Press release

Inmarsat plc Reports Preliminary Full Year Results 2011

London, UK: 6 March 2012. Inmarsat plc (LSE: ISAT.L), the leading provider of global mobile satellite communications services, today reported consolidated preliminary financial results for the year ended 31 December 2011.

Inmarsat plc – Full Year 2011 Highlights

- Total revenue $1,409m up 20% (2010: $1,172m)
- EBITDA $854m up 23% (2010: $696m)
- Profit before tax $367m up 10% (2010: $334m)
- Strong growth in FleetBroadband ARPUs
- IsatPhone Pro subscribers exceed 50,000 to date
- Final dividend of 24.96 cents US$ up 10%
- $270m of cash returned to shareholders

Inmarsat Group Limited - Fourth Quarter 2011 Highlights

- Total revenue $362m up 24% (2010: $292m)
- Total Inmarsat Global MSS revenue $241m up 23% (2010: $195m)
- EBITDA $203m up 18% (2010: $172m)

Rupert Pearce, Chief Executive Officer, said, "We are pleased with the progress we are making in MSS subscriber growth and in the development of our next generation Global Xpress satellite services. As a result, we are confident in both the on-going cash flow generation in our core MSS business and in the potential for significantly renewed revenue growth once our Global Xpress services become available from late next year. We expect our 2012 revenue growth trends in our core MSS business to improve on 2011."

Inmarsat plc

(US$ in millions)	**2011**	**2010**	**Increase**
Inmarsat Global	958.4	764.1	25.4%
Inmarsat Solutions	758.2	716.8	5.8%
	1,716.6	1,480.9	15.9%
Intercompany eliminations and adjustments	(308.1)	(309.3)	
Total revenue	**1,408.5**	**1,171.6**	**20.2%**

Inmarsat Global

(US$ in millions)	2011	2010	Increase/ (decrease)
Maritime voice services	90.2	98.1	(8.1%)
Maritime data services	268.7	262.5	2.4%
Total maritime sector	**358.9**	**360.6**	**(0.5%)**
Land mobile voice services	7.7	7.3	5.5%
Land mobile data services	144.0	146.4	(1.6%)
Total land mobile sector	**151.7**	**153.7**	**(1.3%)**
Aviation sector	99.5	101.0	(1.5%)
Leasing	110.2	111.7	(1.3%)
Total mobile satellite services	**720.3**	**727.0**	**(0.9%)**
Other income	238.1	37.1	
Total revenue	**958.4**	**764.1**	**25.4%**

LightSquared

Revenue from our Cooperation Agreement with LightSquared, recorded within Other income, was the primary driver of overall revenue growth for 2011. Recent regulatory developments in the United States have created significant uncertainty over the viability of LightSquared's ATC business model and a payment from LightSquared that was due in February 2012 under the Cooperation Agreement was not received by us and remains outstanding. Inmarsat has entered into discussions with LightSquared, but cannot provide any assurance that the outstanding payment or further payments in relation to the Cooperation Agreement will now be received. The revenue generation of Inmarsat's core MSS and Inmarsat Solutions businesses remains unaffected by the LightSquared developments.

Maritime

In the maritime sector, while our 2011 revenue was impacted by continuing customer migration to our FleetBroadband service, we saw strong growth in customer usage as the year progressed. Customer migration has impacted service revenue because FleetBroadband pricing is typically lower than the older services being replaced. In addition, voice to email substitution and, to a lesser extent, competition from alternative providers, contributed to lower than expected revenue growth in 2011. However, activations of new FleetBroadband terminals have remained strong throughout the year and we added 9,818 terminals during the year, of which 2,276 were activated in the fourth quarter. Average revenue per user ("ARPU") for FleetBroadband has also grown strongly during the year and exceeded $600 per month in the fourth quarter for our FleetBroadband 250 and 500 terminals.

Consistent growth in FleetBroadband ARPUs continues to support our view that maritime customers are increasing their usage with FleetBroadband and that during 2012 this trend will offset the revenue impact of service migration. In addition, we are implementing a number of pricing initiatives to further incentivise customer migration to FleetBroadband, the take up of fixed-term value-added pricing plans, and to improve the yield from certain older services. Some of these initiatives have already taken effect in 2012, while others will be brought in later in the year after notice periods have expired.

We are also seeing high levels of interest in our new XpressLink maritime L-band/Ku-band hybrid service and expect this service to take share in the maritime VSAT market during 2012. In January 2012, we announced that Frontline, a leading shipping line, had committed to XpressLink for more than 100 vessels.

Land Mobile

In the land mobile sector, data revenue continues to be affected by reduced usage from customers in Afghanistan. During 2011, although MSS revenue from Afghanistan declined materially, much of this decline was offset by high usage levels from events in Japan and North Africa. However, towards the end of the year, usage from North Africa began to fall back as events in the region abated. We continue to see new demand for our BGAN service and added subscribers in both the third and fourth quarters. However, while organic BGAN growth is encouraging, it is unlikely to be sufficient to offset the impact of decline in data revenue from Afghanistan during 2012.

Growth in land mobile voice revenue was driven by usage of our handheld IsatPhone Pro service where unit sales remained strong. We recently passed the milestone of 50,000 active units which we believe puts us on track to reach our initial market share target during 2012. Revenue from IsatPhone Pro continues to develop, although at a slower than expected rate. We believe penetration of higher spending customers is taking longer due to the entrenched position of competitors who have been providing service to these customers for many years prior to our market entry. However, positive feedback from distributors suggests that penetration of higher spending customer accounts will gradually build, allowing us to target growth in land voice revenue during 2012.

Aviation and Leasing

During 2011, we saw fluctuations in demand from our aviation government customers, particularly for service over Afghanistan. In addition, the consolidation of certain customer business with existing aviation leases also constrained growth during the year. While we expect reduced usage in Afghanistan to be a factor in 2012, take up of our SwiftBroadband service remains strong and revenue growth from this service is building well. The roll out of SwiftBroadband to support in-flight passenger services continues to add new revenues to our aviation business and we remain well-positioned for this opportunity.

A range of factors is expected to affect results from our leasing business in 2012. We expect some leases relating to Afghanistan not to be renewed, or to be reduced in value. We also expect certain leases for our Inmarsat B maritime service not to be renewed, or to transition to our XpressLink service. While we expect to retain the majority of this customer business through migration to our non-lease services, we may not retain all of the business or achieve the same revenue value. As a result, while we expect leasing revenue to be lower in 2012 year over year, there will be some offsetting gains in other business lines, mostly in our maritime sector.

Inmarsat Solutions

(US$ in millions)	2011	2010	Increase/ (decrease)
Inmarsat MSS	423.4	433.7	(2.4%)
Broadband and Other MSS	334.8	283.1	18.3%
Total revenue	**758.2**	**716.8**	**5.8%**

Revenue growth in our Inmarsat Solutions division has primarily been driven by recognition of new revenues following the acquisition of Ship Equip and by growth in our Segovia business. We are pleased with the performance of the Segovia and Ship Equip acquisitions, which are delivering on their targets and adding strategic value.

In 2012, we expect overall growth in Inmarsat Solutions to come from our maritime XpressLink service as recent business wins are implemented and as new contracts are signed, as well as from a full year contribution from our Ship Equip acquisition. We also expect growth from government services, due to new contact wins. We expect Inmarsat MSS revenue to be impacted by the factors already described in relation to wholesale MSS revenues. In addition, competition from other Inmarsat distributors and service migration to both other Inmarsat services and to XpressLink will also constrain growth in Inmarsat MSS revenues. The structural revenue impact on Inmarsat MSS revenues is expected to contribute to lower gross margin and lower EBITDA at the Inmarsat Solutions level year over year.

Reorganisation

In January 2012, we announced a new organisational structure for our business that will align our operations more closely to our core vertical market segments and strengthen our support to both direct and indirect distribution of services. This reorganisation will draw together wholesale and retail sales, marketing and delivery teams across the group, focusing our customer-facing activities to make us more effective in the future and to prepare the way for a fully-integrated sales platform for Global Xpress services. This reorganisation is now largely implemented.

Outlook and Medium Term Targets

We are confident in the growth prospects of our key new services, among which are XpressLink, FleetBroadband, SwiftBroadband, and IsatPhone Pro. These products are seeing strong subscriber take-up and ARPU growth and will extend our market leading MSS franchise well into the future. In the near term, however, overall revenue growth will be constrained by reducing revenue from Afghanistan and service migration factors. We believe like-for-like cost growth in our core Inmarsat Global business will be minimal, although a certain level of incremental operating costs will be required to support the development of our Global Xpress service.

We are providing the following medium term revenue targets for our core Inmarsat Global MSS revenue for the period 2012 and 2013 and separately for the period 2014 to 2016, in each case on a compound annual growth rate basis (CAGR). Over the period 2012 and 2013 we expect MSS revenue growth to be between 0% and 2%. This period excludes revenue from our Global Xpress service which is not expected to generate any material revenue before 2014. Over the period 2014 to 2016 we expect MSS revenue growth, which will include revenue from our Global Xpress service, to be between 8% and 12%. Our target for the period 2014 to 2016 is subject to the commercial launch of Global Xpress services remaining on our current schedule.

We continue to implement our Global Xpress investment programme, including the build and launch of three Ka-band satellites, at an expected total cost of $1.2bn. This programme remains on track as to schedule and cost expectations. We reiterate our target to achieve $500m of annual revenues from the Global Xpress service not later than five years after global service launch, which is currently expected to occur in late 2014.

Our outlook for total capital expenditure for new investment programmes and on-going maintenance remains unchanged. Capital expenditure on a cash basis in 2012 is expected to be between $650m and $700m.

Liquidity

At 31 December 2011, the Inmarsat plc group had net borrowings of $1,394.1m, made up of cash and cash equivalents of $183.5m and total borrowings of $1,577.6m. Including cash and available but undrawn borrowing facilities, the group had total available liquidity of $1,356.2m. We believe our available liquidity is sufficient to meet all of the group's needs for the foreseeable future and we are committed to maintaining strong levels of liquidity as we move through the peak spending period of our current investment phase.

Our Financial Reports

While Inmarsat plc is the ultimate parent company of our group, our subsidiary Inmarsat Group Limited is required by the terms of our 2017 7.375% Senior Notes to report consolidated financial results. We expect that a copy of the full year 2011 results for Inmarsat Group Limited will be posted to our website on or before 30 April 2012.

To assist analysts and investors in their understanding of the results announced today, the following unaudited tables for Inmarsat Group Limited for the fourth quarter are provided below.

Inmarsat Global

(US$ in millions)	Three months ended 31 December 2011	2010	Increase/ (decrease)
Maritime voice services	21.7	24.7	(12.1%)
Maritime data services	69.4	66.6	4.2%
Total maritime sector	**91.1**	**91.3**	**(0.2%)**
Land mobile voice services	2.2	1.9	15.8%
Land mobile data services	32.2	36.0	(10.6%)
Total land mobile sector	**34.4**	**37.9**	**(9.2%)**
Aviation sector	24.3	24.2	0.4%
Leasing	27.9	25.6	9.0%
Total mobile satellite services	**177.7**	**179.0**	**(0.7%)**
Other income	62.9	16.1	291%
Total revenue	**240.6**	**195.1**	**23.3%**

Inmarsat Solutions

(US$ in millions)	Three months ended 31 December 2011	2010	Increase/ (decrease)
Inmarsat MSS	101.1	105.6	(4.3)%
Broadband and other MSS	95.0	69.4	36.9%
Total revenue	**196.1**	**175.0**	**12.1%**

Other Information

Inmarsat management will host a presentation of the results on Tuesday, 6 March at Inmarsat's offices, 99 City Road, London EC1Y 1AX. The presentation will begin at 9:30am London time, (United States 4:30am). A live webcast of the presentation will also be available through our website. To register to attend the results presentation, please contact Laura Slater at Inmarsat on +44 (0)20 7728 1206, or laura.slater@inmarsat.com.

Inmarsat management will also host a results conference call at 3:00pm London time, (United States 10:00am) on Tuesday, 6 March. To access the call please dial +44 (0)20 7162 0125 and quote conference id 912241. A replay of the call will be available for one week after the event. To access the recording please dial +44 (0)20 7031 4064 and enter access code 912241. The call will also be available via a webcast accessible through our website.

Forward-looking Statements

Certain statements in this announcement constitute "forward-looking statements". These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance or programmes, or the delivery of products or services under them; structural change in the satellite industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances.

Contact: Inmarsat plc, London, UK

Investor Enquiries
Simon Ailes
Tel: +44 (0)20 7728 1518
simon.ailes@inmarsat.com

Media Enquiries
Chris McLaughlin
Tel: +44 (0)77 9627 6033
chris.mclaughlin@inmarsat.com

INMARSAT PLC

PRELIMINARY CONSOLIDATED FINANCIAL RESULTS
For the year ended 31 December 2011

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.

<u>Net Borrowings</u>

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.

<u>Free cash flow</u>

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, impairment losses and acquisition-related adjustments. 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.

TABLE OF CONTENTS

Responsibility Statement

The responsibility statement below has been prepared in connection with the Company's full Annual Report for the year ended 31 December 2011. Certain parts thereof are not included within this Announcement.

The Directors confirm to the best of their knowledge that:

a) the Group consolidated financial statements from which the financial information within these preliminary consolidated financial results have been extracted, are prepared in accordance with IFRSs as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole; and

b) the Annual Report and the Operating and Financial Review include a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties faced by the Group.

The Directors of Inmarsat plc and their respective responsibilities are listed in the Annual Reports for 2010 (listed on our website at www.inmarsat.com) and 2011. There have been no changes in the year apart from those as noted during 2011. This responsibility statement was approved by the Board of Directors on 6 March 2012 and is signed on its behalf by:

Andrew Sukawaty
Executive Chairman
6 March 2012

Rick Medlock
Chief Financial Officer
6 March 2012

Operating and Financial Review

The following is a discussion of the audited consolidated results of operations and financial condition of Inmarsat plc (the "Company" or together with its subsidiaries, the "Group") for the year ended 31 December 2011. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Overview

Inmarsat is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide, with over 30 years of experience in designing, launching and operating an L-band satellite-based network. With an in-orbit fleet of 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 our direct and indirect distribution business, offers a broad portfolio of remote telecommunications solutions to end-user customers, offering services over the mobile and fixed satellite systems of a number of the leading global and regional satellite system operators, predominantly the Inmarsat satellite system, and through owned and operated microwave and satellite telecommunications facilities.

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

The Group's revenues for the year ended 31 December 2011 were US$1,408.5m (2010: US$1,171.6m), EBITDA was US$854.4m (2010: US$696.1m) and operating profit, before impairment losses, was US$608.0m (2010: US$460.6m). 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.

Vertical market reorganisation

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

As of 1 January 2012, Inmarsat Solutions, became responsible for our global direct and indirect sales, marketing and delivery. Inmarsat Solutions now operates through four new market-facing business units:

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

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

Acquisition of Ship Equip

On 28 April 2011, we acquired the entire share capital of Ship Equip for a cash consideration of US$113.2m (net of cash acquired and after hedging the foreign exchange risk). Ship Equip is a leading provider of VSAT maritime communications services to the shipping, offshore energy and fishing markets.

We believe Ship Equip, which is now providing its services through the Inmarsat Solutions – Maritime business unit, 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 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.

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

Global Xpress Programme Update

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

On 18 February 2011, we signed a contract with VT iDirect ("iDirect") to provide the ground network infrastructure and core module technology for integration into the satellite terminals for our Global Xpress service. iDirect will design, develop, manufacture, test and commission the Global Xpress ground network infrastructure, building upon its leadership position in the VSAT network technology arena. In addition, iDirect will supply a Global Xpress compatible core module for integration into Global Xpress maritime satellite terminals and a range of Global Xpress core modules specifically designed for the aviation and government sectors.

On 2 March 2011, we selected Cobham plc ("Cobham") as the initial launch partner for maritime satellite terminals for our Global Xpress service. Sea Tel, a subsidiary of Cobham, has been awarded contracts to develop, manufacture, test and distribute Global Xpress Ka-band maritime terminals. As initial launch partner, Sea Tel will ensure availability of Global Xpress maritime terminals at service introduction which is planned for 2013.

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 22 September 2011, Thrane & Thrane were appointed as a key launch manufacturer for 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 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 operations 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

In December 2007, Inmarsat and LiqhtSquared entered into a Cooperation Agreement for the efficient use of L-band spectrum over North America.

As at 6 March 2012, LightSquared has made payments in respect of all the phases of the Cooperation Agreement totalling US$490.2m, of which US$308.1m was received during 2011. We received US$29.6m in January 2012. We have, thus far, recognised US$221.3m of revenue and US$11.6m of operating costs under all the phases of the Cooperation Agreement. At 31 December 2011, we had recorded US$239.3m of deferred income, within trade and other payables, on the Balance Sheet.

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

(US$ in millions)	2011	2010
Revenue	203.8	17.5
Net operating costs	(11.2)	(0.4)
EBITDA	**192.6**	**17.1**
Income tax expense	(51.0)	(4.8)
Profit for the year	**141.6**	**12.3**

On 17 August 2010, LightSquared triggered Phase 1 of this agreement under which the Group would receive US$118.8m for transitioning to a modified spectrum plan (“Phase 1 transition”). In addition, Inmarsat would receive US$250m towards the costs that the Group will incur on network and terminal modifications required in order for LightSquared to deploy their planned 4G network.

To date, under Phase 1 of the Cooperation Agreement, LightSquared has made payments totalling US$312.5m. We are accounting for the Phase 1 payments using the percentage of completion method. We have recognised US$95.6m of revenue and US$11.1m of operating costs during 2011 (2010: US$17.5m and US$0.4m, respectively).

On 28 January 2011, we received notice from LightSquared triggering the commencement of transition to Phase 2 of the Cooperation Agreement. In order to activate Phase 2, we began a phased transition to a further spectrum plan that increases the total spectrum capacity available to LightSquared for ATC services in North America. In return, we are receiving payments of US$115.0m per annum, increasing at a rate of 3% annually, with effect from 28 January 2011. Under Phase 2 of the Cooperation Agreement, LightSquared has made payments totalling US$108.1m and we have recognised all of this as revenue in 2011 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. We have not recorded any material amount of such revenue or costs in relation to this payment during 2011.

On 20 January 2012, we delivered the “Phase 1 transition” completion notice to LightSquared indicating that our obligations in respect of the Phase 1 spectrum reorganisation were complete. A payment of US$56.25m became due upon the completion of “Phase 1 transition”. This payment has not been received. On 20 February 2012 we issued a notice of default to LightSquared under the Cooperation Agreement. This notice triggers a period of 60 calendar days during which LightSquared can remedy the default before Inmarsat is entitled to enforce its rights and remedies under the agreement for payment default, including pre-agreed spectrum arrangements and termination of certain LightSquared rights under the Cooperation Agreement. Inmarsat and LightSquared continue discussions regarding the future of the Cooperation Agreement, but Inmarsat cannot provide any assurance that these discussions will result in any further payments being received from LightSquared.

Inmarsat Global Services

On 23 March 2011, we announced the availability of a data service on our global handheld satellite phone, IsatPhone Pro. The new circuit-switched data capability, offering an effective data rate of up to 20kbps, is now available on all new handsets.

During 2011 we introduced a number of service enhancements for the maritime industry. On 28 July 2011, we introduced our new FleetPhone service, a new entry-level voice service, developed specifically for the marine environment. 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. In addition, in May 2011, we announced a multi-channel voice capability for FleetBroadband, expected to be available in the second quarter of 2012, that will offer additional telephone lines to support up to nine simultaneous voice calls through a single FleetBroadband terminal and we also released details of a new reduced US$0.55 per minute suggested retail price for voice calls on FleetBroadband.

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.

During 2011 we enhanced our service offering in the fast-growing machine-to-machine (“M2M”) market. On 4 August 2011, we announced, in conjunction with our partner SkyWave, the launch of a new machine-to-machine (“M2M”) service, called IsatData Pro. IsatData Pro supports a wide range of security and location-based services in the M2M market and will deliver a significant increase in capability over other services already in the market. On 15 February 2012, we launched our new BGAN M2M service targeting M2M applications in the utilities, energy and retail banking markets, supporting end-to-end IP data capability for real-time M2M applications including smart metering, supervisory control & data acquisition (“SCADA”), monitoring and other infrastructure telemetry solutions.

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 worldwide.

Inmarsat Solutions Services

On 22 February 2011, Segovia was awarded NATO’s Communication Information Services (“CIS”) Consultant Support Services indefinite delivery, indefinite quantity (“IDIQ”) contract to provide professional and technical services support to the International Security Assistance Force (“ISAF”) in Afghanistan. The contract has a four-year period of performance if all option years are exercised. Segovia was also awarded the first task order under the contract – a multi-million dollar contract to deploy full-time communication and information services support to NATO operations in Kandahar, Afghanistan.

During 2011, Stratos has been successful in winning contracts to deploy FleetBroadband services across a number of major shipping fleets. This includes FBBPlus, under a five-year contract, on approximately 40 vessels for Hapag-Lloyd; FleetBroadband services on The Shipping Corporation of India Ltd’s. fleet of 156 ships, which includes tankers, bulk carriers, liners and supply vessels; FleetBroadband services on 55 commercial vessels for Harren & Partner Ship Management GmbH & Co. KG; FleetBroadband services on Reederei Claus-Peter Offen’s entire fleet of 122 commercial vessels and FleetBroadband services on Sandigan Ship Services’ fleet of commercial vessels. In February 2012, we were awarded the contract to provide FleetBroadband on vessels of Thome Ship Management. In addition to FleetBroadband services, the contracts include the deployment of other value-added services provided by Stratos, such as AmosConnect and the Stratos Advantage suite of 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 with 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. On 25 January 2012, we announced that Frontline, a world leader in the international seaborne transportation of crude oil, has committed to Inmarsat XpressLink for more than 100 vessels from its existing fleet and its planned new builds. The installation of XpressLink on Frontline's vessels will commence immediately and continue throughout 2012.

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.

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 solution which will be delivered to over 250 sites and 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 was awarded a five-year contract to provide communications services to the United States Coast Guard ("USCG"). Stratos will provide USCG with Ku-band airtime, installation support, teleport equipment and services, Network Operation Centre support and training.

On 4 November 2011, we were awarded an IDIQ contract by the Defense Information Technology Contracting Organization for the U.S. Navy Military Sealift Command's Next Generation Wideband commercial satellite communications infrastructure and service.

Share repurchase programme

On 4 August 2011, we announced a share repurchase programme of up to US$250m, with a target implementation period of 12 months. As of 31 December 2011, 13.9m ordinary shares have been repurchased at a total cost of US$98.4m.

Financing

On 11 May 2011, we signed a 12.5-year US$700m direct financing agreement with the Export-Import Bank of the United States ("Ex-Im Bank Facility") to fund the build of the Inmarsat-5 satellites and certain other related capital expenditure. The facility has a total availability period of four years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility will incur interest at a fixed rate of 3.11% for the life of the loan. As at 31 December 2011, we had total drawings of US$277.3m under the Ex-Im Bank Facility.

On 30 June 2011, we refinanced our previous US$500m Senior Credit Facility, which was due to mature in May 2012, with a new five-year US$750m Senior Credit Facility. Under the terms of the new facility the full US$750m amount is available to draw in the form of a revolving credit facility and does not amortise during the five-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. As at 31 December 2011, we had no drawings under the Senior Credit Facility.

New Chief Executive Officer

With effect from 1 January 2012, Rupert Pearce, formerly Group General Counsel and SVP of Business Development and Strategy, became our Chief Executive Officer. Andrew Sukawaty remains Executive Chairman for a period not less than two years.

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

On 27 May 2011, the Company paid a final dividend for the year ended 31 December 2010 of 22.69 cents (US$) per ordinary share. On 27 October 2011, the Company paid an interim dividend of 15.40 cents (US$) per ordinary share in respect of the year ended 31 December 2011, a 10.0% increase over 2010.

The Inmarsat plc Board of Directors intends to recommend a final dividend of 24.96 cents (US$) per ordinary share in respect of the year ended 31 December 2011 to be paid on 25 May 2012 to ordinary shareholders on the register of members at the close of business on 18 May 2012. Shareholders will be asked to approve the final dividend payment at the Annual General Meeting to be held on 3 May 2012. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this final dividend has not been recorded as a liability in the financial statements at 31 December 2011. The total dividend paid and proposed for the year ended 31 December 2011 equals 40.36 cents (US$) per ordinary share, a 10.0% increase over 2010, and amounts to US$180.9m.

Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat plc for the year ended 31 December 2011. We report two operating segments, Inmarsat Global and Inmarsat Solutions. The Inmarsat Solutions segment includes the previously acquired Stratos, Segovia and Ship Equip (acquired on 28 April 2011) businesses.

The table below sets out the results of the Group for the years indicated:

(US$ in millions)	2011	2010	Increase/ (decrease)
Revenue	**1,408.5**	**1,171.6**	**20.2%**
Employee benefit costs	(206.5)	(181.7)	13.6%
Network and satellite operations costs	(241.7)	(217.1)	11.3%
Other operating costs	(127.0)	(93.8)	35.4%
Own work capitalised	21.1	17.1	23.4%
Total net operating costs	**(554.1)**	**(475.5)**	**16.5%**
EBITDA	**854.4**	**696.1**	**22.7%**
Depreciation and amortisation	(245.8)	(234.6)	4.8%
Acquisition-related adjustments	(2.1)	(2.1)	–
Impairment losses	(141.5)	–	–
Share of results of associates	1.5	1.2	25.0%
Operating profit	**466.5**	**460.6**	**1.3%**
Interest receivable and similar income	5.0	1.4	257%
Interest payable and similar charges	(104.6)	(128.5)	(18.6%)
Net interest payable	(99.6)	(127.1)	(21.6%)
Profit before income tax	**366.9**	**333.5**	**10.0%**
Income tax expense	(117.4)	(72.4)	62.2%
Profit for the year	**249.5**	**261.1**	**(4.4%)**

Revenues

Total Group revenues for 2011 increased by 20% compared with 2010. The table below sets out the components, by segment, of the Group's total revenue for each of the years indicated:

(US$ in millions)	2011	2010	Increase
Inmarsat Global	958.4	764.1	25.4%
Inmarsat Solutions	758.2	716.8	5.8%
	1,716.6	1,480.9	15.9%
Intercompany eliminations and adjustments	(308.1)	(309.3)	
Total revenue	**1,408.5**	**1,171.6**	**20.2%**

Net operating costs

Total Group net operating costs for 2011 increased by 16.5% compared with 2010. The table below sets out the components, by segment, of the Group's net operating costs for each of the years indicated:

(US$ in millions)	2011	2010	Increase
Inmarsat Global	235.7	191.3	23.2%
Inmarsat Solutions	625.3	593.3	5.4%
	861.0	784.6	9.7%
Intercompany eliminations and adjustments	(306.9)	(309.1)	
Total net operating costs	**554.1**	**475.5**	**16.5%**

EBITDA
Group EBITDA for 2011 increased by 23% compared with 2010. EBITDA margin has increased to 60.7% for 2011, compared with 59.4% for 2010, primarily as a result of the inclusion of revenue from LightSquared. Set forth below is a reconciliation of profit for the year to EBITDA for each of the years indicated:

(US$ in millions)	2011	2010	Increase/ (decrease)
Profit for the year	249.5	261.1	(4.4%)
Add back:			
Income tax expense	117.4	72.4	62.2%
Net interest payable	99.6	127.1	(21.6%)
Depreciation and amortisation	245.8	234.6	4.8%
Acquisition-related adjustments	2.1	2.1	–
Impairment losses	141.5	–	–
Share of results of associates	(1.5)	(1.2)	25.0%
EBITDA	**854.4**	**696.1**	**22.7%**
EBITDA margin %	***60.7%***	***59.4%***	

Depreciation and amortisation
The increase in depreciation and amortisation of US$11.2m is due to the inclusion of depreciation on the assets of Ship Equip (see note 9) 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.

Acquisition-related adjustments
During 2011, we recorded an adjustment of US$2.1m (2010: US$2.1m) relating to increased consideration in respect of our acquisition of Segovia. This is due to the better-than-expected performance of Segovia against the 2011 and 2010 earn-out targets. In line with IFRS 3, the contingent consideration adjustment is charged as an expense to the income statement.

Impairment losses
We recorded an impairment loss of US$141.5m during 2011. This relates to the impairment of goodwill of US$120.0m that was originally recognised when we acquired Stratos. Operating profit forecasts for the Stratos cash generating unit ("CGU") have been adjusted downwards due to both internal and external factors. Firstly, changes in prices between Inmarsat Global and the distribution channel have not been passed onto end customers of Stratos, resulting in reduced margins for the Stratos CGU. Secondly, in connection with our commitments under the Cooperation Agreement with LightSquared, we expect to discontinue certain customer leases for Inmarsat B and certain other services which will directly impact the Stratos CGU. We expect to retain the majority of this customer business through agreements using our non-lease services, albeit at lower margins for the Stratos CGU and we may not retain all of the business. Thirdly, a reduction in Inmarsat MSS revenues, changes in product mix and competitive pricing have all contributed to lower revenues during 2011. The combination of these factors will continue to erode operating profits at the Inmarsat Solutions level, particularly in respect of the Stratos CGU, and therefore have been reflected in the revised forecasts, giving rise to the impairment of the Stratos CGU. In Group terms, some of the factors that give rise to the impairment of the Stratos CGU at the Inmarsat Solutions level, have an offsetting positive benefit at the Inmarsat Global level and should not give rise to an equivalent gross impact at the Group level. In addition, we wrote off US$21.5m of intangible assets associated with the Stratos, Segovia and Ship Equip trade names following the rebranding and reorganisation of the Inmarsat Solutions business.

Share of results of associates
During 2011, we recorded US$1.5m in respect of earnings from associates compared with US$1.2m during 2010. The earnings from associates arose from equity accounted investments held by Inmarsat Solutions.

Operating profit
During 2011, operating profit was US$466.5m, an increase of US$5.9m, or 1.3%, compared with 2010. The contribution to operating profit from LightSquared during 2011 of US$192.6m was partially offset by the impairment losses of US$141.5m.

Interest
Net interest payable for 2011 was US$99.6m, a decrease of US$27.5m, or 22%, compared with 2010.

Interest payable for 2011 was US$104.6m, a decrease of US$23.9m, or 18.6%, compared with 2010. The decrease in 2011 is predominantly due to interest of US$24.4m which was capitalised as borrowing costs attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, compared with US$6.6m capitalised in 2010. In addition, we incurred lower interest on Inmarsat Solutions borrowings in 2011 compared with 2010. In 2011, we recorded US$7.9m of unwinding interest in respect of the Segovia deferred consideration compared with US$5.1m in 2010. Furthermore, in 2011 we recorded US$3.8m of non-recurring items in connection with certain refinancing activities, compared to US$8.9m in 2010.

Interest receivable for 2011 was US$5.0m compared with US$1.4m for 2010. The increase is primarily due to a hedge accounting gain of US$3.0m recorded in 2011 in relation to the repayment of Ship Equip long-term debt and higher interest on cash deposits in 2011 compared with 2010.

Profit before tax
For 2011, profit before tax was US$366.9m, an increase of US$33.4m, or 10.0% compared with 2010. The increase is due primarily to increased revenues as a result of our Cooperation Agreement with LightSquared and decreased net interest payable during 2011. The increase is partially offset by increased Group operating costs, increased depreciation and amortisation and the impairment losses, during 2011.

Income tax expense
The tax charge for 2011 was US$117.4m, an increase of US$45.0m, or 62%, compared with 2010. The increase in the tax charge is largely driven by the non-deductible impairment of Stratos goodwill (tax effect US$31.8m), together with the underlying increase in profits for 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. In addition, the 2010 tax charge was reduced due to US$7.0m of non-recurring current year tax benefits and a US$13.5m credit on prior year tax positions compared with a US$6.7m credit on prior year positions in 2011.

The effective tax rate for 2011 was 32.0% compared with 21.7% for 2010. In the absence of the above adjustments, the effective rates would have been 25.2% for 2011 and 27.9% for 2010 and the difference is mainly due to the reduction in tax rates already mentioned.

Profit for the period
As a result of the factors discussed above, profit for 2011 was US$249.5m, a decrease of US$11.6m, or 4.4%, compared with 2010.

Earnings per share
For 2011, basic and diluted earnings per share for profit attributable to the equity holders of the Company were 55 cents (US$) and 54 cents (US$), respectively, compared with 57 cents (US$) and 56 cents (US$), respectively for 2010.

The 2011 basic and diluted earnings per share adjusted to exclude the after tax effect of the LightSquared contribution and the impairment losses, were 53 cents (US$) and 53 cents (US$), respectively, compared with 54 cents (US$) and 54 cents (US$), respectively for 2010.

Inmarsat Global Results

Revenues

During 2011, revenues from Inmarsat Global were US$958.4m, an increase of US$194.3m, or 25%, compared with 2010. Revenue from our Cooperation Agreement with LightSquared, recorded within Other Income, was the primary driver of overall revenue growth for 2011. Total MSS revenues decreased US$6.7m, or 0.9%, year on year. Our FleetBroadband, SwiftBroadband and BGAN services have shown solid growth in revenue during 2011 compared with 2010. This growth has been impacted by the decline in revenue from our BGAN and GAN services due to reduced traffic levels from Afghanistan and a decline in maritime voice revenues due to the impact of product mix changes and the substitution of voice usage for email and Voice Over IP. In addition, we experienced a decline in revenues from our older services such as Inmarsat B, Mini M, Fleet and GAN, as well as from Swift 64, year on year. The table below sets out the components of Inmarsat Global's revenue for each of the years indicated:

(US$ in millions)	2011	2010	Increase/ (decrease)
Revenues			
Maritime sector:			
Voice services	90.2	98.1	(8.1%)
Data services	268.7	262.5	2.4%
Total maritime sector	**358.9**	**360.6**	**(0.5%)**
Land mobile sector:			
Voice services	7.7	7.3	5.5%
Data services	144.0	146.4	(1.6%)
Total land mobile sector	**151.7**	**153.7**	**(1.3%)**
Aviation sector	99.5	101.0	(1.5%)
Leasing	110.2	111.7	(1.3%)
Total MSS revenue	**720.3**	**727.0**	**(0.9%)**
Other income (including LightSquared)	238.1	37.1	542%
Total revenue	**958.4**	**764.1**	**25.4%**

Total active terminal numbers as at 31 December 2011 increased by 12.8%, compared with 31 December 2010. The table below sets out the active terminals by sector for each of the years indicated:

(000's)	As at 31 December 2011	2010	Increase
Active terminals[(a)]			
Maritime	186.9	181.7	2.9%
Land mobile	118.3	88.5	33.7%
Aviation	13.5	12.4	8.9%
Total active terminals	**318.7**	**282.6**	**12.8%**

(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 31 December. Active terminals also include the average number of certain SPS terminals active on a daily basis during the period. Active terminals exclude terminals (Inmarsat D+, IsatM2M and IsatData Pro) used to access our M2M or telemetry services. At 31 December 2011, we had 220,453 (2010: 215,895) M2M terminals.

The growth of active terminals in the maritime sector is due to our FleetBroadband service, where we have seen active terminal numbers grow by 61% year over year. This growth has been partially offset by the decline in active terminals of older services such as Inmarsat B and Fleet. The growth of active terminals in the land mobile sector is due to our IsatPhone Pro service, which was introduced at the end of June 2010. In the aviation sector, we have seen growth in SwiftBroadband active terminals of 80% year over year, partially offset by the decline in older aviation services such as Swift 64.

Maritime Sector. During 2011, revenues from the maritime sector were US$358.9m, a decrease of US$1.7m, or 0.5%, compared with 2010.

Revenues from data services in the maritime sector during 2011 were US$268.7m, an increase of US$6.2m, or 2.4%, compared with 2010. Although our 2011 revenues were adversely impacted by continuing customer migration to our FleetBroadband service, we have seen strong growth in FleetBroadband average revenue per user ("ARPUs") as the year progressed. Customer migration has constrained our rate of revenue growth as the price of services using FleetBroadband is typically less than the price of equivalent services on the terminals being replaced. Growth in FleetBroadband ARPUs continues to support our view that maritime customers are increasing their usage with FleetBroadband and we believe this trend will offset the revenue impact of service migration during 2012. In addition, FleetBroadband terminal activations remained strong throughout the year and we added 9,818 terminals during 2011. We believe that the ongoing challenging economic and competitive environment for the shipping industry continues to impact our rate of revenue growth and we have experienced increased competition from VSAT offerings since the announcement of our Global Xpress service.

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

Revenues from voice services in the maritime sector during 2011 were US$90.2m, a decrease of US$7.9m, or 8.1%, compared with 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 continue to believe that the current economic environment for the shipping industry and increased competition are also factors impacting our voice revenues in the maritime sector.

Land Mobile Sector. During 2011, revenues from the land mobile sector were US$151.7m, a decrease of US$2.0m, or 1.3%, compared with 2010.

Revenues from data services in the land mobile sector during 2011 were US$144.0m, a decrease of US$2.4m, or 1.6%, compared with 2010. During 2011, a substantial increase in BGAN revenues resulted from additional usage driven by events in North Africa and Japan. This usage was partially offset by a decline in BGAN and GAN revenue due to ongoing reduced traffic levels from government users in Afghanistan. We believe our revenue from Afghanistan is in decline due to reduced military activity and gradual troop withdrawal programmes. Although we continue to see new growth in BGAN usage from new subscribers, this growth will be unlikely to fully offset declines due to reduced revenue from Afghanistan.

Revenues from voice services in the land mobile sector during 2011 were US$7.7m, an increase of US$0.4m, or 5.5%, compared with 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.

Aviation Sector. During 2011, revenues from the aviation sector were US$99.5m, a decrease of US$1.5m, or 1.5%, compared with 2010. Swift 64 revenues recorded in our aviation sector, declined year on year primarily due to certain government 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$13.0m in 2011, compared with US$5.7m in 2010. Our low-speed data services also benefited from increased industry demand.

Leasing. During 2011, revenues from leasing were US$110.2m, a decrease of US$1.5m, or 1.3%, compared with 2010. The decrease is a result of the non-renewal of an aviation 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 US Federal Aviation Authority.

Other income. Other income for 2011 was US$238.1m, an increase of US$201.0m, or 542% compared with 2010. The increase is primarily due to revenue recorded in respect of the LightSquared Cooperation Agreement (during 2011 we recorded US$203.8m, compared with US$17.5m for 2010). During 2011, we recorded US$18.1m of revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) compared with US$9.0m in 2010.

Net operating costs

Net operating costs for 2011 increased by 23%, compared with 2010. Included within net operating costs for 2011 are net costs in relation to our Global Xpress programme totalling US$11.2m (2010: US$2.7m) and costs in relation to the LightSquared Cooperation Agreement of US$11.2m (2010: US$0.4m).

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

(US$ in millions)	2011	2010	Increase
Employee benefit costs	105.1	91.6	14.7%
Network and satellite operations costs	45.7	43.7	4.6%
Other operating costs	101.3	70.0	44.7%
Own work capitalised	(16.4)	(14.0)	17.1%
Net operating costs	**235.7**	**191.3**	**23.2%**

Impact of hedged foreign exchange rate. The functional currency of the Group's principal subsidiaries is US dollars. Approximately 50% of Inmarsat Global's costs are denominated in Pounds Sterling. Inmarsat Global's hedged rate of exchange for 2011 is US$1.51/£1.00 compared with US$1.49/£1.00 in 2010, which does not give rise to a material variance in comparative costs. We have completed our hedging arrangements for our anticipated sterling costs in 2012 and as a result expect our hedge rate of exchange for 2012 to be US$1.48/£1.00.

Employee benefit costs. Employee benefits costs increased by US$13.5m for 2011, compared with 2010. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (567 at 31 December 2011 compared with 510 at 31 December 2010). Headcount has increased primarily to support our Global Xpress programme.

Network and satellite operations costs. Network and satellite operations costs increased by US$2.0m for 2011 compared with 2010, primarily as a result of increased service contract costs and software maintenance.

Other operating costs. Other operating costs for 2011 increased by US$31.3m compared with 2010. The increase relates partially to higher direct cost of sales of US$13.3m due to IsatPhone Pro terminal sales and increased interconnect charges due to increased traffic. In addition, other operating costs increased by US$10.5m due to activities in relation to our Global Xpress programme and our Cooperation Agreement with LightSquared. Furthermore in 2011, we expensed US$2.0m of fees in relation to our acquisition of Ship Equip, recorded a redundancy provision of US$2.6m in connection with our recent reorganisation and recorded a foreign exchange loss of US$1.4m, compared with US$0.2m in 2010.

Own work capitalised. The increase in own work capitalised for 2011 of US$2.4m, compared 2010, is predominantly a result of increased activity on our Global Xpress programme.

Operating profit

(US$ in millions)	**2011**	**2010**	**Increase/ (decrease)**
Total revenue	958.4	764.1	25.4%
Net operating costs	(235.7)	(191.3)	23.2%
EBITDA	**722.7**	**572.8**	**26.2%**
EBITDA margin %	*75.4%*	*75.0%*	
Depreciation and amortisation	(161.9)	(169.4)	(4.4%)
Operating profit	**560.8**	**403.4**	**39.0%**

The increase in operating profit for 2011 of US$157.4m, compared with 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. We include the Stratos, Segovia and Ship Equip businesses in a single reporting segment, Inmarsat Solutions.

Revenues

During 2011, revenues from Inmarsat Solutions increased by 5.8%, compared to 2010. The table below sets out the components of Inmarsat Solutions' revenues for each of the periods indicated:

(US$ in millions)	**2011**	**2010**	**Increase/ (decrease)**
Inmarsat MSS	423.4	433.7	(2.4%)
Broadband and Other MSS[(a)]	334.8	283.1	18.3%
Total revenue	**758.2**	**716.8**	**5.8%**

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

Inmarsat MSS. Revenues derived from Inmarsat MSS for 2011 decreased by US$10.3m, or 2.4%, compared to 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 2011, Stratos' share of Inmarsat Global's MSS revenues was 39%, broadly in line with 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 energy and fishing markets.

Revenues from 'Broadband and Other MSS' during 2011 increased by US$51.7m, or 18.3%, compared with 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 2011 increased by US$32.0m, or 5.4%, compared to 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)	2011	2010	Increase
Cost of goods and services	538.0	517.5	4.0%
Operating costs	87.3	75.8	15.2%
Total operating costs	**625.3**	**593.3**	**5.4%**
Allocated as follows:			
Employee benefit costs	101.4	90.0	12.7%
Network and satellite operations costs[a]	497.2	479.7	3.6%
Other operating costs	31.4	26.7	17.6%
Own work capitalised	(4.7)	(3.1)	51.6%
Net operating costs	**625.3**	**593.3**	**5.4%**

(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 2011 increased by US$20.5m, compared to 2010. The increase is predominantly due to the addition of Ship Equip costs.

Operating costs. Operating costs during 2011 increased by US$11.5m, compared to 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 primarily to lower salaries and benefits cost, lower professional fees and lower bad debt expense.

Operating (loss)/profit

(US$ in millions)	2011	2010	Increase/ (decrease)
Total revenue	758.2	716.8	5.8%
Cost of goods and services	(538.0)	(517.5)	4.0%
Gross margin	**220.2**	**199.3**	**10.5%**
Gross margin %	*29.0%*	*27.8%*	
Operating costs	(87.3)	(75.8)	15.2%
EBITDA	**132.9**	**123.5**	**7.6%**
EBITDA margin %	*17.5%*	*17.2%*	
Depreciation and amortisation	(83.9)	(65.2)	28.7%
Acquisition-related adjustments	(2.1)	(2.1)	–
Impairment losses	(141.5)	–	–
Share of results of associate	1.5	1.2	25.0%
Operating (loss)/profit	**(93.1)**	**57.4**	**(262%)**

Inmarsat Solutions' operating profit for 2011 decreased by US$150.5m, compared to 2010. The decrease is primarily due to impairment losses of US$120.0m relating to the impairment of goodwill that was originally recognised when we acquired Stratos and US$21.5m for the reduction of the carrying amounts of the Stratos, Segovia and Ship Equip trade names to US$nil. Additionally, depreciation and amortisation increased, primarily as a result of the addition of Ship Equip and increased capital expenditures in Stratos. Furthermore, gross margin contributed by Stratos has decreased primarily as a result of a reduction in Inmarsat MSS revenues, changes in product mix and competitive pricing. 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 the addition of Ship Equip which has a higher gross margin.

Group liquidity and capital resources

At 31 December 2011, the Group had cash and cash equivalents of US$183.5m and available but undrawn borrowing facilities of US$1,172.7m under our Senior Credit Facility and Ex-Im Bank Facility. We believe our liquidity position is more than sufficient to meet the Group's needs for the foreseeable future. In addition, we remain well-positioned to access the capital markets when needed to meet new financing needs or to improve our liquidity or change the mix of our liquidity sources.

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

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

(US$ in millions)	**As at 31 December 2011**	**As at 31 December 2010**
Senior Credit Facility	–	200.0
EIB Facility	308.4	308.4
Ex-Im Bank Facility	277.3	–
Senior Notes due 2017	650.0	650.0
– issuance discount	(3.6)	(4.2)
Convertible Bonds	307.4	285.2
– accretion of principal	2.7	2.5
Deferred satellite payments	34.7	40.8
Bank overdrafts	0.7	0.3
Total borrowings	**1,577.6**	**1,483.0**
Cash and cash equivalents	(183.5)	(343.8)
Net borrowings (gross of deferred finance costs)	**1,394.1**	**1,139.2**

The table below shows the condensed consolidated cash flow for the Group for the years ended 31 December 2011 and 2010:

(US$ in millions)	**2011**	**2010**
Net cash from operating activities	881.6	744.3
Net cash used in investing activities excluding capital expenditure	(171.0)	(114.8)
Capital expenditure, including own work capitalised	(531.0)	(180.7)
Dividends paid	(172.2)	(158.3)
Net cash used in financing activities, excluding dividends paid	(168.3)	(173.2)
Foreign exchange adjustment	0.2	(0.1)
Net (decrease)/increase in cash and cash equivalents	**(160.7)**	**117.2**

The increase in net cash generated from operating activities in 2011, compared with 2010, of US$137.3m, 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 2011, compared with 2010, was US$56.2m. The increase relates primarily to our acquisition of Ship Equip for US$113.2m, the acquisition of the operational assets of Blue Ocean Wireless for US$3.2m, the settlement of the 2010 Segovia deferred consideration of US$12.3m and the accelerated settlement of the remainder of the Segovia deferred consideration of US$36.1m. In 2010, we acquired Segovia for a cash consideration of US$110.0m and paid deferred consideration relating to previous acquisitions of US$4.8m.

Capital expenditure, including own work capitalised, increased by US$350.3m in 2011, compared with 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$43.0m for 2011 (2010: US$26.4m).

During 2011 the Company paid dividends of US$172.2m, compared with US$158.3m in 2010.

Net cash used in financing activities, excluding the payment of dividends, decreased by US$4.9m in 2011, compared with 2010. During 2011, the Group repaid US$200.0m outstanding under our old Senior Credit Facility, repaid US$44.7m of outstanding debt in Ship Equip (net of US$3.0m of hedge gains), paid cash interest of US$79.7m, purchased own shares of US$98.4m and paid arrangement costs in respect of new financing of US$22.4m. We received US$277.3m from the drawdown of our Ex-Im Bank Facility during 2011.

During 2010, the Group repaid US$90.0m principal of the Senior Credit Facility, drew down US$308.4m from the EIB Facility, repaid US$209.2m principal of the Stratos Senior Credit Facility and redeemed US$65.5m principal of the Stratos Senior Unsecured Notes. In addition, the Group paid cash interest of US$93.3m, arrangement fees in respect of new borrowing facilities of US$3.3m, received net proceeds from the issue of ordinary shares of US$4.2m and purchased US$24.4m principal amount of its own debt securities.

Group free cash flow

(US$ in millions)	2011	2010
Cash generated from operations	991.2	785.8
Capital expenditure, including own work capitalised	(531.0)	(180.7)
Net cash interest paid	(76.7)	(92.0)
Cash tax paid	(112.6)	(42.8)
Free cash flow	**270.9**	**470.3**

Free cash flow decreased by US$199.4m, or 42%, during 2011, compared with 2010. The decrease is due to an increase in capital expenditure, primarily on our Global Xpress and Alphasat programmes, and cash tax paid, offset in part by decreased cash interest paid and increased cash generated from operations, which is primarily as a result of amounts received from LightSquared in 2011.

Group balance sheet

The table below shows the consolidated Group balance sheet at 31 December 2011 and 2010:

(US$ in millions)	As at 31 December 2011	As at 31 December 2010
Non-current assets	2,937.1	2,525.8
Current assets	472.0	632.2
Total assets	**3,409.1**	**3,158.0**
Current liabilities	(966.3)	(467.3)
Non-current liabilities	(1,361.7)	(1,602.0)
Total liabilities	**(2,328.0)**	**(2,069.3)**
Net assets	**1,081.1**	**1,088.7**

The increase in the Group's non-current assets of US$411.3m is due primarily to the recognition of US$112.6m of non-current assets and US$66.6m of goodwill following the acquisition of Ship Equip on 28 April 2011 (see note 9) and additions during 2011. The increase was offset in part by US$120.0m impairment of goodwill that was originally recognised when we acquired Stratos, the write-off of US$21.5m of intangible assets associated with the Stratos, Segovia and ShipEquip trade names following the rebranding and reorganisation of the Inmarsat Solutions business and the decrease in derivative financial instruments relating to our foreign exchange rate hedging and depreciation and amortisation of capital assets, during 2011.

The decrease in current assets of US$160.2m is due predominantly to the decrease in cash and cash equivalents from US$343.8m at 31 December 2010 to US$183.5m at 31 December 2011. The decrease in cash and cash equivalents is due primarily to cash paid in relation to our acquisition of Ship Equip, the purchase of capital assets and the settlement of the Segovia deferred consideration, partially offset by cash received in relation to our Cooperation Agreement with LightSquared.

The increase in current liabilities of US$499.0m relates primarily to the reclassification of the liability element of the Convertible Bonds from non-current to current and deferred revenue recognised in relation to our Cooperation Agreement with LightSquared, during 2011. Although our outstanding Convertible Bonds do not mature until November 2017, holders have the right to require the Company to redeem any or all of the bonds at its accreted principal amount on 16 November 2012. The decision to redeem the bonds is at the discretion of the holder and, as there can be no certainty as to the outcome of this potential redemption event, we have classified all the bonds as current liabilities. If the holders exercised their rights in full, the cost of redeeming all of the bonds would be US$331.5m.

The decrease in non-current liabilities of US$240.3m relates primarily to the decrease in borrowings due to the reclassification of the liability component of the Convertible Bonds to current liabilities, the repayment of the non-current portion of the old Senior Credit Facility of US$150.0m and the transfer of US$44.1m of the EIB Facility to current borrowings, offset in part by the receipt of US$277.3m from the drawdown of the Ex-Im Bank Facility. In addition, during 2011, other payables decreased due to the early settlement of the Segovia deferred consideration, provisions decreased due to a reduction in the Inmarsat Global post-retirement liability provision following the review of actuarial assumptions for accounting purposes. Partially offsetting the decrease is the increase in deferred income tax liabilities, due predominantly to a deferred tax liability recognised on the acquisition of Ship Equip (see note 9).

Principal risks and uncertainties
The Group faces a number of risks and uncertainties that may adversely affect our business, operations, liquidity, financial position or future performance, not all of which are wholly within our control. Although many of the risks and uncertainties influencing our performance are macroeconomic and likely to affect the performance of businesses generally, others are particular to our operations in mobile satellite services.

Our principal risks and uncertainties are discussed below, however this summary is not intended to be an exhaustive analysis of all risks and uncertainties affecting the business. Some risks and uncertainties may be unknown to us and other risks and uncertainties, currently regarded as immaterial, could turn out to be material. All of them have the potential to impact our business, operations, liquidity, financial position or future performance adversely.

Satellites
Our satellites are subject to significant operational risks while in orbit which, if they were to occur, could adversely affect our revenues, profitability and liquidity. Although we have in-orbit insurance on our Inmarsat-4 satellite fleet, this may be insufficient to cover all losses if we had a satellite failure. Even if our insurance were sufficient, delays in building and launching a replacement satellite could adversely affect our revenues, profitability and liquidity.

Distribution
We continue to rely on other third party distribution partners and service providers to sell our services to end-users and they determine the prices end-users pay. There is a risk that our distribution partners or service providers could fail to distribute our services effectively, or fail to offer services at prices which are competitive. In addition, the loss of any key distribution partners could materially affect our routes to market, reduce customer choice or represent a significant bad debt risk. Since the acquisitions of Stratos, Segovia and Ship Equip and the signing of new distribution agreements and new distribution partners, this risk has been mitigated to some extent.

Spectrum
We rely on radio spectrum to provide our services. This has historically been allocated by the International Telecommunications Union without charge, and usage has to be co-ordinated with other satellite operators in our spectrum band. In the future, we may not be successful in co-ordinating our satellite operations under applicable international regulations and procedures or in obtaining sufficient spectrum or orbital resources necessary for our operations.

Development of hybrid networks, including ATC
The implementation of ATC services by MSS operators in North America or other countries may result in increased competition for the right to use L-band spectrum, and such competition may make it difficult for us to obtain or retain the spectrum resources we require for our existing and future services. We cannot be certain that the development of hybrid networks, including ATC, in North America or other countries will not result in harmful interference to our operations. If we are unable to prevent or mitigate against such interference it could have an effect on our operations, revenues, profitability and liquidity.

LightSquared Cooperation Agreement
Our Cooperation Agreement with LightSquared presents us with operational and financial risks. If fully implemented, the Cooperation Agreement will ultimately result in a reduction in available L-band spectrum for Inmarsat services over North America and the need for our L-band services to co-exist in North America with ATC services in adjacent frequencies. Whilst we are confident that we can continue to operate our services over North America with minimal impact to our users following the launch of ATC services, there is a risk that our L-band services may be congested, interrupted and/or interfered with, which could have an adverse affect on our future L-band service performance in North America. In order to mitigate this risk, we have already taken measures as part of the migration programme envisaged under the Cooperation Agreement to offer enhanced services for customers (such as the Inmarsat B to FleetBroadband migration incentive and safety services over SwiftBroadband programme), and we will continue to encourage users to progressively upgrade to much more spectrum-efficient BGAN, SwiftBroadband and FleetBroadband

services. The migration of customers off our Existing and Evolved services to our broadband services gives rise to the risk of customers choosing to move to other competitive services, which could have an adverse effect on our revenues and profitability.

In addition, Inmarsat issued a notice of default issued to LightSquared on 20 February 2012 in respect of the non-payment of US$56.25m compensation for the completion of “Phase 1 transition”. This notice triggers a period of 60 calendar days during which LightSquared can remedy the payment before Inmarsat is entitled to enforce its rights and remedies under the agreement for payment default, including pre-agreed spectrum arrangements and termination of certain LightSquared rights under the Cooperation Agreement. Although Inmarsat and LightSquared have entered into discussions regarding the future of the Cooperation Agreement, we are subject to the risk that these discussions will not result in any further payments being received from LightSquared.

Regulation
Our business is subject to regulation and we face increasing regulation with respect to the transmission of our satellite signals. The provision of our mobile satellite communication services in some countries could cause us to incur additional costs, could expose us to fines and could limit our ability to provide services.

Next generation services and satellites
Our major new investment project, Global Xpress, which will be deployed over a global network of Ka-band satellites, is currently being developed. The development, which includes the satellites, ground network, terminals and related services, may be subject to delays and/or material cost over-runs. There can be no assurance that the development of new satellites, ground networks, or terminals and/or the introduction of new services will proceed according to anticipated schedules or cost estimates, or that the level of demand for the new services will justify the cost of setting up and providing such new services. Failure or a delay in the completion of such networks and/or services and/or the launch or deployment or operation of such satellites and/or new services, or increases in the associated costs, could have a material adverse effect on our revenue, profitability and liquidity.

Competition
Although Inmarsat is a market leader in MSS, the global communications industry is highly competitive. We face competition today from a number of communications technologies in the various target sectors for our services. It is likely that we will continue to face increasing competition from other network operators in some or all of our target sectors in the future, particularly from existing mobile satellite network operators. In addition, communications providers who operate private networks using VSAT or hybrid systems also continue to target users of mobile satellite services. Technological innovation in VSAT, together with increased C-band, Ku-band and Ka-band coverage and commoditisation, have increased, and we believe will continue to increase, the competitiveness of VSAT and hybrid systems in some traditional MSS sectors, including maritime and aviation sectors. Furthermore, the gradual extension of terrestrial wireline and wireless communications networks to areas not currently served by them may reduce demand for some of our land mobile services in those areas. We believe that our acquisition of Ship Equip and our investment in Global Xpress will position us favourably to compete with alternate technology providers and reduce the impact of such competition on our L-band MSS business.

Related Party Transactions

There have been no material changes in the related party transactions described on page 102 of the 2010 Inmarsat plc Annual Report and Accounts.

Recent Events

Subsequent to 31 December 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 plc
99 City Road
London EC1Y 1AX

By order of the Board,

Andrew Sukawaty
Executive Chairman
6 March 2012

Rick Medlock
Chief Financial Officer
6 March 2012

INMARSAT PLC
CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

(US$ in millions)	2011	2010
Revenues	**1,408.5**	**1,171.6**
Employee benefit costs	(206.5)	(181.7)
Network and satellite operations costs	(241.7)	(217.1)
Other operating costs	(127.0)	(93.8)
Own work capitalised	21.1	17.1
Total net operating costs	**(554.1)**	**(475.5)**
EBITDA	**854.4**	**696.1**
Depreciation and amortisation	(245.8)	(234.6)
Acquisition-related adjustments	(2.1)	(2.1)
Impairment losses	(141.5)	–
Share of results of associates	1.5	1.2
Operating profit	**466.5**	**460.6**
Interest receivable and similar income	5.0	1.4
Interest payable and similar charges	(104.6)	(128.5)
Net interest payable	(99.6)	(127.1)
Profit before income tax	**366.9**	**333.5**
Income tax expense	(117.4)	(72.4)
Profit for the year	**249.5**	**261.1**
Attributable to:		
Equity holders	**249.3**	**260.9**
Non-controlling interest	**0.2**	**0.2**
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US$ per share)		
– Basic	0.55	0.57
– Diluted	0.54	0.56
Adjusted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US$ per share)		
– Basic	0.53	0.54
– Diluted	0.53	0.54

INMARSAT PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

(US$ in millions)	2011	2010
Profit for the year	**249.5**	**261.1**
Other comprehensive income		
Actuarial gains from pension and post retirement healthcare benefits	13.4	9.9
Net losses on cash flow hedges	(2.7)	(9.0)
Foreign exchange translation differences	0.4	–
Tax (charged)/credited directly to equity	(4.2)	2.9
Other comprehensive income for the year, net of tax	**6.9**	**3.8**
Total comprehensive income for the year, net of tax	**256.4**	**264.9**
Attributable to:		
Equity holders	**256.2**	**264.7**
Non-controlling interest	**0.2**	**0.2**

INMARSAT PLC
CONSOLIDATED BALANCE SHEET
At 31 December 2011

(US$ in millions)	2011	2010
Assets		
Non-current assets		
Property, plant and equipment	1,820.1	1,355.7
Intangible assets	1,081.7	1,127.2
Investments	31.0	30.8
Other receivables	4.2	5.2
Derivative financial instruments	0.1	6.9
	2,937.1	**2,525.8**
Current assets		
Cash and cash equivalents	183.5	343.8
Trade and other receivables	257.2	260.8
Inventories	23.5	20.2
Derivative financial instruments	7.8	7.4
	472.0	**632.2**
Total assets	**3,409.1**	**3,158.0**
Liabilities		
Current liabilities		
Borrowings	361.5	58.6
Trade and other payables	535.4	348.6
Provisions	2.9	0.4
Current income tax liabilities	52.3	46.8
Derivative financial instruments	14.2	12.9
	966.3	**467.3**
Non-current liabilities		
Borrowings	1,188.9	1,402.3
Other payables	28.1	58.3
Provisions	26.7	42.5
Deferred income tax liabilities	108.9	85.3
Derivative financial instruments	9.1	13.6
	1,361.7	**1,602.0**
Total liabilities	**2,328.0**	**2,069.3**
Net assets	**1,081.1**	**1,088.7**
Shareholders' equity		
Ordinary shares	0.3	0.3
Share premium	683.9	683.9
Equity reserve	56.9	56.9
Other reserves	25.8	19.1
Retained earnings	313.3	327.8
Equity attributable to shareholders of the parent	**1,080.2**	**1,088.0**
Non-controlling interest	**0.9**	**0.7**
Total equity	**1,081.1**	**1,088.7**

INMARSAT PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

(US$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Share Option reserve	Cash flow hedge reserve	Revaluation reserve	Currency reserve	Other reserves[a]	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2010	**0.3**	**679.7**	**56.9**	**27.5**	**(2.6)**	**0.6**	**–**	**(10.1)**	**217.2**	**0.5**	**970.0**
Issue of share capital	–	4.2	–	–	–	–	–	–	–	–	4.2
Share options charge/(credit)	–	–	–	10.0	–	–	–	(1.4)	–	–	8.6
Dividends paid	–	–	–	–	–	–		–	(159.0)	–	(159.0)
Comprehensive Income:							–				
Profit for the period	–	–	–	–	–	–	–	–	260.9	0.2	261.1
Other Comprehensive Income – before tax	–	–	–	–	(9.0)	–	–	–	9.9	–	0.9
Other Comprehensive Income –tax	–	–	–	–	4.1	–	–	–	(1.2)	–	2.9
Balance at 31 December 2010	**0.3**	**683.9**	**56.9**	**37.5**	**(7.5)**	**0.6**	–	**(11.5)**	**327.8**	**0.7**	**1,088.7**
Share options charge/(credit)	–	–	–	10.2	–	–	–	–	(2.4)	–	7.8
Purchase of own shares	–	–	–	–	–	–	–	–	(98.4)	–	(98.4)
Dividends paid	–	–	–	–	–	–	–	–	(173.4)	–	(173.4)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	249.3	0.2	249.5
Other Comprehensive Income – before tax	–	–	–	–	(2.7)	–	0.4	–	13.4	–	11.1
Other Comprehensive Income – tax	–	–	–	–	(1.2)	–	–	–	(3.0)	–	(4.2)
Balance at 31 December 2011	**0.3**	**683.9**	**56.9**	**47.7**	**(11.4)**	**0.6**	**0.4**	**(11.5)**	**313.3**	**0.9**	**1,081.1**

(a) The other reserve relates to ordinary shares held by the employee share trust.

INMARSAT PLC
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2011

(US$ in millions)	2011	2010
Cash flow from operating activities		
Cash generated from operations	991.2	785.8
Interest received	3.0	1.3
Income taxes paid	(112.6)	(42.8)
Net cash from operating activities	**881.6**	**744.3**
Cash flow from investing activities		
Purchase of property, plant and equipment	(489.7)	(141.4)
Additions to capitalised development costs, including software	(20.0)	(25.3)
Own work capitalised	(21.3)	(14.0)
Acquisition of subsidiaries and other investments	(171.0)	(114.8)
Net cash used in investing activities	**(702.0)**	**(295.5)**
Cash flow from financing activities		
Dividends paid to shareholders	(172.2)	(158.3)
Repayment of Previous Senior Credit Facility	(200.0)	(90.0)
Drawdown of EIB Facility	–	308.4
Drawdown of Ex-Im Bank Facility	277.3	–
Repayment of the Stratos Senior Credit Facility	–	(209.2)
Redemption of the Stratos Senior Unsecured Notes	–	(65.5)
Repayment of Ship Equip long-term debt	(44.7)	–
Arrangement costs of new borrowing facilities	(22.4)	(3.3)
Purchase of own debt securities, including discount	–	(24.4)
Interest paid on borrowings	(79.7)	(93.3)
Net proceeds from the issue of ordinary shares	–	4.2
Purchase of own shares	(98.4)	–
Other financing activities	(0.4)	(0.1)
Net cash used in financing activities	**(340.5)**	**(331.5)**
Foreign exchange adjustment	0.2	(0.1)
Net (decrease)/increase in cash and cash equivalents	**(160.7)**	**117.2**
Movement in cash and cash equivalents		
At beginning of year	343.5	226.3
Net (decrease)/increase in cash and cash equivalents	(160.7)	117.2
As reported on balance sheet (net of bank overdrafts)	**182.8**	**343.5**
At end of year, comprising		
Cash at bank and in hand	65.0	73.5
Short-term deposits with original maturity of less than three months	118.5	270.3
Bank overdrafts	(0.7)	(0.3)
	182.8	**343.5**

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS

1. General Information

These consolidated financial results were approved for issue by the Board of Directors on 6 March 2012.

The financial information set out in these Preliminary Consolidated Financial Results, which has been extracted from the audited consolidated financial statements for the year ended 31 December 2011 and 31 December 2010, does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. Statutory financial statements for the year ended 31 December 2011 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The statutory financial statements for the year ended 31 December 2010 have been delivered to the Registrar of Companies.

The auditor has reported on the consolidated financial statements for the years ended 31 December 2011 and 2010. The reports were 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 consolidated financial results for the year ended 31 December 2011 have been prepared using International Financial Reporting Standards ("IFRS") as adopted by the European Union. This announcement does not contain sufficient information to comply with all of the disclosure requirements of IFRS.

These 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 condensed consolidated financial statements are based upon accounting policies and methods consistent with those in the Group's 2010 annual consolidated financial statements prepared under IFRS, set out on pages 60 to 103. The consolidated balance sheet as at 31 December 2011 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by IFRS for complete financial statements.

- 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 for the foreseeable future. Accordingly, Inmarsat plc 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 interim 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, which also included Segovia).

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 CONSOLIDATED FINANCIAL RESULTS (continued)

Segment information:

(US$ in millions)	Inmarsat Global	Inmarsat Solutions[(a)]	Unallocated	Eliminations	Total
			2011		
Revenue					
External sales	661.6	746.9	–	–	1,408.5
Inter-segment	296.8	11.3	–	(308.1)	–
Total revenue	**958.4**	**758.2**	**–**	**(308.1)**	**1,408.5**
EBITDA	**722.7**	**132.9**	**–**	**(1.2)**	**854.4**
Segment result (operating profit) before operating profit from LightSquared and impairment losses	368.2	48.4	–	(1.2)	415.4
Operating profit from LightSquared	192.6	–	–	–	192.6
Impairment losses	–	(141.5)	–	–	(141.5)
Segment result (operating profit/(loss))	**560.8**	**(93.1)**	**–**	**(1.2)**	**466.5**
Net interest charged to the Income	–	–	(99.6)	–	(99.6)
Profit before income tax					**366.9**
Income tax expense					(117.4)
Profit for the year					**249.5**
Segment assets	2,733.5	920.5	183.5	(428.4)	3,409.1
Segment liabilities	(534.1)	(141.2)	(1,711.6)	58.9	(2,328.0)
Investment (included in segment assets)[(b)]	23.5	–	–	–	23.5
Capital expenditure[(c)]	(577.2)	(47.6)	–	0.2	(624.6)
Depreciation	(140.8)	(39.2)	–	–	(180.0)
Amortisation of intangible assets	(21.1)	(44.7)	–	–	(65.8)

(a) Includes Ship Equip from 28 April 2011 (see note 9).
(b) Relates to 19% stake in SkyWave Mobile Communications ("SkyWave").
(c) Capital expenditure stated using accruals basis.

(US$ in millions)	Inmarsat Global	Inmarsat Solutions[(a)]	Unallocated	Eliminations	Total
			2010		
Revenue					
External sales	461.0	710.6	–	–	1,171.6
Inter-segment	303.1	6.2	–	(309.3)	–
Total revenue	**764.1**	**716.8**	**–**	**(309.3)**	**1,171.6**
EBITDA	**572.8**	**123.5**	**–**	**(0.2)**	**696.1**
Segment result (operating profit) before operating profit from LightSquared	386.3	57.4	–	(0.2)	443.5
Operating profit from LightSquared	17.1	–	–	–	17.1
Segment result (operating profit)	**403.4**	**57.4**	**–**	**(0.2)**	**460.6**
Net interest charged to the Income	–	–	(127.1)	–	(127.1)
Profit before income tax					**333.5**
Income tax expense					(72.4)
Profit for the year					**261.1**
Segment assets	2,329.2	905.7	343.8	(420.7)	3,158.0
Segment liabilities	(367.3)	(162.4)	(1,593.0)	53.4	(2,069.3)
Investment (included in segment assets)[(b)]	23.5	–	–	–	23.5
Capital expenditure[(c)]	(157.6)	(30.6)	–	0.1	(188.1)
Depreciation	(145.6)	(27.5)	–	–	(173.1)
Amortisation of intangible assets	(23.8)	(37.7)	–	–	(61.5)

(a) Includes Segovia from 12 January 2010.
(b) Relates to 19% stake in SkyWave.
(c) Capital expenditure stated using accruals basis.

NOTES TO THE CONSOLIDATED FINANCIAL RESULTS (continued)

4. Net interest payable

(US$ in millions)	2011	2010
Interest on Senior Notes and credit facilities	(65.0)	(62.0)
Interest on Convertible Bonds	(27.5)	(25.5)
Interest on Inmarsat Solutions borrowings	(0.5)	(14.7)
Pension and post-retirement liability finance costs	(0.5)	–
Interest rate swaps	(12.7)	(13.7)
Unwinding of discount on deferred satellite liabilities	(2.6)	(2.8)
Unwinding of discount on deferred consideration	(7.9)	(5.1)
Amortisation of debt issue costs	(11.1)	(8.0)
Amortisation of discount on Senior Notes due 2017	(0.6)	(0.6)
Premium on purchase of Stratos Senior Unsecured Notes	–	(1.4)
Other interest	(0.6)	(1.3)
Interest payable and similar charges	(129.0)	(135.1)
Less: Amounts included in the cost of qualifying assets	24.4	6.6
Total interest payable and similar charges	**(104.6)**	**(128.5)**
Bank interest receivable and other interest	5.0	1.3
Pension and post-retirement liability finance gains	–	0.1
Total interest receivable and similar income	**5.0**	**1.4**
Net interest payable	**(99.6)**	**(127.1)**

5. Income tax expense

(US$ in millions)	2011	2010
Current tax expense:		
Current year	(120.8)	(66.6)
Adjustments in respect of prior periods:		
– Other	2.0	10.7
Total current tax expense	**(118.8)**	**(55.9)**
Deferred tax credit/(expense):		
Origination and reversal of temporary differences:		
– Other temporary differences	(8.7)	(20.1)
Adjustments in respect of prior periods:		
– Other	4.7	2.8
Adjustments due to reduction in the Corporation tax from 27% to 25% (2010: 28% to 27%)	5.4	0.8
Total deferred tax credit/(expense)	**1.4**	**(16.5)**
Total income tax expense	**(117.4)**	**(72.4)**

6. Net borrowings

These balances are shown net of unamortised deferred finance costs as follows:

(US$ in millions)	As at 31 December 2011 Amount	Deferred finance cost	Net balance	As at 31 December 2010 Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	0.7	–	0.7	0.3	–	0.3
Deferred satellite payments	7.9	–	7.9	8.3	–	8.3
Senior Credit Facility[(a)]	–	–	–	50.0	–	50.0
EIB Facility[(b)]	44.1	–	44.1	–	–	–
Convertible bonds[(c)]	307.4	(1.3)	306.1	–	–	–
– Accretion of principal	2.7	–	2.7	–	–	–
Total current borrowings	**362.8**	**(1.3)**	**361.5**	**58.6**	**–**	**58.6**
Non-current:						
Deferred satellite payments	26.8	–	26.8	32.5	–	32.5
Senior Credit Facility[(a)]	–	–	–	150.0	(6.1)	143.9
Senior Notes due 2017[(d)]	650.0	(9.2)	640.8	650.0	(10.8)	639.2
– Issuance discount	(3.6)	–	(3.6)	(4.2)	–	(4.2)
EIB Facility[(b)]	264.3	(2.2)	262.1	308.4	(2.6)	305.8
Ex-Im Bank Facility[(e)]	277.3	(14.5)	262.8	–	–	–
Convertible Bonds[(c)]	–	–	–	285.2	(2.6)	282.6
– Accretion of principal	–	–	–	2.5	–	2.5
Total non-current borrowings	**1,214.8**	**(25.9)**	**1,188.9**	**1,424.4**	**(22.1)**	**1,402.3**
Total Borrowings	**1,577.6**	**(27.2)**	**1,550.4**	**1,483.0**	**(22.1)**	**1,460.9**
Cash and cash equivalents	(183.5)	–	(183.5)	(343.8)	–	(343.8)
Net Borrowings	**1,394.1**	**(27.2)**	**1,366.9**	**1,139.2**	**(22.1)**	**1,117.1**

(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 five-year US$750.0m Senior Credit Facility. Under the terms of the new facility the full US$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the five-year availability period. Advances under the new facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. The amount outstanding on the previous facility on the date of prepayment was US$200.0m and this amount was funded from available cash balances on 30 June 2011. At 31 December 2011 there were no drawings on the new Senior Credit Facility.

(b) On 15 April 2010, we signed an eight-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 on both tranches beginning 30 April 2012. Interest is equal to three-month USD LIBOR plus a margin payable in April, July, October and January each year.

(c) On 16 November 2007, we issued US$287.7m in principal amount of 1.75% convertible bonds due 2017 (the "Convertible Bonds"). The bonds are convertible into ordinary shares of the Company and have a 1.75% per annum coupon payable semi-annually and a yield to maturity of 4.50%. The bonds have an initial conversion premium of 32.5% over the reference share price of £4.6193 representing approximately 5% of the Company's current issued share capital. The initial conversion price is US$12.694 and the total number of common shares to be issued if all bonds are converted is 22.7 million shares. The Company will have an option to call the bonds after seven years at their accreted principal amount under certain circumstances. In addition, the holder of each bond will have the right to require the Company to redeem such bond at its accreted principal amount on 16 November 2012 and 16 November 2014. Management have assumed a maturity of five years for the purpose of the effective interest rate calculation. At 31 December 2011, the Convertible Bonds were recorded as a current liability.

(d) 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.

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

7. Dividends

(US$ in millions)	2011	2010
Final dividend for the year ended 31 December 2010 of 22.69 cents (US$) (2009: second interim dividend: 20.63 cents (US$)) per share	104.5	94.7
Interim dividend for the year ended 31 December 2011 of 15.40 cents (US$) (2010: 14.00 cents (US$)) per share	68.9	64.3
Total dividend paid in the year	**173.4**	**159.0**

The Inmarsat plc Board of Directors intends to recommend a final dividend of 24.96 cents (US$) per ordinary share in respect of the year ended 31 December 2011 to be paid on 25 May 2012 to ordinary shareholders on the register of members at the close of business on 18 May 2012. Shareholders will be asked to approve the final dividend payment at the Annual General Meeting to be held on 3 May 2012. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this final dividend has not been recorded as a liability in the financial statements at 31 December 2011. The total dividend paid and proposed for the year ended 31 December 2011 equals 40.36 cents (US$) per ordinary share, a 10.0% increase over 2010, and amounts to US$180.9m.

8. Earnings per share

The basic and diluted earnings per share are based on a weighted average number of ordinary shares in issue of 456,383,635 and potentially in issue of 460,616,396, respectively (2010: 460,148,337 and 464,318,477). Diluted earnings per share is calculated by the weighted average number of ordinary shares outstanding for the dilutive potential ordinary shares in respect of the share options/awards in relation to employee share plans.

At 31 December 2011, there were a total of 447,856,844 (2010: 460,607,047) ordinary shares in issue.

2011 adjusted earnings per share

Adjusted earnings per share reflects the basic and diluted earnings per share for the years ended 31 December 2011 and 2010 adjusted to exclude the after tax effect of the contribution of LightSquared to earnings and the impairment losses.

The table below sets out the adjusted earnings attributable to equity holders of the Company that was used in the calculation of both the adjusted basic and diluted earnings per share for 2011. The weighted average number of ordinary shares in issue and potentially in issue did not differ from the unadjusted earnings per share calculation.

(US$ in millions)	2011	2010
Earnings attributable to equity holders of the Company	249.3	260.9
Adjustments for:		
LightSquared contribution (net of tax)	(141.6)	(12.3)
Impairment losses (net of tax)	134.8	–
Adjusted earnings attributable to equity holders of the company	**242.5**	**248.6**

9. Acquisitions

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). Inmarsat financed the acquisition of the shares and the debt repayment from available liquidity.

We acquired Ship Equip as it is ideally positioned to support the evolution of maritime services to our new Global Xpress services 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 develop our Global Xpress offering.

The acquisition of Ship Equip has been accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combinations'. The consolidated results of the Group for 2011 include the financial results of Ship Equip for the period from 28 April 2011 to 31 December 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 year ended 31 December 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 energy and fishing markets, will generate value for the Group through future customer relationships. During the year ended 31 December 2011, we recognised US$2.0m of transaction costs directly associated with the acquisition of Ship Equip as an expense in the Income Statement.

The final allocation of the purchase consideration to the net assets and liabilities of Ship Equip, 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	0.3	–	0.3
Total non-current assets	**50.0**	**62.6**	**112.6**
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	(11.1)	–	(11.1)
Deferred revenue	(8.5)	–	(8.5)
Deferred tax liability	(0.2)	(17.5)	(17.7)
Long term debt	(47.7)	–	(47.7)
Total liabilities	**(67.5)**	**(17.5)**	**(85.0)**
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. Subsequently, due to the vertical market reorganisation in Inmarsat Solutions, the Ship Equip trade name has been written off.

(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 total goodwill recognised of US$66.6m is not deductible for tax purposes.

The revenue included in the Income Statement for the year ended 31 December 2011, contributed by Ship Equip since the acquisition date, was US$42.1m. Ship Equip also contributed a loss after tax of US$1.6m, during the year ended 31 December 2011. Ship Equip's contribution to revenue and profit after tax for the year ended 31 December 2011, assuming the transaction had occurred on 1 January 2011, would have been US$60.3m and a loss of US$4.6m, respectively.

10. Impairment of intangible assets

In line with IAS 36, 'Impairment of Assets', goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. At 31 December 2011, the Directors believe the goodwill in relation to the Stratos CGU, which arose on acquisition of Stratos on 11 December 2007, to be impaired and consequently have recorded an impairment loss of US$120.0m in the Income Statement.

During the year ended 31 December 2011, we recorded an impairment loss of US$21.5m in the Income Statement to reduce the carrying amount of the Stratos, Segovia and Ship Equip trade names to US$nil. During the year ended 31 December 2011, the Group comprised Inmarsat, Stratos, Segovia and Ship Equip, all acting as relatively independent business units. From 1 January 2012, Stratos, Segovia and Ship Equip will be rebranded as 'Inmarsat' and therefore the previous trade names will no longer be used and have been impaired.

11. Events after the balance sheet date

On 20 January 2012, we delivered the "Phase 1 transition" completion notice to LightSquared indicating that our obligations in respect of the Phase 1 spectrum reorganisation were complete. A payment of US$56.25m became due upon the completion of "Phase 1 transition". This payment has not been received. On 20 February 2012 Inmarsat issued a notice of default to LightSquared under the Cooperation Agreement. This notice triggers a period of 60 calendar days during which LightSquared can remedy the payment before Inmarsat is entitled to enforce its rights and remedies under the agreement for payment default, including pre-agreed spectrum arrangements and termination of certain LightSquared rights under the Cooperation Agreement.

Subsequent to 31 December 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.