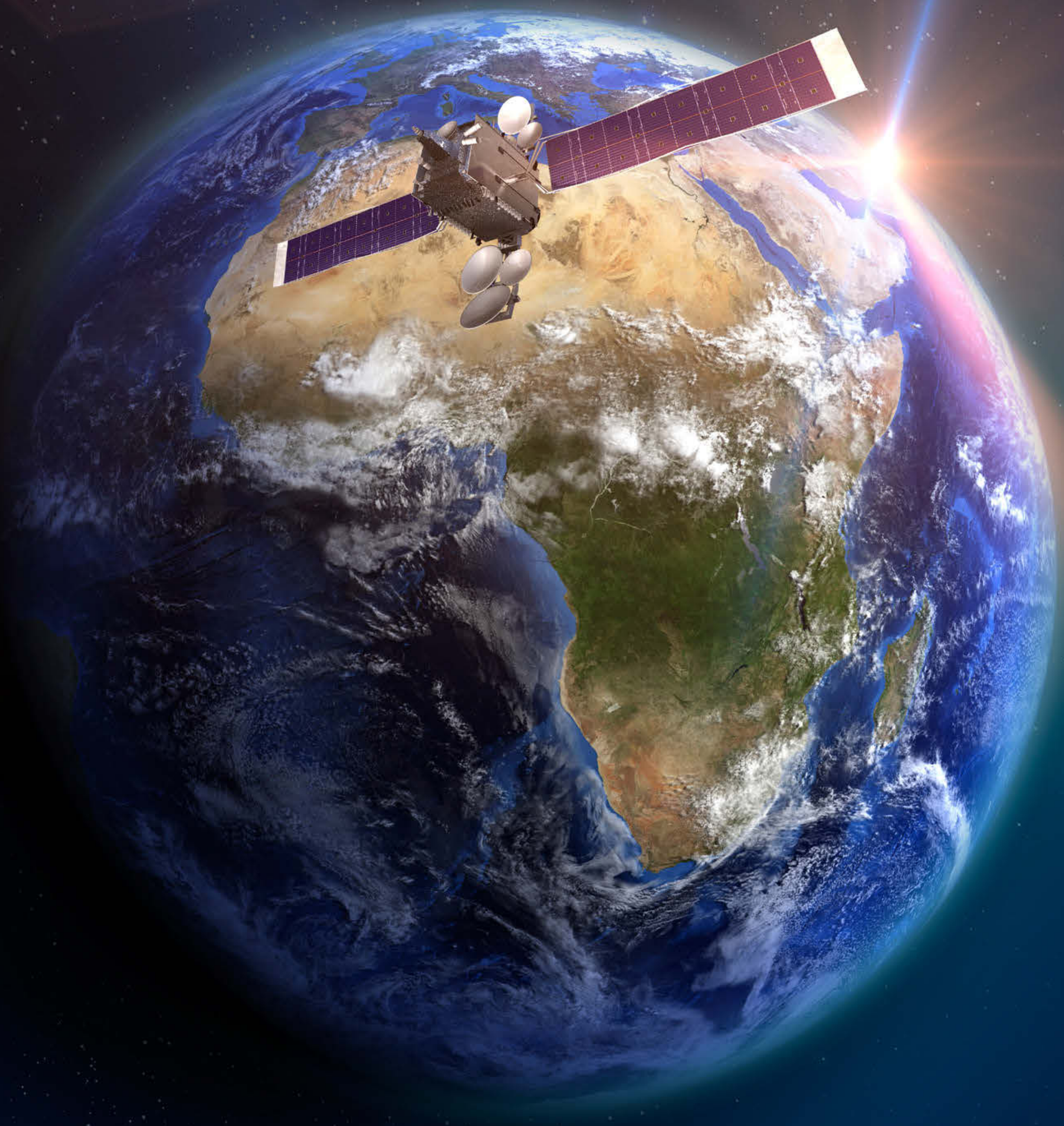
AVANTI COMMUNICATIONS GROUP PLC
ANNUAL REPORT AND ACCOUNTS 2015



avanti

QUALITY. FLEXIBILITY.

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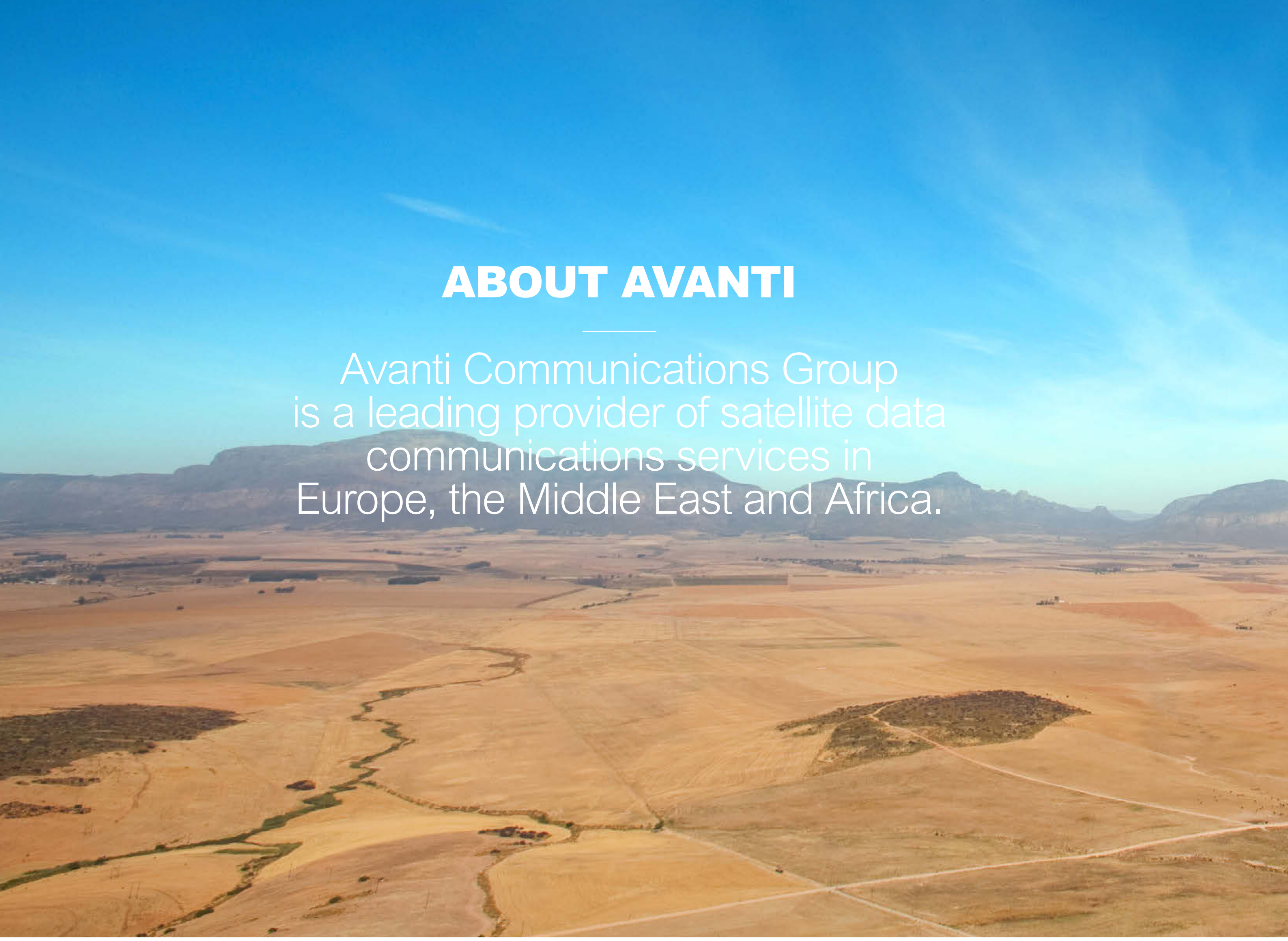


ABOUT AVANTI

Avanti Communications Group is a leading provider of satellite data communications services in Europe, the Middle East and Africa.

CONTENTS

Strategic Report

Governance

Financial Statements

Chairman's Statement
Page 5

Chief Executive's Review
Page 6

Financial Review
Page 10

WHAT WE DO

Avanti connects people wherever they are – in their homes, businesses, in government and on mobiles.

Through the HYLAS satellite fleet and more than 160 partners in 118 countries, the network provides ubiquitous internet service to a quarter of the world's population.

KEY STRENGTHS

1. Quality.
Our network mirrors the quality of service that terrestrial communications offer. We have market beating Service Level Agreements and no in-country coverage gaps.

2. Flexibility.
Avanti has a unique Cloud based customer interface that provides a single point of co-ordination and control, allowing partners to become virtual network operators without the need to deploy their own capital or expertise.

3. Innovation.
We've developed proprietary and patented technology which is deployed throughout our network.

4. Very high throughput.
The HYLAS fleet uses Ka-band which enables our High Throughput Satellites ("HTS") to transmit over 10 times more data per satellite than legacy systems.

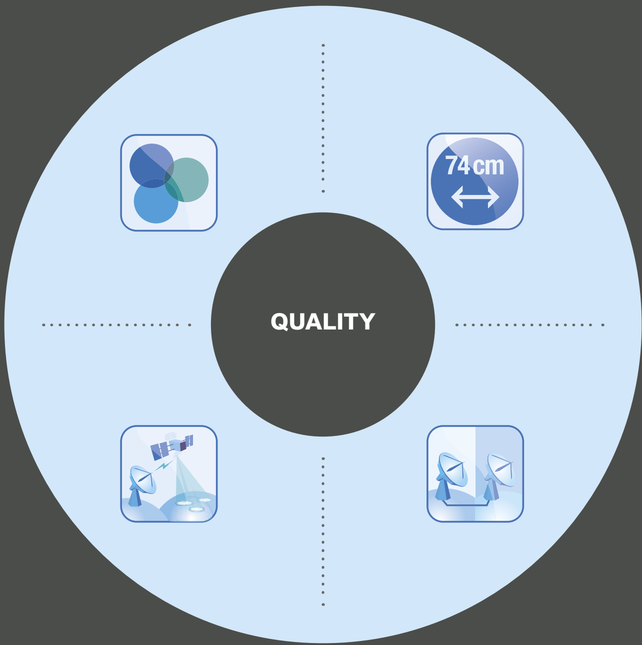
5. High speed.
Our network can provide download speeds of up to 380Mbps, no matter how challenging the location.

6. Affordability.
80% price reductions for our telecom and government customers, versus legacy Ku-band systems.

UNIQUE PRODUCT ADVANTAGES

Full coverage
- 100% national coverage of primary countries
- Overlapping beam patterns (no in-country coverage gaps)
- Service Providers can offer a truly national service with consistent quality

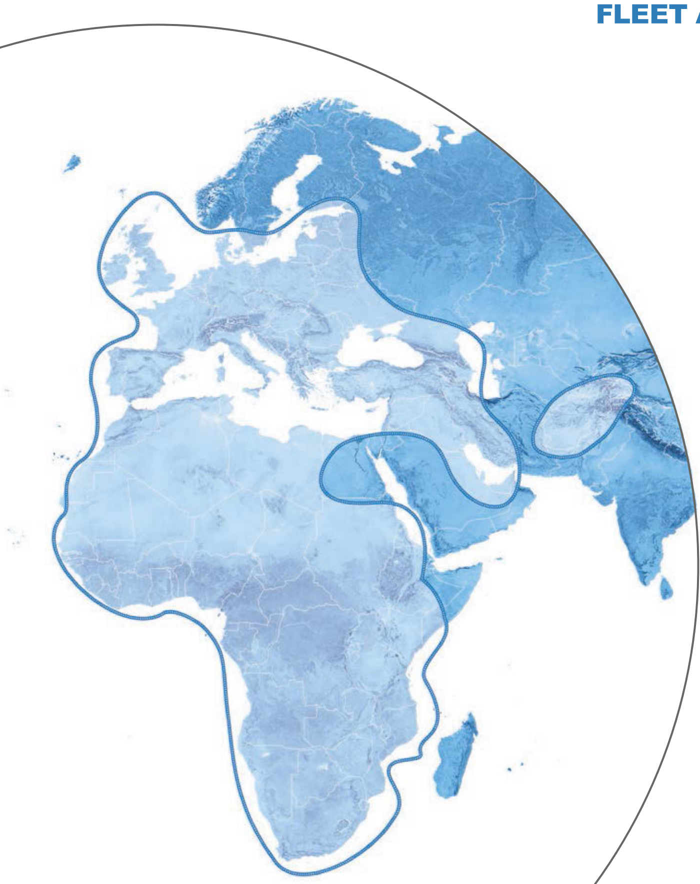
High spectral density
- Service Providers can use the smallest possible terminals providing a cheaper, attractive and more efficient way of delivering bandwidth to customers



Smart beam clustering
- Avanti's beam clusters land in a single Gateway in the relevant country or region
- Service Providers who want a national service need only operate through a single hub

Diverse networks deliver resilience
- Avanti's ground network is protected from atmospheric events
- Redundant Gateway with market beating Service Level Agreements and no atmospheric outages

FLEET AND COVERAGE



Our Coverage
- Europe, the Middle East and Africa
- 118 countries
- 13 of the largest economies in the world
- 65% of the world's 20 fastest growing economies

Our Fleet

HYLAS 1
Launch date: Nov 2010
Footprint: Europe
Capacity (GHz): 3

HYLAS 2 & 2-B
Launch date: Aug 2012
Footprint: EMEA
Capacity (GHz): 14

HYLAS 3
Launch date: 2017
Footprint: EMEA
Capacity (GHz): 4

HYLAS 4
Launch date: 2017
Footprint: EMEA
Capacity (GHz): 28

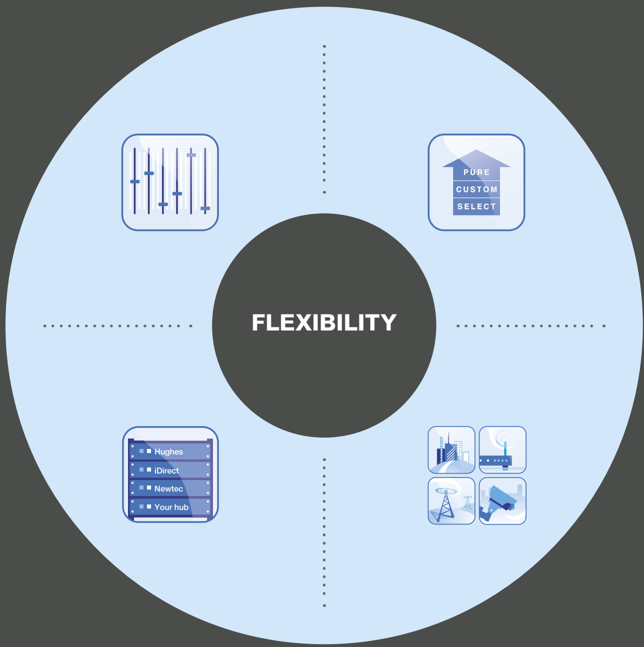
ARTEMIS
Launch date: 2001
Footprint: EMEA
Capacity (GHz): 1

Unique Avanti Cloud

- Proprietary Avanti Cloud, backed up by high levels of training and support puts Service Providers in total control, allowing them to configure and manage services as if they owned the satellite fleet

Multi-vendor platform

- Open architecture enabling the use of any vendor's hub or modem to satisfy Service Providers' preferences for vendor hardware



Contracting flexibility

- Three methods of operation/contract to suit Service Providers' own risk appetite, technical capability and budget: raw bandwidth, managed megabit and packaged customer accounts; with the ability to change between them as their businesses evolve

Niche applications

- Avanti's Cloud enables Service Providers to form their own applications using their own hardware, software and skills
- Significant research and development to date has accelerated customers' service offerings

PRODUCTS AND APPLICATIONS

Products

PURE

Raw MHz on our satellites
- Service Providers have exclusive use of a defined number of MHz in specific beams. Traffic is not transparent to Avanti
- Service Providers need to buy from us hosting, power and backhaul at the Gateway
- Service Providers can buy hub and Customer Premises Equipment ("CPE") from Avanti or directly from the manufacturer
- Service Providers can use Avanti's Cloud or the hub vendor's

CUSTOM

Managed IP service
- Service Providers have exclusive use of a defined number of Mb in specific beams
- Bandwidth, hub and hosting/power/backhaul are supplied by Avanti as a fully managed service, accessed by the Avanti Cloud
- Service Providers can buy CPE either from Avanti or the manufacturer
- Installers are trained and accredited by Avanti

SELECT

Packaged broadband
- Service Providers buy individual broadband user accounts, which are managed and defined by Avanti
- Accounts are contended i.e. bandwidth is shared in ratios controlled by Avanti. Accounts usually have defined speeds and monthly data throughputs
- Service Providers buy CPE from Avanti
- Installers are trained and accredited by Avanti

Applications


Cellular backhaul

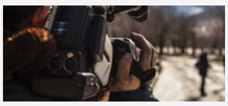

Hosting


Defence applications


Enterprise networks

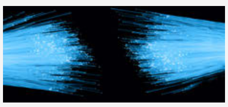

Oil and gas


Security applications


Satellite news gathering


Machine 2 machine


Education


Backup


Customer broadband


Blue light


eHealth


Occasional use

STRATEGIC REPORT HIGHLIGHTS

- Revenue up 29.9% to $85.2m (2014: $65.6m)
- Continuing business constant currency revenue up 50.4%
- Net cash at year end $122.2m (2014: $195.3m) with a pro-forma cash balance of $248.5m
- Contract wins with key target customers including SENTECH, Tanzania Telecoms Company and Orange Telkom Kenya
- Top-20 Customer Bandwidth Revenue Growth 53.7%
- Year end fleet utilisation up to the 20% to 25% band (2014: 10% to 15%)
- Construction of HYLAS 4 commenced with launch on-track for early 2017
- Continuing business constant currency growth rate expected to continue into 2016

STRATEGIC REPORT
CHAIRMAN'S STATEMENT

Paul Walsh
Chairman

Avanti made good progress in 2015. Our satellites provided high performance, affordable connectivity to governments, businesses and individuals across EMEA. This changed peoples' lives every day, supporting economic growth, business, education, healthcare and security.

We enhanced our long-term growth platform, both in terms of customer growth and infrastructure development.

Avanti reaches end users through national and international Service Providers. During 2015 we grew our distribution platform, signing over 90 new contracts with both new and existing customers.

Amongst these were a number of wins with key target customers that have national distribution in our core markets. These included SENTECH in South Africa, Tanzania Telecoms Company and Orange Telkom Kenya.

Construction of our HYLAS 4 satellite began at the beginning of the financial year and the launch remains on-track for early 2017, with HYLAS 3 scheduled to launch in the same year. HYLAS 4 will complete our planned coverage of EMEA.

Our technology platform performed to a high standard. The many proprietary and patented innovations that we have deliver a sustainable competitive advantage.

We have now invested over $1.2bn in developing a business that can meet the huge latent demand for affordable connectivity in high growth markets. Together with the investments that we will make over the next two years, this will create a company with the potential to generate over $500m of EBITDA per annum once the fleet is filled.

During the year Alan Foster and William Wyatt stepped down from the Board. I would like to thank them for the tremendous contributions that they have made to Avanti.

I was pleased to welcome Andy Green and Charmaine Eggberry as Non-Executive Directors. I am sure that Avanti will greatly benefit from their experience as the business grows.

Finally, I would like to thank our employees, customers, suppliers and investors for their ongoing support.

Paul Walsh
Chairman

CHIEF EXECUTIVE'S REVIEW

David Williams
Chief Executive

When we founded Avanti, we chose to design the highest quality and flexibility into our products, developing many patented innovations. This differentiates them from legacy satellite operators and mirrors the quality of service that terrestrial communications offer.

While there is still work to be done to achieve Avanti's full potential, in many ways 2015 was a landmark year for us.

Avanti is no longer regarded as a new entrant. We are delivering excellent service for our customers using superior technology, today. Our technology platform is proven across our markets and our brand is understood and well regarded.

We have now moved from an establishment to an execution phase. We are seeing strong ongoing growth from existing customers in our established territories as the distribution base matures and we expect to see growth increase when we launch service in West Africa.

It took time to establish our brand, product and price proposition in many new markets and early customers were often specialists with high expertise and conviction, but limited marketing reach.

We are increasingly distributing our product through major telecoms companies with universal market access within their geographies. We have been selected to undertake national broadband roll out projects by government owned national telecoms operators in all of the core HYLAS 2 African markets of Kenya, Tanzania, Zimbabwe and South Africa. Similar progress in other geographies is imminent. The maturing distribution platform is now therefore materially increasing our growth rates. During 2015, our Top-20 Customer Bandwidth Revenue Growth increased 53.7%.

Yield continues to average around $2,000 per MHz per month. The efficiency of our satellites delivers major advantages in pricing, which is presented to customers denominated in $ per Mb per month. We can generate three times as many MHz per ton of satellite than is the case with even the most advanced Ku-band High Throughput Satellites ("HTS"). Furthermore we can extract double the Mb per MHz due to high spectral efficiency and our dishes are half the price of Ku-band dishes.

Our $ per Mb per month prices are far lower than Ku-band competitors and we have a more compelling, higher quality, flexible and scalable offer.

Avanti also has significantly greater capacity per country than legacy operators. This is important for large telecoms customers that want scalable deployments.

We are also building the fleet. We added a further 3 GHz of incremental capacity at the end of 2015, as part of a commercial agreement with another satellite operator. This capacity is in the form of a steerable beam cluster which we are marketing as HYLAS 2-B.

HYLAS 2-B gives us coverage of a new geography unserved by the fleet and also fortuitously gives us an opportunity to bridge the gap in steerable capacity that we have due to the previously announced slippage of the European Space Agency's timetable to launch the satellite platform that will host HYLAS 3. Initial revenues are expected to arise in the second half of the current financial year.

During the year the construction of our key HYLAS 4 satellite began. It is on-track and, following our capital raise post the year end, fully financed.

To plan for the future, we have been making significant investments in our sales and marketing in preparation for the new markets that HYLAS 4 will cover. We have also been developing our ground network.

Avanti is a hugely scalable business now the core operations have been established. It is a pioneer, delivering revolutionary technology which is changing lives today, while preparing to serve new markets and new customers in 2016 and beyond.

David Williams
Chief Executive

Satellites provide data communications and broadcasting services around the world. Satellites are used versus terrestrial infrastructure in situations where they can provide superior economics to customers or where other forms of communication are not available.

Avanti operates in the fixed data communications part of the satellite market. Avanti has pioneered the use of Ka-band technology, which enables us to service this market at a lower cost than legacy operators.

In turn, this vastly increases the addressable market for satellite data communications. Particularly in the high growth geographies where Avanti's capacity is focused, but also closer to home where Avanti can offer universal superfast broadband across Europe.

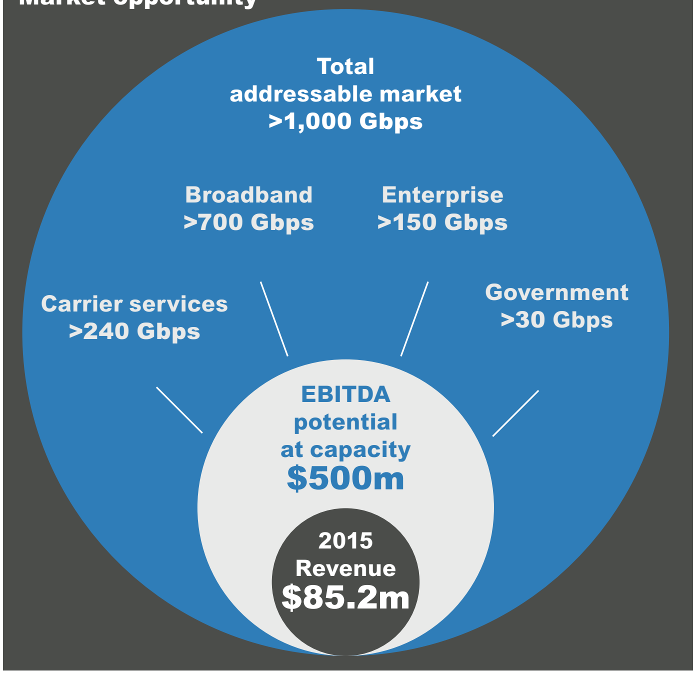
In these areas, dispersed populations and huge land areas make terrestrial communications uneconomic to deploy. For example, Africa has the same land mass as Europe, USA, China and India combined, yet a population the same as just India alone.

As a result of this low population density, fibre will not be deployed in European equivalent scale in the local loop during the lifetime of our satellites and so Africa is moving directly to wireless. In wireless technology, Ka-band HTS satellite is the best way to deliver high capacity, low cost data services.

Avanti's satellites provide businesses, governments and individuals in the rapidly emerging consumer classes, the opportunity to access a high quality and resilient network at affordable prices.

We estimate that the addressable market for our HTS services across the EMEA region, defined as users who both need satellite connectivity and have the ability to pay for it, is over 1,000 Gbps and growing. Avanti's HYLAS satellite fleet will provide up to 200 Gbps of data throughput. Avanti competes with the large established global satellite operators, that primarily use legacy technologies and other young HTS operators.

Market opportunity



The addressable market above is the demand that our customers tell us that they can convert in the next few years. The total potential long-term demand, especially in Africa, is hundreds of times greater.

KEY PERFORMANCE INDICATORS

Avanti introduced two new performance indicators during the year in order to give investors greater insight into the progress that the business is making.

The first of these was Top-20 Customer Bandwidth Revenue Growth. This metric helps to track Avanti's growth trajectory from core service sales, excluding non-recurring items. It is calculated by comparing the revenues from current leading customers on a last 12 month basis, to the 12 months preceding that. Revenues from this customer group were 53.7% higher in the 2015 financial year versus 2014.

The second new performance indicator was Fleet Utilisation. This metric helps to track capacity uptake and gives an indication of revenue potential when Avanti's fleet is mature. It is calculated by expressing utilised capacity as a percentage of total available capacity for the fleet of HYLAS 1 (3 GHz), HYLAS 2 (11 GHz) and ARTEMIS (1 GHz).

Avanti's Fleet Utilisation was within the 20% to 25% band at the end of 2015, having increased from the 10% to 15% range in the prior year. The new HYLAS 2-B capacity is expected to be deployed in the middle of the current financial year. We are now commencing marketing in West Africa for HYLAS 3 & 4 and expect contract pre-sales announcements in the current financial year.

Top-20 Customer Bandwidth Revenue Growth

Tracks Avanti's growth trajectory from core service sales, excluding non-recurring items

53.7%

Fleet Utilisation

Tracks capacity uptake and gives an indication of revenue potential when Avanti's fleet is mature

20%-25%

OUR BUSINESS MODEL AND STRATEGY

Our business model

Avanti connects people wherever they are – in their homes, businesses, in government and on mobiles. Through the HYLAS satellite fleet and more than 160 Service Providers in 118 countries, the network provides ubiquitous internet service to a quarter of the world's population. Avanti delivers the level of quality and flexibility that the most demanding telecoms customers seek.

Avanti's technology platform is made up of three operational satellites in orbit, two under construction, a further one which will come into service in the second half of the 2016 financial year and a ground segment infrastructure delivering comprehensive coverage of Europe, the Middle East and Sub-Saharan Africa.

These assets are turned into a virtual network service accessible by our Service Provider customers. This is done using the Avanti Cloud, a bespoke software based control system that allows all parts of the Avanti network to be controlled and configured online.

Avanti has developed proprietary and patented technology which is deployed throughout its network. This technology has been developed in house by its employees, who are amongst the most experienced in the industry.

Avanti uses the high frequency Ka-band spectrum. This enables our High Throughput Satellites to transmit over 10 times more data per satellite than legacy systems, significantly reducing end-user costs and creating a larger addressable market.

A combination of the efficiencies that are inherent in the use of Ka-band and Avanti's high-powered network design also make our systems significantly more efficient than the emerging Ku-band high throughput networks.

Our network can provide download speeds of up to 380Mbps and we can offer customers price reductions versus legacy Ku-band systems of up to 80%.

Avanti generates revenue by charging its Service Provider customers for the use of its network. The primary revenue generating unit of sale is bandwidth, expressed in Mbps.

Like other infrastructure companies, Avanti's business model involves significant upfront capital expenditure to launch services and a largely fixed operating cost base. This is expected to result in initial cash outflows being followed by very strong cash inflows as the business grows.

Avanti's business model is differentiated from those of legacy satellite operators primarily by its use of Ka-band technology and the Avanti Cloud. The Avanti Cloud enables the sale of satellite capacity as a service, rather than as an infrastructure purchase.

The satellite industry has very high barriers to entry. These include the intellectual capital that is needed to design and run a satellite network and the requirement for orbital slots and spectrum.

The risks to Avanti's business model through technological change are low, primarily due to the very long lead times needed to develop and launch new satellite technologies.

Our strategy

Avanti's strategy is founded on the assumptions that data usage will continue to grow strongly for the foreseeable future; that terrestrial infrastructure will not satisfy demand; and that high growth markets offer the highest returns.

Avanti sells a managed service for fixed data connectivity. The go to market strategy is to sell to telecoms companies and specialist Service Providers for use in the Broadband, Enterprise, Government and Carrier Services verticals.

The Group sells mainly through direct field sales with strong engineering pre-sales support.

OUTLOOK

The continuing business growth rate, assuming constant currency, seen during 2015 is expected to continue in the new financial year. In addition to this, management expects core recurring revenue growth to again be augmented with non-recurring revenue.

Avanti has a largely fixed cash cost base. There will be a modest increase in costs in 2016 as further investments are made in sales and marketing and ground operations ahead of the launches of HYLAS 3 and HYLAS 4.

Management expects that the combination of Avanti's strong revenue growth and largely fixed cash cost base will lead to substantial operating cash flows in the medium-term.

Nigel Fox
Group Finance Director

Revenue

Revenue in the year increased 29.9% to $85.2m (2014: $65.6m). On a continuing business, constant currency basis, revenues grew 50.4%. Continuing business is defined as excluding discontinued European Space Agency grant revenue in the prior year, a one off sale of ARTEMIS capacity in the prior year, exceptional sales of equipment for an infrastructure project in the prior year and the sale of spectrum in the 2015 financial year.

Revenue for the year included recurring continuing business revenues of $60.1m together with non-recurring revenues of $25.1m. The non-recurring revenues related to the sale of certain spectrum rights in perpetuity, related to geographic markets in which the Group does not seek to operate, in exchange for indefeasible rights to use a 3 GHz Ka-band payload over its estimated remaining life of 13.5 years. The revenue recognised was based on the fair value of the asset received.

Average yield remained above our target rate of $2,000 per MHz per month.

EBITDA

EBITDA (before share based payment charges) increased to $16.0m from $1.7m in 2014. This was a result of the revenue growth and the changes in cash costs outlined below.

Costs of sale decreased 3.3% to $83.8m (2014: $86.7m). This reflected the growth in the business offset by the cost associated with the exceptional sales of equipment for an infrastructure project in the prior year. Cash cost of sales (excluding depreciation) were $38.0m (2014: $39.4m).

Operating costs increased 2.3% to $35.6m (2014: $34.8m). This reflected the growth in the business, the fact that an element of the costs are largely fixed and movements in Sterling versus the US Dollar.

Loss per share

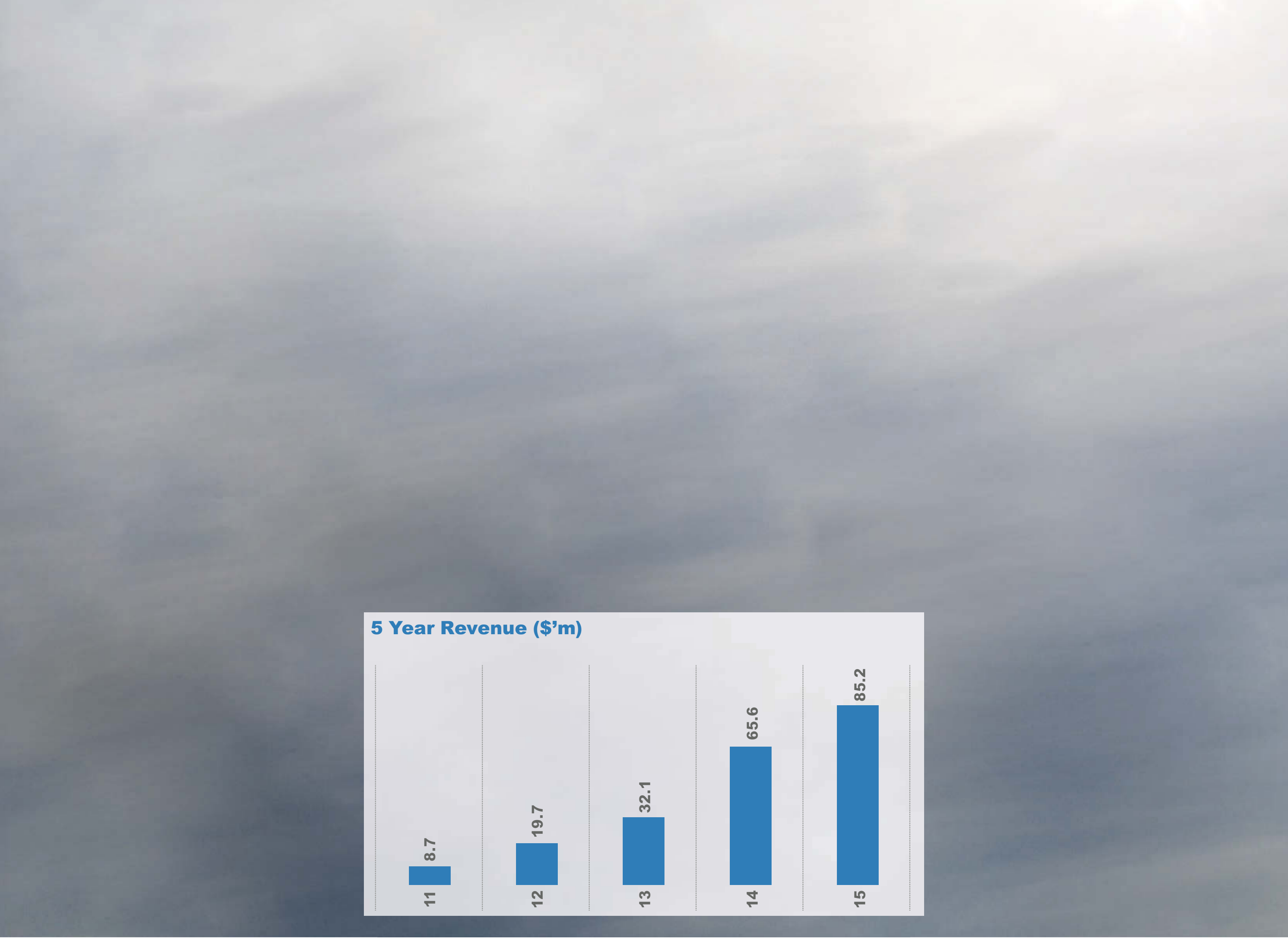
Loss attributable to shareholders of $73.1m (2014: $87.2m), which included a net interest expense of $40.5m (2014: $39.0m), results in a loss per share of 61.5 cents (2014: loss per share of 81.2 cents).

Cash flow

Net cash balances at year end were $122.2m (2014: $195.3m).

EBITDA (before the share based payment charge) of $16.0m translated into $10.2m of cash absorbed from operations as a result of the receipt of an element of revenue in the form of property, plant & equipment and an increase in working capital of $1.2m.

Net proceeds from financing were $90.6m.



Balance sheet

Tangible fixed assets were $691.0m (2014: $610.8m). Additions were $151.1m, of which $96.5m related to HYLAS 4, $35.1m to HYLAS 2-B and the balance to HYLAS 3 and ground infrastructure. Total depreciation was $47.9m with movements in exchange rates decreasing total NBV by $19.7m.

Trade and other receivables decreased 8.0% to $35.5m with accrued income remaining fairly stable with a slight reduction due to timing differences around the year end. Trade and other payables excluding accrued interest decreased from $42.2m in 2014 to $35.7m in 2015. This was driven by a reduction in trade payables of $4.6m due to the settlement of capital expenditure related liabilities present at the 2014 year end and timing differences.

Gross debt was $528.4m (2014: $517.0m) and net debt was $406.2m (2014: $321.7m). The Group carries a deferred tax asset in its balance sheet, and has significant unclaimed capital allowances on the two HYLAS satellite assets which are expected to shelter any future tax liabilities for at least three years.

Post balance sheet events

Avanti announced on 17 August 2015 that it had raised an incremental $126.3m to complete the funding of the HYLAS 4 satellite. This comprised of a cash inflow from debt issuance of $115.0m and an equity issuance of $11.3m to give total cash proceeds of $126.3m.

As a result of this, pro-forma year end cash including the receipts from the debt and equity raises would have been $248.5m.

Insurance

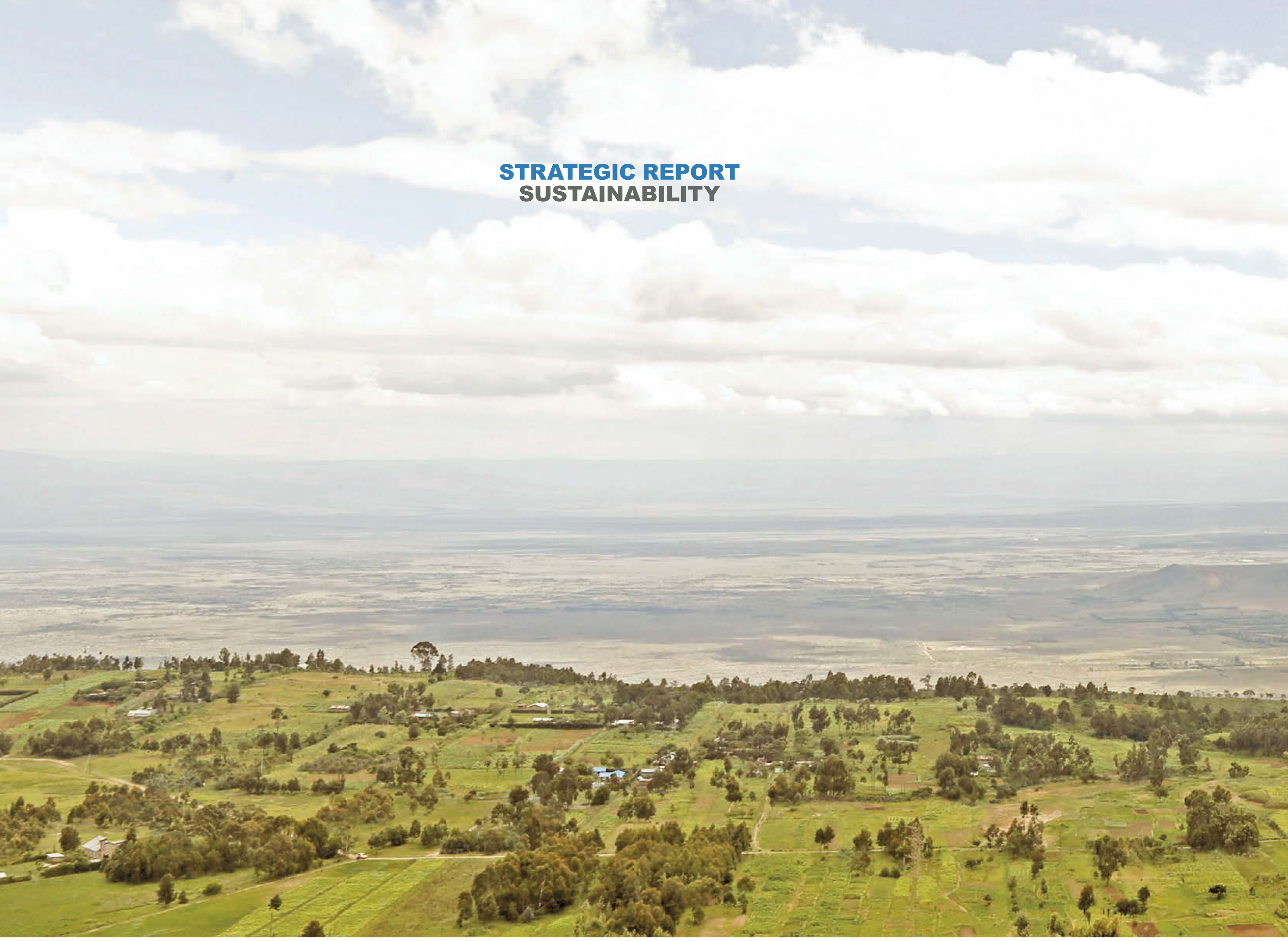
Avanti maintains a full suite of insurance policies covering not only space assets, but also business interruption associated with the failure of its ground earth stations. The HYLAS 1 in orbit insurance policy was renewed in November 2014 with an insured value of $176.0m at a rate of 0.63%, and the HYLAS 2 policy was renewed in August 2015 for $306.0m at 0.51%.

Backlog

Backlog was $389.5m (2014: $430.0m). Backlog comprises our customers' committed contractual expenditure under existing contracts for the sale of bandwidth, satellite services, consultancy services and associated equipment sales over the life of their terms. Backlog does not include the value arising from potential renewal beyond a contract's term or projected revenue from framework contracts. We do include projected revenue from consultancy services provided to government customers at the rate of $3.3m per year, based on the average revenue generated by these services for the last five fiscal years. The usefulness of this metric has reduced as Avanti has moved towards selling through framework contracts, under which customers start with low initial capacity commitments, but typically increase these on a regular basis. Thus the business more closely resembles a telecoms company rather than a TV broadcasting business, and so backlog does not give a full indication of expected forward revenues.

Avanti's Service Provider customers, under framework contracts which have no fixed term, are undertaking a significant number of new installations across EMEA every day. This is increasing the run rate of Avanti's recurring revenue growth under framework contracts on an ongoing and compounding basis. The impact of this on Avanti's expected future revenues is not captured by the backlog metric.

Nigel Fox
Group Finance Director



Our approach to sustainability

Avanti recognises that the long term sustainability of the Group is secured by managing the current impacts of its operations and products, and anticipating the future global business environment. Avanti's sustainability strategy is designed to ensure that we have in place:

- Responsible business practices to underpin business activities and support employees in making the right decisions to drive business performance;
- A safe work environment for employees; and
- A diverse range of talented employees with a broad range of skills and capabilities to deliver against global customer requirements.

The Chief Executive, supported by the Board, has overall responsibility for the Group's ongoing commitment to sustainability to ensure that there are appropriate policies, systems, reporting structures and metrics in place to achieve the Group's sustainability objectives. All Avanti employees also have some responsibility for sustainability, whether it be in their interactions with Service Providers or making efficiencies to support our environmental aims. The effectiveness of policies and processes is monitored and reviewed on an ongoing basis and risks or opportunities are assessed and managed.

Avanti uses targets and metrics to measure our performance and to enhance future performance by learning from our past successes and challenges. Avanti evaluates possible sustainability issues based on their relevance to our current operations and the potential future impact on the business in order to ascertain our priorities. Priorities may change as the business develops and as we receive feedback from our stakeholders, and we therefore review these on a regular basis. For areas identified as having a high importance, we have either already developed strategies and have controls in place and are reporting on performance, or we are developing more detailed strategies within our existing systems to focus on specific aspects. By monitoring our performance in this way we will also get valuable feedback for use in the continual improvement of our policies, processes and procedures. Stakeholder engagement is important to Avanti.

Talent/Avanti people

To have a sustainable business, Avanti must attract, develop and retain talent and manage it across the business. Avanti contributes to the wider community through the course of its business by creating employment, offering work experience and graduate training opportunities to young people and by investing in good causes that are relevant to the business.

Sustainability highlights

Graduate scheme

- Over 300 applicants in 2015
- 19 graduates have joined the scheme since 2011

Investing in people

- Over 400 training sessions held
- 17% of all vacancies filled by internal promotion

Attract and retain

Like many companies operating in the technology industry in the UK, Avanti has concerns about current and future talent shortages in the technology and engineering sectors. This is a particular issue as the labour market becomes more fluid. Maximising the available talent pool is at the heart of our recruitment strategy and Avanti uses a diverse range of recruitment methods to achieve this; including utilising social media and our own database of interested candidates, harnessing our employees' networks, online advertising and building relationships with universities and other groups.

The measure of voluntary employee turnover provides insight into retention at Avanti. Avanti monitors this on a monthly basis and regular feedback ensures that any potential issues are identified and dealt with. Avanti's target for voluntary turnover (over a 12 month period) is under 15%. This level reflects the current average levels of turnover experienced in London based commercial businesses, with an appropriate level of churn to refresh the talent base. To improve retention, Avanti has developed internal communications and benefits and implemented a more structured development strategy. These changes have had a positive impact on retention.

In the UK currently only 6% of the engineering workforce is female. Avanti continues to buck this trend. Engineers make up 60% of Avanti's workforce and of those 11.6% are female.

At Avanti we continue to actively promote the industry to young people and women through work with universities and colleges and to promote fair and open recruitment and selection practices. Avanti employs people from 33 countries speaking more than 27 languages. Through encouraging diversity within our workforce, Avanti aims to better reflect the diversity of our customer base and be able to respond better to its demands.

Working with young people

Avanti aims to encourage the workforce of the future by supporting science, technology and engineering education through building links with local colleges and universities, in particular through involvement with the National Space Centre, Sector Skills Council for Science, Engineering and Manufacturing Technologies ("SEMTA"), and UK Students for the Exploration and Development of Space ("UKSEDS"). Avanti also offers internships and voluntary work experience placements as well as providing expert technical talks to universities. Avanti's graduate scheme attracted over 300 enquiries this year and provides bright graduates with training and hands on experience of technical roles within the satellite communications industry. Now in its fourth year, the graduate scheme provides the business with a strong pipeline of committed and competent engineers from a range of technical backgrounds.

Avanti key behaviours

Avanti's key behaviours set out the principles and standards of business conduct expected of all employees wherever they operate and in whatever role. These behaviours are embedded into our induction and performance review processes. Avanti's key behaviours play a large role in ensuring that the strong values of the Company are maintained as it grows in size. Avanti's culture is an important factor in driving quality and flexibility for customers and other stakeholders in the business.

Human rights

Avanti requires that its business be conducted with honesty and integrity, and in full compliance with all applicable laws. Company policies establish clear ethical standards and guidelines for how we do business and establish accountability. The Company has clear accountability mechanisms in place to monitor and report on compliance with these directives. Additionally, Avanti supports and upholds the elimination of discriminatory practices with respect to employment and occupation, and promotes and embraces diversity in all aspects of its business operations.

Developing talent

Robust appraisal and performance management processes are in place to ensure that Avanti is able to deliver quality and flexibility throughout all areas of work by identifying and developing skills and knowledge within the business and empowering employees to suggest improvements and innovation. Avanti offers development opportunities across the business in technical and management skills to ensure that our workforce is ready to adapt to changes in technology and markets. In the 12 months leading up to July, Avanti provided over 400 training sessions for employees and the development activity is paying off. Avanti is proud of its record of developing talent and promoting from within; in the last year, 17% of all vacancies were filled by internal promotion.

Key next steps

Avanti continues to develop and diversify its recruitment practices and grow its links with relevant universities and other groups to promote engineering and the satellite industry. We also continue to review and improve our practices and policies to ensure that we remain an attractive employer as the labour market is predicted to become more challenging, and that our workforce is flexible and able to adapt quickly to change and growth.

Health and safety

Avanti wants employees to work in a safe, healthy environment. To achieve this we continue to review and update our policies, procedures and practices to assess and mitigate against any risks. Avanti has a robust health and safety audit and improvement process, and encourages employees to report potential issues and suggest improvements.

Environment

At Avanti we feel an environmental responsibility to both our Service Providers and their wider communities. Fortunately, our technology enables us and our Service Providers to behave in an environmentally responsible way. Services and applications such as teleworking, video conferencing, distance learning and e-commerce allow Service Providers to exchange information and ideas without actually travelling, saving energy and reducing pollution. Today, Service Providers can use our wireless services to make the distribution of goods more efficient; help reduce energy use in workshops, offices and homes; and take advantage of telemedicine and distance learning.

Measuring the environmental impact

Avanti encourages all employees to avoid all unnecessary travel by providing full telephone or video conferencing in meeting rooms at Avanti sites. Employees are expected to consider the necessity of their journeys and to use alternative methods of communication where possible, such as remote accreditation of partners and supporting partners via video conferencing. We also carefully monitor energy usage and waste in our head office in London, and hope to roll out this monitoring across other sites in the near future.

Stakeholders

Avanti's principal stakeholders include investors, employees, partners, suppliers, government and non-government organisations and the communities in which it operates. Avanti aims to communicate openly with stakeholders about its business in order to better understand their views and concerns, and explain the Company's approach.

Organisational departments

The structure at Avanti is designed to promote flexibility and excellent customer service by encouraging accountability and allowing for focused working. This is achieved by grouping the functions whose main purposes are customer facing (the partner support, deployment and logistics teams), sales and revenue generation (marketing, sales and pre-sales) and technical operations and innovation (procurement, satellite operations, ground operations and networks). Interdepartmental working is encouraged through the use of project teams and regular meetings of the management team, as well as regular cross Company training.

The strategic report on pages 1 to 15 was approved by the Board of Directors on 16 September 2015 and signed on its behalf by:

David Williams
Chief Executive

Nigel Fox
Group Finance Director

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01/ Paul Walsh+ • Δ
Chairman

Paul was appointed Chairman of Compass Group plc in February 2014 having been a Non-Executive Director of the Company since January 2014. Previously, he was the CEO of Diageo plc from September 2000 to July 2013, and the Chief Operating Officer of Diageo from 1 January 2000.

Paul joined Grand Metropolitan's brewing division in 1982 and became Finance Director in 1986. He held financial and commercial positions with InterContinental Hotels and in the Grand Metropolitan food business, becoming CEO of the Pillsbury Company in 1992. He was appointed to the Grand Metropolitan Board in October 1995, and to the Diageo Board in December 1997. Paul is a Non-Executive Director at Unilever plc and FedEx Corporation and was appointed to the Board of United Spirits Limited in August 2013. Paul became Chairman of Avanti in March 2014.

02/ David Williams
Chief Executive

David is a co-founder of the Company. Prior to this, he spent 10 years working in the City financing telecommunications projects with Chase Manhattan, CIBC and Babcock and Brown. He graduated from Leeds with a degree in Economics and Politics.

03/ David Bestwick†
Technical Director

David is a co-founder of the Company. He graduated from the University of Leicester in 1987 with a BSc in Physics with Astrophysics. Following three years at Marconi Research Centre, he joined VEGA Group plc in 1990 where he worked on a wide range of satellite applications projects.

David is responsible for all new technology and project developments.

04/ Nigel Fox
Group Finance Director

Nigel is a Chartered Accountant and has held various senior finance roles before joining Avanti Communications in 2007, including Chief Financial Officer of Climax Group; Group Financial Controller at ARC International; Finance Director of Ruberoid Building Products; and Group Financial Controller of Ruberoid plc.

Nigel is responsible for all aspects of Finance and Administration of the Group.

05/ Matthew O'Connor
Chief Operating Officer

Matthew joined Avanti in 2005 having worked in the telecommunications industry for 20 years, initially for BT where he held a number of sales and marketing roles within the UK and International Divisions. He joined Telewest in 1996 as a Director of its Business Division, where he was part of the team that grew the business from a £30m regional business to a £300m turnover national operation in six years. He went on to be Managing Director of the Wholesale Division with customers that included T-Mobile, 3, Cable and Wireless, NTL and many telecoms re-sellers.

06/ John Brackenbury CBE+ • Δ
Non-Executive Director

John stepped down from Chairman of Avanti to a Non-Executive Director role in March 2014. He was awarded a CBE in June 2000 for his contribution to Tourism, Education and Employment. He is a leading industrialist with over 40 years of experience in the drinks and leisure sector. He is Trustee and Director of Springboard Educational Trust, Chairman of Brackenbury Leisure Ltd and Trustee and Vice President of GamCare.

John is the Chairman of the Nominations Committee.

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07/ Professor Michael Walker OBE FREng† Non-Executive Director

Michael has spent more than 25 years in industry, the last 10 years of which, until his retirement in September 2009, he was Group Research and Development Director for the Vodafone Group of companies, with responsibility for the Group's research activities, intellectual property and technology standards worldwide.

Michael also led technology innovation and managed engagement with start-up companies for Vodafone, and was a member of the Board of Vodafone Ventures, the venture capital arm of the company. He is a Vodafone Fellow and an Executive Technical Advisor to the company. He is Chairman of the Board of the European Telecommunications Standards Institute. He holds the Vodafone Chair in Telecommunications at Royal Holloway, University of London, as a part-time professor, and is a visiting professor at the University of Surrey.

Michael was recently appointed Head of School for Natural and Mathematical Sciences at King's College London. He was awarded an OBE in June 2009 for his services to the telecommunications industry.

08/ Richard Vos+ • †
Non-Executive Director

Richard is a telecommunications and satellite professional, with international experience, gained over 40 years working in the industry. His previous positions include Chairman of SatCom Group Holdings plc, Inmedia Communications Ltd and Inmarsat Ventures plc, and Head of Satellite Investments for BT, serving as Governor and Chairman for the UK and Ireland on the Board of INTELSAT. He is a Non-Executive Director at One Horizon Group Inc. In July 2014, Richard was appointed Director of Tawsat Holdings Limited and Tawsat Limited. Both are satellite IP development and licensing companies, registered in Ireland.

Richard is the Chairman of the Remuneration Committee.

09/ Paul Johnson+
Non-Executive Director

Paul is a Fellow of the Institute of Chartered Accountants in England and Wales. He spent 24 years as a Partner in KPMG working with companies in a variety of different industries in both the listed and private sectors. For the last 12 years he was Chairman of KPMG's London Region. In 2015, he became a Non-Executive Director of Pelucid Limited, a predictive marketing technology company.

Paul is the Chairman of the Audit Committee.

10/ Charmaine Eggberry†
Non-Executive Director

Charmaine is a Non-Executive Director on the Board of GB Group plc, Chairperson of Buzzmove, CEO of PlanB Consulting and a Board member and trustee of The Marketing Academy.

Previously, Charmaine was Global Senior Vice President at Nokia and Managing Director & Vice President, EMEA at Research In Motion (BlackBerry). She also led Wayra, the digital accelerator, and was a Non-Executive Director of Wayra UnLtd, a joint venture between the UK Government and Telefónica.

11/ Andy Green
Non-Executive Director

Andy is Chairman of IG Group, DockOn, Inc. and the Digital Catapult. He is a Non-Executive Director on the Board of ARM Holdings plc (and will be appointed Senior Independent Director in January 2016). Andy is also a Non-Executive Director of the CBI. Until 2012, he was CEO of Logica plc.

Prior to joining Logica, Andy was a Board member at BT plc. He is also co-Chair of the UK Space Leadership Council and a member of the Information Economy Council.

+ Audit
• Remuneration
Δ Nomination
† Technical

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

Paul Walsh
Chairman

Avanti firmly supports the upholding of good principles of corporate governance, not only because it is required for compliance purposes but because effective corporate governance serves to ensure that the business is run properly and in the interests of all of its stakeholders.

The Board of Directors (the "Board") recognises that it is accountable to shareholders for the Company's activities and that it is responsible for the effectiveness of corporate governance practices. It remains committed to maintaining high standards of corporate governance and, whilst the Company is AIM listed and therefore not required to comply with the UK Corporate Governance Code (the "Code"), the Board seeks to comply with the Code in all material respects wherever it is practical to do so having regard to the size of the Company and the resources available to it.

As a Board, we monitor closely for developments in legislation, regulation and industry guidelines to ensure that our corporate governance policies are kept up to date and that the Board committees take into account all of the latest guidance in their areas of activity.

The Board takes all appropriate measures to ensure that no conflict of interest can exist between members of the Board and other stakeholders in the Company.

Throughout the year ended 30 June 2015, the Board considers that the Company complied in all material respects with those parts of the Code that it considers appropriate. This Corporate Governance Report, the Report of the Board and the Remuneration Report detail how the Company has applied the main principles of the Code.

Paul Walsh
Chairman

CORPORATE GOVERNANCE REPORT

Role of the Board

The Board has a collective duty to promote the long term success of Avanti (the "Company") for its shareholders. The Board sets the Company's strategy and ensures that the necessary resources are in place to achieve the strategic priorities.

In determining the long term strategy and objectives of the Company, the Board takes into account its duties and responsibilities not just to its shareholders but also to customers, employees and other stakeholders and makes its decisions objectively. It reviews management and financial performance, monitors the delivery of strategy and achievement of objectives and works within a rigorous framework of internal controls and risk management. The Board develops and promotes the collective vision of the Company's purpose, objectives, values and key behaviours.

Composition of the Board

The Board comprises a Non-Executive Chairman, six other Non-Executive Directors and four Executive Directors. During the year, William Wyatt and Alan Foster retired as Non-Executive Directors and Charmaine Eggberry and Andy Green were appointed as Non-Executive Directors. The balance of the Board, together with the advice sought from other members of senior management and the Company's external advisors, ensures that no individual has unfettered powers of decision.

Chairman and the Chief Executive

The Board is chaired by Paul Walsh who provides leadership that demonstrates the values and behaviours of the Company. The Chairman is responsible for creating the conditions for overall Board and individual Director effectiveness. He ensures that both Executive Directors and Non-Executive Directors make available sufficient time to execute their duties in an appropriate manner, that all Directors receive sufficient financial and operational information and that there is proper debate at Board meetings. He is also responsible, in consultation with the Chief Executive and the Company Secretary, for setting the agenda for the Board's meetings.

David Williams is the Chief Executive and, supported by the Group Finance Director, the Chief Operating Officer and the Technical Director, he is responsible for the day-to-day management of the Company. He provides leadership to the Company to successfully plan and execute the objectives and strategy agreed by the Board. The roles of the Chairman and Chief Executive are separate with each having clearly defined duties and responsibilities.

Non-Executive Directors

The Company benefits from the extensive experience of the Non-Executive Directors in areas critical to the long term future success of the Company, encompassing a deep understanding of the industry, technology, corporate strategy, finance and investment. The Non-Executive Directors help the Executive Directors by contributing independent challenge and rigour to the Board's deliberations and assisting in the development of the Company's strategy. In addition, they are responsible for monitoring the performance of the Executive Directors against agreed goals and objectives. Their views are essential in overseeing the performance of the Company.

Induction and ongoing training

All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for Directors as necessary. New Directors receive an induction programme and all the Directors are encouraged to continue professional education programmes.

Matters reserved for the Board

The Board recognises that, to ensure the long term success of the Company, certain specific matters should be reserved for the consideration and decision of the Board alone. Decisions specifically reserved for approval by the Board are formally recorded and include:

- Annual and interim accounts and Financial Statements;
- Dividend policy;
- Board appointments;
- Company strategy and annual operating budget;
- Changes to the Company's capital structure;
- Changes to the Company's management and control structure;
- Major capital expenditure, acquisitions and disposals;
- Treasury policies;
- Risk management strategy;
- Company corporate governance policy; and
- Environmental, health and safety and sustainability policies.

Board meetings

The Board met on six occasions during the year. The Board also maintained an open dialogue throughout the year and contact by telephone occurred whenever necessary.

Board attendance for the financial year 1 July 2014 to 30 June 2015		Attended
Chairman	Paul Walsh	6/6
Executive Directors	David Williams	6/6
	David Bestwick	5/6
	Nigel Fox	6/6
	Matthew O' Connor	6/6
Non-Executive Directors	John Brackenbury CBE	6/6
	Richard Vos	6/6
	Michael Walker OBE FREng	6/6
	Paul Johnson	6/6
	Charmaine Eggberry (Appointed 27 November 2014)	4/5
	Andy Green (Appointed 27 November 2014)	5/5
	Alan Foster (Retired 31 March 2015)	4/4
	William Wyatt (Retired 27 November 2014)	1/1

During the year, the Chairman continued the practice of maintaining a 12 month agenda for Board and committee meetings. Agenda items included permanent items such as progress reports from the Executive Directors and the Company Secretary, as well as periodic items such as updates from the Board committees, review of the risk register and internal controls, strategy and succession planning.

In advance of each meeting, the Board is provided with monthly management reports and other relevant information in a timely manner and in a form and quality that it considers appropriate.

The Chairman and the Board have confidence that the way in which the Board meetings are conducted ensures that they cover all the matters required to be discussed and that sufficient time is allowed for discussion of each matter at the most appropriate meeting in the year, enabling the members of the Board to discharge their duties as Directors effectively.

The Company Secretary attends all Board meetings and is available to advise on any corporate governance issues that may arise.

Re-appointment of Directors

All Directors are required to retire every three years and may offer themselves for re-appointment, which is not automatic. As a Company with a long-term growth strategy, it is appropriate for Directors to serve on the Board for more than a single term, subject to continuing satisfactory performance.

All Directors proposed to shareholders for election or re-election are accompanied by a biography and a description of the skills and experience that the Board considers relevant. The Board is satisfied that all the Directors standing for election or re-election continue to perform effectively and demonstrate commitment to their roles, including commitment of time for Board and Board committee meetings as well as any other duties which may be undertaken by them from time to time.

Board Committees

The Board has established a number of committees to assist in the discharge of its responsibilities. The principal committees are the Audit Committee, the Nominations Committee, the Remuneration Committee and the Technical Committee. The responsibilities of each of these Board committees are set out in their individual Terms of Reference. The roles and responsibilities of the committees are discussed further below.

Committee meetings are held independently of Board meetings and invitations to attend are extended by the committee Chairman to other Directors, the Company's advisors and management as appropriate.

Audit Committee

The Audit Committee is comprised of four Non-Executive Directors: Richard Vos, Paul Walsh, Paul Johnson and John Brackenbury. The Committee is chaired by Paul Johnson. Through their other business activities, each member of the Committee has significant experience in financial matters. The Company considers that the composition of the Audit Committee is in accordance with the Code. Further information on the activities of the Committee is set out in the Audit Committee Report on page 23.

Nominations Committee

The Nominations Committee is comprised of two Non-Executive Directors: John Brackenbury and Paul Walsh. It is chaired by John Brackenbury. For further information on the activities of the Committee please refer to page 24.

Remuneration Committee

The Remuneration Committee is comprised of three Non-Executive Directors: Richard Vos, Paul Walsh and John Brackenbury. It is chaired by Richard Vos.

Executive Directors and senior management attend Remuneration Committee meetings at the invitation of the Committee Chairman only.

The Remuneration Committee meets according to the Company's requirements at least twice a year.

The Remuneration Committee determines, within agreed Terms of Reference, specific remuneration packages for the Chairman, the Executive Directors and the officers of the Company. This includes implementation of Company share incentive plans. In accordance with the Committee's Terms of Reference, no Director may participate in discussions relating to his or her own terms and conditions of service or remuneration.

With regard to the remuneration policy, the Committee considers:

- The pay scales applied to each Director's package;
- The proportion of the different types of reward within each package;
- The period within which performance related elements become payable;
- What proportion of rewards should be related to measurable performance or enhanced shareholder value, and the balance between short and long-term performance elements; and
- Transparency of Directors' remuneration in the annual Financial Statements.

Further information on the activities of the Committee is set out in the Remuneration Committee Report on pages 25 to 27.

Technical Committee
The Technical Committee is comprised of three Non-Executive Directors, Michael Walker, Richard Vos and Charmaine Eggberry, the Technical Director and other senior technical management of the Company. It is chaired by Michael Walker. For further information on the activities of the Committee please refer to page 24.

Relations with shareholders
The Board recognises the importance of establishing and maintaining good relationships with all of the Company's shareholders. During the period under review, the Chief Executive, Group Finance Director, Chairman, Remuneration Committee Chairman and Audit Committee Chairman have met with analysts and institutional shareholders to keep them informed of significant developments and report to the Board accordingly on the views of these stakeholders.

The Interim Report and the Annual Report and Accounts are the primary means used by the Board for communication during the year with all of the Company's shareholders. The Board also recognises the importance of the internet as a means of communicating widely, immediately and cost effectively and a Company website (www.avantiplc.com) is maintained to facilitate communications with shareholders.

Information available online includes copies of the full and half year Financial Statements, press releases and Company news, corporate governance information and key dates in the financial calendar.

The Board is committed to the constructive use of the Annual General Meeting ("AGM") as a forum to meet with shareholders and to hear their views and answer their questions. The 2015 AGM will be held on 24 November 2015 at 9.00 am.

Shareholders are encouraged to attend the AGM and to participate in proceedings by asking questions during the formal part of the meeting, voting on resolutions put to the meeting and providing Board members with their views in informal discussions after the meeting.

Notice of the AGM is on page 73 and it is also available to download on the Company's website. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the Annual Report and Accounts. The Company counts all proxy votes and indicates the level of proxies lodged on each resolution, after they have been dealt with by a show of hands.

Financial reporting
At the half year and the year end, all operating Group companies are required to produce Financial Statements to comply with local accounting regulations and to produce sufficient information to enable the central finance team to produce IFRS-compliant Consolidated Financial Statements.

The Board presents a balanced and understandable assessment of the Company's position and prospects in all interim and price sensitive public reports whilst also reporting to regulators all information required to be presented by statutory requirements.

Internal control and risk management
The Board has overall responsibility for the Company's system of internal control to safeguard Company assets and shareholders' investments. The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives.

The Board has reviewed the effectiveness of the system of internal control for the year ended 30 June 2015 and up to the date of the signing of the Annual Report and Accounts. The Board will continue to develop and implement internal control procedures appropriate to the Company's nature and scale.

The Company does not have an internal audit function due to the small size of the Company's administrative function and the high level of Director review and authorisation of transactions. The Audit Committee believes that these internal controls are adequate for the Group's current size and does not feel that a separate internal audit function is currently warranted. This situation is kept under regular review.

The Board recognises that an essential part of its responsibility is the effective safeguarding of assets, the proper recognition of liabilities and the accurate reporting of results. The Company has a comprehensive system for regular reporting to the Board. This includes an annual planning and budgeting system with budgets approved by the Board.

The financial reporting system compares against budget and prior year, and reconsiders its financial year forecast on a monthly basis.

The Board has established a formal policy of authorisation setting out matters which require its approval and certain authorities delegated to the Executive Directors.

The key features of the Group's system of internal control are as follows:

- Management responsibility and accountability: There are clearly defined management responsibilities, reporting lines and limits of authority. The Chief Executive and the Group Finance Director meet regularly with the Executive Directors and other members of senior management to review progress on financial, commercial, operational, supply chain, HR, health, safety and environmental issues as well as regulatory and legal compliance matters.
- Strategy and planning: The Group updates its strategic plan each year and this is approved by the Board.
- Budgeting and reporting: Detailed management accounts are prepared each month, consolidated and reviewed in detail with senior management.
- Expenditure approval: Authorisation and control procedures are in place for capital expenditure and other major projects. There is also a process to review capital expenditure projects post completion to highlight any issues and improve future projects. Authorisation procedures for operating costs and contractual commitments are reviewed regularly.
- Independence of the finance function: The finance function is encouraged to act independently of general management in the course of its preparation of monthly accounts and exercising of control procedures.
- Insurance and risk management policies: This includes a formal annual risk review report to the Board. Regular meetings are held with insurance and risk advisors to assess the risks throughout the Group.
- Documented policies: There are documented policies for a range of areas including HR matters, expenditure, treasury and financial reporting.
- Cash: The cash and debt position at Group and operational level is monitored daily and any variances from forecast levels are investigated thoroughly. Working capital balances are reviewed on a monthly basis at Group level, and any significant variances are analysed and investigated.
- Effectiveness: The Board continually reviews the effectiveness of the systems of internal control and risk management procedures throughout the year.

Ethics

The Group prides itself on carrying out its business in a fair, honest and open manner, ensuring that it complies with all relevant laws and regulations.

Under the Companies Act 2006, a Director of a company must avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts or may possibly conflict with the interests of the company. The Company has a formal procedure in place to manage the disclosure consideration and, if appropriate, the authorisation of any such possible conflict. Directors are aware of the requirement to notify the Board as soon as they become aware of any possible future conflict or a material change to an existing authorisation. Only Directors who have no interest in the matter being considered are able to take the relevant decision.

The Executive Directors have contracts of service with one year's notice, whilst Non-Executive Directors' appointments can be terminated at any time with six months' notice.

None of the Non-Executive Directors has any material business or other relationship with the Company or its management.

Details of the Directors' service contracts, emoluments, the interests of the Directors in the share capital of the Company and options to subscribe for shares in the Company are provided in the Remuneration Report on pages 25 to 27.

Bribery Act 2010

The Board performs an ongoing assessment of the risk environment and has implemented a framework to ensure that the Group trades in compliance with the UK Bribery Act 2010 and all other relevant anti-bribery and corruption legislation.

AUDIT COMMITTEE

All members of the Audit Committee are independent Non-Executive Directors. The Board is confident that the collective experience of the Audit Committee members enables them, as a group, to act as an effective Committee.

By invitation, the meetings of the Audit Committee may be attended by the Chief Executive and Group Finance Director. The KPMG LLP audit engagement partner is present at the Audit Committee meetings to ensure full communication of matters relating to the audit. The Chairman of the Audit Committee meets regularly with the Group Finance Director and external Auditor.

The Audit Committee has particular responsibility for monitoring the financial reporting process, the adequacy and effectiveness of the operation of internal controls and risk management and the integrity of the Financial Statements. This includes a review of significant issues and judgements, policies and disclosures. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major external audit recommendations and the independence and objectivity of the external Auditor.

During the year to 30 June 2015 the Audit Committee reviewed and endorsed, prior to submission to the Board, half year and full year Financial Statements, interim management statements and results announcements. It considered internal management reports and risk management updates, agreed external audit plans, received updates on management responses to audit recommendations and approved the review of accounting policies. Progress on implementation of processes to meet the requirements of the UK Bribery Act 2010 was also provided to the Committee. Following the issue of high yield bonds in October 2013, the Company commenced limited quarterly reporting and the Audit Committee additionally required KPMG to carry out reviews on revenue recognition and analytical reviews of the quarterly Financial Statements with management.

External Auditor

Auditor objectivity and independence is safeguarded through a variety of mechanisms. To ensure the Auditor's independence, the Committee annually reviews the Company's relationship with KPMG. Following the review in 2015, the Company concluded that it continues to have an objective and professional relationship with KPMG and that there are sufficient controls and processes in place to ensure the required level of independence. In addition, the Auditor is required to review and confirm its independence to the Committee on a regular basis.

Non-audit services

The Company's Auditor may also be employed where, as a result of its position as Auditor, it either must, or is best placed to, perform the work in question.

Paul Johnson
Audit Committee Chairman

NOMINATIONS COMMITTEE

The Nominations Committee comprises independent Non-Executive Directors. The Nominations Committee meets as and when necessary and details of the membership of the Committee are shown on page 20. The Nominations Committee has responsibility for nominating to the Board candidates for appointment as Directors, bearing in mind the need for diversity and a broad representation of skills across the Board.

The Nominations Committee will also make recommendations to the Board concerning the re-appointment of any independent Non-Executive Director at the conclusion of his or her specified term, the election and re-election of any Director by shareholders in accordance with the provisions of the Code and changes to senior management, including Executive Directors.

Another area of activity, which the Committee debated, and which was also discussed with the full Board, related to Board diversity and agreement to the issue of a statement of how the Board considers diversity as part of its succession planning. Gender is one element of the considerations made in appointing senior management, Board appointees and as part of general recruitment practices across the Company. The Nominations Committee gives full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, how to take account of diversity, including gender, and what skills and expertise are needed on the Board and from senior management in the future.

John Brackenbury CBE
Nominations Committee Chairman

TECHNICAL COMMITTEE

The Board of Avanti has established a Technical Committee to report on progress by the Company with all aspects of the technology that underpins its business.

The activities of the Committee include:

1. Reviewing progress on the development, deployment and operation of the technology that supports Avanti's business on an ongoing basis;

2. Monitoring all technological risks identified in the Company risk register;

3. Assisting the Company with the resolution of technology problems and the realisation of technology opportunities;

4. Assessing whether the technology employed is the best fit for the Avanti business, and that the technology team is strong enough to develop, deliver, operate and maintain it in the best interests of the business;

5. Bringing to the attention of the Board any issues with technology, including disruptive technology which might have a significant impact on the business of the Company; and

6. Preparing and maintaining a Technology Strategy for the Company which is continuously updated.

The Technical Committee is chaired by Professor Michael Walker, with support from Richard Vos, Charmaine Eggberry, David Bestwick and senior executives from within the Company.

This year the Technical Committee has focused its work on three main topics:

1. Plotting a course to enable the Company to benefit from the integration of satellite technologies with future 5G terrestrial services;

2. Overseeing the managed transition of the control of Avanti's satellite fleet to in-house operations; and

3. Providing realistic assessments of the potential competitive threat that the more speculative new satellite and terrestrial systems might actually pose.

Overall the Technical Committee is pleased with the progress the Company has made in continuing to build on its technological base which is well adapted for the Company's future growth.

Professor Michael Walker OBE FREng
Technical Committee Chairman

REMUNERATION COMMITTEE REPORT

The Remuneration Committee comprises independent Non-Executive Directors only. The Committee, on behalf of the Board, meets as and when necessary to review and approve, as appropriate, the remuneration of the Executive Directors and senior management and major remuneration plans for the Company. The Committee consists of Richard Vos (Chairman), Paul Walsh and John Brackenbury.

Alan Foster and William Wyatt participated actively until March 2015 and November 2014 respectively.

During the year, the Remuneration Committee met four times.

Remuneration policy

The Company's policy on remuneration of Directors is to attract, retain and motivate the best people, recognising the input they make to the ongoing success of the business. Consistent with this policy, the remuneration and benefits package awarded to Directors is intended to be competitive and comprises a mix of performance related and non-performance related elements designed to incentivise Directors in the short and longer term, and align their interests with those of shareholders. Their remuneration accordingly consists of base pay, annual bonus, Long Term Incentive Plan ("LTIP"), share options, pension contributions and other benefits such as health care.

Under the Company's LTIP which came into operation in July 2013, shares will vest if specific targets are met after a fixed period of years after they are allocated. The targets set by the Remuneration Committee reflect the desired performance of the Company as it develops from a "start-up" to a more mature business.

The above represents no change from the Company's existing remuneration policy and no further change is anticipated in the coming year.

Remuneration 2015

The remuneration of the Directors for the year is set out below, the previous year's figures being shown for comparison. Remuneration is paid in Sterling, but reported in US Dollars, the exchange rates used being USD 1.57 in 2015 and USD 1.66 in 2014.

For the year ended 30 June 2015

Executive	Salary $	Bonus $	Other benefits $	Post employment benefits $	Total 2015 $	Total GBP £
D J Williams	564,788	484,651	105,006	–	1,154,445	734,333
D J Bestwick	414,185	355,417	68,600	–	838,202	533,174
N A D Fox	328,707	235,678	50,514	50,120	665,019	423,013
M J O'Connor	288,616	119,424	32,566	36,232	476,838	303,313
Non-Executive						
P Walsh	275,119	–	–	–	275,119	175,000
F E J G Brackenbury CBE	189,161	–	12,652	–	201,813	128,372
C R Vos	86,466	–	–	–	86,466	55,000
M Walker OBE FREng	82,536	–	–	–	82,536	52,500
P R Johnson	86,466	–	–	–	86,466	55,000
C Eggberry (appointed 27 November 2014)	40,567	–	–	–	40,567	25,804
A Green (appointed 27 November 2014)	40,567	–	–	–	40,567	25,804
D A Foster (retired 31 March 2015)	62,235	–	–	–	62,235	39,587
W P Wyatt (retired 27 November 2014)	30,524	–	–	–	30,524	19,416
Total	**2,489,937**	**1,195,170**	**269,338**	**86,352**	**4,040,797**	**2,570,316**

For the year ended 30 June 2014

Executive	Salary $	Bonus $	Other benefits $	Post employment benefits $	Total 2015 $	Total GBP £
D J Williams	629,094	286,474	134,338	–	1,049,906	631,558
D J Bestwick	420,726	210,083	83,228	52,591	766,628	461,807
N A D Fox	336,087	167,821	61,427	42,337	607,672	366,014
M J O'Connor	293,070	146,391	40,988	36,638	517,087	311,537
Non-Executive						
P Walsh	194,830	–	–	–	194,830	117,167
F E J G Brackenbury CBE	232,969	–	13,190	–	246,159	150,246
D A Foster	85,885	–	–	–	85,885	52,500
W P Wyatt	77,703	–	–	–	77,703	47,526
M Walker OBE FREng	99,007	–	–	–	99,007	59,912
C R Vos	91,981	–	–	–	91,981	56,250
P R Johnson	89,974	–	–	–	89,974	55,000
Total	**2,551,326**	**810,769**	**333,171**	**131,566**	**3,826,832**	**2,309,517**

Basic salary
Base salary is set by the Committee and reviewed annually, taking into account an individual's performance and experience measured by appraisal and market practice. The Executive Directors received a 5% increase for the year ended 30 June 2015.

Pension
The Company does not operate a specific pension scheme for the Executive Directors. The Executives are entitled to a Company contribution to their private pensions equal to 12.5% of their base salary. All Directors are entitled to participate in the Company workplace pension scheme.

Cash bonus
Bonus awards, which are not pensionable, are made to the Executive Directors based on Company financial and individual performance. Bonus payments are only payable if the Company meets a specific target threshold. Personal performance is appraised against the achievement of challenging objectives set at the start of each financial year, and is linked to the Company's strategic and operational performance.

Save As You Earn
During the year, two Executive Directors made contributions into the Avanti Save As You Earn ("SAYE") schemes. Nigel Fox made monthly contributions of £250 into the November 2013 SAYE scheme and David Bestwick made monthly contributions of £250 into the November 2011 SAYE scheme.

Directors' share interests

The following Directors held interests in the share capital of the Company:

	Fully paid Ordinary Shares of 1p each	
	30 June 2015	30 June 2014
D J Williams	**1,709,414**	1,709,414
D J Bestwick	**1,301,954**	1,301,954
N A D Fox	**134,580**	134,580
M J O'Connor	**203,961**	203,961
P Walsh	**205,000**	205,000
F E J G Brackenbury CBE	**516,432**	516,432
C R Vos	**21,030**	21,030
P R Johnson	**10,000**	10,000

Directors' Long Term Incentive Plans

LTIPs have been established by the Company with approval of the Remuneration Committee and with the advice and assistance of Deloitte Touche Tohmatsu Limited to reward and incentivise the Executive Directors and senior managers of the Company.

All unvested shares are held in the Employee Benefit Trust ("EBT"). The LTIP allocations are in separate sub funds within the EBT and are subject to automatic revocation if certain criteria are not met and continue to be revocable for the entire Trust period.

The total allocation to the executive is subject to specific performance criteria, which must be met a fixed number of years after the grant. Currently, the criteria are twofold:

Two thirds of an award – "the Revenue Part" – or a proportion thereof will vest if specific revenue targets are achieved or bettered. Revenue will be based on the Company's audited Financial Statements for the relevant financial year. The Revenue Part will lapse to the extent it does not vest.

One third of an award – "the Share Price Part" – or a proportion thereof will vest if the three-month average share price to 30 June is equal to or above a specified amount. In the event of any variation in the share capital of the Company by way of capitalisation or rights issue, consolidation, subdivision or reduction or otherwise, the Remuneration Committee shall make an appropriate adjustment to the share price targets to reflect this.

The Share Price Part will lapse to the extent it does not vest in accordance with the schedule.

In 2015, the Remuneration Committee determined that 50% of the 2015 award should be made but that, in the longer term interests of the Company, vesting should be made subject to the achievement of an additional criterion that the Share Price should remain at or above a certain level for three consecutive months. This amended award shall lapse if this is not achieved by 30 June 2020.

Current allocations are as set out below:

Outstanding allocations	Potentially vesting 2015	Potentially vesting 2016	Potentially vesting 2017	Total
D J Williams	153,428	329,869	338,116	821,413
D J Bestwick	117,270	252,129	258,432	627,831
N A D Fox	44,954	96,731	99,149	240,834
M J O'Connor	41,045	84,552	86,666	212,263
Total	**356,697**	**763,281**	**782,363**	**1,902,341**

Richard Vos
Remuneration Committee Chairman

GOVERNANCE
REPORT OF THE BOARD OF DIRECTORS

The Directors have pleasure in presenting their Annual Report together with the audited Financial Statements for the year ended 30 June 2015.

Principal activities
The principal activity of the Company is the provision of satellite communication services and it is expected to be so for the foreseeable future. The services are principally provided via Ka-band satellites.

Avanti's first satellite, HYLAS 1, was launched in November 2010 and brought into commercial service in April 2011. The second satellite, HYLAS 2, was successfully launched on 2 August 2012 and came into commercial service in October 2012. ARTEMIS was acquired from the European Space Agency ("ESA") on 31 December 2013. Two further satellites are under construction. HYLAS 3 is a payload on ESA's EDRS-C satellite and construction on HYLAS 4 commenced in August 2014. Both HYLAS 3 and HYLAS 4 are scheduled for launch in 2017.

A review of the Group's business and developments during the year is included in the Chairman's Statement, the Chief Executive's Review and the Strategic Report.

Business review and key performance indicators
Our business model is focused on development of the satellite fleet and sale of capacity. During the year, Avanti introduced two new performance indicators in order to give investors better insight into the progress that the business is making in these areas.

The first of these was Top-20 Customer Bandwidth Revenue Growth. This metric helps to track Avanti's growth trajectory from core service sales, excluding non-recurring items. It is calculated by comparing the revenues from Avanti's current leading customers on a last 12 month basis, to the 12 months preceding that.

The second new performance indicator is Fleet Utilisation. This metric helps to track capacity uptake and gives an indication of revenue potential when Avanti's fleet is mature. It is calculated by dividing average utilised capacity by total available capacity for the fleet of HYLAS 1 (3 GHz), HYLAS 2 (11 GHz) and ARTEMIS (1 GHz).

Results and dividends
The results for the year ended 30 June 2015 are shown on page 32. No equity dividend was paid in the year ended 30 June 2015 (2014: $nil). No final dividend is proposed at the year end (2014: $nil). The loss for the year transferred to the shareholders' funds was $73.1m (2014: loss of $87.2m). The net asset position at year end is $304.7m (2014: 309.3m).

Share capital
The Company issued 30,066,720 new Ordinary Shares during the year ended 30 June 2015 (2014: nil). Details of the Company's share capital are given in Note 22 to the Consolidated Financial Statements.

Qualitative and quantitative disclosures about interest, foreign exchange, credit and liquidity risks
A discussion of the Company's financial risk management objectives and policies and the exposure of the Company to interest rate, foreign exchange, credit and liquidity risk is included on pages 38 to 45 in Note 1 to the Consolidated Financial Statements.

Research and development
The Company continues to invest in new services and technology through its research and development programmes which can lead to profitable exploitation of Avanti's satellite capacity. These include pure research into new products as well as developing those services which have been demonstrated to have a profitable business case.

Directors
The Directors who served during the year and were in office up to the date of signing were as follows:

P Walsh
D J Williams
D J Bestwick
N A D Fox
M J O'Connor
F E J G Brackenbury CBE
C R Vos
M Walker OBE FREng
P R Johnson
C Eggberry
A Green

A biography for each Director is provided on pages 16 and 17. In accordance with the Company's Articles of Association, all Directors offer themselves for re-election every three years. The Board believes that the members of the Board continue to be effective and to demonstrate commitment to their roles, the Board and the Company. The Board therefore recommends the re-appointment of all Directors who are up for re-election at the AGM.

Directors' emoluments
Remuneration Policy
The Company's policy on remuneration of Directors is to attract, retain and motivate the best people, recognising the input they have to the ongoing success of the business. Consistent with this policy, the benefit package awarded by Avanti Communications Group plc to its Directors is intended to be competitive. It comprises a mix of performance related and non-performance related remuneration designed to incentivise the Directors and align their interest with those of shareholders and consists of base pay, annual bonus, LTIP, pension contributions and other benefits such as healthcare.

Major shareholders

At 15 September 2015, the Company had been notified, pursuant to the Financial Conduct Authority's Disclosure & Transparency Rules, of the following notifiable voting rights in the Company's issued Ordinary Share capital.

15 September 2015:	
M & G Investment Management	27,359,073
Solus Alternative Asset Management	16,248,856
Mast Capital Management	15,083,192
Capital Research & Management	8,700,078
GIC Asset Management	8,274,056
PAR Investment Partners	7,977,734
Caledonia Investments	6,565,816
Avanti Communications EBT	5,293,682
Sanlam FOUR	4,290,934
Directors	4,102,383

Employees are regularly updated about market and industry developments.

Communication between the Board and employees at all levels is highly valued and this is achieved through regular staff presentations given by the Chief Executive and regular email communication. The Company believes in equal opportunities for all employees and prospective employees irrespective of nationality, ethnicity, religion, age, gender, sexuality or disability. The Company has zero tolerance of discrimination in any form.

Policy and practice on payment of creditors

The Group and Company's policy and practice on payment of creditors is:

- To pay all suppliers within the time limit agreed at the start of the business with that supplier;
- To ensure that all suppliers are aware of the terms of payment; and
- To pay in accordance with the contractual and other legal obligations whenever it is satisfied that the supplier has provided the goods and/or services in accordance with the agreed terms and conditions.

At 30 June 2015, the Company had trade creditors of $6,114 (2014: $208,191).

Employees

The Company employed 213 people at 30 June 2015.

Employees are key to the Company's success and we rely on the workforce being committed to helping us achieve our business objectives.

Political donations

During the year the Company made no political donations (2014: $nil).

Corporate Governance

The Corporate Governance Report is provided on pages 19 to 27 and includes reports from the Board's Audit, Nominations, Remuneration and Technical Committees.

Notice of Annual General Meeting

The notice of the Company's AGM can be found on page 73.

Directors' and Officers' liability insurance

The Company maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. At the date upon which this report was approved and for the year ended 30 June 2015, the Company provided an indemnity in respect of all of the Company's Directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as Directors to the extent permitted by the Companies Act 2006 and the Company's Articles of Association.

Patrick Willcocks
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company Financial Statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group Financial Statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company Financial Statements on the same basis.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

David Williams
Chief Executive

INDEPENDENT AUDITOR'S REPORT

to the members of Avanti Communications Group plc

We have audited the Financial Statements of Avanti Communications Group plc for the year ended 30 June 2015 set out on pages 32 to 72. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the EU and, as regards the parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 30, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion:

- The Financial Statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2015 and of the Group's loss for the year then ended;
- The Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- The parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- The Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent Company Financial Statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Tudor Aw (Senior Statutory Auditor)
for and behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

16 September 2015

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2015

	Notes	Year ended 30 June 2015 $'m	Year ended 30 June 2014 $'m
Revenue	2	**85.2**	65.6
Cost of sales		**(83.8)**	(86.7)
Satellite depreciation		**(45.8)**	(47.3)
Other cost of sales		**(38.0)**	(39.4)
Gross profit/(loss)		**1.4**	(21.1)
Operating expenses	3	**(35.6)**	(34.8)
Other operating income	6	**1.4**	7.2
Loss from operations		**(32.8)**	(48.7)
Net finance expense	7	**(40.5)**	(39.0)
Loss before taxation		**(73.3)**	(87.7)
Income tax	8	**–**	–
Loss for the year		**(73.3)**	(87.7)
Loss attributable to:			
Equity holders of the parent		**(73.1)**	(87.2)
Non-controlling interests		**(0.2)**	(0.5)
Basic loss per share (cents)	9	**(61.5c)**	(81.2c)
Diluted loss per share (cents)	9	**(61.5c)**	(81.2c)

The Notes on pages 38 to 72 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2015

	Year ended 30 June 2015 $'m	Year ended 30 June 2014 $'m
Loss for the year	**(73.3)**	(87.7)
Other comprehensive income		
Exchange differences on translation of foreign operations and investments that may be recycled to the Income Statement	**0.1**	(2.1)
Exchange differences on translation of foreign operations and investments that will not be recycled to the Income Statement	**(22.7)**	31.2
Total comprehensive loss for the year	**(95.9)**	(58.6)
Attributable to:		
Equity holders of the parent	**(95.7)**	(58.1)
Non-controlling interests	**(0.2)**	(0.5)

The Notes on pages 38 to 72 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**30 June 2015 $'m**	30 June 2014 $'m
ASSETS			
Non-current assets			
Property, plant and equipment	11	**691.0**	610.8
Intangible assets	12	**11.0**	14.0
Deferred tax assets	17	**19.5**	21.1
Total non-current assets		**721.5**	645.9
Current assets			
Inventories	15	**2.6**	1.7
Trade and other receivables	16	**35.5**	38.6
Cash and cash equivalents	18	**122.2**	195.3
Total current assets		**160.3**	235.6
Total assets		**881.8**	881.5
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	19	**31.9**	39.9
Loans and other borrowings	20	**4.7**	4.6
Total current liabilities		**36.6**	44.5
Non-current liabilities			
Trade and other payables	19	**16.8**	15.3
Loans and other borrowings	20	**523.7**	512.4
Total non-current liabilities		**540.5**	527.7
Total liabilities		**577.1**	572.2
Equity			
Share capital	22	**2.4**	2.0
EBT shares	22	**(0.1)**	(0.1)
Share premium	22	**505.3**	415.1
Retained earnings		**(184.4)**	(112.0)
Foreign currency translation reserve		**(16.4)**	6.2
Total parent shareholders' equity		**306.8**	311.2
Non-controlling interests		**(2.1)**	(1.9)
Total equity		**304.7**	309.3
Total liabilities and equity		**881.8**	881.5

The Financial Statements of company number 6133927 on pages 32 to 72 were approved by the Board of Directors on 16 September 2015 and signed on its behalf by:

Nigel Fox
Group Finance Director

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	30 June 2015 $'m	30 June 2014 $'m
ASSETS			
Non-current assets			
Investments	13	**148.7**	148.7
Loan receivable	16	**917.6**	527.5
Deferred tax assets	17	**0.5**	0.5
Total non-current assets		**1,066.8**	676.7
Current assets			
Trade and other receivables	16	**93.3**	252.4
Total current assets		**93.3**	252.4
Total assets		**1,160.1**	929.1
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	19	**154.8**	18.5
Loans and other borrowings	20	**2.7**	1.5
Total current liabilities		**157.5**	20.0
Non-current liabilities			
Loans and other borrowings	20	**514.3**	511.1
Total liabilities		**671.8**	531.1
Equity			
Share capital	22	**2.4**	2.0
EBT shares	22	**(0.1)**	(0.1)
Share premium	22	**505.3**	415.1
Retained earnings		**(3.4)**	(3.1)
Foreign currency translation reserve		**(15.9)**	(15.9)
Total shareholders' equity		**488.3**	398.0
Total liabilities and equity		**1,160.1**	929.1

The Financial Statements of company number 6133927 on pages 32 to 72 were approved by the Board of Directors on 16 September 2015 and signed on its behalf by:

Nigel Fox
Group Finance Director

CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS

Year ended 30 June 2015

	Notes	Group		Company	
		Year ended 30 June 2015 $'m	Year ended 30 June 2014 $'m	**Year ended 30 June 2015 $'m**	Year ended 30 June 2014 $'m
Cash flow from operating activities					
Cash (absorbed)/generated by operations	28	**(10.2)**	(13.5)	**(93.0)**	9.6
Interest paid		**(52.3)**	(20.4)	**(52.3)**	(14.9)
Interest received		**–**	–	**55.6**	29.9
Net cash (absorbed)/generated by operating activities		**(62.5)**	(33.9)	**(89.7)**	24.6
Cash flows from investing activities					
Payments for other financial assets and investments		**–**	–	**(3.4)**	(527.5)
Payments for property, plant and equipment		**(102.0)**	(25.8)	**–**	–
Net cash used in investing activities		**(102.0)**	(25.8)	**(3.4)**	(527.5)
Cash flows from financing activities					
Proceeds from bond issue		**–**	530.7	**–**	530.7
Proceeds from share issue		**90.6**	–	**90.6**	–
Repayment of borrowings		**–**	(305.4)	**–**	–
Payment of finance lease liabilities		**(5.3)**	(4.2)	**(2.7)**	(0.4)
Proceeds from sale and leaseback		**5.3**	–	**5.3**	–
Loan breakage cost		**–**	(6.8)	**–**	(6.8)
Debt issuance costs		**(0.1)**	(20.6)	**(0.1)**	(20.6)
Net cash received from financing activities		**90.5**	193.7	**93.1**	502.9
Effects of exchange rate on the balances of cash and cash equivalents		**0.9**	2.6	**–**	–
Net (decrease)/increase in cash and cash equivalents		**(73.1)**	136.6	**–**	–
Cash and cash equivalents at the beginning of the financial year		**195.3**	58.7	**–**	–
Cash and cash equivalents at the end of the financial year	18	**122.2**	195.3	**–**	–

The Notes on pages 38 to 72 are an integral part of these Consolidated Financial Statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2015

Consolidated

	Notes	Share capital $'m	Employee Benefit Trust ("EBT") $'m	Share premium $'m	Retained earnings $'m	Foreign currency translation reserve $'m	Non-controlling interests $'m	Total equity $'m
2014								
At 1 July 2013		2.0	(0.1)	415.1	(25.4)	(22.9)	(1.4)	367.3
Loss for the year		–	–	–	(87.2)	–	(0.5)	(87.7)
Other comprehensive income		–	–	–	–	29.1	–	29.1
Share based payments	23	–	–	–	0.6	–	–	0.6
At 30 June 2014		2.0	(0.1)	415.1	(112.0)	6.2	(1.9)	309.3
2015								
At 1 July 2014		**2.0**	**(0.1)**	**415.1**	**(112.0)**	**6.2**	**(1.9)**	**309.3**
Loss for the year		**–**	**–**	**–**	**(73.1)**	**–**	**(0.2)**	**(73.3)**
Other comprehensive income		**–**	**–**	**–**	**–**	**(22.6)**	**–**	**(22.6)**
Issue of share capital		**0.4**	**–**	**90.2**	**–**	**–**	**–**	**90.6**
Share based payments	23	**–**	**–**	**–**	**0.7**	**–**	**–**	**0.7**
At 30 June 2015		**2.4**	**(0.1)**	**505.3**	**(184.4)**	**(16.4)**	**(2.1)**	**304.7**

Company

	Notes	Share capital $'m	Employee Benefit Trust ("EBT") $'m	Share premium $'m	Retained earnings $'m	Foreign currency translation reserve $'m	Total equity $'m
2014							
At 1 July 2013		2.0	(0.1)	415.1	(1.5)	(15.9)	399.6
Loss for the year		–	–	–	(1.6)	–	(1.6)
Issue of share capital		–	–	–	–	–	–
Share based payments		–	–	–	–	–	–
At 30 June 2014		2.0	(0.1)	415.1	(3.1)	(15.9)	398.0
2015							
At 1 July 2014		**2.0**	**(0.1)**	**415.1**	**(3.1)**	**(15.9)**	**398.0**
Loss for the year		**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Issue of share capital		**0.4**	**–**	**90.2**	**–**	**–**	**90.6**
Share based payments		**–**	**–**	**–**	**–**	**–**	**–**
At 30 June 2015		**2.4**	**(0.1)**	**505.3**	**(3.4)**	**(15.9)**	**488.3**

1. Accounting policies

Statement of compliance

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs"), International Financial Reporting Interpretations Committee Interpretations, and the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The principal activity of the Company is the provision of satellite communication services. The services are principally provided via Ka-band satellites.

The Company is a public limited company, which is listed on the Alternative Investment Market ("AIM") and domiciled and incorporated in the UK.

The registered office of the Company is 20 Black Friars Lane, London, United Kingdom.

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis, with the exception of share based payments and financial derivatives, which are incorporated using fair value.

The Company has elected to disclose satellite depreciation as a separate item in cost of sales on the face of the consolidated Income Statement due to the significance of the charge.

The Company has taken the exemption under section 408 of the Companies Act 2006 to not present the parent Company Income Statement or Statement of Comprehensive Income.

The presentational currency of the Group is US Dollars, and the functional currency of the parent Company is also US Dollars. The functional currency of an operation is the currency of the main economy to which it is exposed.

The following Adopted IFRSs have been issued but have not been applied by the Group in these Financial Statements. Their adoption is not expected to have a material effect on the Financial Statements unless otherwise indicated:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)

The Group continues to monitor the potential impact of other new standards and interpretations which may be endorsed by the European Union and require adoption by the Group in future accounting periods.

Critical accounting estimates and management judgement

The presentation of Financial Statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Revenue recognition

The Group uses the percentage of completion method in accounting for its consultancy projects. Use of the percentage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

The estimates and judgements made by management in accounting for the sale of spectrum rights are disclosed in Note 2 and Note 11.

1. Accounting policies continued

(b) Impairment of satellites

The carrying amount of the satellites is dependent on the Group's ability to sell sufficient capacity in the satellites over their useful economic lives. Management remains confident that future sales and resulting cash flows will underpin the carrying value of the satellites. The Group will assess impairment annually.

(c) European Space Agency ("ESA") funding and sale of capacity

In April 2006, the Group entered into a contract with ESA to receive funding for the build of the HYLAS 1 satellite and also giving ESA the right to use up to 10% of capacity on HYLAS 1 for a period of three years if the capacity is available. An assessment of the fair value of the revenues for the sale of capacity has been performed in order to account for this as a multiple element arrangement. The fair value of the capacity sales will be recognised as revenue on a straight line basis over a three year period. This three year period commenced when HYLAS 1 became operational in April 2011. Management has made its best estimate of the fair value of the revenue element of the transaction based on market prices of the capacity at the inception of the arrangement. The residual fair value represents the value of the capital grant and this is released to cost of sales over a period of 15 years to match the useful economic life of the satellite. If the fair value of the capacity sale was altered by 10% the impact on the comparative revenue would be $0.6m.

(d) Impairment of goodwill arising as part of business combinations

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews will be undertaken annually. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment would be recognised immediately as an expense and would not subsequently be reversed.

(e) Deferred tax

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Going concern

The Directors have assessed forecast future cash flows for the foreseeable future, being a period of at least a year following the approval of the accounts, and are satisfied that the Group's cash resources and facilities are sufficient to meet these cash flows.

Considering the above, the Directors believe that the Group is well placed to manage its business risks successfully despite the continued current uncertain economic outlook and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual Financial Statements.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The Financial Statements present the results of the Company and its subsidiaries, including Filiago GmbH & Co and the Employee Benefit Trust (the "Group") as if they formed a single entity. Intercompany transactions, balances, income and expenses are therefore eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The Group applies the acquisition method to account for business combinations. The cost of control for the acquisition of a subsidiary is the fair value of the assets transferred, the settlement of pre-existing relationships, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the cost of control and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this cost of control is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the Income Statement.

The Financial Statements of legal subsidiaries are prepared for the same reporting year as the parent Company using consistent accounting policies.

1. Accounting policies continued

Revenue recognition

The Group generates its revenues primarily from the sale of satellite broadband services to customers and from providing consultancy advice connected with the utilisation of the Group's space assets. Revenue from the sale of satellite broadband services on the HYLAS fleet is the key revenue stream of the business with space consultancy contracts being a small proportion of the total revenues.

Revenue for broadband satellite communications services are recognised for Avanti's three main products as follows:

- Pure – Raw bandwidth – Customers have exclusive use of a defined number of MHz in specific beams – The proportion of the total contract value recognised as revenue in a period equates to the proportion of the total contracted capacity provided in that period.
- Custom – Managed IP service – Customers have exclusive use of a defined number of Mb in specific beams – The proportion of the total contract value recognised as revenue in a period equates to the proportion of the total contracted capacity provided in that period.
- Select – Packaged broadband – Customers buy individual broadband user accounts, which are managed and defined by Avanti – Revenues are recognised in the period that the service is delivered based on the number of user accounts and contracted prices per account.

Revenue includes the sale of terminals and other satellite communication equipment which is recognised when the risks and rewards of ownership have transferred to the customer.

Revenue from space consultancy and other consultancy contracts connected with the utilisation of the Group's space assets are recognised by reference to the stage of completion of the contract activity at the reporting date. The contracts are broken down into separable elements which are all judged individually on a percentage of completion basis in order to ascertain the completeness of an overall project. By its nature these projects require a certain element of judgement by management. Contract costs are recognised as an expense in the period they are incurred. Where Avanti is judged to be the prime partner, revenues are recognised on a gross basis in line with the risks and rewards of the contract.

Revenue also includes income from spectrum co-ordination agreements which is recognised immediately where the Group sells spectrum assets in perpetuity.

Where goods or services are provided in exchange for dissimilar goods or services, the revenue is measured at the fair value of the goods or services received where these can be reliably measured, otherwise at the fair value of the goods or services given up, adjusted by the amount of cash or or cash equivalents received.

Accrued income represents the excess of revenue recognised over amounts invoiced. Deferred income represents any unearned balances remaining from amounts received from customers pursuant to prepaid contracts.

Appropriate allowances for estimated irrecoverable amounts are recognised as an expense when there is objective evidence that trade receivables are impaired.

Indefeasible rights of use

Where the Group enters into an arrangement which constitutes an indefeasible right of use ("IRU"), the arrangement is reviewed to establish whether the IRU is a lease, a service contract or a sale of goods. Whether an arrangement contains a lease is assessed by considering whether the provision of a service depends on the use of one or more specific assets and whether the agreement conveys a right to use those assets.

Once it has been determined that an IRU is or contains a lease, then the arrangement is accounted for in accordance with the leased assets accounting policy.

1. Accounting policies continued

Leased assets

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and whether the arrangement conveys the right to use the asset.

Leases of property, plant and equipment where the Group holds substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under hire purchase or a finance lease are capitalised in the Statement of Financial Position. Those held under hire purchase and finance lease contracts are depreciated over the shorter of either their estimated useful lives or the term of the lease. The interest element of these obligations is charged to the Income Statement over the relevant period. The capital element of the future payments is treated as a liability.

Leases where a significant portion of the risks and rewards are held by the lessor are classified as operating leases. Rentals are charged to the Income Statement on a straight line basis over the period of the lease.

Interest income and expense

Borrowing costs incurred for the construction of the satellite assets are capitalised during the period of time required to complete and prepare the assets for their intended use, in accordance with IAS 23 "Borrowing Costs". Other borrowing costs are expensed in the Income Statement.

Interest income on cash deposits is recognised on an effective interest rate methodology, taking into account the principal amounts outstanding and the interest rates applicable.

Foreign currency

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rate ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the Income Statement.

The presentational currency of the Group is US Dollars.

On consolidation, assets and liabilities of foreign undertakings are translated into US Dollars at year end exchange rates. The results of foreign undertakings are translated into US Dollars at average rates of exchange for the year (unless this average is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity, the foreign currency translation reserve.

In the event of the disposal of an undertaking with assets and liabilities denominated in a foreign currency, the cumulative translation difference associated with the undertaking in the translation reserve is charged or credited to the gain or loss on disposal recognised in the Income Statement.

Pension schemes

Employees have the option to participate in the Group's defined contribution pension scheme or to establish their own pension scheme to which the Group will match employee contributions up to a maximum amount. There is no ongoing liability to the Group beyond the period that the contributions are made. The costs of such contributions are charged to the Income Statement when incurred.

1. Accounting policies continued

Share based payments

The Group operates a number of equity settled share based payment arrangements, under which the Group receives services from employees as consideration for equity instruments (share options and shares) of the Group. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant, but include any market based performance criteria and the impact of vesting conditions. The fair value determined at the grant date is recognised on a straight line basis over the vesting period, based on the Group's estimate of the options or shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured using either the Binomial options pricing model, the Black-Scholes model or Monte Carlo simulations, whichever is most appropriate to the award.

Service and performance conditions are vesting conditions. Any other conditions are non-vesting conditions which have to be taken into account to determine the fair value of equity instruments granted. In the case that an award or option does not vest as a result of a failure to meet a non-vesting condition that is within the control of either counterparty, this is accounted for as a cancellation. Cancellations must be treated as accelerated vesting and all remaining future charges are immediately recognised. As the requirement to save under an employee share save arrangement is a non-vesting condition, employee cancellations must be treated as an accelerated vesting.

Current tax

The charge for taxation is based on taxable profits for the year. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities based on tax rates that have been enacted or substantially enacted by the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date. The measurement of the deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable Group company; or different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liability simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided so as to write off the cost of assets, other than assets under construction, over their estimated useful lives using the straight line method. Depreciation on satellite assets commences once in orbit testing has been completed and the satellite is available for use.

1. Accounting policies continued

Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment is depreciated using the straight line method based on the following useful lives:

Motor vehicles 25% per annum
Network assets 20%–25% per annum
Fixtures and fittings 25% per annum
Satellites in operation 6.67% per annum
Plant and machinery 25% per annum
Leasehold improvements 25% per annum
Satellites in construction Nil

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal of assets is charged to the Income Statement account and is calculated as the difference between the disposal proceeds and the carrying amount of the assets.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Satellites in construction assets relate to costs (including employee related costs) directly attributable to the construction of the HYLAS satellites. Once the satellites become operational and placed into service, the assets are transferred to a space asset category and depreciated over the life of the satellites.

Where the conditions are not met the costs are expensed through the Income Statement.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided so as to write off the cost of assets, other than assets under construction, over their estimated useful lives using the straight line method. The amortisation rate on computer software is 25%. Newly acquired intangible assets as part of the business combination, customer lists and trade name are amortised over 15 and 5 years respectively.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The gain or loss arising on the disposal of assets is charged to the Income Statement and is calculated as the difference between the disposal proceeds and the carrying amount of the assets.

Research and development costs in relation to the satellites are capitalised if they meet the conditions set out in IAS 38 "Intangible Assets" which are that development costs are only capitalised once a business case has been demonstrated as to the technical feasibility and commercial viability. Capitalised development costs are amortised over the expected useful life of the assets.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and will be tested annually for impairment.

Assets that are subject to amortisation and depreciation are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment review comprises a comparison of the carrying amount of the fixed asset with its recoverable amount, which is the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is calculated by reference to the amount at which the asset could be disposed of. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis.

An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount.

The carrying amount will only be increased where an impairment loss recognised in a previous period for an asset either no longer exists or has decreased, up to the amount that it would have been had the original impairment not occurred.

1. Accounting policies continued

For the purpose of conducting impairment reviews, CGUs are identified as groups of assets and liabilities that generate cash flows that are largely independent of other cash flow streams. The assets and liabilities include those directly involved in generating the cash flows and an appropriate proportion of corporate assets. For the purposes of impairment, individual satellites are treated as individual CGUs.

For the purpose of impairment testing of goodwill, goodwill is allocated to a group of CGUs (being subsidiaries acquired in each acquisition). Such group of CGUs represent the lowest level within the Group for which the goodwill is monitored for internal management purposes.

Investments

Investments are recorded at cost. Investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

Investments in subsidiaries are stated at cost and reviewed for impairment on an annual basis.

European Space Agency funding

As noted in the critical estimates and judgements, an element of income from ESA represents revenue for the sale of capacity on the satellite. The fair value of the capacity sold to ESA was being recognised as revenue over three years on a straight line basis.

Grant funding

Other grant income which has capital expenditure and job creation/safeguarding targets is recognised on a straight line basis over the relevant period irrespective of cash and claims, and is disclosed as other operating income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost is determined by the first-in first-out method.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of directly attributable issue costs.

Trade receivables and other financial assets

Trade and loan receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method where the time value of money is material. Appropriate allowances for estimating irrecoverable amounts are recognised in the Income Statement where there is evidence that the asset is impaired. This impairment would be recognised within operating expenses.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position are comprised of cash in hand and demand deposits, and other short term highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents are stated net of outstanding bank overdrafts.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation to transfer economic benefits arising from past events and the amount of the obligation can be estimated reliably. Provisions are not recognised unless the outflow of economic benefits to settle the obligation is more likely than not to occur.

1. Accounting policies continued

Borrowings

Interest-bearing bank loans and overdrafts are measured initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Business combinations

Business combinations are recognised in the Consolidated Financial Statements from the time of acquisition. The comparative figures are not restated for acquisitions.

Acquisitions are accounted for using the acquisition method and the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost of control over the fair value of the acquired assets and liabilities is recognised as goodwill, within intangible assets. Intangible assets are amortised over their useful life and any goodwill is tested annually for impairment.

Derivative financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

The Group uses derivative financial instruments mainly to reduce exposure to foreign exchange risks. The Group does not hold or issue derivative financial instruments for trading purposes. Derivatives are recognised at fair value on the date a contract is entered into and are subsequently remeasured at their fair value. Fair value is measured using the closing bank rate compared with the contract rate.

Hedge accounting is currently not applied. Changes in fair value of derivative financial instruments are recognised in the Income Statement as they arise.

Segment reporting

Operating segment(s) are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment(s), has been identified as the Avanti Executive Board which makes the strategic decisions.

2. Revenue

As stated in Note 1, the Group currently earns revenue primarily from the sale of satellite broadband services to customers and from providing consultancy advice connected with the utilisation of the Group's space assets. On adoption of IFRS 8 "Operating Segments", the Group concluded that the chief operating decision maker (the Avanti Executive Board) manage the business and the allocation of resources on the basis of the provision of satellite services, resulting in one segment.

Revenue generated by the Group for the year ended 30 June 2015 was $85.2m (2014: $65.6m). The majority of revenue represents invoiced sales of satellite broadband services provided to external customers, revenue on space and consultancy contracts recognised on a percentage of completion basis and the sale of terminals. Of this, $25.1m (2014: $nil) represents the sale of spectrum rights (see below) and $5.7m (2014: $6.6m) relates to the sale of terminals. As referred to in the critical estimates and judgements, revenues from ESA representing the sale of capacity on HYLAS 1 comprise nil% (2014: 8.3%) of total revenue.

2. Revenue continued

Spectrum revenue

In June 2015, the Group entered into an agreement to sell, in perpetuity, certain spectrum rights related to geographic markets in which the Group does not seek to operate. The indefeasible right to use ("IRU") a 3 GHz Ka-band payload over its estimated remaining life of 13 years was received in consideration. The IRU arrangement has a fixed cost payable per annum and a variable cost based on the capacity of the payload that is sold. The payload can be directed over the Group's core market of Europe, the Middle East and Africa and increases the Group's current satellite capacity by approximately 20%. Revenue of $25.1m (2014: $nil) was recognised for this non-recurring transaction related to the utilisation of the Group's space assets.

The revenue recognised was based on the fair value of the consideration received, in this case the IRU of the Ka-band payload. The IRU has been valued on a replacement cost basis and takes into account the cost of building and launching a comparable payload with equivalent capacity and a 13 year remaining life. The Group has used the costs that it has experienced in constructing and launching its existing satellite fleet, including those under construction, as a benchmark to reach this accounting estimate. The IRU valuation also takes into account the fixed cost payable per annum under the IRU agreement discounted at the Group's estimated cost of capital of 10%.

The Group derived $36.5m (2014: $14.7m) of its turnover from European countries outside the United Kingdom, $27.2m (2014: $35.2m) from countries outside Europe and $21.5m (2014: $15.7m) from the United Kingdom.

3. Operating expenses

Operating expenses by function are as follows:

	30 June 2015 $'m	30 June 2014 $'m
Distribution	**4.0**	4.3
Administration	**31.6**	30.5
	35.6	34.8

Loss from operations for the year is stated after charging the following:

	30 June 2015 $'m	30 June 2014 $'m
Operating expenses:		
Depreciation of property, plant and equipment	**2.1**	2.1
Amortisation of intangible assets	**0.2**	0.2
Employee benefit expense	**20.0**	19.5
Operating lease expenses	**2.3**	2.6
Cost of sales:		
Space asset depreciation	**45.8**	47.3
Release of ESA grant	**(1.4)**	(1.5)
Satellite services	**13.4**	18.8
Materials purchased	**6.8**	11.9
Sub contractors	**11.4**	7.4

4. Auditor remuneration

Amounts payable for the audit of these Financial Statements are $0.23m (2014: $0.21m). Amounts payable to the Company's auditor and its associates for the audit of subsidiary Financial Statements are $0.03m (2014: $0.03m), audit related assurance services are $nil (2014: $0.39m) and taxation compliance services are $0.04m (2014: $0.04m).

5. Employee benefit costs

The aggregate remuneration of all employees comprised:

	30 June 2015 $'m	30 June 2014 $'m
Wages and salaries	**20.8**	19.6
Social security costs	**2.0**	1.6
Pension costs	**0.5**	0.4
Share based payment expense	**0.7**	0.7
	24.0	22.3
Less: costs capitalised as satellites in construction	**(4.0)**	(2.8)
	20.0	19.5

Employee numbers

The average monthly number of people (including the Executive Directors) employed during the year by category of employment:

	30 June 2015 No. employees	30 June 2014 No. employees
Operations	**49**	49
Sales and marketing	**58**	47
Development and engineering	**50**	48
Administration and executive	**35**	33
	192	177

6. Other operating income

	30 June 2015 $'m	30 June 2014 $'m
Other grant income	**1.4**	1.4
Exchange gain on trade receivables and payable balances	**–**	0.5
Ex gratia receipt	**–**	5.3
	1.4	7.2

The ex gratia receipt in the year ended 30 June 2014 arose following a commercial settlement in relation to the HYLAS 2 project.

7. Net finance expense

	30 June 2015 $'m	30 June 2014 $'m
Finance expense		
Interest expense on loans and other borrowings	**(54.4)**	(39.1)
Foreign exchange loss	**(1.0)**	(0.3)
Finance lease expense	**(0.1)**	(0.2)
Less: interest capitalised to satellites in construction	**15.0**	0.6
Finance expense	**(40.5)**	(39.0)

8. Income tax

	30 June 2015 $'m	30 June 2014 $'m
Current tax		
Current tax expense	**–**	–
Overseas tax	**–**	–
Total current tax	**–**	–
Deferred tax		
Origination and reversal of temporary differences	**1.6**	(5.8)
Adjustment in respect of prior periods	**(1.4)**	3.4
Impact of change in UK tax rate	**(0.2)**	2.4
Total deferred tax	**–**	–
Total income tax	**–**	–

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	30 June 2015 $'m	30 June 2014 $'m
Loss before tax	**(73.3)**	(87.7)
Tax credit at the UK corporation tax rate of 20.75% (2014: 22.5%)	**(15.2)**	(19.7)
Tax effect of non-deductible expenses	**0.1**	0.2
Adjustment in respect of prior periods	**(1.4)**	1.5
Effect of tax rates in foreign jurisdictions	**(0.9)**	2.7
Impact of change in UK tax rate	**(0.2)**	2.4
Temporary differences for which no deferred tax has been recognised	**17.6**	12.9
Income tax recognised in the Income Statement	**–**	–

8. Income tax continued

The Group has not recognised a tax credit in the year ended 30 June 2015.

No income tax credit has been recognised in respect of the losses for the year ended 30 June 2015 (30 June 2014: $nil). Whilst the Group foresees utilising the losses in future periods, it has not recognised the income tax credit in this period and will do so when there is greater certainty over their recovery.

The standard rate of corporation tax in the UK fell from 21% to 20% with effect from 1 April 2015. Accordingly, the Group's profits for this accounting period are taxed at an effective rate of 20.75% (2014: 22.5%).

On 8 July 2015, the UK Government announced its intention to reduce the UK corporation tax rate to 19% with effect from 1 April 2017, and to 18% with effect from 1 April 2020. These changes were included in the draft Finance Bill 2015 published 15 July 2015. The Finance Bill 2015 has not yet been substantively enacted and so the proposed reductions have not been reflected in the balances disclosed above. It has not yet been possible to quantify the full anticipated effect of the proposed rate reduction, although the impact is not expected to be material.

9. Loss per share

	30 June 2015 cents	30 June 2014 cents
Basic and diluted loss per share	**(61.5)**	(81.2)

The calculation of basic and diluted loss per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

	30 June 2015	30 June 2014
Loss for the year attributable to equity holders of the parent Company	**$(73.1)m**	$(87.2)m
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	**118,975,177**	107,408,907

10. Profit of the parent Company

As permitted by section 408 of the Companies Act 2006, the Income Statement of the parent Company is not presented as part of these accounts. The loss of the parent Company after tax for the year ended 30 June 2015 amounted to $0.3m (2014: $1.6m loss).

11. Property, plant and equipment

	Leasehold improvements $'m	Network assets $'m	Fixtures and fittings $'m	Satellites in operation $'m	Satellites in construction $'m	Group total $'m
Cost						
Balance at 30 June 2013	1.8	12.7	1.6	633.3	29.8	679.2
Additions	–	–	0.6	17.3	11.0	28.9
Disposals	–	–	–	(11.2)	–	(11.2)
Effect of movements in exchange rates	0.2	1.4	0.2	27.9	3.6	33.3
Balance at 30 June 2014	2.0	14.1	2.4	667.3	44.4	730.2
Additions	–	0.7	0.3	39.5	110.6	151.1
Transfer	–	–	–	5.6	(5.6)	–
Disposals	–	(0.2)	–	(1.7)	(1.4)	(3.3)
Effect of movements in exchange rates	(0.2)	(1.6)	(0.1)	(19.7)	(3.4)	(25.0)
Balance at 30 June 2015	**1.8**	**13.0**	**2.6**	**691.0**	**144.6**	**853.0**
Accumulated depreciation						
Balance at 30 June 2013	0.5	7.2	1.1	56.7	–	65.5
Charge for the year	0.3	1.5	0.3	47.3	–	49.4
Disposals	–	–	–	(2.0)	–	(2.0)
Effect of movements in exchange rates	0.1	0.9	0.1	5.4	–	6.5
Balance at 30 June 2014	0.9	9.6	1.5	107.4	–	119.4
Charge for the year	0.3	1.4	0.4	45.8	–	47.9
Effect of movements in exchange rates	(0.1)	(0.9)	–	(4.3)	–	(5.3)
Balance at 30 June 2015	**1.1**	**10.1**	**1.9**	**148.9**	**–**	**162.0**
Net book value						
Balance at 30 June 2015	**0.7**	**2.9**	**0.7**	**542.1**	**144.6**	**691.0**
Balance at 30 June 2014	1.1	4.5	0.9	559.9	44.4	610.8

11. Property, plant and equipment continued

Property, plant and equipment under finance lease

At 30 June 2015, the Group held assets under finance lease agreements with a net book value of $46.7m (2014: $4.0m). A depreciation charge for the year of $1.3m (2014: $1.0m) has been provided on these assets. These assets are included in network assets.

Satellites in operation

Satellites in operation include the HYLAS 1 and HYLAS 2 satellites in addition to the ARTEMIS satellite. HYLAS 1 came into commercial service on 1 April 2011 and the associated satellite assets were depreciated from this point. HYLAS 2 came into commercial service on 1 October 2012 and all related satellite and gateway assets have been depreciated from this point. ARTEMIS was acquired on 31 December 2013 and has been depreciated from this date.

HYLAS 2-B

Satellites in operation also includes a Ka-band payload that the Group operates under an indefeasible right of use ("IRU") agreement entered into in June 2015 for the estimated remaining useful life of the payload of 13.5 years. This payload is known as HYLAS 2-B and Note 2 provides more detail on the transaction through which this payload was received. The IRU agreement is accounted for as a finance lease and a Net Book Value ("NBV") of $35.1m is included within satellites in operation and also within the assets held under finance lease disclosure provided above.

The IRU of HYLAS 2-B has initially been recognised at its fair value of $35.1m. This asset value will subsequently be depreciated over the life of the IRU agreement of 13.5 years. The IRU has been valued on a depreciated replacement cost basis. This was determined to be the most appropriate valuation technique as it has the most observable inputs into the model. Under this approach, the fair value is calculated as the cost of constructing and bringing into service an asset that could provide equivalent capacity. The fair value has been reached by aggregating the estimated fair value of the cost to build the payload and the cost of launching the payload, including insuring the launch, in addition to the cost of designing and managing the procurement of the asset. Each of the four inputs have been classified as level 2 inputs within the fair value hierarchy. The Group has obtained third party quotations for some elements and applied rates known from the existing fleet of satellites for other elements.

Satellites in construction

The satellites in construction assets of $144.6m relate to HYLAS 3 and HYLAS 4 (2014: $44.4m in relation to HYLAS 3 and HYLAS 4).

Capitalised finance costs

Included in the satellites in operation are capitalised finance costs of $72.0m (2014: $57.0m) related to the HYLAS 2 and HYLAS 4 satellites.

Asset impairment review

An impairment review was conducted on the HYLAS 1 satellite and associated network infrastructure ("HYLAS 1"), together representing the CGU. The carrying value of the assets is supported and no impairment is required.

The recoverable amount of HYLAS 1 is determined using value in use, which is calculated by using the discounted cash flow method. This method considers the forecast cash flows of HYLAS 1 over its remaining useful economic life of 12 years. Estimates of future cash flows originate from the detailed budget for the year to 30 June 2016, as reviewed and approved by the Board. Forecasts for the subsequent periods assume a ramp-up of satellite capacity sold over the following four years up to a maximum assumed capacity sold of 85%, with consistent performance thereafter over the remaining useful life of the CGU. The present value of the forecast cash flows was calculated using the Group's incremental cost of borrowing of 10%.

Sensitivity analysis was carried out by management over assumptions made relating to price and growth in operations, and is not considered to have a significant impact on the impairment conclusions.

12. Intangible assets

	Computer software $'m	Brand name $'m	Customer lists $'m	Goodwill $'m	Group total $'m
Cost					
Balance at 30 June 2013	0.6	0.3	2.2	11.3	14.4
Effect of movements in exchange rates	–	–	0.1	0.7	0.8
Balance at 30 June 2014	0.6	0.3	2.3	12.0	15.2
Effect of movements in exchange rates	–	(0.1)	(0.4)	(2.3)	(2.8)
Balance at 30 June 2015	**0.6**	**0.2**	**1.9**	**9.7**	**12.4**
Accumulated amortisation					
Balance at 30 June 2013	0.6	0.1	0.3	–	1.0
Charge for the year	–	0.1	0.1	–	0.2
Balance at 30 June 2014	0.6	0.2	0.4	–	1.2
Charge for the year	–	–	0.2	–	0.2
Balance at 30 June 2015	**0.6**	**0.2**	**0.6**	**–**	**1.4**
Net book value					
Balance at 30 June 2015	**–**	**–**	**1.3**	**9.7**	**11.0**
Balance at 30 June 2014	–	0.1	1.9	12.0	14.0

The additions of goodwill and intangible assets were generated from the Group obtaining control of Filiago GmbH & Co ("Filiago"), located in Germany, on 1 November 2011, and resulted in the recognition of $12.1m of goodwill and $2.7m of intangible assets, representing the Filiago brand name and customer lists. The intangibles acquired with obtaining control of Filiago represent the CGU.

The goodwill on acquisition of Filiago is not subject to amortisation and so is required to be reviewed annually for impairment. Filiago's goodwill impairment review showed that no impairment was required as at 30 June 2015.

The recoverable amount of the Filiago CGU was determined using the value in use approach. The value in use was estimated by preparing a discounted cash flow forecast for Filiago over a six year period with a terminal value forecast into perpetuity after that period. Forecast cash flows originate from the detailed budget for the year to 30 June 2016, as reviewed and approved by the Board. The present value of the forecast cash flows was calculated using the Group's estimated pre-tax cost of capital of approximately 11%.

Sensitivity analysis was carried out by management over assumptions made relating to revenue growth and discount rates and is not considered to have a significant impact on the impairment conclusions.

The brand names acquired in the course of the Filiago business combination of $0.3m are amortised on a straight line basis over a period of five years. At the year end the NBV of the brand names is $0.03m (2014: $0.14m), after charging $0.06m (2014: $0.06m) of amortisation in the year.

The customer lists acquired in the course of the Filiago business combination of $2.4m are amortised on a straight line basis over a period of 15 years. At the year end the carrying amount of the customer bases is $1.3m (2014: $1.9m) after charging $0.15m (2014: $0.16m) of amortisation in the year.

13. Investments
Company
Shares in subsidiary undertakings

	30 June 2015 $'m	30 June 2014 $'m
Beginning and end of the year	**148.7**	148.7
	148.7	148.7

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

A full list of the Company's subsidiaries is disclosed in Note 14.

14. Subsidiaries
As at the end of the year the Group and Company held the following investments in subsidiary companies:

Name of subsidiary	Nature of business	Place of incorporation
Avanti Communications Limited	Telecommunication consultancy	England & Wales
Avanti Space Limited	Satellite services	England & Wales
Avanti Local TV Services Limited*	Satellite services	England & Wales
Avanti Space 3 Limited*	Satellite services	England & Wales
Avanti Launch Services Limited	Management services	Isle of Man
Avanti Broadband Limited	Satellite services	England & Wales
Avanti Broadband (Ire) Limited*	Satellite services	England & Wales
Avanti HYLAS 2 Limited	Satellite services	England & Wales
Avanti HYLAS 2 Launch Services Limited	Management services	Isle of Man
Avanti Communications Infrastructure Limited*	Holding company	England & Wales
Avanti Employee Benefit Trust	Employee benefit trust	England & Wales
Avanti HYLAS 2 Cyprus Limited	Satellite services	Cyprus
Avanti HYLAS Services Limited	Project management services	Cyprus
Avanti Communications Marketing Services Limited	Sales and marketing	England & Wales
Avanti Communications Germany GmbH	Satellite services	Germany
Avanti Communications Sweden AB	Satellite services	Sweden
Avanti Turkey Uydu Telekomunikasyon Limited Sirketi	Satellite services	Turkey
Avanti Communications South Africa Pty Limited	Satellite services	South Africa
Hybeam Limited	Satellite services	England & Wales
Avanti Communications Kenya Limited	Satellite services	Kenya

* Company was dormant in the year ending 30 June 2015.

The Company holds 100% ownership interest and voting power in all of the above entities.

On 1 November 2011 the Group took effective control of Filiago by enhancing the security over its loans with Filiago. Since 1 November 2011 (the "date of control") Filiago has been accounted for as a subsidiary in the Consolidated Financial Statements because of the control now held but, because the Group has not purchased any equity shares in the Company, a 100% non-controlling interest is recognised on the Statement of Financial Position removing the impact of achieving control from shareholders' funds.

15. Inventories
Group

	30 June 2015 $'m	30 June 2014 $'m
Finished goods	**2.6**	1.7

Finished goods represent customer premises equipment which includes dishes, modems and outdoor unit transceivers.

The cost of inventories recognised as an expense during the period was $6.8m (2014: $11.9m).

There have been no write-downs of inventory during the year.

16. Trade and other receivables

	Group		Company	
	30 June 2015 $'m	30 June 2014 $'m	30 June 2015 $'m	30 June 2014 $'m
Trade receivables	**22.2**	25.6	**–**	–
Less provision for impairment of trade receivables	**(4.4)**	(4.6)	**–**	–
Net trade receivables	**17.8**	21.0	**–**	–
Accrued income	**10.6**	9.2	**–**	–
Prepayments	**5.5**	6.0	**7.5**	4.7
Amounts due from Group companies	**–**	–	**85.6**	247.4
Other receivables	**1.6**	2.4	**0.2**	0.3
	35.5	38.6	**93.3**	252.4

For discussion of credit risk, refer to Note 21(b).

Included in the Group's trade receivables balance at 30 June 2015 is a long term receivable of $8.5m (2014: $9.4m). 19% of the original balance has already been collected, with the remainder payable in instalments due every six months commencing 30 June 2015. The receivable will be fully repaid by 30 June 2019. In addition to the instalments payable, interest is payable at 5.25% per annum.

The Company has non-current trade and other receivables of $917.6m (2014: $527.5m) relating to amounts due from Group companies.

17. Deferred taxation

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
Deferred tax assets	**30.5**	30.8	**0.5**	0.5
Deferred tax liabilities	**(11.0)**	(9.7)	**–**	–
	19.5	21.1	**0.5**	0.5
The gross movement on the deferred income tax account is as follows:				
Balance at 1 July 2014	**21.1**	18.9	**0.5**	0.5
Income tax recognised in the Income Statement	**–**	–	**–**	–
Tax (credited)/charged directly to equity	**–**	–	**–**	–
Effects of movements in exchange rates	**(1.6)**	2.2	**–**	–
Balance at 30 June 2015	**19.5**	21.1	**0.5**	0.5

Group

	Opening balance $'m	**Credited/ (charged) to the Income Statement $'m**	**(Credited)/ charged to equity $'m**	**Effects of movements in exchange rates $'m**	**Closing balance $'m**
30 June 2015					
Tax assets					
Unused tax losses	**26.1**	**1.6**	**–**	**(2.0)**	**25.7**
Provisions and deferred income	**3.7**	**–**	**–**	**0.1**	**3.8**
Share based payment	**1.0**	**–**	**–**	**–**	**1.0**
Total tax assets	**30.8**	**1.6**	**–**	**(1.9)**	**30.5**
Tax liabilities					
Property, plant and equipment	**(9.7)**	**(1.6)**	**–**	**0.3**	**(11.0)**
Total tax liabilities	**(9.7)**	**(1.6)**	**–**	**0.3**	**(11.0)**
Net deferred tax asset	**21.1**	**–**	**–**	**(1.6)**	**19.5**

17. Deferred taxation continued

Group

	Opening balance $'m	Credited/ (charged) to the Income Statement $'m	(Credited)/ charged to equity $'m	Effects of movements in exchange rates $'m	Closing balance $'m
30 June 2014					
Tax assets					
Unused tax losses	23.4	–	–	2.7	26.1
Provisions and deferred income	4.1	(0.9)	–	0.5	3.7
Share based payment	0.9	–	–	0.1	1.0
Total tax assets	28.4	(0.9)	–	3.3	30.8
Tax liabilities					
Property, plant and equipment	(9.5)	0.9	–	(1.1)	(9.7)
Total tax liabilities	(9.5)	0.9	–	(1.1)	(9.7)
Net deferred tax asset	18.9	–	–	2.2	21.1

Company

	Opening balance $'m	**Credited/ (charged) to the Income Statement $'m**	**(Credited)/ charged to equity $'m**	**Effects of movements in exchange rates $'m**	**Closing balance $'m**
30 June 2015					
Tax assets					
Share based payment	**0.1**	**–**	**–**	**–**	**0.1**
Unused tax losses	**0.4**	**–**	**–**	**–**	**0.4**
Total tax assets	**0.5**	**–**	**–**	**–**	**0.5**

17. Deferred taxation continued

Company

	Opening balance $'m	Credited/ (charged) to the Income Statement $'m	(Credited)/ charged to equity $'m	Effects of movements in exchange rates $'m	Closing balance $'m
30 June 2014					
Tax assets					
Share based payment	0.1	–	–	–	0.1
Unused tax losses	0.4	–	–	–	0.4
Total tax assets	0.5	–	–	–	0.5

At 30 June 2015, none of the deferred tax asset of $30.5m (2014: $30.8m) is expected to be recovered in the next 12 months.

At 30 June 2015, none of the deferred tax liability of $11.0m (2014: $9.7m) is expected to be settled in the next 12 months.

No deferred tax asset has been recognised in respect of the year ended 30 June 2015 (30 June 2014: $nil). Whilst the Group foresees utilising the deferred tax assets in future periods, it has not recognised the deferred tax asset movement in the year. Management believes the recognised deferred tax asset will be recoverable within three to four years based on forecasts showing increased utilisation of the satellite fleet.

As at 30 June 2015, the total unrecognised deferred tax asset totalled $30.9m (2014: $15.1m). This is made up of unused tax losses of $24.9m (2014: $5.5m), and other temporary differences of $6.0m (2014: $9.6m).

18. Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents include cash in hand and at banks net of outstanding overdrafts.

Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement can be reconciled to the related items in the balance sheet as follows:

Group

	30 June 2015 $'m	30 June 2014 $'m
Cash and bank balances	**120.6**	193.6
Short-term deposits	**1.6**	1.7
Net cash and cash equivalents	**122.2**	195.3

19. Trade and other payables

	Group		Company	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
Current				
Trade payables	**3.9**	8.5	**–**	–
Social security and other taxes	**0.7**	0.7	**–**	–
Other payables	**1.1**	2.1	**–**	–
Accruals and deferred income	**26.2**	28.6	**13.0**	13.1
Amounts due to Group companies	**–**	–	**141.8**	5.4
	31.9	39.9	**154.8**	18.5
Non-current				
Accruals and deferred income	**16.8**	15.3	**–**	–
	16.8	15.3	**–**	–

Accruals and deferred income above includes the interest accrued in the Company of $13.0m (2014: $13.0m) in relation to the $370.0m and $150.0m bonds.

20. Loans and other borrowings

	Group current		Group non-current	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
Secured at amortised cost				
High yield bonds	**–**	–	**510.3**	508.4
Finance lease liabilities[i] (Note 24)	**4.7**	4.6	**13.4**	4.0
	4.7	4.6	**523.7**	512.4

	Company current		Company non-current	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
Secured at amortised cost				
High yield bonds	**–**	–	**510.3**	508.4
Finance lease liabilities[i] (Note 24)	**2.7**	1.5	**4.0**	2.7
	2.7	1.5	**514.3**	511.1

[i] Finance lease obligations are secured by retention of title to the related assets. The borrowings are on fixed interest rate debt with repayment periods between 3 and 13.5 years.

20. Loans and other borrowings continued
High yield bonds
The Company issued 10% Senior Secured Notes of $370.0m and $150.0m on 1 October 2013 and 17 June 2014 respectively.

Issuer	Original notional value	Description of instrument	Due
Avanti Communications Group plc	$520.0m	10% Senior Secured Notes	1 October 2019

The high yield bonds are disclosed in non-current loans and borrowings as detailed below:

	30 June 2015 $'m	30 June 2014 $'m
High yield bonds	**520.0**	520.0
Add: Amortised issue premium	**6.0**	7.4
Less: Amortised debt issuance costs	**(15.7)**	(19.0)
	510.3	508.4

21. Financial instruments and risk management
Group
The Group is subject to the risks arising from adverse movements in interest rates and foreign currency. The Group uses a variety of hedging instruments to manage these risks. The managing of these risks, along with the day-to-day managing of treasury activities, is performed by the finance team.

All financial instruments have been measured at amortised cost. As such, financial assets being cash and cash equivalents and trade and other receivables are classified as "Loans and Receivables" and financial liabilities being trade and other payables and interest-bearing liabilities have been classified as "Other Financial Liabilities".

(a) Market risk

(i) Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to GBP and the Euro. In order to hedge the foreign currency risk the Group enters into forward contracts or natural hedges. These risks are assessed on a continual basis.

At 30 June 2015, if the Euro had weakened/strengthened against the US Dollar by 5% with all other variables held constant, post tax loss would have worsened by $0.4m or improved by $0.4m (2014: post tax loss would have worsened by $0.2m or improved by $0.2m).

At 30 June 2015, if the Sterling had weakened/strengthened against the US Dollar by 5% with all other variables held constant, post tax loss would have improved by $0.8m or worsened by $0.8m (2014: post tax loss would have improved by $0.5m or worsened by $0.5m).

The average volatility of rates during the year compared to the year end exchange rate was 4.32% and therefore management believes that a 5% sensitivity rate provides a reasonable basis upon which to assess expected changes in foreign exchange rates.

(ii) Interest risk management

The Group borrows in pounds Sterling and US Dollars at fixed rates of interest and does not seek to mitigate the effect of adverse movements in interest rates. Cash and deposits earn interest at fixed rates based on banks' short term treasury deposit rates. Short-term trade and other receivables are interest free.

21. Financial instruments and risk management continued

(b) Credit risk management

The Group's principal financial assets are cash and short term deposits and trade and other receivables. The Group has no significant concentrations of credit risk with the exception of the other financial assets. Cash and cash equivalents are deposited with high-credit quality financial institutions with a minimum rating of A+ and trade receivables are principally from well established corporations. The credit quality of major customers is assessed before trading commences taking into account its financial position, past experience and other factors.

	30 June 2015 $'m	30 June 2014 $'m
Trade receivables	**17.8**	21.0
Total	**17.8**	21.0

The ageing of trade receivables and other financial assets which have not been impaired was as follows:

	Not past due $'m	1–30 days $'m	31–60 days $'m	60+ days $'m	Total $'m
30 June 2015	**12.7**	**1.7**	**0.7**	**2.7**	**17.8**
30 June 2014	13.8	2.9	1.2	3.1	21.0

Movements in the provision for impairment of trade receivables are as follows:

	30 June 2015 $'m	30 June 2014 $'m
At 1 July 2014	**4.6**	1.7
Allowances made in the period	**1.7**	4.0
Amounts used and reversal of unused amounts	**(1.9)**	(1.1)
At 30 June 2015	**4.4**	4.6

The provision of $4.4m (2014: $4.6m) has been raised against gross trade receivables of $22.2m (2014: $25.6m). Every major customer is assessed on an individual basis and we provide for bad debts when an impairment has been identified.

21. Financial instruments and risk management continued

(c) Liquidity risk management

The Group's exposure to liquidity risk management is minimised due to the prudent monitoring of all of the Group's liabilities. Cash and cash forecasts are monitored on a daily basis and our cash requirements are met by a mixture of short term cash deposits, debt and finance leases.

The following table analyses the Group's financial liabilities into relevant maturity groupings based on the expected undiscounted cash flows.

	Within 1 year $'m	1-2 years $'m	2-5 years $'m	5+ years $'m	Contractual amount $'m	Carrying amount $'m
30 June 2015						
High yield bonds	**–**	**–**	**520.0**	**–**	**520.0**	**510.3**
Finance leases	**5.8**	**4.6**	**7.0**	**12.4**	**29.8**	**18.1**
Trade payables	**3.9**	**–**	**–**	**–**	**3.9**	**3.9**
30 June 2014						
High yield bonds	–	–	–	520.0	520.0	508.4
Finance leases	4.9	3.0	1.4	–	9.3	8.6
Trade payables	8.5	–	–	–	8.5	8.5

Interest is payable on the high yield bonds at 10% per annum over the four year remaining life of the bonds.

In addition, the Company has net intercompany receivables carried at $861.4m (2014: net receivables carried at $767.3m). The contractual amount is the carrying amount.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of debt, which includes borrowings (Note 20), cash and cash equivalents (Note 18) and equity attributable to equity holders of the parent, comprising Ordinary Share capital, share premium, other reserves and retained earnings.

We endeavour to maximise earnings and minimise risk through an appropriate balance of debt and equity.

(e) Financial instruments by category

Group

Assets as per balance sheet	Loans and receivables $'m	Total $'m
30 June 2015		
Trade and other receivables (excl prepayments)	**30.0**	**30.0**
Cash and cash equivalents	**122.2**	**122.2**
	152.2	**152.2**
30 June 2014		
Trade and other receivables (excl prepayments)	32.6	32.6
Cash and cash equivalents	195.3	195.3
	227.9	227.9

21. Financial instruments and risk management continued

Liabilities as per balance sheet	Other financial liabilities at amortised cost $'m	Total $'m
30 June 2015		
Borrowings (excl finance lease liabilties)	**510.3**	**510.3**
Finance lease liabilities	**18.1**	**18.1**
Trade and other payables (excl non-financial liabilities)	**48.0**	**48.0**
	576.4	**576.4**
30 June 2014		
Borrowings (excl finance lease liabilties)	508.4	508.4
Finance lease liabilities	8.6	8.6
Trade and other payables (excl non-financial liabilities)	54.5	54.5
	571.5	571.5

Company

Assets as per balance sheet	Loans and receivables $'m	Total $'m
30 June 2015		
Trade and other receivables (excl prepayments)	**85.8**	**85.8**
	85.8	**85.8**
30 June 2014		
Trade and other receivables (excl prepayments)	247.7	247.7
	247.7	247.7

Liabilities as per balance sheet	Other financial liabilities at amortised cost $'m	Total $'m
30 June 2015		
Finance lease liabilities	**6.7**	**6.7**
Trade and other payables (excl non-financial liabilities)	**154.8**	**154.8**
	161.5	**161.5**
30 June 2014		
Finance lease liabilities	4.2	4.2
Trade and other payables (excl non-financial liabilities)	18.5	18.5
	22.7	22.7

21. Financial instruments and risk management continued

Company

The Company does not have a material exposure to interest rate risk and foreign exchange risk.

Overall market risk, credit risk and liquidity risk are managed on a Group wide basis. Derivatives are measured at fair value and intercompany balances and accruals are measured at amortised cost. All intercompany balances are repayable on demand and accruals and derivatives mature in less than one year.

There is no provision for impairment against any of the Company's financial assets.

22. Share capital – issued and fully paid

	Number of shares '000	Group and Company Ordinary Shares $'m	EBT shares $'m	Group and Company share premium $'m
At 1 July 2014	111,736	2.0	(0.1)	415.1
Shares issued	28,867	0.4	–	90.2
Issue of treasury shares to EBT	1,200	–	–	–
At 30 June 2015	**141,803**	**2.4**	**(0.1)**	**505.3**

On 9 October 2014, the Group issued 1,200,000 shares to the EBT at £0.01 per share.

On 5 February 2015, the Group issued 28,866,720 shares at £2.10 per share giving rise to share premum of $90.2m after share issue costs of $0.9m.

Refer to Note 29 for details of shares issued post year end on 21 August 2015.

23. Share based payments

The fair value of share options charged to the Income Statement in the period was $0.7m (2014: $0.6m). The full fair value of these options is recognised over the vesting period for those options. All share based payment plans are equity settled and details of these plans are set out below.

The Company has established 19 share option schemes:

- Enterprise Management Incentives scheme ("EMI")
- Long Term Incentive Plan ("LTIP")
- Unapproved share option plan (2007)
- Unapproved share option plan (March 2010)
- Unapproved share option plan (July 2010)
- Save As You Earn ("SAYE") scheme (July 2010)
- Unapproved share option plan (October 2010)
- Unapproved share option plan (April 2011)
- Unapproved share option plan (July 2011)
- Unapproved share option plan (October 2011)
- Unapproved share option plan (October 2011) key management personnel
- Save As You Earn ("SAYE") scheme (November 2011)
- Unapproved share option plan (March 2012)
- Unapproved share option plan (April 2012)
- Long Term Incentive Plan ("LTIP") (July 2013)
- Unapproved share option plan (October 2013)
- Save As You Earn ("SAYE") scheme (November 2013)
- Unapproved share option plan (May 2014)
- Unapproved share option plan (May 2015)

The 2015 charges for each of the significant plans above were as follows:

	2015 charge $'m	2014 charge $'m
LTIP schemes	0.1	0.1
Unapproved schemes	0.6	0.5
	0.7	0.6

To date all options (with exception of the SAYE scheme) have been granted with a strike price of 1 pence. The strike price on the SAYE scheme 2010 is £4.70, £3.09 on the SAYE scheme 2011, and £2.10 on the SAYE scheme 2013.

In July 2007 an Employee Benefit Trust ("EBT") was established. The EBT is managed by Bedell Trustees in Jersey. The results of the EBT have been consolidated into the Group's results.

23. Share based payments continued

The table below sets out the number and weighted average exercise prices ("WAEP") of, and movements in, the share options schemes during the year:

	2015 No.	**2015 WAEP**	2014 No.	2014 WAEP
EMI				
Outstanding at the beginning of the year	**131,078**	**£0.01**	140,394	£0.01
Granted during the year	**–**	**–**	–	–
Forfeited in the year	**(2,066)**	**£0.01**	–	–
Exercised during the year	**(2,668)**	**£0.01**	(9,316)	£0.01
Outstanding at the end of the year	**126,344**	**£0.01**	131,078	£0.01
Unapproved schemes				
Outstanding at the beginning of the year	**884,691**	**£0.01**	442,691	£0.01
Granted during the year	**445,000**	**£0.01**	442,000	£0.01
Forfeited in the year	**(111,529)**	**£0.01**	–	–
Exercised during the year	**–**	**–**	–	–
Cancelled in the year	**(485,162)**	**£0.01**	–	–
Reissued in the year	**485,162**	**£0.01**	–	–
Outstanding at the end of the year	**1,218,162**	**£0.01**	884,691	£0.01
SAYE schemes				
Outstanding at the beginning of the year	**209,669**	**£2.70**	135,243	£4.10
Granted during the year	**–**	**–**	133,380	£2.10
Forfeited in the year	**(113,654)**	**£3.09**	(58,954)	£4.70
Exercised during the year	**–**	**–**	–	–
Outstanding at the end of the year	**96,015**	**£2.10**	209,669	£2.70

The weighted average share price for the year ended 30 June 2015 was £2.24 (2014: £2.38). 126,344 (2014: 131,078) of the EMI options were exercisable at 30 June 2015.

The exercise price of options outstanding at 30 June 2015 was £0.01 and the weighted average remaining contractual life was 9.4 years (2014: 5.5 years).

Each model has slightly different exercise criteria and therefore separate valuation models were used.

23. Share based payments continued

EMI scheme

The EMI scheme was used to issue options to staff on 24 July 2007 at an exercise price of 1p. The new options were issued for 10 years with 25% vesting at the end of years 3, 4, 5 and 6. Those staff who had previously held unvested options in the former parent Company at the time of the de-merger were given a shorter vesting period for these new options. There are no performance criteria associated with these options and they are exercisable as long as the option holder remains an employee of the Company.

The weighted average inputs to the Black-Scholes model are as follows:

Share price at date of grant	£2.16
Expected volatility	35%
Weighted average exercise price	£0.01
Expected life	4 years
Expected dividend yield	1%
Risk-free interest free	5.5%

Expected volatility was determined by calculating the actual volatility of the Group's share price since flotation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Long Term Incentive Plan

The LTIP was established by the Company with approval from the Remuneration Committee to reward and incentivise the Executive Directors and senior managers of the Company.

The LTIP allocations are in separate sub funds within the EBT and are subject to a discretionary Trust. The shares are subject to automatic revocation if certain criteria (set out below) are not met and continue to be revocable for the entire Trust period.

The allocations into the LTIP vary for each executive. The total remaining allocation to each executive falls into the following tranches:

(i) The Core Tranche

This element of the grant became exercisable in seven equal instalments. The first instalment was exercisable on grant and the second on 30 June 2008. The remaining five were exercisable yearly thereafter.

(ii) The Exceptional Achievement Tranche

This element of the grant was amended during 2010. Originally, these options were only exercisable if the average market value of the share exceeded £5.00 for a consecutive period of six months prior to 30 June 2010. Given the unprecedented market conditions over the previous year, the Remuneration Committee considered that whilst the executives had performed well and that the share price had outperformed the FTSE 100 and AIM All Share Index since the LTIPs were granted, the target set in the LTIP rules may still not be achieved.

In May 2010 the Remuneration Committee agreed to extend the target date to 31 December 2010 and that the six month average target price should be increased to £5.50. The benchmark for this tranche of LTIP was satisfied in November 2010.

23. Share based payments continued

(iii) The Extraordinary Achievement Tranche

This element of the grant was only exercisable if the market value of a share exceeded £10.00 for a consecutive period of six months before 30 June 2013. At 30 June 2013, the criteria of the extraordinary achievement tranche had not been met, therefore the outstanding shares were returned to the EBT.

	Executive directors No.	Senior managers No.
Original allocations:		
Core	1,192,960	125,000
Exceptional	679,570	62,500
Extraordinary	679,213	62,500
Additional grant July 2010	400,000	–
Total allocation	2,951,743	250,000
Core vested	(1,192,960)	(89,286)
Exceptional vested	(679,570)	(62,500)
Unvested balance returned to the EBT	(1,079,213)	(62,500)
Outstanding balance 30 June 2014	–	35,714
Movements in year ended 30 June 2015:		
Core vested	–	(17,857)
Outstanding balance at 30 June 2015	***–***	***17,857***

(iv) The Share Award Tranche

The share award LTIP 2015 was issued 30 July 2013 to 30 June 2015. Two-thirds of the award was based on revenue performance for the year ending 30 June 2015. One-third of the award was based on the share price as at 30 June 2015.

In 2015, the Remuneration Committee determined that 50% of the 2015 award should be made but that, in the longer term interests of the Company, vesting should be made subject to the achievement of an additional criterion that the share price should remain at or above a certain level for three consecutive months. This amended award shall lapse if this is not achieved by 30 June 2020.

A second LTIP award was issued on 14 January 2014 to 30 June 2016. As consistent with the earlier LTIP, two-thirds of the award is based on revenue performance for the year ending 30 June 2016. Therefore there is no charge relating to that part of the LTIP. One-third of the award is based on the share price as at 30 June 2016.

A third LTIP award was issued on 5 November 2014 to 30 June 2017. As consistent with the earlier LTIP awards, two-thirds of the award is based on revenue performance for the year ending 30 June 2017. Therefore there is no charge relating to that part of the LTIP. One-third of the award is based on the share price as at 30 June 2017.

23. Share based payments continued

The total number of options issued under the awards was as follows:

	30 June 2015	30 June 2016			30 June 2017		
	Amended award	Total award	Two-thirds	One-third	Total award	Two-thirds	One-third
	Dependent on share price		Dependent on revenue performance	Dependent on share price		Dependent on revenue performance	Dependent on share price
Executive directors	356,697	763,281	508,854	254,427	782,363	521,575	260,788
Senior managers	104,773	221,289	147,526	73,763	304,877	203,251	101,626
	461,470	984,570	656,380	328,190	1,087,240	724,826	362,414

Unapproved schemes

At 30 June 2015, there were 13 unapproved schemes in place, established at various dates since 2007.

Under each scheme, the options are issued for 10 years with 33% vesting at the end of years 3, 4 and 5.

Prior to 1 May 2015, nine of the schemes (noted below) required the market value of the shares to be £10.00 or more per share for a consecutive period of six months in order for the vesting conditions to be met. On 1 May 2015, the remaining options in these schemes were cancelled, and reissued where the option holder continued to be employed by the Group. The reissued options require the market value of the shares to be £5.00 or more per share for a consecutive period of six months in order for the vesting conditions to be met. Other terms remained the same.

Unapproved schemes reissued with £5.00 share price vesting criteria:

- Unapproved share option plan (March 2010)
- Unapproved share option plan (October 2010)
- Unapproved share option plan (April 2011)
- Unapproved share option plan (July 2011)
- Unapproved share option plan (October 2011)
- Unapproved share option plan (March 2012)
- Unapproved share option plan (April 2012)
- Unapproved share option plan (July 2013)
- Unapproved share option plan (May 2014)

In addition, one new unapproved scheme was established in the year ended 30 June 2015, also with £5.00 share price vesting criteria:

- Unapproved share option plan (May 2015)

For all other schemes, there are no performance criteria and the options are exercisable as long as the time vesting criteria are met and the option holder remains with the company.

Save As You Earn (“SAYE”) schemes

The SAYE schemes were established in July 2010, November 2011 and November 2013 and were open to all employees of the Company at the time.

SAYE is an HMRC approved all employee savings-related share option scheme under which employees save up to a limit of £250.00 on a four weekly basis with an option to buy shares in the Company at the end of a three year period at a discount of up to 20% of the market value on the grant date. Options are not subject to performance conditions. All options are exercisable from three years from the date of grant. All options expire six months from their exercise date.

24. Obligations under finance leases

Leasing arrangements

Finance leases relate to capital equipment with typical lease terms of three to five years. The Group has the option to purchase the equipment for a nominal value at the conclusion of the lease agreement. The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

Also included under finance leases is the 13.5 year IRU agreement described in Note 2. The present value of the minimum lease payments in relation to this agreement and included below is $10.0m of which $0.8m is current and $9.2m is non-current.

Finance lease liabilities

	Group Minimum lease payments		Group Present value of lease payments	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
No later than 1 year	**5.8**	4.9	**4.7**	4.6
Later than 1 year, no later than 5 years	**11.6**	4.4	**7.3**	4.0
After 5 years	**12.4**	–	**6.1**	–
	29.8	9.3	**18.1**	8.6
Less future finance charge	**(11.7)**	(0.7)	**–**	–
	18.1	8.6	**18.1**	8.6

	Company Minimum lease payments		Company Present value of lease payments	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
No later than 1 year	**3.0**	1.8	**2.7**	1.5
Later than 1 year, no later than 5 years	**5.4**	3.1	**4.0**	2.7
	8.4	4.9	**6.7**	4.2
Less future finance charge	**(1.7)**	(0.7)	**–**	–
	6.7	4.2	**6.7**	4.2

Included in the Financial Statements as:

	Group		Company	
	30 June 2015 $'m	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
Current borrowings	**4.7**	4.6	**2.7**	1.5
Non-current borrowings	**13.4**	4.0	**4.0**	2.7
Present value of minimum lease payments	**18.1**	8.6	**6.7**	4.2

25. Obligations under operating leases

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2015 Land & Buildings $'m	30 June 2014 Land & Buildings $'m
No later than 1 year	**2.0**	2.2
Later than 1 year, no later than 5 years	**10.1**	11.0
After 5 years	**23.9**	28.1
	36.0	41.3

Operating lease commitments principally relate to leased office space of the Group's head office. The Group entered in a 20 year lease on the property on 6 May 2013, with annual rent of $2.0m.

26. Capital commitments

As at 30 June 2015 the Group has contracted but not provided for capital commitments of $45.2m in relation to the procurement of HYLAS 3 (2014: $52.2m).

The Group commenced the construction of HYLAS 4 early in the year ended 30 June 2015 following the announcement that it had completed contracts for that satellite's construction and launch in August 2014. As at 30 June 2015, the Group was not contractually committed to any future payments under the construction or launch contracts and so none are included in the capital commitment disclosure provided above. As described in Note 29, subsequent to the year end the Group raised funds totalling $136.3m to complete the funding for HYLAS 4.

27. Related party transactions and directors' emoluments

Transactions with Directors

Details of the Directors' remuneration are set out below in aggregate for each of the categories specified in the Companies Act 2006.

	30 June 2015 $'m	30 June 2014 $'m
Salaries and other short term employee benefits	**2.8**	2.9
Bonus	**1.2**	0.8
	4.0	3.7
Payments into defined contribution schemes	**0.1**	0.1
	4.1	3.8

Pension contributions amounting to $0.1m (2014: $0.1m) were made into personal pension schemes in respect of two (2014: three) of the Directors.

No Non-Executive directors exercised share options in the period.

The emoluments of the highest paid Director totalled $1.2m (2014: $1.1m), made up of:

Total emoluments	30 June 2015 $'m	30 June 2014 $'m
Salaries and other short term employee benefits	**0.7**	0.8
Bonus	**0.5**	0.3
Payments into defined contribution schemes	**–**	–
Total emoluments	**1.2**	1.1

27. Related party transactions and directors' emoluments continued

Transactions with Directors and key management personnel – Group and Company

Details of the remuneration of Directors and key management personnel are set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures".

Key management personnel are considered to be the executive Board, the general counsel, the head of regulatory, and the managing director of the ApTec division.

	Group		Company	
Total emoluments	**30 June 2015 $'m**	30 June 2014 $'m	**30 June 2015 $'m**	30 June 2014 $'m
Salaries and other short term employee benefits	**4.0**	3.9	**0.6**	0.6
Bonus	**1.8**	1.1	**–**	–
Payments into defined contribution schemes	**0.1**	0.1	**–**	–
	5.9	5.1	**0.6**	0.6

Other related party transactions

Subsidiaries

Intra-Group transactions are eliminated on consolidation and are not reported in the Group accounts. The Company charged the following management fees to its subsidiaries:

	30 June 2015 $'m	30 June 2014 $'m
Avanti Communications Limited	**3.1**	1.9
Avanti Broadband Limited	**3.6**	2.9
Avanti Space Limited	**1.3**	1.0
Avanti HYLAS 2 Limited	**1.8**	1.3
	9.8	7.1

The parent Company had the following intercompany balances outstanding at the year end:

	30 June 2015 $'m	30 June 2014 $'m
Avanti Communications Limited	**52.8**	128.0
Avanti Space Limited	**19.6**	7.4
Avanti Broadband Limited	**6.6**	18.4
Avanti HYLAS 2 Limited	**782.4**	526.0
Avanti Communications Infrastructure Limited	**–**	87.5
	861.4	767.3

Intercompany balances are unsecured and repayable on demand.

28. Cash (absorbed by)/generated from operations

	Group 30 June 2015 $'m	Group 30 June 2014 $'m	**Company 30 June 2015 $'m**	Company 30 June 2014 $'m
Loss before taxation	**(73.3)**	(87.7)	**(0.3)**	(1.6)
Interest receivable	**–**	–	**(55.6)**	(29.9)
Interest payable	**37.7**	30.2	**52.3**	28.1
Amortised bond issue costs	**1.8**	1.6	**2.1**	1.6
Foreign exchange loss/(gain)	**1.0**	(0.2)	**(0.5)**	0.2
Depreciation and amortisation of non-current assets	**48.1**	49.8	**–**	–
Provision for doubtful debts	**1.0**	3.3	**–**	–
Loan breakage costs	**–**	6.8	**–**	–
Share based payment expense	**0.7**	0.7	**–**	–
Sale of spectrum rights (Note 2)	**(25.1)**	–	**–**	–
(Increase) in stock	**(0.9)**	(0.3)	**–**	–
Decrease/(increase) in debtors	**1.6**	(9.7)	**(96.0)**	5.5
(Decrease)/increase in trade and other payables	**(2.8)**	(8.0)	**5.0**	5.7
Cash (absorbed by)/generated from operations	**(10.2)**	(13.5)	**(93.0)**	9.6

29. Post balance sheet events

On 21 August 2015, the Group placed $125.0m in Senior Secured Notes due 2019 (the "Notes") under the existing indenture. The Notes were issued at a small discount to the then trading price of Avanti's existing notes at the time of issue and have a coupon of 10%. On the same date, Avanti issued 3,592,781 new Ordinary Shares of 1p each at a price of 200.65p per new Ordinary Share, to raise approximately £7.2m ($11.3m) (net of expenses). The funds raised will be used to complete the construction and launch of HYLAS 4.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company ("AGM") will be held at 9.00am on 24 November 2015 at The Bridewell Suite, Crowne Plaza London – The City, 19 New Bridge Street, London EC4V 6DB for the following purposes:

Ordinary Business

To consider and, if thought fit, to pass the following resolutions, which will be proposed as ordinary resolutions:

1. Report and accounts

To receive the audited annual accounts for the year ended 30 June 2015, together with the reports of the Directors and Auditor therein.

2. Election of Directors

2.1 To elect Charmaine Eggberry as a Director of the Company.
2.2 To elect Andrew Green as a Director of the Company.

3. Re-election of Directors

3.1 To re-elect Paul Walsh as a Director of the Company who retires by rotation in accordance with the Company's Articles of Association.
3.2 To re-elect David Bestwick as a Director of the Company who retires by rotation in accordance with the Company's Articles of Association.
3.3 To re-elect Richard Vos as a Director of the Company who retires by rotation in accordance with the Company's Articles of Association.
3.4 To re-elect Matthew O' Connor as a Director of the Company who retires by rotation in accordance with the Company's Articles of Association.

4. Appointment of Auditor

To re-appoint KPMG LLP as Auditor of the Company.

5. Auditor's remuneration

To authorise the Directors to determine the remuneration of the Auditor.

Special Business

To consider, and if thought fit, to pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution, and resolution 7 will be proposed as a special resolution:

6. Directors' authority to allot shares

That the Directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") (in substitution for all or such existing authorities which are hereby revoked) to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into share of the Company being "relevant securities") at such times and to such person, on such terms and in such manner as they think fit, up to an aggregate nominal amount of £491,321, such authority to expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting, save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if that authority had not expired.

7. Directors' power to issue shares for cash

That, in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, the Directors be and they are hereby empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors conferred by resolution 6 above, and/or where such an allotment constitutes an allotment of equity securities by virtue of section 560(2) of the Act, as if section 561(1) of the Act did not apply to such allotment provided that the power conferred by this resolution shall be limited to:

(a) the allotment of equity securities in connection with an invitation or offer of equity securities to the holders of Ordinary Shares in the capital of the Company (excluding any shares held by the Company as treasury shares (as defined in section 724(5) of the Act)) on a fixed record date in proportion (as nearly as practicable) to their respective holdings of such shares or in accordance with the rights attached to such shares (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or as a result of legal or practical problems under the laws of, or the requirements of, any regulatory body or any stock exchange in any territory or otherwise howsoever); and
(b) the allotment of equity securities pursuant to the exercise of any options granted by the Company at the date of this resolution; and

the allotment, otherwise than pursuant to paragraphs (a) and (b) above, of equity securities up to an aggregate nominal value equal to £147,396 and unless previously renewed, revoked, varied or extended, this power shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if this power had not expired.

By Order of the Board

Patrick Willcocks
Secretary
Registered Office: Cobham House, 20 Black Friars Lane, London EC4V 6EB

Registered Number: 6133927

21 October 2015

NOTES TO NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulation 2001 (as amended), only those members registered in the register of members of the Company at 9.00am on 20 November 2015 (or if the Annual General Meeting is adjourned, 48 hours before the time fixed for the adjourned Annual General Meeting) shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. In each case, changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
2. If you wish to attend the Annual General Meeting in person, you must register in advance. Please complete and return to the Company Secretary your registration card. You will need to register no later than 48 hours in advance and bring identification to the meeting.
3. A member who is entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the Annual General Meeting in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the Annual General Meeting will terminate the proxy appointment. A proxy form is enclosed. The Notes to the proxy form include instructions on how to appoint the Chairman of the Annual General Meeting or another person as proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form.
4. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, by no later than 9.00am on 20 November 2015.
5. The Notes to the proxy form include instructions on how to appoint a proxy by using the CREST proxy appointment service. You may not use any electronic address provided either in this Notice of Annual General Meeting or in any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.
6. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
7. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 3 to 5 above) or of a corporate representative. Members considering the appointment of a corporate representative should check their own legal position, the Company's Articles of Association and the relevant provision of the Companies Act 2006.
8. Copies of the Executive Directors' service contracts with the Company and any of its subsidiary undertakings and letters of appointment of the Non-Executive Directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this notice until the conclusion of the Annual General Meeting and will also be available for inspection at the place of the Annual General Meeting from 9.00am on the day of the Annual General Meeting until its conclusion.

Resolution 1 – Report and accounts

All companies are required by law to lay their annual accounts and reports before a general meeting of the Company, together with the Directors' report and Auditor's report on the accounts. At the Annual General Meeting, the Directors will present these documents to the shareholders for the financial year ended 30 June 2015.

Resolution 2 – Election of Directors

These resolutions concern the election of Charmaine Eggberry and Andrew Green as Directors of the Company. Charmaine Eggberry was appointed by the Board on 27 November 2014 as a Non-Executive Director. Andrew Green was appointed by the Board on 27 November 2014 as a Non-Executive Director. Charmaine Eggberry and Andrew Green are required by the Company's Articles of Association to offer themselves for election at the Annual General Meeting following their appointment. Charmaine Eggberry's biography is set out on page 17. Andrew Green's biography is set out on page 17.

Resolution 3 – Re-election of Directors

These resolutions concern the re-appointment of Paul Walsh, David Bestwick, Richard Vos and Matthew O'Connor who are retiring at the meeting by rotation in accordance with the Company's Articles of Association.

Resolution 4 – Appointment of Auditor

This resolution concerns the re-appointment of KPMG LLP as Auditor until the conclusion of the next general meeting at which accounts are laid, that is the next Annual General Meeting.

Resolution 5 – Auditor's remuneration

This resolution authorises the Directors to fix the Auditor's remuneration.

Resolution 6 – Directors' authority to allot shares

This resolution grants the Directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate value of £491,321, representing approximately 33.33% of the nominal value of the issued Ordinary Share capital as at 20 October 2015, being the latest practicable date before publication of this notice. The Directors do not have any present intention of exercising the authorities conferred by this resolution but they consider it desirable that the specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or the date falling 18 months from the passing of this resolution, whichever is the earlier.

Resolution 7 – Directors' power to issue shares for cash

This resolution authorises the Directors in certain circumstances to allot equity shares for cash other than in accordance with the statutory pre-emption rights (which require the Company to offer all allotments for cash first to existing shareholders in proportion to their holdings). The relevant circumstances are either where the allotment takes place in connection with a rights issue or the allotment is limited to a maximum nominal amount of £147,396 representing approximately 10% of the nominal value of the issued Ordinary Share capital of the Company as at 20 October 2015, being the latest practicable before publication of this notice. Unless revoked, varied or extended, this authority will expire at the conclusion of the next Annual General Meeting of the Company or 18 months after the passing of the resolution, whichever is the earlier. The Directors consider that the power proposed to be granted by resolution 7 is necessary to retain flexibility, although they do not have any intention at the present time of exercising such power.

FURTHER NOTES TO THE ANNUAL GENERAL MEETING

Introduction
After his opening remarks, the Chairman will explain in detail the procedures for the conduct of the meeting, particularly for asking questions. The resolutions which are set out in the Notice of Meeting will then be put to the meeting.

How to ask questions
At the meeting, shareholders will be given the opportunity to ask questions. Please explain the nature of your question and give your name and address. You may be asked to wait until called upon to speak. Please remember to state your name before asking your question.

Time
The doors will open at 8.30am and the meeting will start promptly at 9.00am.

Cameras, tape recorders etc.
No cameras, video recorders, tape recorders or mobile phones will be allowed into the meeting.

Registration
You must register in advance to attend the meeting. Please complete and return to the Company Secretary your registration card. You will need to register no later than 48 hours in advance and bring identification to the meeting.

Important
If you have questions about the meeting, or if you need any assistance, please telephone Laura Holmes at Avanti Communications Group plc on 0207 749 1600 during normal working hours.

Analysis of shareholders

Range of holdings	Number of shares	Number of shareholders
Less than 10,000	3,054,202	1,491
10,001 – 20,000	949,266	66
20,001 – 50,000	1,817,711	58
50,001 – 100,000	1,992,121	30
100,001 – 150,000	2,418,614	19
150,001 – 300,000	4,168,823	18
300,001 – 500,000	6,691,545	17
500,001 – 1,000,000	8,160,363	11
1,000,000 +	116,143,705	20

Financial calendar
- **November 2015:** Annual General Meeting
- **February 2016:** Interim results for the six months ended 31 December 2015
- **September 2016:** Preliminary results for the year ended 30 June 2016

Annual General Meeting
The Annual General Meeting will be held at The Bridewell Suite, Crowne Plaza London – The City, 19 New Bridge Street, London EC4V 6DB.

Details of the resolutions to be proposed at the Annual General Meeting are contained in the Notice of Annual General Meeting on page 73.

Dividend
The Directors have not recommended the payment of a dividend for the year ended 30 June 2015.

Listing
Ordinary Shares of Avanti Communications Group plc are traded on AIM.

The share price is available from the Avanti website at www.avantiplc.com and in The Financial Times and The Times.

Registrars
All administrative enquiries relating to shareholdings should be directed to The Registrar, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

Avanti's services
Information about Avanti's services can be found at www.avantiplc.com.

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FORM OF PROXY

for Avanti Communications Group plc
(incorporated and registered in England and Wales under number 6133927)

Proxy form for use at the Annual General Meeting of Avanti Communications Group plc (the "Company") to be held at The Bridewell Suite, Crowne Plaza London – The City, 19 New Bridge Street, London EC4V 6DB on 24 November 2015 at 9.00am ("AGM" or "Meeting").

I/We

of

I/We

being a member/members of the Company entitled to receive notice, attend and vote at general meetings of the Company, hereby appoint the Chairman of the Meeting (Note 1)

I/We

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the AGM and at any adjournment thereof in relation to the resolutions specified in the Notice of AGM dated 21 October 2015 (the "Resolutions" and the "Notice" respectively) and any other business (including adjournments and amendments to the Resolutions) which may properly come before the Meeting or any adjournment thereof.

I/We direct my/our proxy to vote as follows in respect of the Resolutions (Note 2):

Ordinary Business	**For**	**Against**	**Vote withheld (Note 2)**
1. To receive the report and accounts for the year ended 30 June 2015 (ordinary resolution)	☐	☐	☐
2.1 To elect Charmaine Eggberry as a Director (ordinary resolution)	☐	☐	☐
2.2 To elect Andrew Green as a Director (ordinary resolution)	☐	☐	☐
3.1 To re-elect Paul Walsh as a Director (ordinary resolution)	☐	☐	☐
3.2 To re-elect David Bestwick as a Director (ordinary resolution)	☐	☐	☐
3.3 To re-elect Richard Vos as a Director (ordinary resolution)	☐	☐	☐
3.4 To re-elect Matthew O'Connor as a Director (ordinary resolution)	☐	☐	☐
4. To re-appoint KPMG LLP as Auditor (ordinary resolution)	☐	☐	☐
5. To authorise the Directors to fix the remuneration of the Auditor (ordinary resolution)	☐	☐	☐
Special Business			
6. To authorise the Directors to allot relevant securities (ordinary resolution)	☐	☐	☐
7. To enable the Directors to allot shares for cash without first offering them to existing shareholders (special resolution)	☐	☐	☐

(Note 3) Number of shares in relation to which proxy is authorised to act:

☐ This proxy appointment is one of a multiple proxy appointment (Note 4)

☐ This proxy appointment is signed on behalf of the member under power of attorney or other authority (Notes 5 and 6)

Signed

Dated

FORM OF PROXY NOTES

1. A member who is entitled to attend, speak and vote may appoint a proxy to attend, speak and vote instead of him. A proxy need not be a member of the Company but must attend the AGM in order to represent you. A member wishing to appoint someone other than the Chairman of the Meeting as his or her proxy should insert that person's name in the space provided in substitution for the reference to "the Chairman of the Meeting" (and delete that reference) and initial the alteration.

2. Please indicate by inserting an "X" in the appropriate box how you wish your vote to be cast on the Resolutions. Your proxy must vote in accordance with any instructions given by you. If you mark the box "Vote withheld" it will mean that your proxy will abstain from voting. A "Vote withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution. If you fail to select any of the given options, the proxy can vote as he or she chooses or can decide not to vote at all.

3. If the proxy is being appointed in relation to less than your full voting entitlement, please indicate on the line provided the number of shares in relation to which that person is authorised to act as your proxy. If left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement or, if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account.

4. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A separate proxy form must be deposited for each proxy appointed. Further copies of this form may be obtained from Neville Registrars Limited between 9.00am and 5.00pm (London time) Monday to Friday on 0121 585 1131 from within the UK or +44 121 585 1131 if calling from outside the UK, or you may photocopy this form. If you appoint multiple proxies please indicate on the line provided the number of shares in relation to which the person named on this form is authorised to act as your proxy, and also indicate by ticking the box provided that the proxy instruction is one of multiple instructions being given. All forms must be signed and returned to Neville Registrars Limited, the Company's registrars, at the address below, together in the same envelope. Where multiple proxies are appointed, failure to specify the number of shares to which this proxy appointment relates, or specifying a number which exceeds the number held by the member when totalled with the number specified on other proxy appointments by the same member, will render all the appointments invalid.

5. To be valid, this proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, must be received by post or (during normal business hours only) by hand at the offices of the Company's registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA by 9.00am on 20 November 2015. Alternatively, a member may appoint a proxy or proxies by using the CREST proxy appointment service, by following the procedure set out in Note 11 below. You can only appoint a proxy using the procedures set out in these Notes and in the Notes to the Notice.

6. An individual member or his attorney must sign this form. If the member is a company, this proxy form must be executed under the company's common seal or signed on the company's behalf by a duly authorised officer or attorney of the company, stating their capacity (e.g. director, secretary).

7. The appointment of a proxy will not preclude a member from attending the Meeting and voting in person. If the member appointing the proxy does so attend and vote, any proxy appointment will terminate automatically.

8. In the case of joint holders, the proxy appointment of the most senior holder will be accepted to the exclusion of any appointments by the other joint holders. For this purpose, seniority is determined by the order in which the names are stated in the register of members of the Company in respect of the joint holding.

9. A member wishing to change his or her proxy instructions should submit a new proxy appointment using the methods set out, and by the time limit specified, in Note 5. Any changes to proxy instructions received after that time will be disregarded. A member who requires another form should contact Neville Registrars Limited between 9.00am and 5.00pm (London time) Monday to Friday on 0121 585 1131 from within the UK or +44 121 585 1131 if calling from outside the UK. Subject to Note 4, if a member submits more than one valid proxy appointment, the appointment received last before the time limit in Note 5 will take precedence.

10. A member wishing to revoke his or her proxy appointment should do so by sending a notice to that effect to the Company's registrars to the address set out in Note 5 or electronically by means of the facilities described in Note 11 below. The revocation notice must be received by Neville Registrars Limited by the time limit set out in Note 5. Any revocation notice received after this time will not have effect.

11. CREST members who wish to appoint a proxy or proxies through the CREST proxy appointment service may do so for the Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

    In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it relates to the appointment of a proxy, the revocation of a proxy appointment or to an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Neville Registrars Limited (ID 7RA11) by the latest time(s) for receipt of proxy appointments specified in Note 5 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

    CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual (available at www.euroclear.com/CREST) concerning practical limitations of the CREST system and timings.

    The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

NOTES

NOTES

OFFICERS AND PROFESSIONAL ADVISORS

Directors
Paul Walsh
Chairman

David Williams
Chief Executive

David Bestwick
Technical Director

Nigel Fox
Group Finance Director

Matthew O'Connor
Chief Operating Officer

John Brackenbury CBE
Non-Executive Director

Professor Michael Walker OBE
Non-Executive Director

Richard Vos
Non-Executive Director

Paul Johnson
Non-Executive Director

Charmaine Eggberry
Non-Executive Director

Andy Green
Non-Executive Director

Secretary
Patrick Willcocks

Registered Office
Cobham House
20 Black Friars Lane
London
EC4V 6EB

Company Number
6133927

Bankers
HSBC Bank Plc
70 Pall Mall
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Solicitors
Osborne Clarke
1 London Wall
London
EC2Y 5EB

Registered Auditor
KPMG LLP
15 Canada Square
London
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