INMARSAT GROUP LIMITED

Consolidated financial results for the three months ended

March 31, 2004

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Forward-Looking Statements

This document contains forward-looking statements. Theses 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 our 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 our 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 our actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from our current expectations include those risk factors disclosed in our Form F-4 Registration Statement filed with the Securities and Exchange Commission on May 25, 2004.

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

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Operating and Financial Review and Prospects

The following is a discussion of the consolidated results of operations and financial condition of Inmarsat Group Limited (the "Group") and its predecessor Inmarsat Ventures plc (now Inmarsat Ventures Limited). You should read the following discussion together with the whole of this document including the historical consolidated financial statements and the annexes. Those historical financial statements were prepared in accordance with UK GAAP, which differs in a number of respects from U.S. GAAP. For a summary of the material differences between UK GAAP and U.S. GAAP relevant to the historical consolidated financial statements of our predecessor and a reconciliation of certain items under UK GAAP to U.S. GAAP see Annex 2.

Overview

We are a leading provider of global mobile satellite communications services. We have been designing, implementing and operating satellite networks for over 23 years. During the periods presented below, we generated more than 80% of our total revenues from mobile satellite voice and data services, including telephony, fax, video, email, and intranet and internet access. End users of our mobile satellite services operate at sea, on land and in the air.

We also lease excess capacity on our satellites. Typically our capacity leases are short-term, with terms of up to one year, although they can be as long as five years. In addition we lease specialised navigation transponders, primarily for use in commercial aviation, for up to five years.

The remainder of our revenues, classified as "other", relate primarily to VSAT services and maritime communication services businesses conducted by our Invsat and Rydex subsidiaries respectively.

We report our results of operations in US dollars.

Acquisition

In connection with the acquisition of Inmarsat Ventures plc in December 2003, Inmarsat Investments Limited (a 100% subsidiary of Inmarsat Group Limited) incurred $1,175.0 million of third party indebtedness. This indebtedness is comprised of $800.0 million of term borrowings under the senior credit agreement and $375.0 million under the Senior Notes (which were used to repay a $365.0 million bridge loan and to pay fees and expenses).

In addition, in connection with the acquisition Inmarsat Group Limited recorded approximately $299.5 million of goodwill, $33.0 million of identifiable intangibles and an increase of $158.1 million in the book value of tangible fixed assets, which, in accordance with UK GAAP, it will amortise or depreciate over varying periods.

The interest, amortisation and depreciation charges that result from the acquisition have an important and significant impact on the financial results of the Group, and must be borne in mind when comparing our results for the three months ended March 31, 2004 to the corresponding 2003 period results and financial condition of the predecessor company.

Revenues

Revenues from continuing operations for the three months ended March 31, 2004 were $116.6 million, a decrease of $3.7 million, or 3.1%, as compared with three months ended March 31, 2003.

The table below sets out the components of our total revenues for each of the periods under review, and gives the percentages to total revenues.

	Three months ended March 31,			
	2004		2003	
	(US$ in millions, except percentages)			
Revenues from satellite communications services				
Maritime sector:		%		%
voice services	26.3	22.6	29.5	24.5
data services	34.4	29.5	32.5	27.0
Total maritime sector	60.7	52.1	62.0	51.5
Land sector:				
voice services	7.7	6.6	9.0	7.5
data services	27.0	23.2	25.7	21.4
Total land sector	34.7	29.8	34.7	28.9
Aeronautical sector	3.8	3.2	3.2	2.7
Total satellite communications services	99.2	85.1	99.9	83.1
Leasing (incl. navigation)	14.0	12.0	14.7	12.2
Other	3.4	2.9	5.7	4.7
Total revenue	116.6	100%	120.3	100%

	Three months ended March 31,	
	2004	2003
Active terminals (1)	(000's)	
Maritime	100.2	97.9
Land	68.7	74.7
Aeronautical	5.6	5.1
	174.5	177.7

(1) Active terminals means terminals registered with us as at March 31 of the relevant financial period that have been used to access our services at any time during the preceding twelve-month period.

During the three months ended March 31, 2004, revenues from satellite communications services were $99.2 million, a decrease of $0.7 million, or 0.7%, as compared with the three months ended March 31, 2003. The maritime, land and aeronautical sectors accounted for 61.2%, 35.0% and 3.8% of total revenues from satellite communication services, respectively during the three months ended March 31, 2004.

Maritime Sector. During the three months ended March 31, 2004, revenues from the maritime sector were $60.7 million, a decrease of $1.3 million, or 2.1%, as compared with the three months ended March 31, 2003. The decrease principally reflects a decline in voice revenues that was not fully offset by increased data revenue. Revenues from voice services in the maritime sector during the three months ended March 31, 2004 were $26.3 million, a decrease of $3.2 million, or 10.8%, as compared to the three months ended March 31, 2003. The decrease in revenues from voice services primarily reflects our ongoing migration of users from our higher-priced analog services to our lower-priced digital services. Revenues from data services in the maritime sector during the three months ended March 31, 2004 were

$34.4 million, an increase of $1.9 million, or 5.8%, as compared to the three months ended March 31, 2003. The increase in revenues from data services reflects increased demand, partly as a result of the introduction of our Fleet services, which have enhanced the communications services we provide to the maritime sector.

Land Sector. During the three months ended March 31, 2004, revenues from the land sector were $34.7 million, the same level as compared with the three months ended March 31, 2003. Underlying this was increased revenue from data services. Revenues from voice services in the land sector during the three months ended March 31, 2003 were $7.7 million, a decrease of $1.3 million, or 14.4%, as compared to the same period in the prior year. The decrease in revenues from voice services reflects a decline in traffic resulting from competition from operators of land-based hand-held satellite telephones who offer lower-priced voice services. Revenues from data services in the land sector during the three months ended March 31, 2004 were $27.0 million, an increase of $1.3 million, or 5.1%, as compared to the same period in the prior year. This increase was principally due to increased demand for our Regional BGAN service, which commenced commercial service in January 2003.

Aeronautical Sector. During the three months ended March 31, 2004, revenues from the aeronautical sector were $3.8 million, an increase of $0.6 million, or 18.8%, as compared with the three months ended March 31, 2003. The increase can be attributed primarily to our Swift64 service, which is a new service that targets the government aircraft and business jet markets.

Global security events in recent years have had a positive effect on the Group's revenues, particularly in the land sector. In 2003, despite decreased demand for our services from Afghanistan and neighboring countries, revenues were higher than in the previous year because of demand fed by the conflict in Iraq. This has continued in 2004, reflecting a continued level of activity in the Middle East region. It is unclear whether the level of this demand will continue in future periods. Although a portion of these revenues may be sustainable, a decrease in global security activity in the region may have a corresponding impact on future revenues and results of operations.

Leasing

During the three months ended March 31, 2004, revenues from leasing were $14.0 million, a decrease of $0.7 million, or 4.8%, as compared with the three months ended March 31, 2003. The decrease principally resulted from a lower level of short-term leasing of satellite capacity by government users.

Other revenues

We classify revenues generated by our subsidiaries, Invsat Limited and Rydex Corporation Limited, as "other" revenues. Invsat Limited provides integrated communications networks and systems using VSATs (transportable terminals that access broadband services provided over satellite systems operating in the C-band and Ku-band radio frequencies), principally to end users in the oil and gas sector. Rydex Corporation Limited develops e-mail and data communications software tailored for use in the maritime sector. During the three months ended March 31, 2004, other revenues were $3.4 million, a decrease of $2.3 million, or 40.4%, as compared with the three months ended March 31, 2003. This decrease primarily resulted from lower demand from the oil and gas sector.

Depreciation and amortisation

During the three months ended March 31, 2004, depreciation was $44.1 million, an increase of $11.0 million, or 33.2%, as compared with the three months ended March 31, 2003. The increase in depreciation is a result of the uplift in tangible and intangible assets resulting from the fair value review in connection with the acquisition in December 2003.

Other net operating costs

During the three months ended March 31, 2004, other net operating costs were $44.6 million, an increase of $10.1 million, or 29.3%, as compared with the three months ended March 31, 2003.

The table below sets forth the components of other net operating costs, and percentage change during the periods indicated.

	Three months ended March 31,		Percentage
	2004	2003	change
	(US$ in millions)		%
Staff costs	20.1	15.6	28.8
Network and satellite operations	12.2	7.7	58.4
Other external costs	19.6	18.4	6.5
Own work capitalised	(5.6)	(5.3)	5.7
Other operating income	(1.7)	(1.9)	(10.5)
Total other net operating costs	44.6	34.5	29.3

The increase in staff costs during the three months ended March 31, 2004 of $4.5 million, as compared to March 31, 2003, mainly reflects a higher average headcount, a less favorable USD/sterling exchange rate and a one-time settlement payment made to the previous Chief Executive Officer who left the Company in March 2004. The average headcount during the three months ended March 31, 2004 and March 31, 2003 was 547 and 534 respectively.

The increase in network and satellite operations costs during the three months ended March 31, 2004 relates primarily to the effect of payments under the Thuraya lease (which provides satellite capacity for our Regional BGAN service). The Thuraya lease commenced in November 2002 with the number of channels used (and charges incurred) increasing during the 2003 year. The increase in the cost of network and satellite operations during the three months ended March 31, 2004 also reflects costs of maintenance for network assets associated with our Regional BGAN service.

The increase in own work capitalised relates principally to increased activity surrounding our Inmarsat-4 satellite programme and development of our BGAN service.

EBITDA

As a result of the factors discussed above, EBITDA for the three months ended March 31, 2004 was $72.0 million, a decrease of $13.8 million, or 16.1%, as compared with the three months ended March 31, 2003.

Group operating profit

As a result of the factors discussed above, group operating profit during the three months ended March 31, 2004 was $27.9 million, a decrease of $24.8 million, or 47.1%, as compared with the three months ended March 31, 2003.

Net interest payable

During the three months ended March 31, 2004, net interest payable was $41.5 million, an increase of $39.7 million, as compared with the three months ended March 31, 2003. Interest payable for the three months ended March 31, 2004 was $42.1 million as compared to $2.2 million in the three months ended March 31, 2003. Interest receivable during the three months ended March 31, 2004 was $0.6 million as compared to $0.4 million in the three months ended March 31, 2003. The increase in net interest payable is attributable primarily to financing costs associated with the acquisition in December 2003. Interest payable for the first quarter includes $20.8 million non-cash interest accrued on a subordinated parent company loan and $2.0 million of other non-cash interest items. The increase in interest receivable is a result of higher average cash balances held during the three months ended March 31, 2004.

Taxation

During the three months ended March 31, 2004, there was a tax credit of $0.3 million, as compared to a $17.2 million tax charge in the three months ended March 31, 2003. The decrease in tax charge is largely driven by a reduction in profit before tax, with a loss of $13.6 million for the three months ended March 31, 2004 compared to $50.9 million profit for the three months ended March 31, 2003. The effective tax rate for the Group is lower in 2004 than in 2003 because amortisation and other charges relating to the acquisition, $11.2 million for the three months to March 31, 2004, are not tax deductible.

Liquidity and capital resources

Historically, our principal uses of cash have been for capital expenditure, to fund the development, marketing and distribution of new services and to fund our working capital requirements. Those requirements were met by cash flows from our operating activities as well as from borrowings under bank facilities. Following the acquisition and related transactions, our indebtedness and debt service obligations have increased significantly and will increase further.

The following table sets out our cash flows for the three months ended March 31, 2004 and 2003.

	Three months ended March 31,	
	2004	**2003**
	(US$ in millions)	
Net cash (used in)/provided by operating activities	(12.3)	81.0
Net cash used in investing activities	(46.8)	(68.1)
Net cash (used in)/provided by financing activities	9.9	(0.8)
(Increase) in short-term deposits	(47.0)	(7.0)
Increase/(decrease) in cash during the period	(96.2)	5.1

The Group ended the first quarter of 2004 with cash and restricted cash of $234.5 million. Restricted cash comprises amounts held in a charged account to fund capital expenditure. The Group had gross external debt at March 31, 2004 of $1,175.0 million comprising drawings on the senior facilities of $800.0 million and senior notes outstanding of $375.0 million.

Operating activities

Net cash from operating activities represents net cash from operations, returns on investments and servicing of finance and taxation.

Net cash used in operating activities was $12.3 million, compared to net cash provided by operating activities of $81.0 million during the three months ended March 31, 2003. This is due to $12.0 million increase in interest payments and payments of $47.4 million for fees and costs relating to the acquisition, its funding and the issue of senior notes. During the period in 2003 the predecessor company benefited from a one-time tax receipt of $17.6 million and received a payment of $14.6 million from a major customer which would normally have been paid in 2002.

Investing activities

Net cash used in investing activities represents cash used for capital expenditure and financial investments and cash movements resulting from acquisitions and disposals.

Net cash used in investing activities decreased by $21.3 million during the three months ended March 31, 2004 as compared with the three months ended March 31, 2003. The decrease is primarily due to the phasing of capital expenditure on the construction of our Inmarsat-4 satellites and ground network.

Financing activities

Net cash provided by financing activities increased by $10.7 million during the three months ended March 31, 2004 as compared with the three months ended March 31, 2003. During the three months ended March 31, 2004 the $365.0 million bridge loan was repaid and the $375.0 million senior notes were issued.

Contractual Obligations and Commercial Commitments

The following summarises our future contractual obligations, commercial commitments and principal commitments under debt instruments as at March 31, 2004:

	Commitments by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
			(US$ in millions)		
Long-term debt obligations	1,916.0	-	80.0	180.0	1,656.0
Short-term debt obligations	7.2	7.2	-	-	-
Capital commitments relating primarily to Inmarsat-4 satellites	334.7	167.2	90.1	6.5	70.9
Operating leases:					
Land and buildings	0.2	-	-	0.2	-
Other	45.3	7.1	33.1	4.1	1.0
Other (non-cancelable agreements)	19.6	12.8	6.8	-	-
Total contractual obligations	2,323.0	194.3	210.0	190.8	1,727.9

Recent Events

Issue of additional Senior Notes

On April 30, 2004 Inmarsat Finance plc issued a further $102.5 million of 7.625% senior notes. The proceeds were used to repay $95.5 million of principal and $4.5 million of interest on the subordinated parent company loan, and fees relating to the offering.

Business Review

As part of its recent business review seeking organisational efficiencies and cost savings, the Group has instituted a headcount reduction program. Exceptional redundancy costs will be recognised in the results for the three months ended June 30, 2004.

EADS Astrium Satellite Construction Contract

On May 14, 2004 the Group agreed with EADS Astrium for payments under the construction contract normally falling due in the 18 months following the date of the agreement to be deferred by 18 months. In return the Group has agreed to extend the dates whereby it is entitled to compensation for late delivery of the satellites. The payment deferral does not affect the obligation by the contractor to complete work on the agreed milestones, nor the amount of penalties incurred if the milestones are not met.

INMARSAT GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Three months ended March 31,	
	2004	**2003**
	(US$ in millions)	
Revenues from continuing operations	116.6	120.3
Depreciation and amortisation	(44.1)	(33.1)
Other net operating costs	(44.6)	(34.5)
Total operating costs	(88.7)	(67.6)
Group operating profit	27.9	52.7
Interest receivable and similar income	0.6	0.4
Interest payable and similar charges	(42.1)	(2.2)
Profit/ (loss) on ordinary activities before taxation	(13.6)	50.9
Taxation	0.3	(17.2)
Profit/ (loss) on ordinary activities after taxation	(13.3)	33.7

Note – 2003 comparative information relates to the predecessor company, Inmarsat Ventures plc.

INMARSAT GROUP LIMITED
CONSOLIDATED BALANCE SHEETS

	As at March 31, 2004	As at December 31, 2003
	(US$ in millions)	
Fixed assets		
Intangible assets	384.1	386.5
Tangible assets	1,410.5	1,380.0
Total fixed assets	1,794.6	1,766.5
Current assets		
Stocks	3.1	2.1
Debtors	143.6	144.6
Short-term investments	66.2	19.2
Restricted cash	162.7	162.7
Cash at bank and in hand	12.9	102.5
Total current assets	388.5	431.1
Creditors – amounts falling due within one year		
Other creditors	(116.8)	(206.3)
Loans and other borrowings	(7.2)	(365.6)
Total creditors: amounts falling due within one year	(124.0)	(571.9)
Net current assets/(liabilities)	264.5	(140.8)
Total assets less current liabilities .	2,059.1	1,625.7
Creditors – amounts falling due after more than one year		
Other creditors	(90.1)	(33.8)
Loans and other borrowings	(1,774.4)	(1,392.6)
Total creditors: amounts falling due after more than one year	(1,864.5)	(1,426.4)
Provisions for liabilities and charges	(173.3)	(165.1)
Net assets	21.3	34.2
Capital and reserves		
Called up share capital	0.3	0.3
Share premium account	34.2	34.2
Revaluation reserve	1.9	1.5
Retained earnings	(15.1)	(1.8)
Total equity shareholders' funds	21.3	34.2

INMARSAT GROUP LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31, 2004	2003
	(US$ in millions)	
Operating profit	27.9	52.7
Depreciation and amortisation	44.1	33.1
Decrease/(increase) in debtors	(3.4)	12.0
Increase/(decrease) in creditors	(20.8)	(28.5)
(Increase)/decrease in stocks	(1.0)	(2.1)
(Decrease)/increase in provisions	0.5	(2.6)
Net cash inflow/ (outflow) from operating activities	47.3	64.6
Returns on investments and servicing of finance		
Interest received	0.3	0.2
Interest paid	(12.3)	(1.2)
Arrangement fees and costs of senior notes	(13.5)	-
Acquisition related fees and costs	(33.9)	-
Interest element of finance lease rental payments	(0.2)	(0.2)
Net cash (outflow) for returns on investments and servicing of finance	(59.6)	(1.2)
Tax received/(paid)	-	17.6
Capital expenditure and financial investments		
Purchase of tangible and intangible fixed assets	(46.8)	(68.7)
Net cash (outflow) for capital expenditure and financial investment	(46.8)	(68.7)
Acquisitions and disposals		
Liquidation of subsidiaries	-	0.6
Net cash inflow/(outflow) for acquisitions and disposal	-	0.6
Net cash inflow/(outflow) before management of liquid resources and financing	(59.1)	12.9
(Increase)/decrease in short-term deposits	(47.0)	(7.0)
Net cash inflow/(outflow) after management of liquid resources	(106.1)	5.9
Financing		
Medium term facility	-	(0.8)
Capital element of finance lease rental payments	(0.1)	-
Bridge borrowings repaid	(365.0)	-
Senior notes issued	375.0	-
Net cash (outflow)/inflow from financing	9.9	(0.8)
Increase/(decrease) in cash in the period	(96.2)	5.1

Note – 2003 comparative information relates to the predecessor company, Inmarsat Ventures plc.

Annex 1 - NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Background

Inmarsat Group Limited (the "Company") was incorporated on September 3, 2003 as Grapedrive Limited and changed its name to Inmarsat Group Limited on January 6, 2004.

The Company issued share capital for an aggregate amount of $34.5 million to Inmarsat Holdings Limited. The proceeds of this issue were used by the Company to acquire the issued share capital of Inmarsat Investments Limited, which was also incorporated on September 3, 2003. Other than the issue of share capital, neither Inmarsat Group Limited nor Inmarsat Investments Limited traded prior to December 17, 2003.

On December 17, 2003 an offer by Inmarsat Investments Limited to acquire all of the shares of Inmarsat Ventures plc became unconditional. This transaction has been accounted for as an acquisition in accordance with FRS 6: Acquisitions and Mergers.

Subsequent to the acquisition on December 17, 2003, substantially all funding is financed by shareholder and third party debt facilities.

The 2003 comparative information provided in the consolidated financial results for the three months ended March 31, 2004 relates to the predecessor company, Inmarsat Ventures plc.

2. Basis of accounting

The principal activity of the Group is the provision of global mobile satellite communication services.

The consolidated financial information is prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The preparation of the consolidated financial information 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. The more significant estimates include provisions, pension costs and asset lives. Actual results could differ from those estimates.

3. EBITDA

Set forth below is a reconciliation of profit/(loss) from ordinary activities after taxation to EBITDA for each of the periods indicated.

	Three months ended March 31,	
	2004	**2003**
	(US$ in millions)	
Profit/(loss) from ordinary activities after taxation	(13.3)	33.7
Add back/ (deduct):		
Taxation	(0.3)	17.2
Net interest payable	41.5	1.8
Depreciation and amortisation	44.1	33.1
EBITDA	72.0	85.8

4. Interest

The table below sets forth the components of interest payable and receivable during the periods indicated.

	Three months ended March 31,	
	2004	2003
	(US$ in millions)	
Interest and facility fees payable on bank loans and overdrafts	-	(0.6)
Interest on senior notes and facilities	(16.4)	-
Interest rate swaps	(2.7)	(0.7)
Interest payable under finance lease contracts	(0.2)	(0.2)
Interest on subordinated parent company loan	(20.8)	-
Amortisation of debt issue costs	(1.3)	-
Deferred satellite liability discount	(0.7)	(0.7)
Total interest payable and similar charges	(42.1)	(2.2)
Bank interest receivable and other interest	0.6	0.4
Total interest receivable and similar income	0.6	0.4
Net interest payable	(41.5)	(1.8)

5. Net debt

The table below sets out the components of net debt for each of the periods indicated.

	As at March 31, 2004	As at December 31, 2003
	(US$ in millions)	
Restricted cash	(162.7)	(162.7)
Cash at bank and in hand	(12.9)	(102.5)
Short-term investments	(66.2)	(19.2)
Overdrafts	7.2	0.6
Finance lease obligations	0.1	0.2
Bridge facility	-	365.0
Senior notes	375.0	-
Senior credit facilities	800.0	800.0
Subordinated parent company loan	618.8	618.8
Net debt	1,559.3	1,500.2

Annex 2 - UK/U.S. GAAP RECONCILIATION

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United Kingdom ("UK GAAP"), which differ in certain material respects from generally accepted accounting principles in the United States ("U.S. GAAP").

The following table contains a summary of the material adjustments to net income/(loss) for the financial period between UK GAAP and U.S. GAAP:

	Three months ended March 31,	
	2004	2003
	(US$ in millions)	
Profit/ (loss) for the financial period as reported under UK GAAP	(13.3)	33.7
U.S. GAAP adjustments:		
Pension plans	(0.6)	(0.5)
Forward foreign exchange contracts	2.6	(6.1)
Deferred taxation	1.9	-
Deferred taxation on adjustments	1.4	2.1
Development costs	(3.9)	(2.2)
Amortisation of development costs	1.9	1.7
Amortisation of goodwill	3.7	-
Depreciation of tangible assets	(0.4)	-
Amortisation of intangible assets	2.5	-
Facility fee	(4.6)	-
Total adjustments	4.5	(5.0)
Net income/(loss) under U.S. GAAP	(8.8)	28.7

The following table contains a summary of the material adjustments to shareholders' funds between UK GAAP and U.S. GAAP:

	As at March 31, 2004	As at December 31, 2003
	(US$ in millions)	
Total shareholders' funds as reported under UK GAAP	21.3	34.2
U.S. GAAP adjustments:		
Pension plans	1.9	2.5
Forward foreign exchange contracts	18.6	16.0
Interest rate and cross currency swaps	(14.4)	(7.7)
Foreign exchange translation	(4.4)	(2.9)
Deferred taxation	(59.9)	(61.8)
Deferred taxation on adjustments	8.2	6.8
Development costs	(66.6)	(62.6)
Amortisation of development costs	9.9	8.0
Goodwill	(105.5)	(109.2)
Post retirement	(1.9)	(1.9)
Other liabilities	1.0	1.0
Tangible assets	(55.4)	(57.9)
Intangibles	75.9	76.2
Facility fee	-	4.6
Net U.S. GAAP adjustments	(192.6)	(188.9)
Shareholders' equity under U.S. GAAP	(171.3)	(154.7)

INMARSAT GROUP LIMITED
CONSOLIDATED BALANCE SHEETS

The table below sets forth the components of total other comprehensive income/(loss) under U.S. GAAP for each of the periods indicated.

	Three months ended March 31,	
	2004	**2003**
	(US$ in millions)	
Net income/(loss) under U.S. GAAP	(8.8)	28.7
Other comprehensive income:		
Cumulative translation adjustment	0.4	0.5
Interest rate swaps	(6.8)	-
Pension adjustment	-	0.5
Total other comprehensive income/(loss) under U.S. GAAP	(6.4)	1.0
Total comprehensive income/(loss) under U.S. GAAP	(15.2)	29.7

The table below sets forth the reconciliation of UK GAAP EBITDA to U.S. GAAP EBITDA for each of the periods indicated.

	Three months ended March 31,	
	2004	**2003**
	(US$ in millions)	
EBITDA (UK GAAP)	72.0	85.8
Adjustments:		
Pensions	(0.6)	(0.5)
Financial instruments	2.6	(6.1)
Development costs	(3.9)	(2.2)
Loan facility fee	(4.6)	-
EBITDA (U.S. GAAP)	65.5	77.0

Annex 3 - RISK FACTORS

Many statements contained in this report are forward-looking in nature. These statements are based on current plans, intentions or expectations. Key risks to our Company are described in our Form F-4 Registration Statement filed with the Securities and Exchange Commission on May 25, 2004.