

INMARSAT GROUP LIMITED

CONDENSED CONSOLIDATED FINANCIAL RESULTS

**For the three and nine months ended
30 September 2011
(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 2010, 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, own work capitalised, net interest and cash tax payments. Other companies may define FCF differently and, as a result, our measure of FCF may not be directly comparable to the FCF of other companies.

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

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

EBITDA

We define EBITDA as profit before interest, taxation, depreciation and amortisation, share of results of associates and gain on disposal of assets. 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 2011. 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 its satellite-based network. With a fleet of eleven 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 Stratos, Segovia and Ship Equip and their respective subsidiaries, 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 their owned and operated microwave and satellite telecommunications facilities.

We are implementing our Global Xpress programme, a major US\$1.2 billion investment project with initial deployment and global service on track for 2013 and 2014, respectively. Global Xpress services will be supported by a global network of three Ka-band satellites, the Inmarsat-5 generation, currently being built by Boeing. Global Xpress will offer seamless global coverage and deliver unprecedented mobile broadband speeds of up to 50MB/s for users in the government, maritime, energy, enterprise and aeronautical sectors.

The Group's revenues for the three months ended 30 September 2011 were US\$364.1m (2010: US\$308.8m), EBITDA was US\$224.4m (2010: US\$189.5m) and operating profit was US\$161.8m (2010: US\$130.2m). 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

On 29 July 2011, we signed a contract with ILS International Launch Services, Inc. ("ILS") to provide launch services for the three Inmarsat-5 satellites. The launches, scheduled for 2013-2014, will use ILS's Proton launch vehicle from the Baikonur Cosmodrome in Kazakhstan.

On 30 August 2011, we selected Rockwell Collins as our aeronautical partner in the development, production and distribution of user terminals for future Global Xpress aeronautical services. In-flight testing of Global Xpress aeronautical services is expected to begin after the launch of the first Inmarsat-5 satellite scheduled for mid-2013 with global services for commercial air transport, business aviation and government customers in 2014. Under the agreement, Inmarsat and Rockwell Collins will enter into exclusive negotiations that are expected to lead to definitive agreements by late 2011.

On 22 September 2011, we signed an agreement with Thrane & Thrane appointing them as a key launch manufacturer for the Global Xpress maritime services. Thrane & Thrane will offer high quality L-band/Ka-band combination packages, as well as provide Global Xpress terminals to shipping companies and offshore operators, with availability starting in 2013.

On 12 October 2011, we announced that Inmarsat SA, a subsidiary company, had successfully completed the Critical Design Review for the Inmarsat-5 satellites, under contract with Boeing. During the review all aspects of the spacecraft design and operation were

thoroughly reviewed by Inmarsat's engineering and operation teams and by a Boeing independent review team. Much progress has been made with the manufacturing of key elements of the first spacecraft including structure, propulsion systems and flight hardware. As a result the first Inmarsat-5 remains on schedule for completion and launch in 2013.

LightSquared Cooperation Agreement

To date, LightSquared has made payments in respect of all the phases of the Cooperation Agreement totalling US\$420.6m, of which US\$268.1m has been received during 2011. We have, thus far, recognised US\$170.3m of revenue and US\$9.8m of operating costs under all the phases of the Cooperation Agreement. We recognised US\$152.8m of revenue and US\$9.4m of operating costs, in respect of all the phases of the Cooperation Agreement, during the nine months ended 30 September 2011

Under Phase 1 of the Cooperation Agreement, LightSquared has made payments totalling US\$272.5m. We are accounting for these and future Phase 1 payments using the percentage of completion method. During 2011, we currently expect to recognise US\$90.0m to US\$100.0m of revenue and up to US\$20.0m of operating costs in relation to Phase 1, of which we have recognised US\$74.3m of revenue and US\$9.4m of operating costs during the nine months ended 30 September 2011. During the three months ended 30 September 2011, we recognised US\$26.8m of revenue and US\$3.5m of operating costs in relation to Phase 1.

Under Phase 2 of the Cooperation Agreement, LightSquared has made payments totalling US\$108.1m. During 2011, we currently expect to recognise US\$107.0m of revenue in relation to Phase 2, of which we have recognised US\$78.5m during the nine months ended 30 September 2011. During the three months ended 30 September 2011 we have recognised US\$29.6m of revenue in relation to Phase 2.

In April 2011, we agreed with LightSquared to make certain amendments to the Cooperation Agreement. In connection with the agreed amendments, we received a payment of US\$40.0m on 29 April 2011 and expect to incur certain additional costs in the future which we do not expect to exceed the payment received. We will be accounting for this payment using the percentage of completion method. During 2011, we currently expect to recognise up to US\$10.0m of revenue and a similar amount in operating costs in relation to this payment. We have not recorded any such revenue or costs in the period ended 30 September 2011.

Inmarsat Global Services

On 25 July 2011, TAM Airlines, Brazil's leading airline, announced plans to extend OnAir's Inmarsat-supported passenger connectivity services, which are based on SwiftBroadband, across their entire fleet of 80 aircraft. Installation of 31 short-haul planes is currently underway, with connectivity gradually coming into service by the beginning of 2012, and with the long-haul service expected to be rolled-out from the second half of 2012.

On 29 July 2011, we introduced a new voice distress service on FleetBroadband. The free-to-use service, which provides a 'red button' for one-touch easy use, ensures that all non-priority telephone calls underway on the vessel's FleetBroadband terminal are interrupted, connecting the vessel directly to a Maritime Rescue Coordination Centre ("MRCC"). Simultaneously, an email is sent to the MRCC and network controllers to alert them to a call, providing additional data such as the vessel name, identification and position.

On 4 August 2011, we announced, in conjunction with our partner SkyWave, the launch of a new low data rate tracking, monitoring and messaging service, called IsatData Pro. IsatData Pro will deliver a significant increase in capability over other services already in the market. The new service will support a wide range of security and location-based services in the fast-growing machine-to-machine ("M2M") market, from tracking and in-cab messaging for commercial transportation and government fleets, transmitting telemetry information from oil & gas distribution equipment, to remote management and control of fixed assets.

In August 2011, we appointed Northrop Grumman Corporation as a distribution partner for Inmarsat-4/BGAN network services and leased services. Northrop Grumman will distribute Inmarsat's standard products and services and customised power and bandwidth worldwide.

On 6 October 2011, we announced that we had selected Hughes Network Systems to develop a new M2M terminal for our BGAN service. The new BGAN M2M terminal will support an end-to-end IP data capability for real-time M2M applications including smart metering, SCADA, monitoring and other infrastructure telemetry solutions. Planned for launch in Q1 2012, Inmarsat will target M2M applications in the utilities, oil & gas, and retail banking markets.

Inmarsat Solutions Services

In July 2011, Stratos and Ship Equip both announced the commercial availability of Inmarsat XpressLink, a new managed global broadband service for the maritime industry. Inmarsat XpressLink is the latest addition to our maritime broadband portfolio, and offers enhanced Ku-band coverage and bandwidth and leverages the global capabilities of FleetBroadband. Inmarsat XpressLink offers the only guaranteed upgrade path to Inmarsat's Global Xpress Ka-band service. This makes Inmarsat XpressLink a unique service offering when compared to established maritime VSAT services. As a result we expect Inmarsat XpressLink to be attractive to ship operators and other customers who purchase maritime VSAT services. In August 2011, Ship Equip announced that two independent international shipping companies had ordered a number of XpressLink systems.

On 21 July 2011, Stratos announced that it had purchased most of the operational assets of Blue Ocean Wireless Ltd. ("BOW"). These assets are used to provide shipboard GSM services that enable crewmembers to use their personal GSM phones to communicate with family and friends by voice and SMS. As part of the acquisition, Stratos has assumed responsibility for providing services to most of BOW's customers, including many large commercial shipping companies worldwide. Stratos will continue to market and sell BOW's services to existing and new customers, under the new brand 'GSM Oceanwide'.

In July 2011, Stratos completed the deployment of its StratosMAX II broadband service for W&T Offshore, Inc ("W&T") at 29 sites in the Gulf of Mexico. W&T is an independent oil and gas company based in Houston. The WiMAX-based StratosMAX II provides reliable voice communications, high-speed (up to 10Mbps) Internet connectivity, Stratos HotSpot WiFi service and a wide range of mobile applications via an established microwave network. In addition, Stratos is providing W&T with an auto-failover VSAT service to ensure 100% service continuity to those StratosMAX II sites.

On 11 August 2011, Stratos announced that it had entered into an agreement with SkyWave Mobile Communications to serve as the first Inmarsat Distribution Partner for IsatData Pro products and services. Stratos will market IsatData Pro to users of M2M services in the government and land-transportation markets, and as a Supervisory Control & Data Acquisition ("SCADA") solution to oil & gas and utilities sectors. For the oil & gas and utilities sectors, Stratos will integrate IsatData Pro with StratosiWare, an IP-based fully managed end-to-end SCADA solution.

On 27 September 2011, Stratos announced that it had been selected by Reederei Claus-Peter Offen ("CP Offen") to provide FleetBroadband services for its entire fleet of 122 commercial vessels. CP Offen, based in Hamburg, is one of the world's largest operators of modern commercial ships, including container vessels, tankers and bulkers. On the CP Offen fleet, Stratos is fully integrating FleetBroadband with AmosConnect – its maritime communications application – to improve management of all interoffice communications.

In August 2011, Segovia was requested to begin implementation of a ten-year contract, which was signed on 11 May 2011, to design, build and manage a global network for a United States government customer. The overall contract is for a 250+ site solution which will utilise Segovia's managed network services as well as Inmarsat's Global Xpress Ka-band solution starting in 2013.

On 27 October 2011, Stratos Government Services Inc. ("SGSI"), announced that it was awarded a five-year contract to provide communications services to the United States Coast Guard ("USCG"). SGSI will provide USCG with Ku-band airtime, installation support, teleport equipment and services, Network Operation Center support and training.

On 7 October 2011, Ship Equip announced that they had reached an important landmark of 1,000 operational VSAT systems, continuing their leadership as a maritime VSAT communications provider.

New Chief Executive Officer

On 6 July 2011, we announced that with effect from 1 January 2012, Rupert Pearce will become the new Chief Executive Officer. Andrew Sukawaty will move from his current role as Chairman and Chief Executive Officer and become Executive Chairman.

Rupert Pearce, who currently serves as Senior Vice President of Inmarsat Enterprises and Inmarsat's Group General Counsel, has been with Inmarsat for six years. In this time he has been instrumental in shaping the strategic direction of Inmarsat, including the acquisition of our largest distributor, Stratos; formulating and executing the business plan for Global Xpress services and the Inmarsat-5 satellite constellation; as well as the creation and negotiation of the Cooperation Agreement with LightSquared on use of Inmarsat's spectrum over North America.

Andrew Sukawaty has agreed to remain as Executive Chairman for not less than two years and will continue in his current role until 31 December 2011.

Share repurchase programme

On 4 August 2011, our ultimate parent company, Inmarsat plc, announced a share repurchase programme of up to US\$250m, to be implemented over the next 12 months. This announcement follows a review of the Group's capital position in light of the ongoing strength in the generation of Free Cash Flow, the level of the Group's ratio of net debt to EBITDA, and the clearly defined profile of our current investment programmes. The Group has made no changes to its existing prudent capital policy and expects to remain fully-funded as to all existing capital needs throughout the repurchase programme implementation.

Any purchases made under the programme will be effected within Inmarsat plc's existing authority to purchase its ordinary shares of €0.0005 each, as approved by shareholders at the AGM on 3 May 2011, and certain other pre-set parameters. The maximum price which may be paid for such ordinary shares is 5% above the average of the middle market quotations of such ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the day the purchase is made.

The timing and quantum of any purchases will be determined by Inmarsat in accordance with the above parameters and in consultation with Inmarsat plc's brokers with regard to prevailing market conditions and any other relevant considerations. Any purchases will be funded out of available liquidity and any repurchased shares will be cancelled. As of 30 September 2011, 13.2m ordinary shares have been repurchased at a total cost of US\$93.6m.

Global Satellite Operator of the Year

In September 2011, Inmarsat was named Global Satellite Operator of the Year by a panel of industry experts at the World Satellite Business Week 2011. The award, the highest accolade in the satellite sector, is presented to the company that has shown the leading performance and outstanding achievement in several categories. The award is based on a performance analysis of other satellite operators, and assessment of key performance indicators. A qualitative assessment also takes innovation, strategic decisions and their impact into account.

Dividends

In connection with Inmarsat plc's share repurchase programme, the Company recorded interim dividends for the 2011 financial year of US\$100.0m and US\$50.0m to Inmarsat Holdings Limited on 28 July 2011 and 1 September 2011, respectively.

The Board declared a further interim dividend for the 2011 financial year of US\$168.9m to Inmarsat Holdings Limited on 17 October 2011. This dividend was declared in connection with Inmarsat plc's regular interim dividend payment to shareholders and its share repurchase programme. This dividend has not been recognised as a liability as at 30 September 2011. Inmarsat plc paid an interim dividend of 15.40 cents (US dollars) per ordinary share to its shareholders on 27 October 2011.

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 2011. We report two operating segments, Inmarsat Global and Inmarsat Solutions. The Inmarsat Solutions segment includes Stratos, Segovia and Ship Equip (acquired on 28 April 2011). The table below sets out the results of the Group for the periods indicated:

(US\$ in millions)	Three months ended			Nine months ended		
	30 September 2011	2010	Increase/ (decrease)	30 September 2011	2010	Increase/ (decrease)
Revenue	364.1	308.8	17.9%	1,047.0	879.5	19.0%
Employee benefit costs	(52.3)	(44.5)	17.5%	(149.2)	(136.5)	9.3%
Network and satellite operations costs	(63.0)	(55.2)	14.1%	(172.0)	(164.6)	4.5%
Other operating costs	(29.9)	(24.3)	23.0%	(89.4)	(67.5)	32.4%
Own work capitalised	5.5	4.7	17.0%	14.8	12.9	14.7%
Total net operating costs	(139.7)	(119.3)	17.1%	(395.8)	(355.7)	11.3%
EBITDA	224.4	189.5	18.4%	651.2	523.8	24.3%
Depreciation and amortisation	(63.1)	(59.6)	5.9%	(183.3)	(174.5)	5.0%
Share of results of associates	0.4	0.3	33.3%	1.1	0.9	22.2%
Gain on disposal of assets	0.1	–	–	0.1	–	–
Operating profit	161.8	130.2	24.3%	469.1	350.2	34.0%
Interest receivable and similar income	0.2	0.3	(33.3%)	4.4	1.6	175.0%
Interest payable and similar charges	(16.0)	(25.1)	(36.3%)	(58.5)	(92.9)	(37.0%)
Net interest payable	(15.8)	(24.8)	(36.3%)	(54.1)	(91.3)	(40.7%)
Profit before income tax	146.0	105.4	38.5%	415.0	258.9	60.3%
Income tax expense	(37.0)	(27.5)	34.5%	(104.2)	(72.9)	42.9%
Profit for the period	109.0	77.9	39.9%	310.8	186.0	67.1%

Revenues

Total Group revenues for the three months ended 30 September 2011 increased by 17.9% compared with the three months ended 30 September 2010. The table below sets out the components, by segment, of the Group's total revenue for each of the periods indicated:

(US\$ in millions)	Three months ended			Nine months ended		
	30 September 2011	2010	Increase	30 September 2011	2010	Increase
Inmarsat Global	245.2	201.2	21.9%	717.8	569.0	26.2%
Inmarsat Solutions	197.4	186.0	6.1%	562.1	541.8	3.7%
	442.6	387.2		1,279.9	1,110.8	
Intercompany eliminations and adjustments	(78.5)	(78.4)		(232.9)	(231.3)	
Total revenue	364.1	308.8	17.9%	1,047.0	879.5	19.0%

Net operating costs

Total Group net operating costs for the three months ended 30 September 2011 increased by 17.1%, compared with the three months ended 30 September 2010. The table below sets out the components, by segment, of the Group's net operating costs for each of the periods indicated:

(US\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2011	2010	Increase	2011	2010	Increase
Inmarsat Global	57.7	48.6	18.7%	167.7	138.5	21.1%
Inmarsat Solutions	160.6	148.9	7.9%	461.0	449.2	2.6%
	218.3	197.5		628.7	587.7	
Intercompany eliminations and adjustments	(78.6)	(78.2)		(232.9)	(232.0)	
Total net operating costs	139.7	119.3	17.1%	395.8	355.7	11.3%

EBITDA

Group EBITDA for the three months ended 30 September 2011 increased by 18.4%, compared with the three months ended 30 September 2010, primarily as a result of the inclusion of revenue from our Cooperation Agreement with LightSquared. EBITDA margin has increased to 61.6% for the three months ended 30 September 2011, compared with 61.4% for the three months ended 30 September 2010.

Set forth below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

(US\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2011	2010	Increase/ (decrease)	2011	2010	Increase/ (decrease)
Profit for the period	109.0	77.9	39.9%	310.8	186.0	67.1%
Add back:						
Income tax expense	37.0	27.5	34.5%	104.2	72.9	42.9%
Net interest payable	15.8	24.8	(36.3%)	54.1	91.3	(40.7%)
Depreciation and amortisation	63.1	59.6	5.9%	183.3	174.5	5.0%
Share of results of associates	(0.4)	(0.3)	33.3%	(1.1)	(0.9)	22.2%
Gain on disposal of fixed assets	(0.1)	–	–	(0.1)	–	–
EBITDA	224.4	189.5	18.4%	651.2	523.8	24.3%
EBITDA margin %	61.6%	61.4%		62.2%	59.6%	

Depreciation and amortisation

The increase in depreciation and amortisation of US\$3.5m for the three months ended 30 September 2011 is due to the inclusion of depreciation on the assets of Ship Equip (see note 6) and additional depreciation on additions to tangible fixed assets in Stratos. Partially offsetting the increase is a reduction in depreciation due to the Inmarsat-3 satellites becoming fully depreciated.

Operating profit

As a result of the factors discussed above, operating profit during the three months ended 30 September 2011 was US\$161.8m, an increase of US\$31.6m, or 24%, compared with the three months ended 30 September 2010.

Interest

Net interest payable for the three months ended 30 September 2011 was US\$15.8m, a decrease of US\$9.0m, or 36%, compared with the three months ended 30 September 2010.

Interest payable for the three months ended 30 September 2011 was US\$16.0m, a decrease of US\$9.1m, or 36%, compared with the three months ended 30 September 2010. 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\$3.1m in the three months ended 30 September 2010, due to the movement of the US dollar exchange rate during the period.

In addition, interest payable also reflects a credit in relation to the capitalisation of borrowing costs attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, of US\$6.9m in the three months ended 30 September 2011, compared to US\$1.7m in the three months ended 30 September 2010.

Interest receivable for the three months ended 30 September 2011 was US\$0.2m compared to US\$0.3m for the three months ended 30 September 2010.

Profit before tax

For the three months ended 30 September 2011, profit before tax was US\$146.0m, an increase of US\$40.6m, or 39%, compared with the three months ended 30 September 2010. The increase is due primarily to increased revenues as a result of our Cooperation Agreement with LightSquared and decreased net interest payable during the three months ended 30 September 2011. The increase is partially offset by increased underlying Group operating costs and depreciation and amortisation during the three months ended 30 September 2011.

Income tax expense

The tax charge for the three months ended 30 September 2011 was US\$37.0m, an increase of US\$9.5m, or 35%, compared with the three months ended 30 September 2010. The increase in the tax charge is largely driven by the increase in profits for the three months ended 30 September 2011. This was partially offset by the change in the UK main rate of corporation tax from 28% in 2010 to 26% with effect from 1 April 2011.

The effective tax rate for the three months ended 30 September 2011 was 25.3% compared to 26.1% for the three months ended 30 September 2010. The decrease in the effective tax rate is predominately due to the reduction of the UK main rate of corporation tax from 28% in 2010 to 26% with effect from 1 April 2011.

Profit for the period

As a result of the factors discussed above, profit for the three months ended 30 September 2011 was US\$109.0m, an increase of US\$31.1m, or 40%, compared with the three months ended 30 September 2010.

Inmarsat Global Results

Revenues

During the three months ended 30 September 2011, revenues from Inmarsat Global were US\$245.2m, an increase of US\$44.0m, or 22%, compared with the three months ended 30 September 2010. MSS revenues decreased by US\$4.4m, or 2.4%, period on period. Our FleetBroadband, SwiftBroadband and BGAN services have shown strong growth in revenue during the three months ended 30 September 2011 compared to the same period in 2010. This growth has been more than offset by the decline in revenue from our older services such as Inmarsat B, Mini M, Fleet and GAN, as well as from Swift 64, period on period. The table below sets out the components of Inmarsat Global's revenue for each of the periods indicated:

(US\$ in millions)	Three months ended			Nine months ended		
	30 September 2011	2010	Increase/ (decrease)	30 September 2011	2010	Increase/ (decrease)
Revenues						
Maritime sector:						
Voice services	21.6	24.5	(11.8%)	68.5	73.4	(6.7%)
Data services	68.0	67.1	1.3%	199.3	195.9	1.7%
Total maritime sector	89.6	91.6	(2.2%)	267.8	269.3	(0.6%)
Land mobile sector:						
Voice services	2.2	1.4	57.1%	5.5	5.4	1.9%
Data services	34.8	34.6	0.6%	111.8	110.4	1.3%
Total land mobile sector	37.0	36.0	2.8%	117.3	115.8	1.3%
Aeronautical sector	26.6	27.2	(2.2%)	75.2	76.8	(2.1%)
Leasing	27.5	30.3	(9.2%)	82.3	86.1	(4.4%)
Total MSS	180.7	185.1	(2.4%)	542.6	548.0	(1.0%)
Other income	64.5	16.1		175.2	21.0	
Total revenue	245.2	201.2	21.9%	717.8	569.0	26.2%

Total active terminal numbers as at 30 September 2011 increased by 12.5%, compared with 30 September 2010. The table below sets out the active terminals by sector for each of the periods indicated:

(000's)	As at 30 September		
	2011	2010	Increase
Active terminals ^(a)			
Maritime	185.8	179.4	3.6%
Land mobile	111.7	84.6	32.0%
Aeronautical	13.1	12.1	8.3%
Total active terminals	310.6	276.1	12.5%

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

The growth of active terminals in the land mobile sector is due to our IsatPhone Pro service, which was introduced at the end of June 2010.

Maritime Sector. During the three months ended 30 September 2011, revenues from the maritime sector were US\$89.6m, a decrease of US\$2.0m, or 2.2%, compared with the three months ended 30 September 2010.

Revenues from data services in the maritime sector during the three months ended 30 September 2011 were US\$68.0m, an increase of US\$0.9m, or 1.3%, compared with the three months ended 30 September 2010. The number of active FleetBroadband terminals increased by 1,935 during the three months ended 30 September 2011. We continue to see that the accelerated adoption of our FleetBroadband service constrains our rate of revenue

growth as the price of services using FleetBroadband is typically less than the price of equivalent services on the terminals being replaced or upgraded. However, we continue to believe that over time we will offset this effect through usage growth in response to increased service capability and faster speeds available through FleetBroadband. Although a lesser factor, competition from VSAT service offerings has also increased since the announcement of our Global Xpress service. In addition, we believe the ongoing challenging economic and competitive environment for the shipping industry continues to impact our rate of revenue growth.

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 also transition to our FleetBroadband service.

Revenues from voice services in the maritime sector during the three months ended 30 September 2011 were US\$21.6m, a decrease of US\$2.9m, or 11.8%, compared with the three months ended 30 September 2010. We have continued to see voice revenues being negatively impacted by product mix changes as users transition from our older services to our newer FleetBroadband service where the price of voice services is lower and also by the substitution effect of voice usage moving to email and Voice Over IP which we record as data revenues. In addition, to encourage higher usage, we introduced new lower voice pricing for FleetBroadband customers with effect from 1 April 2011. We believe the current economic environment for the shipping industry and increased competition are also factors impacting our voice revenues in the maritime sector.

Land Mobile Sector. During the three months ended 30 September 2011, revenues from the land mobile sector were US\$37.0m, an increase of US\$1.0m, or 2.8%, compared with the three months ended 30 September 2010.

Revenues from data services in the land mobile sector during the three months ended 30 September 2011 were US\$34.8m, an increase of US\$0.2m, or 0.6%, compared with the three months ended 30 September 2010. An increase in BGAN revenues has resulted from additional usage in North Africa, which has been partially offset by a decline in BGAN and GAN revenue due to ongoing reduced traffic levels from government users in Afghanistan.

Revenues from voice services in the land mobile sector during the three months ended 30 September 2011 were US\$2.2m, an increase of US\$0.8m, or 57%, compared with the three months ended 30 September 2010. The increase is due to growth in revenues from our IsatPhone Pro service, which was launched in 2010 to readdress the voice opportunity. While we remain encouraged by the strength of sales of our IsatPhone Pro terminals, traffic and revenue growth has developed more slowly than anticipated. Offsetting the revenues from our IsatPhone Pro service, we continue to experience declining voice traffic volumes resulting from competition, principally for our Mini M and BGAN services, from other MSS operators.

Aeronautical Sector. During the three months ended 30 September 2011, revenues from the aeronautical sector were US\$26.6m, a decrease of US\$0.6m, or 2.2%, compared with the three months ended 30 September 2010. Swift 64 revenues recorded in our aeronautical sector, declined period on period due to certain customers switching to existing underutilised leases. However, this decline has been partially offset by strong growth in revenues from our SwiftBroadband service which grew to US\$3.2m in the three months ended 30 September 2011, compared to US\$1.8m in the three months ended 30 September 2010. Our low-speed data services also benefited from increased industry demand.

Leasing. During the three months ended 30 September 2011, revenues from leasing were US\$27.5m, a decrease of US\$2.8m, or 9.2%, compared with the three months ended 30 September 2010. The decrease is a result of the non-renewal of an aeronautical contract and the reduction of a maritime contract, towards the end of 2010, partially offset by increased revenues from an additional contract for land-based services, and a new contract with the Federal Aviation Authority.

Other income. Other income for the three months ended 30 September 2011 was US\$64.5m, an increase of US\$48.4m, or 301% compared with the three months ended 30 September 2010. The increase is primarily due to revenue recorded in respect of the LightSquared Cooperation Agreement (during the three months ended 30 September 2011 we recorded US\$56.4m, compared to US\$9.8m for the three months ended 30 September 2010). During the three months ended 30 September 2011, we recorded US\$5.3m of revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) compared to US\$4.0m in the three months ended 30 September 2010.

Net operating costs

Net operating costs for the three months ended 30 September 2011 increased by 18.7%, compared with the three months ended 30 September 2010. Included within net operating costs are net costs in relation to our Global Xpress programme totalling US\$3.8m and US\$7.9m for the three and nine months ended 30 September 2011, respectively.

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

(US\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2011	2010	Increase	2011	2010	Increase
Employee benefit costs	26.1	22.8	14.5%	74.1	68.7	7.9%
Network and satellite operations costs	11.6	11.4	1.8%	33.9	32.5	4.3%
Other operating costs	24.2	18.5	30.8%	70.9	48.2	47.1%
Work performed by the Group and capitalised	(4.2)	(4.1)	2.4%	(11.2)	(10.9)	2.8%
Net operating costs	57.7	48.6	18.7%	167.7	138.5	21.1%

Impact of hedged foreign exchange rate. The functional currency of the Group's principal subsidiaries is US dollars. Approximately 60% of Inmarsat Global's costs are denominated in Pounds Sterling. Inmarsat Global's hedged rate of exchange for 2011 is US\$1.51/£1.00 compared to US\$1.49/£1.00 in 2010, which does not give rise to a material variance in comparative costs.

Employee benefit costs. Employee benefit costs increased by US\$3.3m for the three months ended 30 September 2011 compared to the three months ended 30 September 2010. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (562 at 30 September 2011 compared to 500 at 30 September 2010). Headcount has increased primarily to support our Global Xpress programme and increased activity in relation to our Cooperation Agreement with LightSquared.

Network and satellite operations costs. Network and satellite operations costs increased by US\$0.2m for the three months ended 30 September 2011 compared to the three months ended 30 September 2010. The increase is due to a combination of increased costs in relation to service contracts, gateway costs and software and hardware maintenance. The increase was partially offset by a decrease in in-orbit insurance costs.

Other operating costs. Other operating costs for the three months ended 30 September 2011 increased by US\$5.7m compared to the three months ended 30 September 2010. The increase relates primarily to professional fees incurred in relation to our Cooperation Agreement with LightSquared, increased consultancy costs in relation to Global Xpress and to higher direct cost of sales resulting from IsatPhone Pro terminal sales. Partially offsetting the increase, in the three months ended 30 September 2011 we recorded a foreign exchange translation gain of US\$1.2m compared to a foreign exchange translation loss of US\$0.4m in the three months ended 30 September 2010.

Own work capitalised. Own work capitalised for the three months ended 30 September 2011 was US\$4.2m, broadly in line with the three months ended 30 September 2010.

Operating profit

(US\$ in millions)	Three months ended			Nine months ended		
	30 September 2011	2010	Increase/ (decrease)	30 September 2011	2010	Increase/ (decrease)
Total revenue	245.2	201.2	21.9%	717.8	569.0	26.2%
Net operating costs	(57.7)	(48.6)	18.7%	(167.7)	(138.5)	21.1%
EBITDA	187.5	152.6	22.9%	550.1	430.5	27.8%
EBITDA margin %	76.5%	75.8%		76.6%	75.7%	
Depreciation and amortisation	(39.4)	(43.1)	(8.6%)	(122.5)	(126.2)	(2.9%)
Operating profit	148.1	109.5	35.3%	427.6	304.3	40.5%

The increase in operating profit for the three months ended 30 September 2011 of US\$38.6m, compared to the three months ended 30 September 2010, is a result of higher revenues and lower depreciation and amortisation, partially offset by higher net operating costs.

Inmarsat Solutions Results

On 12 January 2010, we acquired the business assets of Segovia. On 28 April 2011, we completed the acquisition of Ship Equip. As a result of a Group Reorganisation completed in June 2010 and the acquisitions of Segovia and Ship Equip, we now include the Stratos, Segovia and Ship Equip businesses in a single reporting segment, Inmarsat Solutions.

Revenues

During the three months ended 30 September 2011, revenues from Inmarsat Solutions increased by 6.1%, compared with the three months ended 30 September 2010. The table below sets out the components of Inmarsat Solutions' revenues for each of the periods indicated:

(US\$ in millions)	Three months ended			Nine months ended		
	30 September 2011	2010	Increase/ (decrease)	30 September 2011	2010	Increase/ (decrease)
Inmarsat MSS	107.4	112.7	(4.7%)	322.3	327.8	(1.7%)
Broadband and Other MSS ^(a)	90.0	73.3	22.8%	239.8	214.0	12.1%
Total revenue	197.4	186.0	6.1%	562.1	541.8	3.7%

(a) Includes Segovia from 12 January 2010 and Ship Equip from 28 April 2011.

Inmarsat MSS. Revenues derived from Inmarsat MSS for the three months ended 30 September 2011 decreased by US\$5.3m, or 4.7%, compared with the three months ended 30 September 2010. 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. In addition, competitive pricing, as a result of the market entry of new Inmarsat distributors, continued to negatively impact revenues from Inmarsat broadband services.

For the three months ended 30 September 2011, Stratos' share of Inmarsat Global's MSS revenues was 40%, in line with the three months ended 30 September 2010.

Broadband and Other MSS. During the first quarter of 2011, Stratos reorganised its operations to include its former Broadband business into the same structure as its MSS operations. As a result, the former Broadband revenue has been combined in the category 'Broadband and Other MSS' revenues. This primarily consists 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 Segovia, which provides secure IP managed solutions and services to United States government agencies and other commercial customers and Ship Equip which provides VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets.

Revenues from 'Broadband and Other MSS' during the three months ended 30 September 2011 increased by US\$16.7m, or 23%, compared with the three months ended 30 September 2010. The increase is due to the inclusion of Ship Equip and increased revenues primarily from mobile satellite services in our Segovia business. There were also increases in other ancillary revenues in Stratos which were offset by a reduction in network services provided to other Inmarsat distributors and decreased sales of mobile terminals and equipment.

Net operating costs

Net operating costs in the three months ended 30 September 2011 increased by US\$11.7m, or 7.9%, compared with the three months ended 30 September 2010, primarily as a result of the inclusion of Ship Equip. 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:

(US\$ in millions)	Three months ended 30 September			Nine months ended 30 September		
	2011	2010	<i>Increase</i>	2011	2010	<i>Increase</i>
Cost of goods and services	138.2	130.9	5.6%	398.1	391.4	1.7%
Operating costs	22.4	18.0	24.4%	62.9	57.8	8.8%
Total operating costs	160.6	148.9	7.9%	461.0	449.2	2.6%
Allocated as follows:						
Employee benefit costs	26.2	21.8	20.2%	75.1	67.9	10.6%
Network and satellite operations costs ^(a)	127.6	121.4	5.1%	367.7	362.7	1.4%
Other operating costs	8.1	6.4	26.6%	21.8	20.7	5.3%
Own work capitalised	(1.3)	(0.7)	85.7%	(3.6)	(2.1)	71.4%
Net operating costs	160.6	148.9	7.9%	461.0	449.2	2.6%

(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 Stratos' 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 2011 increased by US\$7.3m, compared with the three months ended 30 September 2010. The increase is predominantly due to the addition of Ship Equip costs.

Operating costs. Operating costs during the three months ended 30 September 2011 increased by US\$4.4m, compared with the three months ended 30 September 2010. The increase is primarily due to the inclusion of Ship Equip, partially offset by a decrease in operating costs in Stratos. The decrease in operating costs in Stratos is due, in part, to non-recurring items providing a benefit of approximately US\$2.0m.

Operating profit

(US\$ in millions)	Three months ended			Nine months ended		
	30 September 2011	2010	Increase/ (decrease)	30 September 2011	2010	Increase/ (decrease)
Total revenue	197.4	186.0	6.1%	562.1	541.8	3.7%
Cost of goods and services	(138.2)	(130.9)	5.6%	(398.1)	(391.4)	1.7%
Gross margin	59.2	55.1	7.4%	164.0	150.4	9.0%
<i>Gross margin %</i>	<i>30.0%</i>	<i>29.6%</i>		<i>29.2%</i>	<i>27.8%</i>	
Operating costs	(22.4)	(18.0)	24.4%	(62.9)	(57.8)	8.8%
EBITDA	36.8	37.1	(0.8%)	101.1	92.6	9.2%
<i>EBITDA margin %</i>	<i>18.6%</i>	<i>19.9%</i>		<i>18.0%</i>	<i>17.1%</i>	
Depreciation and amortisation	(23.7)	(16.5)	43.6%	(60.8)	(48.3)	25.9%
Gain on disposal of assets	0.1	–	–	0.1	–	–
Share of results of associate	0.4	0.3	33.3%	1.1	0.9	22.2%
Operating profit	13.6	20.9	(34.9%)	41.5	45.2	(8.2%)

Inmarsat Solutions' operating profit for the three months ended 30 September 2011 decreased by US\$7.3m, compared with the three months ended 30 September 2010. The decrease is due to increased depreciation and amortisation, primarily as a result of the addition of Ship Equip and increased capital expenditures in Stratos. Additionally, gross margin contributed by Stratos and Segovia have decreased primarily as a result of a reduction in Inmarsat MSS revenues, changes in product mix and competitive pricing in Stratos and changes in product mix in Segovia. The decrease has been partially offset by the inclusion of the results of Ship Equip from 28 April 2011.

Gross margin consists of revenues less cost of goods and services. Gross margin and gross margin percentage for 2011 increased as a result of changes in product mix and the addition of Ship Equip which has a higher gross margin. Changes in product mix include the decreased sales of equipment and network services provided to other Inmarsat distributors in Stratos, which have a lower gross margin. This is partially offset by migration by customers in Stratos to lower margin services such as BGAN and FleetBroadband.

Group liquidity and capital resources

At 30 September 2011, the Group had cash and cash equivalents of US\$275.6m and available but undrawn borrowing facilities of US\$1,274.3m 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, among satellite companies, the Group has historically maintained one of the lowest levels of debt leverage, as measured by the ratio of Net Borrowings to EBITDA. As a result of this prudent approach we remain well-positioned to access the capital markets when needed to meet our financing needs.

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 borrowing facilities and debt securities.

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

(US\$ in millions)	As at 30 September 2011	As at 31 December 2010
Senior Credit Facility	–	200.0
EIB Facility	308.4	308.4
Ex-Im Bank Facility	175.7	–
Senior Notes due 2017	650.0	650.0
– issuance discount	(3.7)	(4.2)
Intercompany loan	331.7	331.4
Deferred satellite payments	36.1	40.8
Bank overdrafts	2.9	0.7
Total borrowings	1,501.1	1,527.1
Cash and cash equivalents	(275.6)	(323.1)
Net Borrowings (gross of deferred finance costs)	1,225.5	1,204.0

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

(US\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Net cash from operating activities	230.8	225.3	706.4	535.2
Net cash used in investing activities				
excluding capital expenditure	(3.2)	(1.2)	(134.9)	(114.8)
Capital expenditure, including own				
work capitalised	(121.9)	(33.3)	(282.6)	(100.9)
Dividends paid	(100.0)	–	(204.5)	(100.7)
Net cash generated from/(used in)				
financing activities excluding				
dividends paid	69.6	(148.2)	(134.2)	(285.3)
Foreign exchange adjustment	0.3	(0.4)	0.1	0.1
Net increase/(decrease) in cash and cash equivalents	75.6	42.2	(49.7)	(66.4)

The increase in net cash generated from operating activities in the three months ended 30 September 2011, compared to the three months ended 30 September 2010, of US\$5.5m, primarily relates to increased EBITDA, partially offset by movements in working capital and higher cash tax paid.

The increase in net cash used in investing activities excluding capital expenditure in the three months ended 30 September 2011, compared to the three months ended 30 September 2010, was US\$2.0m, primarily in respect of Inmarsat Solutions' acquisition of the operational assets of Blue Ocean Wireless.

Capital expenditure, including own work capitalised, increased by US\$88.6m in the three months ended 30 September 2011, compared to the three months ended 30 September 2010, primarily due to expenditure on our Global Xpress programme. Capital expenditure may fluctuate with the timing of milestone payments on current projects. Inmarsat Solutions' cash outflow in respect of capital expenditure for property, plant and equipment and additions to capitalised development costs, including software, was US\$11.6m for the three months ended 30 September 2011 (three months ended 30 September 2010: US\$8.9m).

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.

Net cash generated from financing activities, excluding the payment of dividends, was US\$69.6m in the three months ended 30 September 2011, compared to cash used in

financing activities, excluding the payment of dividends, of US\$148.2m in the three months ended 30 September 2010. During the three months ended 30 September 2011, the Group received US\$87.7m from the drawdown 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. During the three months ended 30 September 2010, the Group repaid US\$140.0m of the Senior Credit Facility and paid US\$7.4m of cash interest.

Group free cash flow

(US\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Cash generated from operations	267.3	239.9	782.1	561.1
Capital expenditure, including own work capitalised	(121.9)	(33.3)	(282.6)	(100.9)
Net cash interest paid	(7.5)	(7.2)	(44.3)	(57.5)
Cash tax paid	(36.9)	(14.8)	(77.6)	(26.3)
Free cash flow	101.0	184.6	377.6	376.4

Free cash flow decreased by US\$83.6m, or 45%, during the three months ended 30 September 2011, compared to the three months ended 30 September 2010. The decrease is due to an increase in capital expenditure and cash tax paid, offset in part by increased cash generated from operations, which is primarily as a result of amounts received from LightSquared in respect of our Cooperation Agreement with them.

Recent Events

Subsequent to 30 September 2011, other than the events discussed above, there have been no other material events which would affect the information reflected in the condensed consolidated financial results of the Group.

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
(unaudited)

(US\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Revenues	364.1	308.8	1,047.0	879.5
Employee benefit costs	(52.3)	(44.5)	(149.2)	(136.5)
Network and satellite operations costs	(63.0)	(55.2)	(172.0)	(164.6)
Other operating costs	(29.9)	(24.3)	(89.4)	(67.5)
Own work capitalised	5.5	4.7	14.8	12.9
Total net operating costs	(139.7)	(119.3)	(395.8)	(355.7)
EBITDA	224.4	189.5	651.2	523.8
Depreciation and amortisation	(63.1)	(59.6)	(183.3)	(174.5)
Gain on disposal of assets	0.1	–	0.1	–
Share of results of associates	0.4	0.3	1.1	0.9
Operating profit	161.8	130.2	469.1	350.2
Interest receivable and similar income	0.2	0.3	4.4	1.6
Interest payable and similar charges	(16.0)	(25.1)	(58.5)	(92.9)
Net interest payable	(15.8)	(24.8)	(54.1)	(91.3)
Profit before income tax	146.0	105.4	415.0	258.9
Income tax expense	(37.0)	(27.5)	(104.2)	(72.9)
Profit for the period	109.0	77.9	310.8	186.0
Attributable to:				
Equity holders	109.0	77.9	310.7	185.9
Non-controlling interest	–	–	0.1	0.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

(US\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Profit for the period	109.0	77.9	310.8	186.0
Other comprehensive (loss)/income:				
(Losses)/gains on cash flow hedges	(10.9)	21.0	0.2	(10.8)
Actuarial losses from pension and post-retirement healthcare benefits	–	–	(0.8)	–
Foreign exchange translation differences	0.3	–	0.3	–
Tax credited/(charged) directly to equity	0.6	(5.4)	(0.8)	4.0
Other comprehensive (loss)/income for the period, net of tax	(10.0)	15.6	(1.1)	(6.8)
Total comprehensive income for the period, net of tax	99.0	93.5	309.7	179.2
Attributable to:				
Equity holders	99.0	93.5	309.6	179.1
Non-controlling interest	–	–	0.1	0.1

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

(US\$ in millions)	As at 30 September 2011	As at 31 December 2010
Assets		
Non-current assets		
Property, plant and equipment	1,646.9	1,355.7
Intangible assets	1,231.5	1,127.2
Investments	31.0	30.8
Other receivables	5.0	5.2
Derivative financial instruments	1.2	6.9
	2,915.6	2,525.8
Current assets		
Cash and cash equivalents	275.6	323.1
Trade and other receivables	297.4	268.2
Inventories	26.2	20.2
Derivative financial instruments	7.7	7.4
	606.9	618.9
Total assets	3,522.5	3,144.7
Liabilities		
Current liabilities		
Borrowings	36.5	59.0
Trade and other payables	668.0	349.8
Provisions	0.2	0.4
Current income tax liabilities	76.2	51.0
Derivative financial instruments	10.2	12.9
	791.1	473.1
Non-current liabilities		
Borrowings	1,440.7	1,448.6
Other payables	43.0	58.3
Provisions	45.7	42.5
Deferred income tax liabilities	107.9	86.5
Derivative financial instruments	11.1	13.6
	1,648.4	1,649.5
Total liabilities	2,439.5	2,122.6
Net assets	1,083.0	1,022.1
Shareholders' equity		
Ordinary shares	0.4	0.4
Share premium	677.4	677.4
Other reserves	36.9	30.7
Retained earnings	367.5	312.9
Equity attributable to shareholders of the parent	1,082.2	1,021.4
Non-controlling interest	0.8	0.7
Total equity	1,083.0	1,022.1

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

(US\$ in millions)	Ordinary share capital	Share premium account	Share Option reserve	Revaluation reserve	Currency reserve	Cash flow hedge reserve	Capital contribution reserve	Retained earnings	Non- controlling interest	Total
Balance at 1 January 2010	0.4	346.3	26.3	0.6	–	(2.6)	2.1	197.9	0.5	571.5
Profit for the period	–	–	–	–	–	–	–	185.9	0.1	186.0
Dividend paid	–	–	–	–	–	–	–	(165.0)	–	(165.0)
Issue of share capital	–	331.1	–	–	–	–	–	–	–	331.1
Share options charge	–	–	6.8	–	–	–	–	–	–	6.8
Net fair value losses – cash flow hedges	–	–	–	–	–	(10.8)	–	–	–	(10.8)
Tax credited directly to equity	–	–	–	–	–	3.1	–	0.9	–	4.0
Balance at 30 September 2010	0.4	677.4	33.1	0.6	–	(10.3)	2.1	219.7	0.6	923.6
Balance at 1 January 2011	0.4	677.4	35.5	0.6	–	(7.5)	2.1	312.9	0.7	1,022.1
Profit for the period	–	–	–	–	–	–	–	310.7	0.1	310.8
Dividends paid	–	–	–	–	–	–	–	(254.5)	–	(254.5)
Share options charge	–	–	6.8	–	–	–	–	–	–	6.8
Net fair value gains - cash flow hedges	–	–	–	–	–	0.2	–	–	–	0.2
Actuarial losses from pension and post-retirement healthcare benefits	–	–	–	–	–	–	–	(0.8)	–	(0.8)
Foreign exchange translation differences	–	–	–	–	0.3	–	–	–	–	0.3
Tax charged directly to equity	–	–	–	–	–	(1.1)	–	(0.8)	–	(1.9)
Balance at 30 September 2011	0.4	677.4	42.3	0.6	0.3	(8.4)	2.1	367.5	0.8	1,083.0

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(unaudited)

(US\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Cash flow from operating activities				
Cash generated from operations	267.3	239.9	782.1	561.1
Interest received	0.4	0.2	1.9	0.4
Income taxes paid	(36.9)	(14.8)	(77.6)	(26.3)
Net cash flow from operating activities	230.8	225.3	706.4	535.2
Cash flow from investing activities				
Purchase of property, plant and equipment	(110.8)	(24.6)	(251.8)	(70.9)
Additions to capitalised development costs, including software	(6.3)	(5.1)	(15.4)	(18.2)
Own work capitalised	(4.8)	(3.6)	(15.4)	(11.8)
Purchase of Segovia	–	–	–	(110.0)
Purchase of Ship Equip	–	–	(113.2)	–
Other investments, including acquisition of subsidiaries	(3.2)	(1.2)	(21.7)	(4.8)
Net cash used in investing activities	(125.1)	(34.5)	(417.5)	(215.7)
Cash flow from financing activities				
Dividends paid	(100.0)	–	(204.5)	(100.7)
Repayment of Previous Senior Credit Facility	–	(140.0)	(200.0)	(90.0)
Drawdown of EIB Facility	–	–	–	180.0
Drawdown of Ex-Im Bank Facility	87.7	–	175.7	–
Repayment of the Stratos Senior Credit Facility	–	–	–	(209.2)
Redemption of Stratos Senior Unsecured Notes	–	–	–	(65.5)
Purchase of own debt securities, including discount	–	–	–	(24.4)
Interest paid on borrowings	(7.9)	(7.4)	(46.2)	(57.9)
Arrangement costs of new borrowing facilities	(10.0)	(0.7)	(18.8)	(3.3)
Capital lease obligation	(0.2)	(0.1)	(0.2)	(0.1)
Intercompany funding	–	–	–	(14.9)
Repayment of Ship Equip long-term debt	–	–	(44.7)	–
Net cash used in financing activities	(30.4)	(148.2)	(338.7)	(386.0)
Foreign exchange adjustment	0.3	(0.4)	0.1	0.1
Net increase/(decrease) in cash and cash equivalents	75.6	42.2	(49.7)	(66.4)
Movement in cash and cash equivalents				
At beginning of period	197.1	117.2	322.4	225.8
Net increase/(decrease) in cash and cash equivalents	75.6	42.2	(49.7)	(66.4)
As reported on balance sheet (net of bank overdrafts)	272.7	159.4	272.7	159.4
At end of period, comprising				
Cash at bank and in hand	47.5	68.0	47.5	68.0
Short-term deposits with original maturity of less than 3 months	228.1	94.2	228.1	94.2
Bank overdrafts	(2.9)	(2.8)	(2.9)	(2.8)
	272.7	159.4	272.7	159.4

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

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 2 November 2011.

The financial information for the year ended 31 December 2010 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 2011 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 2010, and which are available on our website at www.inmarsat.com. Except as described below, the unaudited condensed consolidated financial statements are based upon accounting policies and methods consistent with those used and described in the Group's annual consolidated financial statements prepared under IFRS, set out on pages 6 to 60. Operating results for the period ended 30 September 2011 are not necessarily indicative of the results that may be expected for the year ending 31 December 2011. The consolidated balance sheet as at 31 December 2010 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:
 - IAS 24 (as revised) – Related Party Disclosures – Revised Definition of related parties (effective for financial years beginning on or after 1 January 2011).
 - IAS 32 (as revised) – Financial Instruments: Presentation – classification of rights issues (effective for financial years beginning on or after 1 February 2010).
 - IFRIC 14 (as amended) – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for financial years beginning on or after 1 January 2011).
 - IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments (effective for financial years beginning on or after 1 July 2010).
 - Amendments resulting from the May 2010 Annual Improvements to IFRSs (effective for financial years beginning on or after 1 January 2011, except for IFRS 3 and IAS 27 which are effective for financial years beginning on or after 1 July 2010).

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 is well placed to manage its 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

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.

Basis of accounting

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

3. Segment information

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

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

The Group's reportable segments are therefore as follows:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

Segment information:

(US\$ in millions)	Three months ended 30 September 2011					Nine months ended 30 September 2011				
	Inmarsat Global	Inmarsat Solutions ^(a)	Unallocated	Eliminations	Total	Inmarsat Global	Inmarsat Solutions ^(a)	Unallocated	Eliminations	Total
Revenue										
External sales	170.1	194.0	–	–	364.1	491.9	555.1	–	–	1,047.0
Inter-segment	75.1	3.4	–	(78.5)	–	225.9	7.0	–	(232.9)	–
Total revenue	245.2	197.4	–	(78.5)	364.1	717.8	562.1	–	(232.9)	1,047.0
Segment result (operating profit)	148.1	13.6	–	0.1	161.8	427.6	41.5	–	–	469.1
Net interest charged to the Income Statement	–	–	(15.8)	–	(15.8)	–	–	(54.1)	–	(54.1)
Profit before income tax					146.0					415.0
Income tax expense					(37.0)					(104.2)
Profit for the year					109.0					310.8
Segment assets	2,575.3	1,097.8	283.0	(433.6)	3,522.5	2,575.3	1,097.8	283.0	(433.6)	3,522.5
Segment liabilities	(615.2)	(174.3)	(1,715.0)	65.0	(2,439.5)	(615.2)	(174.3)	(1,715.0)	65.0	(2,439.5)
Investment (included in segment assets) ^(b)	23.5	–	–	–	23.5	23.5	–	–	–	23.5
Capital expenditure ^(c)	(208.2)	(14.1)	–	–	(222.3)	(365.9)	(31.6)	–	–	(397.5)
Depreciation	(34.7)	(10.9)	–	–	(45.6)	(105.9)	(27.9)	–	–	(133.8)
Amortisation of intangible assets	(4.7)	(12.8)	–	–	(17.5)	(16.6)	(32.9)	–	–	(49.5)

- (a) Includes Ship Equip from 28 April 2011 (see note 6).
(b) Relates to 19% stake in SkyWave Mobile Communications (“SkyWave”).
(c) Capital expenditure stated using accruals basis.

(US\$ in millions)	Three months ended 30 September 2010					Nine months ended 30 September 2010				
	Inmarsat Global	Inmarsat Solutions ^(a)	Unallocated	Eliminations	Total	Inmarsat Global	Inmarsat Solutions ^(a)	Unallocated	Eliminations	Total
Revenue										
External sales	124.4	184.4	–	–	308.8	342.3	537.2	–	–	879.5
Inter-segment	76.8	1.6	–	(78.4)	–	226.7	4.6	–	(231.3)	–
Total revenue	201.2	186.0	–	(78.4)	308.8	569.0	541.8	–	(231.3)	879.5
Segment result (operating profit)	109.5	20.9	–	(0.2)	130.2	304.3	45.2	–	0.7	350.2
Net interest charged to the Income Statement	–	–	(24.8)	–	(24.8)	–	–	(91.3)	–	(91.3)
Profit before income tax					105.4					258.9
Income tax expense					(27.5)					(72.9)
Profit for the year					77.9					186.0
Segment assets	2,339.0	924.9	162.2	(442.2)	2,983.9	2,339.0	924.9	162.2	(442.2)	2,983.9
Segment liabilities	(424.0)	(184.8)	(1,536.1)	84.6	(2,060.3)	(424.0)	(184.8)	(1,536.1)	84.6	(2,060.3)
Investment (included in segment assets) ^(b)	23.5	–	–	–	23.5	23.5	–	–	–	23.5
Capital expenditure ^(c)	(27.1)	(2.9)	–	0.1	(29.9)	(78.8)	(19.1)	–	0.1	(97.8)
Depreciation	(36.6)	(6.0)	–	–	(42.6)	(108.9)	(20.4)	–	–	(129.3)
Amortisation of intangible assets	(6.5)	(10.5)	–	–	(17.0)	(17.3)	(27.9)	–	–	(45.2)

- (a) Includes Segovia from 12 January 2010.
(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

(US\$ in millions)	Three months ended 30 September		Nine months ended 30 September	
	2011	2010	2011	2010
Interest on Senior Notes and credit facilities	(17.3)	(16.1)	(48.4)	(61.3)
Interest rate swaps	(3.4)	(3.4)	(10.3)	(10.2)
Pension and post-retirement liability finance costs/(credit)	1.2	(3.1)	(0.4)	0.3
Unwinding of discount on deferred satellite liabilities	(0.6)	(0.7)	(1.9)	(2.1)
Amortisation of debt issue costs	(1.4)	(1.8)	(8.6)	(5.2)
Amortisation of discount on Senior Notes due 2017	(0.2)	(0.2)	(0.5)	(0.5)
Premium on purchase of Stratos Senior Unsecured Notes	–	–	–	(1.4)
Unwinding of discount on deferred consideration	(1.1)	(1.4)	(3.5)	(3.8)
Intercompany interest	–	–	(0.2)	(12.4)
Other interest	(0.1)	(0.1)	(0.5)	(1.0)
Interest payable and similar charges	(22.9)	(26.8)	(74.3)	(97.6)
Less: Amounts included in the cost of qualifying assets	6.9	1.7	15.8	4.7
Total interest payable and similar charges	(16.0)	(25.1)	(58.5)	(92.9)
Bank interest receivable and other interest	0.2	0.3	4.4	1.6
Total interest receivable and similar income	0.2	0.3	4.4	1.6
Net interest payable	(15.8)	(24.8)	(54.1)	(91.3)

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:

(US\$ in millions)	As at 30 September 2011			As at 31 December 2010		
	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	2.9	–	2.9	0.7	–	0.7
Deferred satellite payments	7.9	–	7.9	8.3	–	8.3
Senior Credit Facility ^(a)	–	–	–	50.0	–	50.0
EIB Facility ^(b)	25.7	–	25.7	–	–	–
Total current borrowings	36.5	–	36.5	59.0	–	59.0
Non-current:						
Senior Credit Facility ^(a)	–	–	–	150.0	(6.1)	143.9
Senior Notes due 2017 ^(c)	650.0	(9.7)	640.3	650.0	(10.8)	639.2
—Issuance discount	(3.7)	–	(3.7)	(4.2)	–	(4.2)
EIB Facility ^(b)	282.7	(2.6)	280.1	308.4	(2.6)	305.8
Ex-Im Bank Facility ^(d)	175.7	(11.6)	164.1	–	–	–
Deferred satellite payments	28.2	–	28.2	32.5	–	32.5
Subordinated Parent Company Loan ^(e)	325.7	–	325.7	325.7	–	325.7
Intercompany loan	6.0	–	6.0	5.7	–	5.7
Total non-current borrowings	1,464.6	(23.9)	1,440.7	1,468.1	(19.5)	1,448.6
Total borrowings	1,501.1	(23.9)	1,477.2	1,527.1	(19.5)	1,507.6
Cash and cash equivalents	(275.6)	–	(275.6)	(323.1)	–	(323.1)
Net borrowings	1,225.5	(23.9)	1,201.6	1,204.0	(19.5)	1,184.5

- (a) On 30 June 2011, we refinanced our previous US\$500.0m Senior Credit Facility, which was due to mature in May 2012, with a new 5-year US\$750.0m Senior Credit Facility. Under the terms of the new facility the full US\$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the 5-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. The amount outstanding on previous facility on the date of prepayment was US\$200.0m and this amount was funded from available cash balances. As a result, as at 30 September 2011 there were no drawings on the new Senior Credit Facility.
- (b) On 15 April 2010, we signed an 8-year facility agreement from the European Investment Bank (the "EIB Facility"). Under the agreement, we were able to borrow up to €225m at any time before 23 December 2010. The facility was available in Euros and US dollars. An initial drawdown of US\$180.0m was made on 30 April 2010 and a final draw down of US\$128.4m was made on 28 October 2010. This facility matures on 30 April 2018 and is repayable in equal annual instalments beginning 30 April 2012. Interest is equal to 3-month USD LIBOR plus a margin payable quarterly.
- (c) 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.
- (d) 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 4 years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility will incur interest at a fixed rate of 3.11% for the life of the loan.
- (e) The Subordinated Parent Company Loan arises from historical financing of the group from the immediate parent company, Inmarsat Holdings Limited. The loan is contractually and structurally subordinated to all of the other indebtedness of the Group and has no fixed maturity and may be repaid at any time at the Company's option. No interest is charged on the Subordinated Parent Company Loan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

6. Acquisition of Ship Equip

On 28 April 2011, we acquired 100% of the outstanding ordinary shares of Ship Equip for a total cash consideration of US\$113.2m (net of cash acquired and after hedging the foreign exchange risk). Immediately following the transaction, we repaid Ship Equip's external long-term debt amounting to US\$44.7m (net of gains from hedging the foreign exchange risk).

Based in Ålesund, Norway, Ship Equip is a leading provider of VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets. Ship Equip is ideally positioned to support the evolution of certain segments of the maritime market to higher speed services, especially those to be offered by the Global Xpress programme after its expected launch in 2013. Ship Equip has a large installed base of VSAT customers, who we expect to be in the forefront of the transition to Global Xpress services, as well as a management team with extensive knowledge of VSAT operations and customers which will help us ensure that Global Xpress is a compelling proposition for the maritime community. This acquisition demonstrates our strategy to prepare the way for a fast and successful take-up of Ka-band services via Global Xpress.

Ship Equip was acquired by Inmarsat Solutions Limited and operates as a separate subsidiary alongside the Stratos and Segovia businesses. Inmarsat financed the acquisition of the shares and the debt repayment from available liquidity.

The acquisition of Ship Equip has been accounted for using the purchase method of accounting in accordance with IFRS 3 (2008), 'Business Combinations'. The consolidated results of the Group for the nine months ended 30 September 2011 include the financial results of Ship Equip for the period from 28 April 2011 to 30 September 2011. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

During the period ended 30 September 2011, the allocation of the purchase consideration was finalised. As a result of this review, we recognised identifiable intangible assets of US\$63.9m (refer to table below) and goodwill of US\$66.6m. Goodwill represents the excess of the purchase consideration over the fair value of the assets and liabilities acquired. Qualitatively, goodwill represents among other factors, the assembled workforce, which is not separately identified as part of the purchase price allocation. In addition, the Group believes that Ship Equip's expertise in delivering VSAT maritime communications services to the shipping, offshore oil & gas and fishing markets, will generate value for the Group through future customer relationships. During the nine months ended 30 September 2011, we recognised US\$1.6m of transaction costs directly associated with the acquisition of Ship Equip as an expense in the Income Statement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

The allocation of the purchase consideration to the net assets and liabilities of Ship Equip, based on information up to 30 September 2011, is as follows:

(US\$ in millions)	Book value	Fair value adjustments	Fair value at acquisition date
Net assets acquired:			
Intangible assets ^(a)	1.3	62.6	63.9
Property, plant and equipment	48.4	–	48.4
Other assets	0.8	–	0.8
Total non-current assets	50.5	62.6	113.1
Trade and other receivables ^(b)	8.7	–	8.7
Inventories	6.2	–	6.2
Other assets	4.1	–	4.1
Total current assets	19.0	–	19.0
Trade and other payables	(11.8)	–	(11.8)
Deferred revenue	(8.5)	–	(8.5)
Deferred tax liability	–	(17.5)	(17.5)
Long term debt	(47.7)	–	(47.7)
Total liabilities	(68.0)	(17.5)	(85.5)
Identifiable net assets	1.5	45.1	46.6
Allocated purchase consideration:			
Cash consideration			119.8
Less: hedge accounting gains			(6.6)
Total allocated purchase consideration			113.2
Goodwill recognised^(c)			66.6

(a) The intangible assets consists of US\$37.8m of customer relationships, US\$9.3m in relation to the Ship Equip trade name and US\$16.8m for technology, which are to be amortised over their useful lives of fourteen, fifteen and seven years, respectively.

(b) The book value of trade receivables of US\$8.4m, included within trade and other receivables, approximates to their fair value and the entire balance is deemed collectable.

(c) The gross amount of goodwill as at 1 January 2011 was US\$695.9m. During the nine months ended 30 September 2011 we recognised US\$66.6m of goodwill as a result of the acquisition of Ship Equip. There were no accumulated impairment losses in relation to goodwill as at 1 January 2011 and 30 September 2011.

The revenue included in the Income Statement for the three and nine months ended 30 September 2011, contributed by Ship Equip since the acquisition date, was US\$15.8m and US\$26.3m, respectively. Ship Equip also contributed a loss after tax of US\$0.2m and US\$0.1m, respectively, during the three and nine months ended 30 September 2011. Ship Equip's contribution to revenue and profit after tax for the nine months ended 30 September 2011, assuming the transaction had occurred on 1 January 2011, would have been US\$47.4m and a loss of US\$3.5m, respectively.

7. Events after the balance sheet date

Subsequent to 30 September 2011, 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.