

Avanti Communications Group plc

Interim Report for the 6 months ended 31 December 2008

Avanti Communications Group Plc, the satellite operator, announces its Interim Results for the six months ended 31 December 2008.

Key points

- High demand for Satellite Broadband in Europe
- UK and EU Governments considering satellite broadband for Universal Service
- Significant new contract wins, with strong pipeline
- Excellent progress in contracting wholesale partners in Europe
- Strategic partnership with BT and £1.5 million funding from South West Regional Development Agency

Financial highlights

Turnover of £3.2m (2007: £2.5m), up 28%

Operating loss of £1.0m (2007: loss £0.7m)

Foreign Exchange gains of £4.6m from hedging activities

Profit before tax of £2.8m (2007: loss £0.4m)

Basic earnings per share of 7.10 pence (2007: loss of 1.12p)

HYLAS is fully funded

Commenting on the results, John Brackenbury CBE, Chairman said:

"I am pleased to present our results for the six month period ended 31 December 2008, showing a basic profit per share of 7.10p, and to be able to report further good progress in the development of Avanti's business.

"We have been building a subscriber base with rented satellite capacity very successfully during the past year. We have now recruited 28 wholesale customers around Europe who will sell to end users, own the accounts and provide service. We have also won several regional government projects whereby government funds the cost of installing a fixed number of rural customers. We expect many more of these projects to proceed in Europe during 2009. The launch of HYLAS is expected in the last quarter of the calendar year 2009, so excitement at Avanti has grown as we move into our launch year.

"Our results were positively impacted by exchange gains this year. We were prudent in 2007 in buying caps to hedge against downside on currency exposures but we retained exposure to upside, which has favoured us. As a business with revenues mainly in Euros, sterling's current rate will continue to benefit us and we have hedged accordingly.

"National and European government agencies have recently announced dramatically increased investment to ensure Universal Broadband Access and this was advanced in the publication last week of the Digital Britain Report. Lord Carter has acknowledged that Avanti's satellite broadband services will be considered as part of the solution to the challenge of delivering the Digital Britain Universal Service target of 2Mb broadband to all homes in the UK. The European Commission announced on 28 January a new source of funding to help the 30% of EU homes that have no access to high speed Internet. As Europe's first broadband satellite operator and given our existing lead in the rural broadband market, Avanti is working closely with national and European agencies on these projects. We expect to benefit strongly from these government initiatives.

"The outlook for our business is therefore very positive."

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Notes to Editors:

About Avanti Communications

Avanti Communications Group plc is the only Fixed Satellite Services operator headquartered in the UK (and one of only eight such groups operating in Europe);

Avanti sells wholesale satellite broadband services to telecoms companies which supply customers in consumer, enterprise and institutional markets.

- Avanti's first satellite, called HYLAS is under construction and due for launch in 2009. It will be the first broadband satellite launched in Europe.
- Avanti, which has more than 10 years' experience in the satellite industry, currently provides satellite broadband services to customers in Europe using leased satellite capacity which it will transfer to HYLAS on launch.
- The European Commission has set aside funding for rural broadband projects regions across Europe with a total value of €2.8 billion over the next five years and the British government is expected to intervene to ensure that Universal Broadband Internet Access is available at 2Mb in the UK.
- The European Commission has set aside funding for rural broadband projects in 79 regions across Europe with a total value of €1.8 billion over the next five years.