reported in the financial statements for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm to the best of their knowledge that:

(a) the condensed set of 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
4 August 2016

Tony Bates
Chief Financial Officer
4 August 2016

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 2016 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 it 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 Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRS 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 2016 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 Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
4 August 2016