INMARSAT GROUP LIMITED

CONDENSED CONSOLIDATED FINANCIAL RESULTS
For the three months ended 31 March 2012
(unaudited)

Forward-Looking Statements

This document contains forward-looking statements. These forward-looking statements include all matters that are not historical facts. Statements containing the words "believe", "expect", "intend", "may", "estimate" or, in each case, their negative and words of similar meaning are forward-looking.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group's actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group's financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important facts that could cause the Group's actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from current expectations include those risk factors disclosed in the Group's Annual Report for the year ended 31 December 2011, which can be accessed via our website at www.inmarsat.com.

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

Non-IFRS Measures

In addition to International Financial Reporting Standards ("IFRS") measures, we use a number of non-IFRS measures in order to provide readers with a better understanding of the underlying performance of our business, and to improve comparability of our results for the periods concerned. Where such non-IFRS measures are given, this is clearly indicated and the comparable IFRS measure is also given.

Net Borrowings

Net Borrowings is defined as total borrowings less cash at bank and in hand less short-term deposits with an original maturity of less than three months. We use Net Borrowings as a part of our internal debt analysis. We believe that Net Borrowings is a useful measure as it indicates the level of borrowings after taking account of the financial assets within our business that could be utilised to pay down the outstanding borrowings. In addition the Net Borrowings balance provides an indication of the Net Borrowings on which we are required to pay interest.

Free cash flow

We define free cash flow ("FCF") as cash generated from operations less capital expenditure (including own work capitalised), net interest and cash tax payments. Other companies may define FCF differently and, as a result, our measure of FCF may not be directly comparable to the FCF of other companies.

FCF is a supplemental measure of our performance and liquidity under IFRS that is not required by, or presented in accordance with IFRS. Furthermore, FCF is not a measurement of our performance or liquidity under IFRS and should not be considered as an alternative to profit for the period and operating profit as a measure of our performance and net cash generated from operating activities as a measure of our liquidity, or any other performance measures derived in accordance with IFRS.

We believe FCF is an important financial measure for use in evaluating our financial performance and liquidity, which measures our ability to generate additional cash from our business operations. We believe it is important to view FCF as a measure that provides supplemental information to our entire statement of cash flows.

EBITDA

We define EBITDA as profit before interest, taxation, depreciation and amortisation and share of results of associates. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to the EBITDA of other companies.

EBITDA and the related ratios are supplemental measures of our performance and liquidity under IFRS that are not required by, or presented in accordance with IFRS. Furthermore, EBITDA is not a measurement of our financial performance under IFRS and should not be considered as an alternative to profit for the period, operating profit or any other performance measures derived in accordance with IFRS.

We believe EBITDA among other measures facilitates operating performance comparisons from period to period and management decision-making. It also facilitates operating performance comparisons from company to company. EBITDA eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortisation of tangible and intangible assets (affecting relative depreciation and amortisation expense). We also present EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating similar issuers, the vast majority of which present EBITDA when reporting their results.

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Operating and Financial Review

The following is a discussion of the unaudited consolidated results of operations and financial condition of Inmarsat Group Limited (the "Company" or together with its subsidiaries, the "Group") for the three months ended 31 March 2012. Inmarsat Group Limited is a wholly-owned indirect subsidiary of Inmarsat plc, a company incorporated in the United Kingdom and listed on the London Stock Exchange. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Overview

Inmarsat is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide, with over 30 years of experience in designing, launching and operating an L-band satellite-based network. With an in-orbit fleet of 10 owned and operated geostationary satellites, our Inmarsat Global business provides a comprehensive portfolio of wholesale global mobile satellite communications services for use on land, at sea and in the air. These include voice and broadband data services, which support safety communications, as well as standard office applications such as email, internet, secure VPN access and video conferencing. Our Inmarsat Solutions business, comprising our direct and indirect distribution businesses, offers a broad portfolio of remote telecommunications solutions to end-user customers, offering services over the mobile and fixed satellite systems of a number of the leading global and regional satellite system operators, predominantly the Inmarsat satellite system, and through owned and operated microwave and satellite telecommunications facilities.

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

The Group's revenues for the three months ended 31 March 2012 were US$354.8m (2011: US$323.9m), EBITDA was US$205.3m (2011: US$204.1m) and operating profit was US$144.6m (2011: US$144.6m). The results of the Group's operations are reported in U.S. dollars as the majority of our revenues and borrowings are denominated in U.S. dollars.

Vertical market reorganisation

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

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

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

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

LightSquared Cooperation Agreement

In December 2007, Inmarsat and LiqhtSquared entered into a Cooperation Agreement for the efficient use of L-band spectrum over North America. Under the Cooperation Agreement, LightSquared had been making a series of scheduled payments to Inmarsat in line the phases of the agreement.

On 17 August 2010, LightSquared triggered Phase 1 of the Cooperation Agreement under which the Group has received US$118.8m for transitioning to a modified spectrum plan ("Phase 1 transition"). In addition, Inmarsat has received US$250m towards the costs that the Group expects to incur on network and terminal modifications required in the event that LightSquared deploy their planned ATC 4G network.

On 28 January 2011, we received notice from LightSquared triggering the commencement of transition to Phase 2 of the Cooperation Agreement. Under Phase 2, we began a phased transition to a further spectrum plan that would increase the total spectrum capacity available to LightSquared for ATC services in North America. In return, until 31 March 2012, we were receiving payments of US$115m per annum, increasing at a rate of 3% annually, with effect from 28 January 2011.

In April 2011, we agreed with LightSquared to make certain amendments to the Cooperation Agreement. We refer to the terms of this amendment as Phase 1.5 and in connection with this agreement we received a payment of US$40m on 29 April 2011.

On 20 February 2012, we announced that we had entered into discussions with LightSquared regarding the future of the Cooperation Agreement following certain regulatory developments in the United States and the non-payment by LightSquared of US$56.25m due under Phase 1. On 3 April 2012, while our discussions with LightSquared were continuing, we announced certain other non-payment events, including the non-payment of US$29.6m due under Phase 2.

Subsequently, on 20 April 2012, we announced an agreement with LightSquared to amend certain terms of the Cooperation Agreement. In connection with the amended terms, LightSquared made a payment to Inmarsat of US$56.25m, being the formerly overdue payment under Phase 1. Under the terms of the amendment, we renegotiated and agreed to suspend Phase 2 of the Cooperation Agreement until 31 March 2014. LightSquared may, at its option, elect to restart Phase 2 prior to this date. During the period of suspension LightSquared will not be required to make any Phase 2 payments to us, including the formerly overdue payment of US$29.6m which was due 31 March 2012. Phase 1.5 of the Cooperation Agreement has also been renegotiated within the scope of this amendment and is no longer operative.

On 1 April 2014, or an earlier date as elected by LightSquared, Phase 2 payments will recommence from that date based on a restructured payment plan that will differ from the previous Phase 2 payments and be dependent on certain future outcomes with regard to deployment of the LightSquared ATC network.

As a result of the 20 April 2012 amendment, LightSquared will not be required to make any further payments to us in 2012 or before 1 April 2014, unless prior to such date LightSquared obtains certain Federal Communications Commission ("FCC") consents, in which case LightSquared will be required to recommence Phase 2 payments within 6 months of the FCC decision. The amended terms of the Cooperation Agreement are designed to allow LightSquared additional time to secure regulatory consents that may ultimately lead to the deployment of its ATC network in North America.

As at 8 May 2012, LightSquared has made payments in respect of all the phases of the Cooperation Agreement totalling US$546.4m, of which US$29.6m was received during the three months ended 31 March 2012 and US$56.25m in April 2012. We have, thus far, recognised US$272.6m of revenue and US$15.3m of operating costs under all the phases of the Cooperation Agreement. At 31 March 2012, we had recorded US$273.8m of deferred income, within trade and other payables and a US$56.25m receivable, within trade and other receivables, on the Balance Sheet.

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

(US$ in millions)	Three months ended 31 March 2012	2011
Revenue	51.3	36.6
Net operating costs	(3.7)	(1.7)
EBITDA	**47.6**	**34.9**
Income tax expense	(11.7)	(9.2)
Profit for the year	**35.9**	**25.7**

To date, under Phase 1, LightSquared has made payments to us totalling US$368.7m, including a payment of US$56.25m received on 20 April 2012. We are accounting for the Phase 1 payments using the percentage of completion method. We have recognised US$20.9m of revenue and US$2.9m of operating costs during the three months ended 31 March 2012 (2011: US$16.5m and US$1.7m, respectively).

Under the original Phase 2, LightSquared has made payments to us totalling US$137.7m. Revenue has been recognised on a straight-line basis over the period from commencement of the original Phase 2. We have recognised US$29.6m of revenue during the three months ended 31 March 2012 (2011: US$20.1m). We do not expect to recognise any further revenue under Phase 2 of the Cooperation Agreement until such time as Phase 2 recommences.

In respect of the US$40m payment under the previous Phase 1.5, we have recognised US$0.8m of revenue and US$0.8m of operating costs during the three months ended 31 March 2012 (2011: US$nil and US$nil, respectively). We are accounting for the previous Phase 1.5 payments using the percentage of completion method.

Acquisition of NewWave Broadband Limited

Following on from our acquisition of Ship Equip in April 2011, on 13 January 2012, we acquired 100% of the outstanding shares of NewWave Broadband Limited ("NewWave") for a total cash consideration of US$9m, financed from available liquidity. NewWave sources and manages satellite capacity for Ship Equip, as well as providing maintenance and upgrade services for the associated network hub. The operations of NewWave will be integrated within our Inmarsat Solutions business.

Global Xpress Programme Update

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

In March 2012, we completed the placement of launch and in-orbit insurance covering the launch and the first year in orbit of our Alphasat and Inmarsat-5 satellites. We have also obtained a level of in-orbit insurance for our Alphasat and Inmarsat-5 satellites for a further four years.

On 30 March 2012, we announced the signing of a Memorandum of Understanding with Imtech Marine to become the first Value Added Reseller of Global Xpress. Inmarsat will make XpressLink available to Imtech Marine to offer a bridge to Global Xpress with a bundled package of Ku-band VSAT and L-band FleetBroadband.

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

Inmarsat Global Services

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

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

Inmarsat Solutions Services

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

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

On 23 April 2012, we announced the first appointments for our global network of XpressLink dealers. Twelve of the world's most-respected maritime communications specialists have been approved to sell XpressLink, providing access to shipping fleets worldwide through sales teams based in North America, Europe, Middle East and Asia.

Financing

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

Dividends

A final dividend in respect of 2011 of US$50m was approved by the directors on 8 May 2012 to be paid to Inmarsat Holdings Limited (the parent company). Inmarsat plc intends to use the proceeds of the dividend it receives principally to fund a previously announced dividend to holders of its ordinary shares.

Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat Group Limited for the three months ended 31 March 2012. We report two operating segments, Inmarsat Global and Inmarsat Solutions. The Inmarsat Solutions segment includes the operations of formerly acquired businesses; Stratos, Segovia, Ship Equip (acquired on 28 April 2011) and NewWave Broadband Limited (acquired on 13 January 2012). The table below sets out the results of the Group for the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Revenue	**354.8**	**323.9**	**9.5%**
Employee benefit costs	(54.1)	(46.8)	15.6%
Network and satellite operations costs	(67.4)	(51.3)	31.4%
Other operating costs	(33.8)	(26.3)	28.5%
Own work capitalised	5.8	4.6	26.1%
Total net operating costs	**(149.5)**	**(119.8)**	**24.8%**
EBITDA	**205.3**	**204.1**	**0.6%**
Depreciation and amortisation	(61.1)	(59.8)	2.2%
Share of results of associates	0.4	0.3	33.3%
Operating profit	**144.6**	**144.6**	–
Interest receivable and similar income	0.4	0.6	(33.3%)
Interest payable and similar charges	(12.0)	(20.4)	(41.2%)
Net interest payable	(11.6)	(19.8)	(41.4%)
Profit before income tax	**133.0**	**124.8**	**6.6%**
Income tax expense	(29.0)	(32.8)	(11.6%)
Profit for the period	**104.0**	**92.0**	**13.0%**

Revenues

Total Group revenues for the three months ended 31 March 2012 increased by 9.5% compared with the three months ended 31 March 2011. The table below sets out the components, by segment, of the Group's total revenue for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011	Increase
Inmarsat Global	236.9	222.8	6.3%
Inmarsat Solutions	190.8	176.1	8.3%
	427.7	398.9	7.2%
Intercompany eliminations and adjustments	(72.9)	(75.0)	
Total revenue	**354.8**	**323.9**	**9.5%**

Net operating costs

Total Group net operating costs for the three months ended 31 March 2012 increased by 25%, compared with the three months ended 31 March 2011. The table below sets out the components, by segment, of the Group's net operating costs for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011	Increase
Inmarsat Global	57.7	52.4	10.1%
Inmarsat Solutions	165.3	142.8	15.8%
	223.0	195.2	14.2%
Intercompany eliminations and adjustments	(73.5)	(75.4)	
Total net operating costs	**149.5**	**119.8**	**24.8%**

EBITDA

Group EBITDA for the three months ended 31 March 2012 increased by 0.6% compared with the three months ended 31 March 2011, primarily as a result of the inclusion of the results of Ship Equip (acquired on 28 April 2011) and additional revenue from our Cooperation Agreement with LightSquared, partially offset by increased operating costs. EBITDA margin has decreased to 57.9% for the three months ended 31 March 2012, compared with 63.0% for the three months ended 31 March 2011. Set forth below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Profit for the period	104.0	92.0	13.0%
Add back:			
Income tax expense	29.0	32.8	(11.6%)
Net interest payable	11.6	19.8	(41.4%)
Depreciation and amortisation	61.1	59.8	2.2%
Share of results of associates	(0.4)	(0.3)	33.3%
EBITDA	**205.3**	**204.1**	**0.6%**
EBITDA margin %	***57.9%***	***63.0%***	

Depreciation and amortisation

The increase in depreciation and amortisation of US$1.3m for the three months ended 31 March 2012 is due to the inclusion of depreciation on the assets acquired through the purchase of Ship Equip and additional depreciation on additions to tangible fixed assets in our Inmarsat Solutions segment. Partially offsetting the increase is a reduction in depreciation due to the Inmarsat-3 satellites becoming fully depreciated.

Operating profit

As a result of the factors discussed above, operating profit during the three months ended 31 March 2012 was US$144.6m, which is in line with operating profit in the same period in 2011.

Interest

Net interest payable for the three months ended 31 March 2012 was US$11.6m, a decrease of US$8.2m, or 41%, compared with the three months ended 31 March 2011.

Interest payable for the three months ended 31 March 2012 was US$12.0m, a decrease of US$8.4m, or 41%, compared with the three months ended 31 March 2011. The decrease in the three months ended 31 March 2012 is predominantly due to interest of US$10.7m which was capitalised as borrowing costs attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, compared with US$4.2m capitalised in the three months ended 31 March 2011. In addition, in the three months ended 31 March 2011, we recorded US$1.4m of interest in respect of unwinding of the discount we applied to the Segovia acquisition deferred consideration compared with US$nil in the three months ended 31 March 2012.

Interest receivable for the three months ended 31 March 2012 was US$0.4m compared to US$0.6m for the three months ended 31 March 2011.

Profit before tax
For the three months ended 31 March 2012, profit before tax was US$133.0m, an increase of US$8.2m, or 6.6% compared with the three months ended 31 March 2011. The increase is due primarily to increased revenues as a result of our Cooperation Agreement with LightSquared and decreased net interest payable, during the three months ended 31 March 2012. The increase is partially offset by increased Group operating costs and increased depreciation and amortisation, during the three months ended 31 March 2012.

Income tax expense
The tax charge for the three months ended 31 March 2012 was US$29.0m, a decrease of US$3.8m, or 11.6%, compared with the three months ended 31 March 2011. The decrease in the tax charge is largely driven by the change in the UK rate of corporation tax from 26% in 2011 to 24% with effect from 1 April 2012, which has given rise to a one-off tax credit of US$2.5m on the revaluation of UK deferred tax liabilities, together with an additional US$1.2m of current year tax benefits. This was partially offset by the underlying increase in profits for the three months ended 31 March 2012.

The effective tax rate for the three months ended 31 March 2012 was 21.8% compared to 26.3% for the three months ended 31 March 2011. The decrease in effective tax rate is primarily due to the items identified above. While the reduction of the UK main rate of corporation tax from 26% to 24% did not become effective until 1 April 2012, this has the effect of lowering the average UK statutory tax rate for 2012 and therefore the rate upon which the three months ended 31 March 2012 tax charge is based, to 24.5%.

Profit for the period
As a result of the factors discussed above, profit for the three months ended 31 March 2012 was US$104.0m, an increase of US$12.0m, or 13.0%, compared with the three months ended 31 March 2011.

Inmarsat Global Results

Revenues

During the three months ended 31 March 2012, revenues from Inmarsat Global were US$236.9m, an increase of US$14.1m, or 6.3%, compared with the three months ended 31 March 2011. MSS revenues decreased by US$2.6m, or 1.4%, period on period. Our FleetBroadband, SwiftBroadband and GSPS services have shown solid growth in revenue during the three months ended 31 March 2012 compared to the same period in 2011. This growth has been impacted by the decline in revenue from our BGAN and GAN services due to reduced traffic levels from Afghanistan and a decline in maritime voice revenues due to the impact of product mix changes and the substitution of voice usage for email and Voice Over IP. In addition, we experienced a decline in revenues from our older services such as Inmarsat B, Mini M, Fleet, GAN and Swift 64, period on period. The table below sets out the components of Inmarsat Global's revenue for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Revenues			
Maritime sector:			
Voice services	21.4	24.0	(10.8%)
Data services	74.0	65.0	13.8%
Total maritime sector	**95.4**	**89.0**	**7.2%**
Land mobile sector:			
Voice services	2.6	1.5	73.3%
Data services	30.6	38.9	(21.3%)
Total land mobile sector	**33.2**	**40.4**	**(17.8%)**
Aviation sector	24.0	23.8	0.8%
Leasing	25.4	27.4	(7.3%)
Total MSS revenue	**178.0**	**180.6**	**(1.4%)**
Other income (including LightSquared)	58.9	42.2	39.6%
Total revenue	**236.9**	**222.8**	**6.3%**

Total active terminal numbers as at 31 March 2012 increased by 10.4%, compared with 31 March 2011. The table below sets out the active terminals by sector for each of the periods indicated:

(000's)	As at 31 March 2012	2011	Increase
Active terminals[(a)]			
Maritime	186.7	183.3	1.9%
Land mobile	124.6	98.6	26.4%
Aviation	13.9	12.6	10.3%
Total active terminals	**325.2**	**294.5**	**10.4%**

(a) Active terminals are the number of subscribers or terminals that have been used to access commercial services (except certain handheld terminals) at any time during the preceding twelve-month period and registered at 31 March. Active terminals also include the average number of certain handheld terminals active on a daily basis during the period. Active terminals exclude terminals (Inmarsat D+, IsatM2M, IsatData Pro and BGAN M2M) used to access our M2M or telemetry services. At 31 March 2012, we had 227,759 (2011: 221,053) M2M terminals.

The growth of active terminals in the maritime sector is due to our FleetBroadband service, where we have seen active terminal numbers grow by 47% period over period. This growth has been partially offset by the decline in active terminals of older services such as Inmarsat B and Fleet. The growth of active terminals in the land mobile sector is due to our IsatPhone Pro service, which was introduced at the end of June 2010. In the aviation sector, we have seen growth in SwiftBroadband active terminals of 69% period over period, partially offset by the decline in older aviation services such as Swift 64.

Maritime Sector. During the three months ended 31 March 2012, revenues from the maritime sector were US$95.4m, an increase of US$6.4m, or 7.2%, compared with the three months ended 31 March 2011.

Revenues from data services in the maritime sector during the three months ended 31 March 2012 were US$74.0m, an increase of US$9.0m, or 13.8%, compared with the three months ended 31 March 2011. Revenues for the three months ended 31 March 2012 grew on an underlying basis compared to the same period in the prior year, however a substantial portion of the increase was due to the removal of the volume discount scheme and other pricing changes, as well as some initial migration from leasing. Although our revenues continue to be impacted by customer migration to our FleetBroadband service, we have seen strong terminal activations and solid average revenue per user ("ARPU"). Customer migration has constrained our rate of revenue growth as the price of services using FleetBroadband is typically less than the price of equivalent services on the terminals being replaced. We continue to experience increased usage with FleetBroadband by maritime customers and we believe this trend will offset the revenue impact of service migration during 2012. We believe that the challenging economic and competitive environment for the shipping industry continues to impact our rate of revenue growth and we have experienced increased competition from VSAT offerings since the announcement of our Global Xpress service.

Revenue from our Inmarsat B service continues to decline due to the natural run-off and migration of this mature service. Active Inmarsat B terminal numbers are reducing due to older ships being decommissioned or re-fitted with FleetBroadband terminals. In addition, there was a decrease in revenues from our Fleet, Mini M and Inmarsat C services, as many of these customers transitioned to our FleetBroadband service.

Revenues from voice services in the maritime sector during the three months ended 31 March 2012 were US$21.4m, a decrease of US$2.6m or 10.8% compared with the three months ended 31 March 2011. We have continued to see voice revenues being negatively impacted by product mix changes as users transition from our older services to our newer FleetBroadband service where the price of voice services is lower and also by the substitution effect of voice usage moving to email and Voice Over IP, which we record as data revenues. In addition, to encourage higher usage, on 1 April 2011 we introduced new lower voice pricing for FleetBroadband customers. We continue to believe that the current economic environment for the shipping industry and increased competition are also factors impacting our voice revenues in the maritime sector.

Land Mobile Sector. During the three months ended 31 March 2012, revenues from the land mobile sector were US$33.2m, a decrease of US$7.2m, or 17.8%, compared with the three months ended 31 March 2011.

Revenues from data services in the land mobile sector during the three months ended 31 March 2012 were US$30.6m, a decrease of US$8.3m, or 21%, compared with the three months ended 31 March 2011. This decline in revenues is due to the combination of troop withdrawals from Afghanistan and the inclusion of event revenue in 2011, the combined impact of which is to reduce revenues by an estimated US$9.5m. Although we continue to see new growth in BGAN usage from new subscribers, this growth will be unlikely to fully offset these declines due to reduced revenue from Afghanistan following reduced military activity and gradual troop withdrawal programmes.

Revenues from voice services in the land mobile sector during the three months ended 31 March 2012 were US$2.6m, an increase of US$1.1m, or 73%, compared with the three months ended 31 March 2011. The increase is due to growth in revenues from our IsatPhone Pro service, which was launched in 2010 to readdress the voice opportunity. While we remain encouraged by the strength of sales of our IsatPhone Pro terminals, traffic and revenue growth has developed more slowly than anticipated. Offsetting the revenues from our IsatPhone Pro service, we continue to experience declining voice traffic volumes resulting from competition, principally for our Mini M and BGAN services, from other MSS operators.

Aviation Sector**.** During the three months ended 31 March 2012, revenues from the aviation sector were US$24.0m, an increase of US$0.2m, or 0.8%, compared with the three months ended 31 March 2011. We have seen strong growth in revenues from our SwiftBroadband service, period over period. However, this increase has been partially offset by a decline in Swift 64 revenues, due to certain government customers switching to other contracted underutilised leases.

Leasing. During the three months ended 31 March 2012, revenues from leasing were US$25.4m, a decrease of US$2.0m, or 7.3%, compared with the three months ended 31 March 2011. The decrease is predominantly due to the reduction of revenue from certain maritime contracts.

Other income**.** Other income for the three months ended 31 March 2012 was US$58.9m, an increase of US$16.7m, compared with the three months ended 31 March 2011. The increase is primarily due to revenue recorded in respect of the LightSquared Cooperation Agreement (during the three months ended 31 March 2012 we recorded US$51.3m, compared with US$36.6m for the same period in 2011). During the three months ended 31 March 2012, we recorded US$5.3m of revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) compared with US$3.0m in the same period in 2011.

Net operating costs

Net operating costs for the three months ended 31 March 2012 increased by 10.1% compared with the three months ended 31 March 2011. Included within net operating costs for the three months ended 31 March 2012 are net costs in relation to our Global Xpress programme totalling US$3.8m (three months ended 31 March 2011: US$1.5m) and costs in relation to the LightSquared Cooperation Agreement of US$3.7m (three months ended 31 March 2011: US$1.7m).

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

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Employee benefit costs	24.7	24.3	1.6%
Network and satellite operations costs	10.1	10.8	(6.5%)
Other operating costs	27.2	20.8	30.8%
Own work capitalised	(4.3)	(3.5)	22.9%
Net operating costs	**57.7**	**52.4**	**10.1%**

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

Employee benefit costs. Employee benefit costs increased by US$0.4m for the three months ended 31 March 2012 compared to the three months ended 31 March 2011. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (563 at 31 March 2012 compared to 525 at 31 March 2011), partially offset by a decline in other benefit costs. Headcount has increased primarily to support our Global Xpress programme.

Network and satellite operations costs**.** Network and satellite operations costs for the three months ended 31 March 2012 decreased by US$0.7m compared to the three months ended 31 March 2011, primarily due to decreased in-orbit insurance costs following the contract renewal in August 2011.

Other operating costs. Other operating costs for the three months ended 31 March 2012 increased by US$6.4m compared to the three months ended 31 March 2011. The increase relates partially to higher direct cost of sales due to IsatPhone Pro terminal sales (US$1.9m) and increased interconnect charges due to increased traffic (US$1.2m). In addition, other operating costs increased by US$2.7m due to activities in relation to our Global Xpress programme and our Cooperation Agreement with LightSquared.

Own work capitalised. Own work capitalised for the three months ended 31 March 2012 increased by US$0.8m compared to the three months ended 31 March 2011.

Operating profit

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Total revenue	236.9	222.8	6.3%
Net operating costs	(57.7)	(52.4)	10.1%
EBITDA	**179.2**	**170.4**	**5.2%**
EBITDA margin %	*75.6%*	*76.5%*	
Depreciation and amortisation	(38.2)	(42.4)	(9.9%)
Operating profit	**141.0**	**128.0**	**10.2%**

The increase in operating profit for the three months ended 31 March 2012 of US$13.0m, compared to the three months ended 31 March 2011, is a result of higher revenues and lower depreciation and amortisation, partially offset by higher net operating costs.

Inmarsat Solutions Results

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

Revenues

During the three months ended 31 March 2012, revenues from Inmarsat Solutions increased by 8.3%, compared with the three months ended 31 March 2011. The table below sets out the components of Inmarsat Solutions' revenues for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Inmarsat MSS	94.9	108.3	(12.4%)
Broadband and Other MSS[(a)]	95.9	67.8	41.4%
Total revenue	**190.8**	**176.1**	**8.3%**

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

Inmarsat MSS. Revenues derived from Inmarsat MSS for the three months ended 31 March 2012 decreased by US$13.4m, or 12.4%, compared with the three months ended 31 March 2011. Generally, the market sector trends we discuss in relation to our MSS revenue at our Inmarsat Global business have a very similar impact on revenues reported for Inmarsat MSS at the Inmarsat Solutions level.

For the three months ended 31 March 2012, Inmarsat Solutions' share of Inmarsat Global's MSS revenues was 38%, which is slightly lower than the 40% share for the three months ended 31 March 2011.

Broadband and Other MSS. 'Broadband and Other MSS' revenues primarily consist of sales of VSAT and microwave services, mobile terminal and equipment sales, rental and repairs, mobile telecommunications services sourced on a wholesale basis from other MSS providers, network services provided to certain distributors and other ancillary services. Also included within 'Broadband and Other MSS' are revenues from our Inmarsat Government business unit (primarily drawn from the operations of our acquisition of Segovia), which provides secure IP managed solutions and services to United States government agencies and an element of revenues from our Inmarsat Maritime business unit (primarily drawn from the operations of Ship Equip), which provides VSAT maritime communications services to the shipping, offshore energy and fishing markets.

Revenues from 'Broadband and Other MSS' during the three months ended 31 March 2012 increased by US$28.1m, or 41%, compared with the three months ended 31 March 2011. The increase is due to the inclusion of Ship Equip and increased revenues in our Inmarsat Government business unit from growth in network services and equipment sales. There were also increases in mobile terminal and equipment sales and other ancillary revenues which were partially offset by a reduction in VSAT revenues from Energy operations.

Net operating costs

Net operating costs in the three months ended 31 March 2012 increased by US$22.5m, or 15.8%, compared with the three months ended 31 March 2011, primarily as a result of the inclusion of Ship Equip and increased costs in Inmarsat Government related to the costs matched to increased revenues. The table below sets out the components of Inmarsat Solutions' net operating costs and shows the allocation of costs to the Group's cost categories for each of the periods indicated:

	Three months ended 31 March		
(US$ in millions)	**2012**	**2011**	**Increase**
Cost of goods and services	139.9	124.8	12.1%
Operating costs	25.4	18.0	41.1%
Total operating costs	**165.3**	**142.8**	**15.8%**
Allocated as follows:			
Employee benefit costs	29.4	22.6	30.1%
Network and satellite operations costs[(a)]	129.0	115.6	11.6%
Other operating costs	8.4	5.7	47.4%
Own work capitalised	(1.5)	(1.1)	36.4%
Net operating costs	**165.3**	**142.8**	**15.8%**

(a) Includes the cost of airtime from satellite operators, including intercompany purchases from Inmarsat Global.

Cost of goods and services. Cost of goods and services includes variable expenses such as the cost of airtime and satellite capacity purchased from satellite operators (predominantly from Inmarsat Global), cost of equipment, materials and services, and variable labour costs related to our repair and service workforce. Cost of goods and services also includes costs such as network infrastructure operating costs, customer support centre costs, telecommunications services purchased from terrestrial providers, rents and salaries that do not vary significantly with changes in volumes of goods and services sold.

Cost of goods and services during the three months ended 31 March 2012 increased by US$15.1m, compared with the three months ended 31 March 2011. The increase is predominantly due to the addition of Ship Equip costs, increased cost for airtime from Inmarsat Global as a result of the absence of volume discounts and other price changes and increased costs in Inmarsat Government, related to costs matched to increased revenues. The increase was partially offset by a decrease in the cost of goods sold as a result of a reduction in revenue in parts of the Inmarsat Solutions business.

Operating costs. Operating costs during the three months ended 31 March 2012 increased by US$7.4m, compared with the three months ended 31 March 2011. The increase is primarily due to the inclusion of Ship Equip and increased costs in Inmarsat Government related to an increased number of employees and higher sales and marketing costs.

Operating profit

(US$ in millions)	Three months ended 31 March 2012	2011	Increase/ (decrease)
Total revenue	190.8	176.1	8.3%
Cost of goods and services	(139.9)	(124.8)	12.1%
Gross margin	**50.9**	**51.3**	**(0.8%)**
Gross margin %	*26.7%*	*29.1%*	
Operating costs	(25.4)	(18.0)	41.1%
EBITDA	**25.5**	**33.3**	**(23.4%)**
EBITDA margin %	*13.4%*	*18.9%*	
Depreciation and amortisation	(22.9)	(17.4)	31.6%
Share of results of associates	0.4	0.3	33.3%
Operating profit	**3.0**	**16.2**	**(81.5%)**

Inmarsat Solutions' operating profit for the three months ended 31 March 2012 decreased by US$13.2m, compared with the three months ended 31 March 2011. This decrease results from a decrease in EBITDA and an increase in depreciation and amortisation. The EBITDA contribution from the sales of Inmarsat MSS has decreased primarily as a result of lower revenues, an increase in the cost of airtime from Inmarsat Global and changes in product mix. This decrease has been partially offset by the inclusion of the results of Ship Equip. The increase in depreciation and amortisation is primarily a result of the addition of Ship Equip and increased capital expenditures, partially offset by a decrease in amortisation as a result of the reduction in the carrying amount of the Stratos, Segovia and Ship Equip trade names to US$nil at the end of 2011.

Gross margin consists of revenues less cost of goods and services. Gross margin and gross margin percentage for the three months ended 31 March 2012 decreased as a result of the above noted decline in Inmarsat MSS revenue along with the increased cost and changes in product mix, as well as a reduced gross margin percentage in Inmarsat Government as a result of the newer revenues being at lower margins and changes in product mix. These decreases have been partially offset by the addition of Ship Equip which has a higher gross margin.

Group liquidity and capital resources

At 31 March 2012, the Group had cash and cash equivalents of US$268.4m and available but undrawn borrowing facilities of US$1,122.6m under our Senior Credit Facility and Ex-Im Bank Facility. We believe our liquidity position is more than sufficient to meet the Group's needs for the foreseeable future. In addition, we remain well-positioned to access the capital markets when needed to meet new financing needs or to improve our liquidity or change the mix of our liquidity sources.

In April 2012, we issued a further US$200m aggregate principal amount of our 7.375% Senior Notes due 1 December 2017 ("Senior Notes Due 2017"). The aggregate gross proceeds of US$212m, including US$12m premium on issuance, will be used for general corporate purposes. We will capitalise issuance costs in relation to the issue of these Senior Notes due 2017.

The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of our borrowing facilities and debt securities.

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

(US$ in millions)	As at 31 March 2012	As at 31 December 2011
EIB Facility	308.4	308.4
Ex-Im Bank Facility	327.4	277.3
Senior Notes due 2017	650.0	650.0
– issuance discount	(3.4)	(3.6)
Intercompany loan	9.0	6.0
Deferred satellite payments	33.2	34.7
Bank overdrafts	0.5	1.2
Total borrowings	**1,325.1**	**1,274.0**
Cash and cash equivalents	(268.4)	(165.7)
Net Borrowings (gross of deferred finance costs)	**1,056.7**	**1,108.3**

The table below shows the condensed consolidated cash flow for the Group for the periods indicated:

(US$ in millions)	Three months ended 31 March 2012	2011
Net cash from operating activities	185.0	227.9
Net cash used in investing activities excluding capital expenditure	(13.4)	(18.5)
Capital expenditure, including own work capitalised	(109.0)	(34.5)
Net cash from/(used in) financing activities, excluding dividends paid	41.3	(6.9)
Foreign exchange adjustment	(0.5)	(0.3)
Net increase in cash and cash equivalents, including bank overdrafts	**103.4**	**167.7**

The decrease in net cash generated from operating activities in the three months ended 31 March 2012, compared to the three months ended 31 March 2011, of US$42.9m, primarily relates to movements in working capital, due to the timing of receipts from LightSquared in respect of our Cooperation Agreement, in the three months ended 31 March 2011.

Net cash used in investing activities excluding capital expenditure in the three months ended 31 March 2012 decreased by US$5.1m, compared to the three months ended 31 March 2011. In the three months ended 31 March 2012, we acquired 100% of the outstanding shares of NewWave for a total cash consideration of US$9.0m and paid US$5.4m of deferred consideration in relation to previous acquisitions. During the same period in 2011 we paid US$18.4m of deferred consideration in respect of previous acquisitions.

Capital expenditure, including own work capitalised, increased by US$74.5m in the three months ended 31 March 2012, compared to the three months ended 31 March 2011, primarily due to capital expenditure on our Global Xpress programme. Capital expenditure may fluctuate with the timing of milestone payments on current projects.

Net cash from financing activities in the three months ended 31 March 2012 was US$41.3m compared to cash used in financing activities of US$6.9m in the three months ended 31 March 2011. During the three months ended 31 March 2012, we drew down US$50.1m on the Ex-Im Bank Facility, received US$1.8m from intercompany funding arrangements, paid cash interest of US$8.6m and paid fees in relation to the raising of borrowings of US$1.8m. During the three months ended 31 March 2011, the Group paid cash interest of US$6.7m.

Group free cash flow

(US$ in millions)	Three months ended 31 March 2012	2011
Cash generated from operations	197.9	243.3
Capital expenditure, including own work capitalised	(109.0)	(34.5)
Net cash interest paid	(8.0)	(5.8)
Cash tax paid	(13.5)	(16.3)
Free cash flow	**67.4**	**186.7**

Free cash flow decreased by US$119.3m, or 64%, during the three months ended 31 March 2012, compared to the three months ended 31 March 2011. The decrease is due to an increase in capital expenditure, reduction in cash generated from operations and an increase in cash interest paid, offset in part by decreased cash tax paid.

Recent Events

Subsequent to 31 March 2012, other than the events discussed above, there have been no other material events which would affect the information reflected in the condensed consolidated financial results of the Group.

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
(unaudited)

(US$ in millions)	Three months ended 31 March 2012	2011
Revenues	**354.8**	**323.9**
Employee benefit costs	(54.1)	(46.8)
Network and satellite operations costs	(67.4)	(51.3)
Other operating costs	(33.8)	(26.3)
Own work capitalised	5.8	4.6
Total net operating costs	**(149.5)**	**(119.8)**
EBITDA	**205.3**	**204.1**
Depreciation and amortisation	(61.1)	(59.8)
Share of results of associates	0.4	0.3
Operating profit	**144.6**	**144.6**
Interest receivable and similar income	0.4	0.6
Interest payable and similar charges	(12.0)	(20.4)
Net interest payable	(11.6)	(19.8)
Profit before income tax	**133.0**	**124.8**
Income tax expense	(29.0)	(32.8)
Profit for the period	**104.0**	**92.0**
Attributable to:		
Equity holders	**103.9**	**92.0**
Non-controlling interest	**0.1**	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

(US$ in millions)	Three months ended 31 March 2012	2011
Profit for the period	**104.0**	**92.0**
Other comprehensive income		
Net gains on cash flow hedges	3.4	13.6
Tax charged directly to equity	(1.3)	(2.4)
Other comprehensive income for the period, net of tax	**2.1**	**11.2**
Total comprehensive income for the period, net of tax	**106.1**	**103.2**
Attributable to:		
Equity holders	**106.0**	**103.2**
Non-controlling interest	**0.1**	**–**

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

(US$ in millions)	As at 31 March 2012	As at 31 December 2011
Assets		
Non-current assets		
Property, plant and equipment	1,877.0	1,820.1
Intangible assets	1,078.4	1,081.7
Investments	31.0	31.0
Other receivables	3.6	4.2
Derivative financial instruments	–	0.1
	2,990.0	**2,937.1**
Current assets		
Cash and cash equivalents	268.4	165.7
Trade and other receivables	320.3	260.3
Inventories	22.4	23.5
Derivative financial instruments	8.8	7.8
	619.9	**457.3**
Total assets	**3,609.9**	**3,394.4**
Liabilities		
Current liabilities		
Borrowings	52.5	53.2
Trade and other payables	729.1	682.2
Provisions	1.7	2.9
Current income tax liabilities	77.4	60.4
Derivative financial instruments	13.1	14.2
	873.8	**812.9**
Non-current liabilities		
Borrowings	1,245.9	1,194.9
Other payables	25.1	28.1
Provisions	27.0	26.7
Deferred income tax liabilities	109.8	109.5
Derivative financial instruments	6.6	9.1
	1,414.4	**1,368.3**
Total liabilities	**2,288.2**	**2,181.2**
Net assets	**1,321.7**	**1,213.2**
Shareholders' equity		
Ordinary shares	0.4	0.4
Share premium	677.4	677.4
Other reserves	366.8	362.3
Retained earnings	276.1	172.2
Equity attributable to shareholders of the parent	**1,320.7**	**1,212.3**
Non-controlling interest	1.0	0.9
Total equity	**1,321.7**	**1,213.2**

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)

(US$ in millions)	Ordinary share capital	Share premium account	Share Option reserve	Revaluation reserve	Currency reserve	Cash flow hedge reserve	Capital contribution reserve	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2011	**0.4**	**677.4**	**35.5**	**0.6**	**–**	**(7.5)**	**2.1**	**312.9**	**0.7**	**1,022.1**
Share options charge	–	–	2.4	–	–	–	–	–	–	2.4
Comprehensive Income:										
Profit for the period	–	–	–	–	–	–	–	92.0	–	92.0
Other Comprehensive Income – before tax	–	–	–	–	–	13.6	–	–	–	13.6
Other Comprehensive Income - tax	–	–	–	–	–	(2.4)	–	–	–	(2.4)
Balance as at 31 March 2011	**0.4**	**677.4**	**37.9**	**0.6**	–	**3.7**	**2.1**	**404.9**	**0.7**	**1,127.7**
Balance as at 1 January 2012	**0.4**	**677.4**	**44.9**	**0.6**	**0.4**	**(11.4)**	**327.8**	**172.2**	**0.9**	**1,213.2**
Share options charge	–	–	2.4	–	–	–	–	–	–	2.4
Comprehensive Income:										
Profit for the period	–	–	–	–	–	–	–	103.9	0.1	104.0
Other Comprehensive Income – before tax	–	–	–	–	–	3.4	–	–	–	3.4
Other Comprehensive Income - tax	–	–	–	–	–	(1.3)	–	–	–	(1.3)
Balance at 31 March 2012	**0.4**	**677.4**	**47.3**	**0.6**	**0.4**	**(9.3)**	**327.8**	**276.1**	**1.0**	**1,321.7**

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(unaudited)

(US$ in millions)	Three months ended 31 March 2012	2011
Cash flow from operating activities		
Cash generated from operations	197.9	243.3
Interest received	0.6	0.9
Income taxes paid	(13.5)	(16.3)
Net cash from operating activities	**185.0**	**227.9**
Cash flow from investing activities		
Purchase of property, plant and equipment	(96.9)	(23.6)
Additions to capitalised development costs, including software	(4.4)	(4.7)
Own work capitalised	(7.7)	(6.2)
Acquisition of subsidiaries and other investments	(13.4)	(18.5)
Net cash used in investing activities	**(122.4)**	**(53.0)**
Cash flow from financing activities		
Drawdown of Ex-Im Bank Facility	50.1	–
Arrangement costs of new borrowing facilities	(1.9)	(0.2)
Interest paid on borrowings	(8.6)	(6.7)
Intercompany funding	1.8	–
Other financing activities	(0.1)	–
Net cash generated from/(used in) financing activities	**41.3**	**(6.9)**
Foreign exchange adjustment	(0.5)	(0.3)
Net increase in cash and cash equivalents	**103.4**	**167.7**
Movement in cash and cash equivalents		
At beginning of year	164.5	322.4
Net increase in cash and cash equivalents	103.4	167.7
As reported on balance sheet (net of bank overdrafts)	**267.9**	**490.1**
At end of year, comprising		
Cash at bank and in hand	45.3	37.4
Short-term deposits with original maturity of less than 3 months	223.1	452.8
Bank overdrafts	(0.5)	(0.1)
	267.9	**490.1**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The principal activity of Inmarsat Group Limited and its subsidiaries (together, the "Group") is the provision of mobile satellite communications services ("MSS").

These unaudited condensed consolidated financial results were approved for issue by the Board of Directors on 9 May 2012.

The financial information for the year ended 31 December 2011 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for the year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Principal accounting policies

Basis of preparation
The unaudited Group results for the three months ended 31 March 2012 have been prepared using International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with International Accounting Standards ("IAS") 34, 'Interim Financial Reporting'. This announcement does not contain sufficient information to comply with all of the disclosure requirements of IFRS.

These unaudited condensed consolidated financial statements should be read in conjunction with the Group's most recent annual consolidated financial statements, which are for the year ended 31 December 2011, and which are available on our website at www.inmarsat.com. Except as described below, the unaudited condensed consolidated financial statements are based upon accounting policies and methods consistent with those used and described in the Group's annual consolidated financial statements prepared under IFRS, set out on pages 10 to 61. Operating results for the period ended 31 March 2012 are not necessarily indicative of the results that may be expected for the year ending 31 December 2012. The consolidated balance sheet as at 31 December 2011 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by IFRS for complete financial statements.

- Taxes are accrued based on management's estimated annual effective income tax rate applied to the Group's interim pre-tax income.
- In addition, the following standards and interpretations, issued by the IASB and the International Financial Reporting Interpretations Committee ("IFRIC"), are effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position:
    - IFRS 7 (as amended) – Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets (effective for financial years beginning on or after 1 July 2011);
    - IAS 12 (as amended) – Income Taxes – Limited scope amendment (recovery of underlying assets) (effective for financial years beginning on or after 1 January 2012).

The Group has a robust and resilient business model, strong free cash flow generation and is compliant with all covenants. As a consequence and despite the continuing uncertain economic climate, the Directors believe that the Company and the Group are well placed to manage their business risks successfully. After considering current financial projections and facilities available and after making enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat Group Limited continues to adopt the going concern basis in preparing the consolidated financial statements.

The functional currency of the Company and all of the Group's subsidiaries and the presentation currency is the US dollar, as the majority of operational transactions and borrowings are denominated in US dollars.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

Basis of accounting
The preparation of the condensed consolidated financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Balance Sheet dates and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best estimate of the amount, event or actions, these results ultimately may differ from those estimates. Accounting policies adopted in preparing these condensed consolidated financial statements have been selected in accordance with IFRS.

3. Segment information

IFRS 8, 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") to allocate resources and assess performance. The CODM is the Chief Executive Officer who is responsible for assessing the performance of the individual segments.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance is specifically focused on the individual performance of each of the divisions within the Group, namely Inmarsat Global and Inmarsat Solutions (formerly Stratos).

The Group's reportable segments are therefore as follows:
- Inmarsat Global – principally the supply of wholesale airtime, equipment and services to distribution partners and other wholesale partners of mobile satellite communications by the Inmarsat Global business, including entering into spectrum coordination agreements. The segment also includes income from technical support to other operators, the provision of conference facilities and leasing surplus office space to external organisations, all of which are not material on a standalone basis and in aggregate;
- Inmarsat Solutions – the supply of advanced mobile and fixed-site remote telecommunications services, the provision of customised turnkey remote telecommunications solutions, value-added services, equipment and engineering services to end-users; and
- 'Unallocated' – includes Group borrowings and the related interest expense, cash and cash equivalents and current and deferred tax balances, which are not allocated to each segment.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of investment revenue, finance costs and income tax expense.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

Segment information:

	Three months ended 31 March 2012				
(US$ in millions)	Inmarsat Global	Inmarsat Solutions[(a)]	Unallocated	Eliminations	Total
Revenue					
External sales	167.0	187.8	–	–	354.8
Inter-segment	69.9	3.0	–	(72.9)	–
Total revenue	**236.9**	**190.8**	**–**	**(72.9)**	**354.8**
EBITDA	**179.2**	**25.5**	**–**	**0.6**	**205.3**
Segment result (operating profit) before operating profit from LightSquared	93.4	3.0	–	0.6	97.0
Operating profit from LightSquared	47.6	–	–	–	47.6
Segment result (operating profit)	**141.0**	**3.0**	**–**	**0.6**	**144.6**
Net interest charged to the Income Statement	–	–	(11.6)	–	(11.6)
Profit before income tax					**133.0**
Income tax expense	–	–	–	–	(29.0)
Profit for the period					**104.0**
Segment assets	2,836.5	931.7	271.4	(429.7)	3,609.9
Segment liabilities	(574.2)	(142.5)	(1,634.9)	63.4	(2,288.2)
Investment (included in segment assets)[(b)]	23.5	–	–	–	23.5
Capital expenditure[(c)]	(92.9)	(3.9)	–	–	(96.8)
Depreciation	(33.5)	(11.5)	–	–	(45.0)
Amortisation of intangible assets	(4.7)	(11.4)	–	–	(16.1)

(a) Includes Ship Equip (acquired 28 April 2011) and NewWave Broadband Limited (“NewWave”) from 13 January 2012.

(b) Relates to 19% stake in SkyWave Mobile Communications (“SkyWave”).

(c) Capital expenditure stated using accruals basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

	Three months ended 31 March 2011				
(US$ in millions)	Inmarsat Global	Inmarsat Solutions	Unallocated	Eliminations	Total
Revenue					
External sales	149.5	174.4	–	–	323.9
Inter-segment	73.3	1.7	–	(75.0)	–
Total revenue	**222.8**	**176.1**	**–**	**(75.0)**	**323.9**
EBITDA	**170.4**	**33.3**	**–**	**0.4**	**204.1**
Segment result (operating profit) before operating profit from LightSquared	93.1	16.2	–	0.4	109.7
Operating profit from LightSquared	34.9	–	–	–	34.9
Segment result (operating profit)	**128.0**	**16.2**	**–**	**0.4**	**144.6**
Net interest charged to the Income Statement	–	–	(19.8)	–	(19.8)
Profit before income tax					**124.8**
Income tax expense	–	–	–	–	(32.8)
Profit for the period					**92.0**
Segment assets	2,381.3	917.7	497.5	(437.5)	3,359.0
Segment liabilities	(471.1)	(165.1)	(1,667.2)	72.1	(2,231.3)
Investment (included in segment assets)[(a)]	23.5	–	–	–	23.5
Capital expenditure[(b)]	(66.3)	(6.9)	–	–	(73.2)
Depreciation	(36.2)	(7.5)	–	–	(43.7)
Amortisation of intangible assets	(6.2)	(9.9)	–	–	(16.1)

(a) Relates to 19% stake in SkyWave.
(b) Capital expenditure stated using accruals basis.

4. Net interest payable

	Three months ended 31 March	
(US$ in millions)	2012	2011
Interest on Senior Notes and credit facilities	(17.4)	(15.8)
Interest rate swaps	(2.3)	(3.4)
Pension and post-retirement liability finance costs	(0.4)	(1.3)
Unwinding of discount on deferred satellite liabilities	(0.6)	(0.7)
Amortisation of debt issue costs	(1.5)	(1.7)
Amortisation of discount on Senior Notes due 2017	(0.2)	(0.2)
Interest on Inmarsat Solutions borrowings	(0.1)	–
Intercompany interest	(0.1)	(0.1)
Unwinding of discount on deferred consideration	–	(1.4)
Other interest	(0.1)	–
Interest payable and similar charges	(22.7)	(24.6)
Less: Amounts included in the cost of qualifying assets	10.7	4.2
Total interest payable and similar charges	**(12.0)**	**(20.4)**
Bank interest receivable and other interest	0.4	0.6
Total interest receivable and similar income	**0.4**	**0.6**
Net interest payable	**(11.6)**	**(19.8)**

5. Net borrowings

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

	As at 31 March 2012			As at 31 December 2011		
(US$ in millions)	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	0.5	–	0.5	1.2	–	1.2
Deferred satellite payments	7.9	–	7.9	7.9	–	7.9
EIB Facility[(a)]	44.1	–	44.1	44.1	–	44.1
Total current borrowings	**52.5**	**–**	**52.5**	**53.2**	**–**	**53.2**
Non-current:						
Senior Notes due 2017[(b)]	650.0	(8.9)	641.1	650.0	(9.2)	640.8
—Issuance discount	(3.4)	–	(3.4)	(3.6)	–	(3.6)
EIB Facility[(a)]	264.3	(2.0)	262.3	264.3	(2.2)	262.1
Ex-Im Bank Facility[(c)]	327.4	(15.8)	311.6	277.3	(14.5)	262.8
Deferred satellite payments	25.3	–	25.3	26.8	–	26.8
Intercompany loan	9.0	–	9.0	6.0	–	6.0
Total non-current borrowings	**1,272.6**	**(26.7)**	**1,245.9**	**1,220.8**	**(25.9)**	**1,194.9**
Total Borrowings[(d)]	**1,325.1**	**(26.7)**	**1,298.4**	**1,274.0**	**(25.9)**	**1,248.1**
Cash and cash equivalents	(268.4)	–	(268.4)	(165.7)	–	(165.7)
Net Borrowings	**1,056.7**	**(26.7)**	**1,030.0**	**1,108.3**	**(25.9)**	**1,082.4**

(a) On 15 April 2010, we signed an eight-year facility agreement with the European Investment Bank (the "EIB Facility"). Under the agreement, we were able to borrow up to €225m at any time before 23 December 2010. The facility was available in Euros and US Dollars. An initial drawdown of US$180.0m was made on 30 April 2010 and a final draw down of US$128.4m was made on 28 October 2010. This facility matures on 30 April 2018 and is repayable in equal annual instalments on both tranches beginning 30 April 2012. Interest is equal to three-month USD LIBOR plus a margin payable in April, July, October and January each year.

(b) On 12 November 2009, we issued US$650.0m aggregate principal amount of 7.375% Senior Notes due 1 December 2017 ('Senior Notes due 2017'). The aggregate gross proceeds were US$645.2m, net of US$4.8m issuance discount and we capitalised US$12.5m of issuance costs.

(c) On 11 May 2011, we signed a 12.5-year US$700.0m direct financing agreement with the Export-Import Bank of the United States (the "Ex-Im Bank Facility"). The facility has a total availability period of four years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility incur interest at a fixed rate of 3.11% for the life of the loan.

(d) On 30 June 2011, we refinanced our previous US$500.0m Senior Credit Facility, which was due to mature in May 2012, with a new five-year US$750.0m Senior Credit Facility. Under the terms of the new facility the full US$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the five-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. As at 31 March 2012 there were no drawings on the Senior Credit Facility.

6. Acquisition of NewWave Broadband Limited

Following on from our acquisition of Ship Equip in April 2011, on 13 January 2012, we acquired 100% of the outstanding shares of NewWave Broadband Limited ("NewWave") for a total cash consideration of US$9.0m, financed from available liquidity. NewWave sources and manages satellite capacity to Ship Equip, as well as providing maintenance and upgrade services for the associated network hub. The operations of NewWave will be integrated within our Inmarsat Solutions business.

NewWave has been accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combination'. We have provisionally recognised US$8.2m of goodwill in relation to the acquisition. The final purchase price allocation will be finalised in due course in line with IFRS 3. The Group has not presented a full acquisition note in line with IFRS 3 as the acquisition is not considered to be material.

7. Events after the balance sheet date

Subsequent to 31 March 2012, there have been further developments regarding our Cooperation Agreement with Lightsquared, for full details of these amendments, please refer to the 'LightSquared Cooperation Agreement' section in the 'Operating and Financial Review' on page 2.

On 11 April 2012, our subsidiary company Inmarsat Finance plc issued a further US$200.0m aggregate principal amount of our 7.375% Senior Notes due 1 December 2017 ("Senior Notes Due 2017"). The aggregate gross proceeds of US$212.0m, including US$12.0m premium on issuance, will be used for general corporate purposes. We will capitalise issuance costs in relation to the issue of these Senior Notes due 2017.

On 8 May 2012, the Directors approved a final dividend in respect of 2011 of US$50.0m, to be paid to Inmarsat Holdings Limited (the parent company). Inmarsat plc intends to use the proceeds of the dividend it receives principally to fund a previously announced dividend to holders of its ordinary shares.

Subsequent to 31 March 2012, other than the events discussed above, there have been no other material events which would affect the information reflected in the consolidated financial statements of the Group.