INMARSAT GROUP LIMITED

CONDENSED CONSOLIDATED
FINANCIAL RESULTS
For the three and nine months ended
30 September 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.
We define EBITDA as profit before interest, taxation, depreciation and amortisation, gain on disposal of assets and share of results of associates. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to the EBITDA of other companies.

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

We believe EBITDA among other measures facilitates operating performance comparisons from period to period and management decision-making. It also facilitates operating performance comparisons from company to company. EBITDA eliminates potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation and amortisation of tangible and intangible assets (affecting relative depreciation and amortisation expense). We also present EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties in evaluating similar issuers, the vast majority of which present EBITDA when reporting their results.
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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 30 September 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 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 30 September 2012 were US$325.9m (2011: US$364.1m), EBITDA was US$162.8m (2011: US$224.4m) and operating profit was US$93.4m (2011: US$161.8m). The results of the Group’s operations are reported in US Dollars as the majority of our revenues and borrowings are denominated in US Dollars.

Global Xpress Programme Update

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

On 4 September 2012, we announced we had signed a Memorandum of Understanding with JRC (a leading communications provider headquartered in Japan) for a strategic partnership to develop maritime connectivity solutions for the Global Xpress programme.

On 4 September 2012, we also announced the appointment of Telemar Group and GMPCS Personal Communications, Inc. as Value Added Resellers of Global Xpress for the maritime market.

On 6 September 2012, we announced that we had signed Cobham Satcom, Paradigm Communication Systems Limited and Skyware Global as initial manufacturing launch partners for land satellite terminals for our Global Xpress service.

On 8 October 2012, we announced the signing of a master distribution agreement with Honeywell for Global Xpress aviation services; the agreement includes a 5-year capacity
purchase by Honeywell. Under the terms of the agreement, Honeywell will partner with Inmarsat to bring the benefits of Global Xpress to the business aviation market.

On 8 October 2012, we also announced the establishment of a long-term agreement with Cisco, whereby Cisco will provide Inmarsat with a satellite applications service delivery platform and a high performance access network for our Global Xpress programme. Cisco will also develop a router for satellite network end-users that will be compatible with both our Inmarsat Global Xpress and BGAN networks.

Under the terms of the agreement, Cisco will build and operate the access network on a fully managed basis before transferring it to Inmarsat. The Global Xpress/BGAN integrated platform will allow Inmarsat and its partners to rapidly develop and remotely deploy innovative applications to this new device and will extend the reach of new services across the whole Inmarsat network.

Inmarsat Global Services

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

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

On 8 August 2012, we announced enhancements to our FleetBroadband 150 service offering with the new addition of fax capability, in response to user demand in the fishing markets.

On 21 August 2012, we announced that through an agreement with Freedom Wireless Holdings Inc., Inmarsat was the first mobile satellite provider licensed to offer pre-paid services for voice calls originating in the US. Pre-pay voice services have been available from 1 September 2012 for all existing Inmarsat land services including IsatPhone Pro and BGAN.

On 12 September 2012, we announced we had reached 100,000 confirmed orders from distributors for our global handheld satellite phone, IsatPhone Pro. After distributors place orders for IsatPhone Pro terminals, these terminals are only recorded as active terminals later, usually at the point when sold by the distributor to an end customer. At 30 September 2012 we had over 71,000 active IsatPhone Pro terminals.

On 17 September 2012, we announced the launch of SBTV, a new service that enables airlines to provide real-time and updated on-demand entertainment content to passengers' own devices. News, sports and other video content is transmitted to the aircraft over the SwiftBroadband network and then distributed wirelessly to passengers' own devices, which can include smartphones, laptops, tablets and other personal media players.

On 18 September 2012, we announced an agreement with iOra to offer BGAN Geo-Replicator. This is a service that enables organisations to more efficiently deliver content - whether it be email or the transfer of large files, or other applications - to branch offices, project sites and other remote users. Using BGAN Geo-Replicator, remote users benefit by having access to applications and web portals that would otherwise only be available at the central or hub office.

On 19 September 2012, we announced that Singapore Airlines will provide wi-fi and GSM passenger connectivity services on its long-haul fleet using OnAir's connectivity services operating over Inmarsat's SwiftBroadband. The programme will allow passengers to use their
wi-fi and GSM/GPRS-enabled smartphones, tablets and laptop PCs for Internet access, email, Instant Messaging and SMS messaging.

**Inmarsat Solutions Services**

On 8 August 2012, we announced that leading international shipping and maritime conglomerate MISC Berhad (MISC) had signed up 46 of its vessels for our XpressLink service. Additionally, the agreement includes an option for MISC to double its available bandwidth at a pre-determined monthly rate when our Global Xpress constellation becomes commercially available from 2014. In addition, on 20 September 2012, we announced that TORM A/S will deploy XpressLink to its owned bulk carrier and tanker fleets. XpressLink will immediately be deployed to 17 vessels, with phased installation across the TORM owned fleet over three years. At 30 September 2012, Inmarsat Solutions had an installed base of 1,150 ships using VSAT service, including more than 250 ships using XpressLink.

**LightSquared Cooperation Agreement**

On 20 April 2012, we announced an amendment agreement with LightSquared to, amongst other things, suspend the Cooperation Agreement for a period of two years. During the period of suspension LightSquared will not be required to make any payments to us and, as a result, amounts we report with respect to the Cooperation Agreement are not expected to be material. Further information regarding the Cooperation Agreement and amounts reported in prior periods can be found in our previous quarterly reports and in our annual disclosure document.

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

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September (US$ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Net operating costs</strong></td>
<td>(2.0)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>2.0</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(0.5)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>1.5</td>
</tr>
</tbody>
</table>

**Financing**

Under the terms of Inmarsat plc’s (our ultimate parent company’s) outstanding Convertible Bonds, holders of the bonds had an option right to require Inmarsat plc to redeem the bonds at the accreted principal amount together with interest on 16 November 2012. This holder right was exercisable for a period of 60 days and expired on 17 October 2012 at which point no holders had exercised their rights. As a result, Inmarsat plc will not be required to redeem any of the Convertible Bonds on 16 November 2012.

**Dividends**

On 4 October 2012, the Board declared and recorded an interim dividend for the 2012 financial year of US$75.7m to Inmarsat Holdings Limited. This dividend has not been recognised as a liability as at 30 September 2012. Inmarsat plc paid an interim dividend of 16.94 cents (US dollars) per ordinary share to its shareholders on 25 October 2012.
Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat Group Limited for the three and nine months ended 30 September 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 (“NewWave”) (acquired on 13 January 2012). The table below sets out the results of the Group for the periods indicated:

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>325.9</td>
<td>364.1</td>
<td>(10.5%)</td>
</tr>
<tr>
<td>Employee benefit costs</td>
<td>(57.6)</td>
<td>(52.3)</td>
<td>10.1%</td>
</tr>
<tr>
<td>Network and satellite operations costs</td>
<td>(71.8)</td>
<td>(63.0)</td>
<td>14.0%</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>(39.3)</td>
<td>(29.9)</td>
<td>31.4%</td>
</tr>
<tr>
<td>Own work capitalised</td>
<td>5.6</td>
<td>5.5</td>
<td>1.8%</td>
</tr>
<tr>
<td>Total net operating costs</td>
<td>(163.1)</td>
<td>(139.7)</td>
<td>16.8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>162.8</td>
<td>224.4</td>
<td>(27.5%)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(70.3)</td>
<td>(63.1)</td>
<td>11.4%</td>
</tr>
<tr>
<td>Gain on disposal of assets</td>
<td>0.1</td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td>Share of results of associates</td>
<td>0.8</td>
<td>0.4</td>
<td>100.0%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>93.4</td>
<td>161.8</td>
<td>(42.3%)</td>
</tr>
<tr>
<td>Interest receivable and similar income</td>
<td>0.9</td>
<td>0.2</td>
<td>350.0%</td>
</tr>
<tr>
<td>Interest payable and similar charges</td>
<td>(13.7)</td>
<td>(16.0)</td>
<td>(14.4%)</td>
</tr>
<tr>
<td>Net interest payable</td>
<td>(12.8)</td>
<td>(15.8)</td>
<td>(19.0%)</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>80.6</td>
<td>146.0</td>
<td>(44.8%)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(15.3)</td>
<td>(37.0)</td>
<td>(58.6%)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>65.3</td>
<td>109.0</td>
<td>(40.1%)</td>
</tr>
</tbody>
</table>

Revenues

Total Group revenues for the three months ended 30 September 2012 decreased by 10.5% compared with the three months ended 30 September 2011. The table below sets out the components, by segment, of the Group’s total revenue for each of the periods indicated:

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inmarsat Global</td>
<td>198.4</td>
<td>245.2</td>
<td>(19.1%)</td>
</tr>
<tr>
<td>Inmarsat Solutions</td>
<td>205.9</td>
<td>197.4</td>
<td>4.3%</td>
</tr>
<tr>
<td>Intercompany eliminations and adjustments</td>
<td>404.3</td>
<td>442.6</td>
<td>(8.7%)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>325.9</td>
<td>364.1</td>
<td>(10.5%)</td>
</tr>
</tbody>
</table>
Net operating costs
Total Group net operating costs for the three months ended 30 September 2012 increased by 16.8%, compared with the three months ended 30 September 2011. The table below sets out the components, by segment, of the Group’s net operating costs for each of the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September 2012</td>
<td>30 September 2011</td>
</tr>
<tr>
<td>Inmarsat Global</td>
<td>61.1</td>
<td>57.7</td>
</tr>
<tr>
<td>Inmarsat Solutions</td>
<td>181.4</td>
<td>160.6</td>
</tr>
<tr>
<td>Intercompany eliminations and adjustments</td>
<td>242.5</td>
<td>218.3</td>
</tr>
<tr>
<td>Total net operating costs</td>
<td>163.1</td>
<td>139.7</td>
</tr>
</tbody>
</table>

EBITDA
Group EBITDA for the three months ended 30 September 2012 decreased by 27.5%, compared with the three months ended 30 September 2011; this was primarily as a result of decreased revenue from our Cooperation Agreement with LightSquared and increased operating costs. EBITDA margin decreased to 50.0% for the three months ended 30 September 2012, compared with 61.6% for the three months ended 30 September 2011. Below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Three months ended</th>
<th>Nine months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September 2012</td>
<td>30 September 2011</td>
<td>Increase</td>
<td>30 September 2011</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>65.3</td>
<td>109.0</td>
<td>(40.1%)</td>
<td>246.4</td>
</tr>
<tr>
<td>Add back:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>15.3</td>
<td>37.0</td>
<td>(58.6%)</td>
<td>71.1</td>
</tr>
<tr>
<td>Net interest payable</td>
<td>12.8</td>
<td>15.8</td>
<td>(19.0%)</td>
<td>35.2</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>70.3</td>
<td>63.1</td>
<td>11.4%</td>
<td>192.8</td>
</tr>
<tr>
<td>Gain on disposal of fixed assets</td>
<td>(0.1)</td>
<td>(0.1)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of results of associates</td>
<td>(0.8)</td>
<td>(0.4)</td>
<td>100.0%</td>
<td>(1.4)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>162.8</td>
<td>224.4</td>
<td>(27.5%)</td>
<td>544.1</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>50.0%</td>
<td>61.6%</td>
<td>53.9%</td>
<td>62.2%</td>
</tr>
</tbody>
</table>

Depreciation and amortisation
The increase in depreciation and amortisation of US$7.2m for the three months ended 30 September 2012 is due to an impairment recognised in the period through accelerated depreciation of previously capitalised S-band assets.

Operating profit
As a result of the factors discussed above, operating profit during the three months ended 30 September 2012 was US$93.4m, a decrease of US$68.4m, or 42%, compared with the three months ended 30 September 2011.

Interest
Net interest payable for the three months ended 30 September 2012 was US$12.8m, a decrease of US$3.0m, or 19.0%, compared with the three months ended 30 September 2011.

Interest payable for the three months ended 30 September 2012 was US$13.7m, a decrease of US$2.3m, or 14.4%, compared with the three months ended 30 September 2011. The decrease in interest payable is predominantly due to a significant increase in the amount of interest that we are required to capitalise. During the three months ended 30 September 2012 we capitalised interest of US$15.0m that was attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, compared with US$6.9m capitalised in the three months ended 30 September 2011. In the three months ended 30 September 2011, we recorded US$1.1m of interest in respect of unwinding of the discount we applied to the Segovia acquisition deferred consideration (three months ended 30 September 2012: US$nil).
The decrease in interest payable was partially offset by increased interest following further drawdowns of our Ex-Im Bank Facility, the issue of additional Senior Notes due 2017 and additional intercompany interest payable. In addition, in the three months ended 30 September 2011, we experienced an unrealised foreign exchange gain on pension and post-retirement scheme liabilities of US$1.2m compared to a loss of US$0.1m in the three months ended 30 September 2012, due to the movement of the US Dollar exchange rate during the period.

Interest receivable for the three months ended 30 September 2012 was US$0.9m compared to US$0.2m for the three months ended 30 September 2011. The increase is due to amortisation of the net premium on our Senior Notes due 2017 following the additional US$200.0m principal amount issued in April 2012 at a premium of US$12.0m and an increase in bank interest receivable and other interest.

**Profit before tax**

Profit before tax for the three months ended 30 September 2012 was US$80.6m, a decrease of US$65.4m, or 45%, compared with the three months ended 30 September 2011. The decrease is due primarily to decreased revenues from our Cooperation Agreement with LightSquared and increased net operating costs.

**Income tax expense**

The tax charge for the three months ended 30 September 2012 was US$15.3m, a decrease of US$21.7m, or 59%, compared with the three months ended 30 September 2011. The decrease in the tax charge is largely driven by the underlying decrease in profits for the three months ended 30 September 2012, together with a one-off tax credit of US$3.3m on the revaluation of the UK deferred tax liabilities. This arises because the reduction in the UK corporation tax rate from 24% to 23%, effective from 1 April 2013, was substantively enacted in July 2012.

The effective tax rate for the three months ended 30 September 2012 was 19.0% compared to 25.3% for the three months ended 30 September 2011. The decrease in effective tax rate is primarily due to the items identified above. If the US$3.3m credit identified above is removed, the effective tax rate for the three months ended 30 September 2012 is 23.1%, compared to 25.3% for the three months ended 30 September 2011. This decrease is primarily due to the reduction in the UK main rate of corporation tax from 26% to 24%. While the reduction did not become effective until 1 April 2012, this has the effect of lowering the average UK statutory rate for 2012 to 24.5%. The average UK statutory tax rate for the year ended 31 December 2011 was 26.5%.

**Profit for the period**

As a result of the factors discussed above, profit for the three months ended 30 September 2012 was US$65.3m, a decrease of US$43.7m, or 40%, compared with the three months ended 30 September 2011.
Revenues

During the three months ended 30 September 2012, although revenues from Inmarsat Global were US$198.4m, a decrease of US$46.8m, or 19.1%, compared with the three months ended 30 September 2011, MSS revenues increased by US$6.0m, or 3.3%, period on period. The decrease in total revenue in the three months ended 30 September 2012 is due to a reduction in revenues recognised in relation to our Cooperation Agreement with LightSquared. The MSS revenue growth was primarily driven by our FleetBroadband service and by the effect of certain price initiatives on maritime services. We have also seen growth in our land mobile IsatPhone Pro service. As in recent periods, this growth has been partly offset by a continued expected decline in revenue from our BGAN and GAN services due to the combination of troop withdrawals from Afghanistan and the inclusion of significant event revenue in 2011. In addition, we experienced a decline in maritime voice revenues due to the impact of product mix changes and a decline in revenues from our older services such as Inmarsat B, Mini M, Fleet, GAN and Swift 64, period on period. The results also reflect the termination of certain leases between 30 September 2011 and 30 September 2012.

The decrease in total revenue in the three months ended 30 September 2012 is due to a decrease of US$82.3m, or 68.2%, compared with the three months ended 30 September 2011, as a result of a reduction in revenues recognised in relation to our Cooperation Agreement with LightSquared. The MSS revenue growth was primarily driven by our FleetBroadband service and by the effect of certain price initiatives on maritime services. We have also seen growth in our land mobile IsatPhone Pro service. As in recent periods, this growth has been partly offset by a continued expected decline in revenue from our BGAN and GAN services due to the combination of troop withdrawals from Afghanistan and the inclusion of significant event revenue in 2011. In addition, we experienced a decline in maritime voice revenues due to the impact of product mix changes and a decline in revenues from our older services such as Inmarsat B, Mini M, Fleet, GAN and Swift 64, period on period. The results also reflect the termination of certain leases between 30 September 2011 and 30 September 2012.

The table below sets out the components of Inmarsat Global’s revenue for each of the periods indicated:

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>Three months ended 30 September 2012</th>
<th>2011</th>
<th>Increase/ (decrease)</th>
<th>Nine months ended 30 September 2012</th>
<th>2011</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Maritime sector:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voice services</td>
<td>19.6</td>
<td>21.6</td>
<td>(9.3%)</td>
<td>61.0</td>
<td>68.5</td>
<td>(10.9%)</td>
</tr>
<tr>
<td>Data services</td>
<td>85.4</td>
<td>68.0</td>
<td>25.6%</td>
<td>244.9</td>
<td>199.3</td>
<td>22.9%</td>
</tr>
<tr>
<td><strong>Total maritime sector</strong></td>
<td>105.0</td>
<td>89.6</td>
<td>17.2%</td>
<td>305.9</td>
<td>267.8</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>Land mobile sector:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voice services</td>
<td>3.7</td>
<td>2.2</td>
<td>68.2%</td>
<td>9.2</td>
<td>5.5</td>
<td>67.3%</td>
</tr>
<tr>
<td>Data services</td>
<td>30.6</td>
<td>34.8</td>
<td>(12.1%)</td>
<td>91.3</td>
<td>111.8</td>
<td>(18.3%)</td>
</tr>
<tr>
<td><strong>Total land mobile sector</strong></td>
<td>34.3</td>
<td>37.0</td>
<td>(7.3%)</td>
<td>100.5</td>
<td>117.3</td>
<td>(14.3%)</td>
</tr>
<tr>
<td>Aviation sector</td>
<td>24.3</td>
<td>26.6</td>
<td>(8.6%)</td>
<td>73.7</td>
<td>75.2</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>Leasing</td>
<td>23.1</td>
<td>27.5</td>
<td>(16.0%)</td>
<td>73.5</td>
<td>82.3</td>
<td>(10.7%)</td>
</tr>
<tr>
<td><strong>Total MSS revenue</strong></td>
<td>186.7</td>
<td>180.7</td>
<td>3.3%</td>
<td>553.6</td>
<td>542.6</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Other income (including LightSquared)</strong></td>
<td>11.7</td>
<td>64.5</td>
<td>(81.9%)</td>
<td>86.0</td>
<td>175.2</td>
<td>(50.9%)</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>198.4</td>
<td>245.2</td>
<td>(19.1%)</td>
<td>639.6</td>
<td>717.8</td>
<td>(10.9%)</td>
</tr>
</tbody>
</table>

Total active terminal numbers as at 30 September 2012 increased by 13.0%, compared with 30 September 2011. The table below sets out the active terminals by sector for each of the periods indicated:

<table>
<thead>
<tr>
<th>(000’s)</th>
<th>As at 30 September 2012</th>
<th>2011</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active terminals</strong>(a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maritime</td>
<td>188.0</td>
<td>185.8</td>
<td>1.2%</td>
</tr>
<tr>
<td>Land mobile</td>
<td>148.0</td>
<td>111.7</td>
<td>32.5%</td>
</tr>
<tr>
<td>Aviation</td>
<td>15.0</td>
<td>13.1</td>
<td>14.5%</td>
</tr>
<tr>
<td><strong>Total active terminals</strong></td>
<td>351.0</td>
<td>310.6</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

(a) Active terminals are the number of subscribers or terminals that have been used to access commercial services (except certain handheld terminals) at any time during the preceding twelve-month period and registered at 30 September. Active terminals also include the average number of certain handheld terminals active on a daily basis during the period. Active terminals exclude terminals (Inmarsat D+, IsatM2M, IsatData Pro and BGAN M2M) used to access our M2M or telemetry services. At 30 September 2012, we had 222,822 (2011: 234,895) M2M terminals.

The growth of active terminals in the maritime sector is from our FleetBroadband service, where we have seen active terminal numbers grow by 37% period over period. This growth has been partially offset by the expected decline in active terminals of older services such as Inmarsat B and Fleet. The growth of active terminals in the land mobile sector is
dominantly 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 60% period over period.

**Maritime Sector.** During the three months ended 30 September 2012, revenues from the maritime sector were US$105.0m, an increase of US$15.4m, or 17.2%, compared with the three months ended 30 September 2011. Revenues from data services in the maritime sector during the three months ended 30 September 2012 were US$85.4m, an increase of US$17.4m, or 26%, compared with the three months ended 30 September 2011. Growth in our maritime data revenues was primarily driven by pricing and service package changes implemented in January and May 2012. During the period we have seen significant migration of end users from usage-based pricing plans to subscription-based plans with higher monthly fees and inclusive usage. We have also seen strong terminal activations and increasing average revenue per user ("ARPU"). During the three months ended 30 September 2012, we added 2,128 FleetBroadband subscribers. Despite the overall revenue growth reported, customer migration to FleetBroadband from certain older services continues to be a constraint on our rate of revenue growth as the price of FleetBroadband services is typically less than the price of equivalent services on the terminals being replaced.

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

Revenues from voice services in the maritime sector during the three months ended 30 September 2012 were US$19.6m, a decrease of US$2.0m, or 9.3%, compared with the three months ended 30 September 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.

We continue to believe that the current economic environment for the shipping industry and increased competition are also factors impacting revenues in the maritime sector. In addition, the take-up of XpressLink by ships currently using our existing L-band maritime services is expected to increasingly impact the wholesale maritime revenues we report for Inmarsat Global, as the customer revenue on a ship-by-ship basis will largely migrate to our Inmarsat Solutions segment. While this impact has so far been limited due to the early stage of the XpressLink service, customer interest is gaining traction and the impact may be more pronounced in future reporting periods.

**Land Mobile Sector.** During the three months ended 30 September 2012, revenues from the land mobile sector were US$34.3m, a decrease of US$2.7m, or 7.3%, compared with the three months ended 30 September 2011. Revenues from data services in the land mobile sector during the three months ended 30 September 2012 were US$30.6m, a decrease of US$4.2m, or 12.1%, compared with the three months ended 30 September 2011. This expected decline in revenues is due to the combination of troop withdrawals from Afghanistan and the inclusion of significant event revenue in 2011. We estimate that Afghanistan and events in North Africa in the three months ended 30 September 2011 contributed US$8.1m more revenue year-over-year, compared to the three months ended 30 September 2012. Although we continue to see new growth in BGAN usage from new subscribers, this growth is unable to fully offset the impact of reduced revenue from Afghanistan and other world events.

Revenues from voice services in the land mobile sector during the three months ended 30 September 2012 were US$3.7m, an increase of US$1.5m, or 68%, compared with the three months ended 30 September 2011. The increase is due to growth in revenues from our
IsatPhone Pro service. Take up of the IsatPhone Pro service has remained strong and we ended the quarter with over 71,000 active subscribers. The increase in our installed subscriber base is driving overall traffic growth and is the primary contributor to our voice revenue growth.

**Aviation Sector.** During the three months ended 30 September 2012, revenues from the aviation sector were US$24.3m, a decrease of US$2.3m, or 8.6%, compared with the three months ended 30 September 2011. We have seen strong growth in revenues from our SwiftBroadband service, period over period. However, this increase has been offset by a decline in Swift 64 revenues, due to a reduction in usage by certain government customers.

**Leasing**. During the three months ended 30 September 2012, revenues from leasing were US$23.1m, a decrease of US$4.4m, or 16.0%, compared with the three months ended 30 September 2011. The decrease is predominantly due to a reduction in revenue from certain maritime contracts.

**Other income.** Other income for the three months ended 30 September 2012 was US$11.7m, a decrease of US$52.8m, or 82% compared with the three months ended 30 September 2011. The decrease is primarily due to revenue recorded in respect of the LightSquared Cooperation Agreement (during the three months ended 30 September 2012 we recorded US$4.0m, compared with US$56.4m for the same period in 2011). During the three months ended 30 September 2012, we recorded US$5.1m of revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) compared with US$5.3m in the same period in 2011.

**Net operating costs**

Net operating costs for the three months ended 30 September 2012 increased by 5.9%, compared with the three months ended 30 September 2011. Included within net operating costs for the three months ended 30 September 2012 are net costs in relation to our Global Xpress programme totalling US$3.8m (three months ended 30 September 2011: US$3.8m) and costs in relation to the LightSquared Cooperation Agreement of US$2.0m (three months ended 30 September 2011: US$3.5m).

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

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September 2012</th>
<th>Increase/ (decrease)</th>
<th>Nine months ended 30 September 2011</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefit costs</td>
<td>26.1</td>
<td>–</td>
<td>75.8</td>
<td>2.3%</td>
</tr>
<tr>
<td>Network and satellite operations costs</td>
<td>9.5 (18.1%)</td>
<td></td>
<td>30.1</td>
<td>(11.2%)</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>30.2</td>
<td>24.8%</td>
<td>82.2</td>
<td>15.9%</td>
</tr>
<tr>
<td>Own work capitalised</td>
<td>(4.7)</td>
<td>11.9%</td>
<td>(13.8)</td>
<td>23.2%</td>
</tr>
<tr>
<td><strong>Net operating costs</strong></td>
<td><strong>61.1</strong></td>
<td><strong>5.9%</strong></td>
<td><strong>174.3</strong></td>
<td><strong>3.9%</strong></td>
</tr>
</tbody>
</table>

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

**Employee benefit costs.** Employee benefit costs were US$26.1m for the three months ended 30 September 2012, in line with employee benefit costs in the same period in 2011. Staff salary costs increased in the three months ended 30 September 2012 due to an increase in total full-time equivalent headcount (576 at 30 September 2012 compared to 562 at 30 September 2011), primarily to support our Global Xpress programme. The increase was offset by a decline in other benefit costs in the three months ended 30 September 2012.
Network and satellite operations costs. Network and satellite operations costs for the three months ended 30 September 2012 decreased by US$2.1m compared to the three months ended 30 September 2011, primarily due to decreased in-orbit insurance costs following the annual contract renewals in August 2012. In addition, costs in relation to service contracts, warranties and maintenance decreased period on period.

Other operating costs. Other operating costs for the three months ended 30 September 2012 increased by US$6.0m compared to the three months ended 30 September 2011. The increase is due to a provision made for certain doubtful trade receivables and a foreign exchange translation loss of US$2.0m recorded in the three months ended 30 September 2012, compared to a foreign exchange translation gain of US$1.2m in the three months ended 30 September 2011. Partially offsetting the increase was a decrease in professional fees incurred in the three months ended 30 September 2012, including reduced professional fees incurred in relation to our Cooperation Agreement with LightSquared and lower direct cost of sales due to reduced IsatPhone Pro terminal sales.

Own work capitalised. Own work capitalised for the three months ended 30 September 2012 increased by US$0.5m compared to the three months ended 30 September 2011, predominantly a result of increased activity on our Global Xpress programme.

Operating profit

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Increase/ (decrease)</th>
<th>Nine months ended</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September</td>
<td>2012</td>
<td>30 September</td>
<td>2011</td>
</tr>
<tr>
<td>Total revenue</td>
<td>198.4</td>
<td>245.2</td>
<td>(19.1%)</td>
<td>639.6</td>
</tr>
<tr>
<td>Net operating costs</td>
<td>(61.1)</td>
<td>(57.7)</td>
<td>5.9%</td>
<td>(174.3)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>137.3</td>
<td>187.5</td>
<td>(26.8%)</td>
<td>465.3</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>69.2%</td>
<td>76.5%</td>
<td>9.3%</td>
<td>72.7%</td>
</tr>
<tr>
<td>EBITDA (excluding LightSquared)</td>
<td>135.3</td>
<td>134.6</td>
<td>0.5%</td>
<td>414.0</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(45.2)</td>
<td>(39.4)</td>
<td>14.7%</td>
<td>(121.4)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>92.1</td>
<td>148.1</td>
<td>(37.8%)</td>
<td>343.9</td>
</tr>
</tbody>
</table>

The decrease in operating profit for the three months ended 30 September 2012 of US$56.0m, compared to the three months ended 30 September 2011, is primarily a result of decreased revenues from our Cooperation Agreement with LightSquared.

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 30 September 2012, revenues from Inmarsat Solutions increased by 4.3%, compared with the three months ended 30 September 2011. The table below sets out the components of Inmarsat Solutions’ revenues for each of the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Increase/ (decrease)</th>
<th>Nine months ended</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September</td>
<td>2012</td>
<td>30 September</td>
<td>2011</td>
</tr>
<tr>
<td>Inmarsat MSS</td>
<td>104.1</td>
<td>107.4</td>
<td>(3.1%)</td>
<td>302.6</td>
</tr>
<tr>
<td>Broadband and Other MSS(a)</td>
<td>101.8</td>
<td>90.0</td>
<td>13.1%</td>
<td>299.5</td>
</tr>
<tr>
<td>Total revenue</td>
<td>205.9</td>
<td>197.4</td>
<td>4.3%</td>
<td>602.1</td>
</tr>
</tbody>
</table>

(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 30 September 2012 decreased by US$3.3m, or 3.1%, compared with the three months ended 30 September 2011. Generally, the market sector trends we discuss in relation to our MSS revenue at our Inmarsat Global business have a very similar impact on revenues reported for Inmarsat MSS at the Inmarsat Solutions level. Growth in maritime MSS revenue at Inmarsat Solutions lagged the growth reported at the Inmarsat Global level as effective wholesale price increases, resulting from the elimination of certain volume discounts in January 2012, have not wholly been passed on by Inmarsat Solutions to end users. As a result, certain price increases at the Inmarsat Global wholesale level have not resulted in equivalent revenue increases at the Inmarsat Solutions retail level.

For the three months ended 30 September 2012, Inmarsat Solutions’ share of Inmarsat Global’s MSS revenues was 40%, which is in line with the three months ended 30 September 2011.

**Broadband and Other MSS.** ‘Broadband and Other MSS’ revenues primarily consist of sales of VSAT and microwave services, mobile terminal and equipment sales, rental and repairs, mobile telecommunications services sourced on a wholesale basis from other MSS providers, network services provided to certain distributors and other ancillary services. Also included within ‘Broadband and Other MSS’ are revenues from our Inmarsat Government business unit (primarily drawn from the operations of Segovia), relating to the provision of 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), relating to the provision of VSAT maritime communications services, including our XpressLink service, to the shipping, offshore energy and fishing markets.

Revenues from ‘Broadband and Other MSS’ during the three months ended 30 September 2012 increased by US$11.8m, or 13.1%, compared with the three months ended 30 September 2011. The increase is due to increased revenues in our Inmarsat Government business unit from growth in network services and equipment sales. There were also increases in equipment sales and other ancillary revenues from other business units.

**Net operating costs**
Net operating costs in the three months ended 30 September 2012 increased by US$20.8m, or 13.0%, compared with the three months ended 30 September 2011, primarily as a result of increased costs in Inmarsat Government due to increased cost for airtime from Inmarsat Global as a result of price increases. 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:

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>Three months ended 30 September</th>
<th>Increase/ (decrease)</th>
<th>Nine months ended 30 September</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of goods and services</td>
<td>154.9</td>
<td>138.2</td>
<td>12.1%</td>
<td>446.1</td>
</tr>
<tr>
<td>Operating costs</td>
<td>26.5</td>
<td>22.4</td>
<td>18.3%</td>
<td>78.1</td>
</tr>
<tr>
<td><strong>Total operating costs</strong></td>
<td><strong>181.4</strong></td>
<td><strong>160.6</strong></td>
<td><strong>13.0%</strong></td>
<td><strong>524.2</strong></td>
</tr>
</tbody>
</table>

Allocated as follows:
- Employee benefit costs | 31.5 | 26.2 | 20.2% | 90.1 | 75.1 | 20.0% |
- Network and satellite operations costs | 140.3 | 127.6 | 10.0% | 409.2 | 367.7 | 11.3% |
- Other operating costs | 10.5 | 8.1 | 29.6% | 28.4 | 21.8 | 30.3% |
- Own work capitalised | (0.9) | (1.3) | (30.8%) | (3.5) | (3.6) | (2.8%) |

**Net operating costs** | **181.4** | **160.6** | **13.0%** | **524.2** | **461.0** | **13.7%** |

(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 30 September 2012 increased by US$16.7m, compared with the three months ended 30 September 2011. The increase is predominantly due to increased costs for airtime from Inmarsat Global as a result of price increases and increased costs in Inmarsat Government, related to the increased revenues.

Operating costs. Operating costs during the three months ended 30 September 2012 increased by US$4.1m, compared with the three months ended 30 September 2011. The increase is primarily due to increased costs in Inmarsat Government related to an increased number of employees, increased benefits costs and higher sales, marketing and rent costs. There are also increased costs as a result of the three months ended 30 September 2011 having lower bad debt expense and professional fees.

Operating profit

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Increase/ (decrease)</th>
<th>Nine months ended</th>
<th>Increase/ (decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September 2012</td>
<td>30 September 2011</td>
<td>30 September 2012</td>
<td>30 September 2011</td>
</tr>
<tr>
<td>Total revenue</td>
<td>205.9</td>
<td>197.4</td>
<td>602.1</td>
<td>562.1</td>
</tr>
<tr>
<td>Cost of goods and services</td>
<td>(154.9)</td>
<td>(138.2)</td>
<td>(446.1)</td>
<td>(398.1)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>51.0</td>
<td>59.2 (13.9%)</td>
<td>156.0</td>
<td>164.0 (4.9%)</td>
</tr>
<tr>
<td>Gross margin %</td>
<td>24.8%</td>
<td>30.0%</td>
<td>25.9%</td>
<td>29.2%</td>
</tr>
<tr>
<td>Operating costs</td>
<td>(26.5)</td>
<td>(22.4)</td>
<td>(78.1)</td>
<td>(62.9)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>24.5</td>
<td>36.8 (33.4%)</td>
<td>77.9</td>
<td>101.1 (22.9%)</td>
</tr>
<tr>
<td>EBITDA margin %</td>
<td>11.9%</td>
<td>18.6%</td>
<td>12.9%</td>
<td>18.0%</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(25.1)</td>
<td>(23.7)</td>
<td>(71.4)</td>
<td>(60.8)</td>
</tr>
<tr>
<td>Gain on disposal of assets</td>
<td>0.1</td>
<td>0.1</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of results of associate</td>
<td>0.8</td>
<td>0.4</td>
<td>100.0%</td>
<td>1.1</td>
</tr>
<tr>
<td>Operating profit</td>
<td>0.3</td>
<td>13.6 (97.8%)</td>
<td>7.9</td>
<td>41.5 (81.0%)</td>
</tr>
</tbody>
</table>

Inmarsat Solutions’ operating profit for the three months ended 30 September 2012 decreased by US$13.3m, compared with the three months ended 30 September 2011. The decrease is primarily due to the reduction in gross margin as noted below. In addition, depreciation and amortisation increased as a result of the amortisation of NewWave intangibles and increased capital expenditures, partially offset by a decrease in amortisation as a result of the reduction in the carrying amount of the Stratos, Segovia and Ship Equip trade names to US$nil at the end of 2011.

Gross margin consists of revenues less cost of goods and services. Gross margin and gross margin percentage have decreased by US$8.2m and 5.2%, respectively, in the three months ended 30 September 2012 compared to the three months ended 30 September 2011. These decreases are a result of a decrease in Inmarsat MSS revenue along with increased cost of airtime from Inmarsat Global and migration to newer lower margin services, as well as reduced gross margin percentages in Inmarsat Government and Inmarsat Maritime as a result of the newer revenues being at lower margins and changes in product mix.

Group liquidity and capital resources

At 30 September 2012, the Group had cash and cash equivalents of US$446.3m and available but undrawn borrowing facilities of US$1,080.7m under our Senior Credit Facility and Ex-Im Bank Facility. We believe our liquidity position is more than sufficient to meet the Group’s needs for the foreseeable future. In addition, we remain well-positioned to access the
capital markets when needed to meet new financing needs or to improve our liquidity or change the mix of our liquidity sources.

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:

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>As at 30 September 2012</th>
<th>As at 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIB Facility</td>
<td>282.7</td>
<td>308.4</td>
</tr>
<tr>
<td>Ex-Im Bank Facility</td>
<td>369.3</td>
<td>277.3</td>
</tr>
<tr>
<td>Senior Notes due 2017</td>
<td>850.0</td>
<td>650.0</td>
</tr>
<tr>
<td>– Net issuance premium/(discount)</td>
<td>7.9</td>
<td>(3.6)</td>
</tr>
<tr>
<td>Intercompany loan</td>
<td>–</td>
<td>6.0</td>
</tr>
<tr>
<td>Deferred satellite payments</td>
<td>30.2</td>
<td>34.7</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>3.1</td>
<td>1.2</td>
</tr>
<tr>
<td><strong>Total borrowings</strong></td>
<td><strong>1,543.2</strong></td>
<td><strong>1,274.0</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(446.3)</td>
<td>(165.7)</td>
</tr>
<tr>
<td><strong>Net Borrowings</strong> (gross of deferred finance costs)</td>
<td><strong>1,096.9</strong></td>
<td><strong>1,108.3</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>Three months ended 30 September 2012</th>
<th>Three months ended 30 September 2011</th>
<th>Nine months ended 30 September 2012</th>
<th>Nine months ended 30 September 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash from operating activities</td>
<td>135.3</td>
<td>230.8</td>
<td>497.4</td>
<td>706.4</td>
</tr>
<tr>
<td>Net cash used in investing activities, excluding capital expenditure</td>
<td>–</td>
<td>(3.2)</td>
<td>(13.1)</td>
<td>(134.9)</td>
</tr>
<tr>
<td>Capital expenditure, including own work capitalised</td>
<td>(70.6)</td>
<td>(121.9)</td>
<td>(316.9)</td>
<td>(282.6)</td>
</tr>
<tr>
<td>Dividends paid to parent company</td>
<td>–</td>
<td>(100.0)</td>
<td>(150.0)</td>
<td>(204.5)</td>
</tr>
<tr>
<td>Net cash from/(used in) financing activities, excluding dividends paid</td>
<td>8.1</td>
<td>69.6</td>
<td>261.0</td>
<td>(134.2)</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(0.2)</td>
<td>0.3</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td><strong>72.6</strong></td>
<td><strong>75.6</strong></td>
<td><strong>278.7</strong></td>
<td><strong>(49.7)</strong></td>
</tr>
</tbody>
</table>

The decrease in net cash generated from operating activities in the three months ended 30 September 2012, compared to the three months ended 30 September 2011, of US$95.5m, primarily relates to decreased EBITDA in the three months ended 30 September 2012 and movements in working capital.

Net cash used in investing activities excluding capital expenditure was US$nil in the three months ended 30 September 2012, compared to US$3.2m in the three months ended 30 September 2011 relating to Inmarsat Solutions’ acquisition of certain operational assets.

Capital expenditure, including own work capitalised, decreased by US$51.3m in the three months ended 30 September 2012, compared to the three months ended 30 September 2011. Capital expenditure may fluctuate with the timing of milestone payments on current projects.

During the three months ended 30 September 2011 the Company paid an interim dividend of US$100.0m to Inmarsat Holdings Limited. The purpose of the dividend was to fund Inmarsat plc’s share repurchase programme, no equivalent dividend was paid in the three months ended 30 September 2012.
Net cash generated from financing activities, excluding the payment of dividends, was US$8.1m in the three months ended 30 September 2012, compared to US$69.6m in the three months ended 30 September 2011. During the three months ended 30 September 2012, we drew down US$22.0m of our Ex-Im Bank Facility, paid cash interest of US$10.9m, paid fees in relation to debt drawdown’s of US$0.8m and paid US$1.9m of intercompany funding.

During the three months ended 30 September 2011, we drew down US$87.7m of our Ex-Im Bank Facility, paid cash interest of US$7.9m and paid arrangement costs in respect of new financing of US$10.0m.

**Group free cash flow**

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September 2012</td>
<td>2011</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>157.9</td>
<td>267.3</td>
</tr>
<tr>
<td>Capital expenditure, including own work capitalised</td>
<td>(70.6)</td>
<td>(121.9)</td>
</tr>
<tr>
<td>Net cash interest paid</td>
<td>(10.6)</td>
<td>(7.5)</td>
</tr>
<tr>
<td>Cash tax paid</td>
<td>(22.9)</td>
<td>(36.9)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>53.8</strong></td>
<td><strong>101.0</strong></td>
</tr>
</tbody>
</table>

Free cash flow decreased by US$47.2m, or 47%, during the three months ended 30 September 2012, compared to the three months ended 30 September 2011. The decrease is primarily due a reduction in cash generated from operations, partially offset by lower capital expenditure and reduced cash tax paid.

**Recent Events**

Subsequent to 30 September 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)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September 2012</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>30 September 2011</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>325.9</td>
<td>364.1</td>
</tr>
<tr>
<td><strong>Employee benefit costs</strong></td>
<td>(57.6)</td>
<td>(52.3)</td>
</tr>
<tr>
<td><strong>Network and satellite operations costs</strong></td>
<td>(71.8)</td>
<td>(63.0)</td>
</tr>
<tr>
<td><strong>Other operating costs</strong></td>
<td>(39.3)</td>
<td>(29.9)</td>
</tr>
<tr>
<td><strong>Own work capitalised</strong></td>
<td>5.6</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>Total net operating costs</strong></td>
<td>(163.1)</td>
<td>(139.7)</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>162.8</td>
<td>224.4</td>
</tr>
<tr>
<td><strong>Depreciation and amortisation</strong></td>
<td>(70.3)</td>
<td>(63.1)</td>
</tr>
<tr>
<td><strong>Gain on disposal of assets</strong></td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Share of results of associates</strong></td>
<td>0.8</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>93.4</td>
<td>161.8</td>
</tr>
<tr>
<td><strong>Interest receivable and similar income</strong></td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Interest payable and similar charges</strong></td>
<td>(13.7)</td>
<td>(16.0)</td>
</tr>
<tr>
<td><strong>Net interest payable</strong></td>
<td>(12.8)</td>
<td>(15.8)</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td>80.6</td>
<td>146.0</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(15.3)</td>
<td>(37.0)</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>65.3</td>
<td>109.0</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity holders</strong></td>
<td>65.2</td>
<td>109.0</td>
</tr>
<tr>
<td><strong>Non-controlling interest</strong></td>
<td>0.1</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period, net of tax</strong></td>
<td>70.2</td>
<td>99.0</td>
</tr>
</tbody>
</table>

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 September 2012</td>
<td>2011</td>
</tr>
<tr>
<td><strong>Profit for the period</strong></td>
<td>65.3</td>
<td>109.0</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actuarial gains/(losses) from pension and post-retirement healthcare benefits</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net gains/(losses) on cash flow hedges</td>
<td>5.7</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Foreign exchange translation differences</td>
<td>–</td>
<td>0.3</td>
</tr>
<tr>
<td>Tax (charged)/credited directly to equity</td>
<td>(0.8)</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss) for the period, net of tax</strong></td>
<td>4.9</td>
<td>(10.0)</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the period, net of tax</strong></td>
<td>70.2</td>
<td>99.0</td>
</tr>
<tr>
<td><strong>Attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity holders</strong></td>
<td>70.1</td>
<td>99.0</td>
</tr>
<tr>
<td><strong>Non-controlling interest</strong></td>
<td>0.1</td>
<td>–</td>
</tr>
</tbody>
</table>

15
<table>
<thead>
<tr>
<th></th>
<th>As at 30 September 2012</th>
<th>As at 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,990.1</td>
<td>1,820.1</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>1,064.9</td>
<td>1,081.7</td>
</tr>
<tr>
<td>Investments</td>
<td>31.4</td>
<td>31.0</td>
</tr>
<tr>
<td>Other receivables</td>
<td>8.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>0.7</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>446.3</td>
<td>165.7</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>290.4</td>
<td>260.3</td>
</tr>
<tr>
<td>Inventories</td>
<td>27.9</td>
<td>23.5</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>7.1</td>
<td>7.8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>3,096.0</td>
<td>2,937.1</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>55.1</td>
<td>53.2</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>676.4</td>
<td>682.2</td>
</tr>
<tr>
<td>Provisions</td>
<td>0.1</td>
<td>2.9</td>
</tr>
<tr>
<td>Current income tax liabilities</td>
<td>74.2</td>
<td>60.4</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>14.3</td>
<td>14.2</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>820.1</td>
<td>812.9</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>1,458.8</td>
<td>1,194.9</td>
</tr>
<tr>
<td>Other payables</td>
<td>26.2</td>
<td>28.1</td>
</tr>
<tr>
<td>Provisions</td>
<td>23.7</td>
<td>26.7</td>
</tr>
<tr>
<td>Deferred income tax liabilities</td>
<td>109.0</td>
<td>109.5</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>2.3</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,620.0</td>
<td>1,368.3</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>1,440.1</td>
<td>2,181.2</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Share premium</td>
<td>677.4</td>
<td>677.4</td>
</tr>
<tr>
<td>Other reserves</td>
<td>374.1</td>
<td>362.3</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>374.7</td>
<td>172.2</td>
</tr>
<tr>
<td><strong>Equity attributable to shareholders of the parent</strong></td>
<td>1,426.6</td>
<td>1,212.3</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>1.0</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>1,427.6</td>
<td>1,213.2</td>
</tr>
<tr>
<td></td>
<td>Ordinary share capital</td>
<td>Share premium account</td>
</tr>
<tr>
<td>----------------------</td>
<td>------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td><strong>Balance at 1 January 2011 (audited)</strong></td>
<td>0.4</td>
<td>677.4</td>
</tr>
<tr>
<td>Share options charge</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Comprehensive Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other Comprehensive Income – before tax</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other Comprehensive Income - tax</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 30 September 2011 (unaudited)</strong></td>
<td>0.4</td>
<td>677.4</td>
</tr>
<tr>
<td><strong>Balance at 1 January 2012 (audited)</strong></td>
<td>0.4</td>
<td>677.4</td>
</tr>
<tr>
<td>Share options charge</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividends payable</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Comprehensive Income:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other Comprehensive Income – before tax</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other Comprehensive Income - tax</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 30 September 2012 (unaudited)</strong></td>
<td>0.4</td>
<td>677.4</td>
</tr>
</tbody>
</table>
## INMARSAT GROUP LIMITED
### CONDENSED CONSOLIDATED CASH FLOW STATEMENT
( unaudited )

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td>(US$ in millions)</td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>157.9</td>
<td>267.3</td>
</tr>
<tr>
<td>Interest received</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(22.9)</td>
<td>(36.9)</td>
</tr>
<tr>
<td><strong>Net cash flow from operating activities</strong></td>
<td>135.3</td>
<td>230.8</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of property, plant and equipment</td>
<td>(64.9)</td>
<td>(110.8)</td>
</tr>
<tr>
<td>Additions to capitalised development costs, including software</td>
<td>(0.7)</td>
<td>(6.3)</td>
</tr>
<tr>
<td>Own work capitalised</td>
<td>(5.0)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Acquisition of subsidiaries and other investments</td>
<td>–</td>
<td>(3.2)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(70.6)</td>
<td>(125.1)</td>
</tr>
<tr>
<td><strong>Cash flow from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid to parent company</td>
<td>–</td>
<td>(100.0)</td>
</tr>
<tr>
<td>Repayment of Previous Senior Credit Facility</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of EIB Facility</td>
<td>–</td>
<td>(25.7)</td>
</tr>
<tr>
<td>Drawdown of Ex-Im Bank Facility</td>
<td>22.0</td>
<td>87.7</td>
</tr>
<tr>
<td>Gross issuance proceeds of Senior Notes due 2017</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Repayment of Ship Equip long-term debt</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Interest paid on borrowings</td>
<td>(10.9)</td>
<td>(7.9)</td>
</tr>
<tr>
<td>Arrangement costs of new borrowing facilities</td>
<td>(0.8)</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Intercompany funding</td>
<td>(1.9)</td>
<td>–</td>
</tr>
<tr>
<td>Other financing activities</td>
<td>(0.3)</td>
<td>(0.2)</td>
</tr>
<tr>
<td><strong>Net cash from/(used in) financing activities</strong></td>
<td>8.1</td>
<td>(30.4)</td>
</tr>
<tr>
<td>Foreign exchange adjustment</td>
<td>(0.2)</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>72.6</td>
<td>75.6</td>
</tr>
</tbody>
</table>

### Movement in cash and cash equivalents

- **At beginning of period**: 370.6
- **Net increase/(decrease) in cash and cash equivalents**: 72.6
- **As reported on balance sheet (net of bank overdrafts)**: 443.2
- **At end of period, comprising**:
  - Cash at bank and in hand: 41.3
  - Short-term deposits with original maturity of less than 3 months: 405.0
  - Bank overdrafts: (3.1)
- **Total**: 443.2
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 5 November 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 30 September 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 2011 annual consolidated financial statements prepared under IFRS, set out on pages 10 to 61. Operating results for the period ended 30 September 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.

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

Accounting policies adopted in preparing these condensed consolidated 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.

The Group’s reportable segments are therefore as follows:

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

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

<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September 2012</th>
<th>Nine months ended 30 September 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inmarsat Global</td>
<td>Inmarsat Solutions (a)</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External sales</td>
<td>123.3</td>
<td>202.6</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>75.1</td>
<td>3.3</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>198.4</td>
<td>205.9</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>137.3</td>
<td>24.5</td>
</tr>
</tbody>
</table>

#### Segment result (operating profit) before operating profit from LightSquared

- **Inmarsat Global**: 90.1
- **Inmarsat Solutions (a)**: 0.3
- **Operating profit**: 91.4
- **EBITDA from LightSquared**: 292.6
- **Net result**: 7.9
- **Total result**: 0.9

#### Segment result (operating profit)

- **Inmarsat Global**: 92.1
- **Inmarsat Solutions (a)**: 0.3
- **Operating profit**: 93.4
- **EBITDA from LightSquared**: 343.9
- **Net result**: 7.9
- **Total result**: 0.9

#### Net interest charged to the Income Statement

- **Inmarsat Global**: –
- **Inmarsat Solutions (a)**: –
- **Operating profit**: (12.8)
- **EBITDA from LightSquared**: (12.8)
- **Net result**: –
- **Total result**: (35.2)

#### Profit before income tax

- **Inmarsat Global**: 80.6
- **Inmarsat Solutions (a)**: 317.5
- **Operating profit**: (15.3)
- **EBITDA from LightSquared**: (71.1)
- **Net result**: 65.3
- **Total result**: 246.4

#### Segment assets

- **Inmarsat Global**: 2,915.2
- **Inmarsat Solutions (a)**: 941.1
- **Operating profit**: 449.3
- **EBITDA from LightSquared**: (437.9)
- **Net result**: 3,867.7

#### Segment liabilities

- **Inmarsat Global**: (539.5)
- **Inmarsat Solutions (a)**: (170.6)
- **Operating profit**: (1,801.9)
- **EBITDA from LightSquared**: 71.9
- **Net result**: (2,440.1)

#### Investment (included in segment assets)

- **Inmarsat Global**: 23.5
- **Inmarsat Solutions (a)**: –
- **Operating profit**: –
- **EBITDA from LightSquared**: –
- **Net result**: 23.5

#### Capital expenditure

- **Inmarsat Global**: (94.6)
- **Inmarsat Solutions (a)**: (11.4)
- **Operating profit**: –
- **EBITDA from LightSquared**: (106.0)
- **Net result**: (335.0)

#### Depreciation

- **Inmarsat Global**: (40.3)
- **Inmarsat Solutions (a)**: (12.3)
- **Operating profit**: –
- **EBITDA from LightSquared**: (52.6)
- **Net result**: (142.8)

#### Amortisation of intangible assets

- **Inmarsat Global**: (4.9)
- **Inmarsat Solutions (a)**: (12.8)
- **Operating profit**: –
- **EBITDA from LightSquared**: (17.7)
- **Net result**: (50.0)

---

(a) Includes NewWave Broadband Limited (“NewWave”) from 13 January 2012.

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

(c) Capital expenditure stated using accruals basis.
<table>
<thead>
<tr>
<th></th>
<th>Three months ended 30 September 2011</th>
<th>Nine months ended 30 September 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(US$ in millions)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inmarsat Global</td>
<td>Inmarsat Solutions(^{(a)}) Unallocated Eliminations Total</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>External sales</td>
<td>170.1</td>
<td>194.0</td>
</tr>
<tr>
<td>Inter-segment</td>
<td>75.1</td>
<td>3.4</td>
</tr>
<tr>
<td>Total revenues</td>
<td>245.2</td>
<td>197.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>187.5</td>
<td>36.8</td>
</tr>
<tr>
<td>Segment result</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(operating profit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>before operating profit from LightSquared</td>
<td>95.2</td>
<td>13.6</td>
</tr>
<tr>
<td>Operating profit from LightSquared</td>
<td>52.9</td>
<td>–</td>
</tr>
<tr>
<td>Segment result</td>
<td>148.1</td>
<td>13.6</td>
</tr>
<tr>
<td>(operating profit)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net interest charged to the Income Statement</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>146.0</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(37.0)</td>
<td></td>
</tr>
<tr>
<td>Profit for the year</td>
<td>109.0</td>
<td></td>
</tr>
<tr>
<td>Segment assets</td>
<td>2,575.3</td>
<td>1,097.8</td>
</tr>
<tr>
<td>Segment liabilities</td>
<td>(615.2)</td>
<td>(174.3)</td>
</tr>
<tr>
<td>Investment (included in segment assets)(^{(b)})</td>
<td>23.5</td>
<td>–</td>
</tr>
<tr>
<td>Capital expenditure(^{(c)})</td>
<td>(208.2)</td>
<td>(14.1)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(34.7)</td>
<td>(10.9)</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>(4.7)</td>
<td>(12.8)</td>
</tr>
</tbody>
</table>

(a) Includes Ship Equip from 28 April 2011.
(b) Relates to 19% stake in SkyWave.
(c) Capital expenditure stated using accruals basis.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS
(continued)

4. Net interest payable

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>Three months ended 30 September</th>
<th>Nine months ended 30 September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Interest on Senior Notes and credit facilities</td>
<td>(21.5)</td>
<td>(17.3)</td>
</tr>
<tr>
<td>Interest on Inmarsat Solutions borrowings</td>
<td>(0.2)</td>
<td>–</td>
</tr>
<tr>
<td>Pension and post-retirement liability finance costs</td>
<td>(0.1)</td>
<td>1.2</td>
</tr>
<tr>
<td>Interest rate swaps</td>
<td>(2.3)</td>
<td>(3.4)</td>
</tr>
<tr>
<td>Unwinding of discount on deferred satellite liabilities</td>
<td>(0.5)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>Unwinding of discount on deferred consideration</td>
<td>(0.1)</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Amortisation of debt issue costs</td>
<td>(1.7)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Net amortisation of discount on Senior Notes due 2017</td>
<td>–</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Intercompany interest</td>
<td>(2.1)</td>
<td>–</td>
</tr>
<tr>
<td>Other interest</td>
<td>(0.2)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Interest payable and similar charges</strong></td>
<td>(28.7)</td>
<td>(22.9)</td>
</tr>
<tr>
<td>Less: Amounts included in the cost of qualifying assets</td>
<td>15.0</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total interest payable and similar charges</strong></td>
<td>(13.7)</td>
<td>(16.0)</td>
</tr>
<tr>
<td>Bank interest receivable and other interest</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Net amortisation of premium on Senior Notes due 2017</td>
<td>0.4</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total interest receivable and similar income</strong></td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Net interest payable</strong></td>
<td>(12.8)</td>
<td>(15.8)</td>
</tr>
</tbody>
</table>
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS
(continued)

5. Net borrowings

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

<table>
<thead>
<tr>
<th>(US$ in millions)</th>
<th>As at 30 September 2012</th>
<th>As at 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Deferred finance cost</td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>3.1</td>
<td>–</td>
</tr>
<tr>
<td>Deferred satellite payments</td>
<td>7.9</td>
<td>–</td>
</tr>
<tr>
<td>EIB Facility(a)</td>
<td>44.1</td>
<td>–</td>
</tr>
<tr>
<td>Total current borrowings</td>
<td>55.1</td>
<td>–</td>
</tr>
<tr>
<td>Non-current:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred satellite payments</td>
<td>22.3</td>
<td>–</td>
</tr>
<tr>
<td>Senior Notes due 2017(b)</td>
<td>850.0</td>
<td>(11.6)</td>
</tr>
<tr>
<td>– Net issuance premium/(discount)</td>
<td>7.9</td>
<td>–</td>
</tr>
<tr>
<td>EIB Facility(a)</td>
<td>238.6</td>
<td>(1.7)</td>
</tr>
<tr>
<td>Ex-Im Bank Facility(c)</td>
<td>369.3</td>
<td>(16.0)</td>
</tr>
<tr>
<td>Intercompany loan</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total non-current borrowings</td>
<td>1,488.1</td>
<td>(29.3)</td>
</tr>
<tr>
<td>Total Borrowings(d)</td>
<td>1,543.2</td>
<td>(29.3)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(446.3)</td>
<td>–</td>
</tr>
<tr>
<td>Net Borrowings</td>
<td>1,096.9</td>
<td>(29.3)</td>
</tr>
</tbody>
</table>

(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 drawdown of US$128.4m was made on 28 October 2010. This facility matures on 30 April 2018 and is repayable in equal annual instalments on both tranches beginning 30 April 2012. The first repayment of US$25.7m was made in April 2012. Interest is equal to three-month USD LIBOR plus a margin payable in April, July, October and January each year.

(b) On 12 November 2009, we issued US$650.0m aggregate principal amount of 7.375% Senior Notes due 1 December 2017 (“Senior Notes due 2017”). The aggregate gross proceeds were US$645.2m, net of US$4.8m issuance discount and we capitalised US$12.5m of issuance costs. On 11 April 2012, we issued a further US$200.0m aggregate principal amount of our Senior Notes due 2017. The aggregate proceeds were US$212.0m, including US$12.0m premium on issuance and we capitalised US$3.8m of issuance costs.

(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 signed a five-year US$750.0m Senior Credit Facility with a group of commercial banks as lenders. Under the terms of the 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 facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. As at 30 September 2012, there were no drawings on the Senior Credit Facility.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

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$7.7m (net of cash acquired). NewWave sources and manages satellite capacity exclusively for Ship Equip, as well as providing maintenance services for certain Ship Equip network assets. The operations of NewWave have been integrated within our Inmarsat Solutions business.

NewWave has been accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combination'. We have recognised US$2.9m of goodwill in relation to the acquisition. 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

Under the terms of Inmarsat plc’s (our ultimate parent company’s) outstanding Convertible Bonds, holders of the bonds had an option right to require Inmarsat plc to redeem the bonds at the accreted principal amount together with interest on 16 November 2012. This holder right was exercisable for a period of 60 days and expired on 17 October 2012 at which point no holders had exercised their rights. As a result, Inmarsat plc will not be required to redeem any of the Convertible Bonds on 16 November 2012.

Subsequent to 30 September 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.