INMARSAT GROUP LIMITED

CONDENSED CONSOLIDATED FINANCIAL RESULTS
For the three months ended 31 March 2013
(unaudited)

Forward-Looking Statements

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group’s actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group’s financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important facts that could cause the Group’s actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from current expectations include those risk factors disclosed in the Group’s Annual Report for the year ended 31 December 2012, which can be accessed via our website at www.inmarsat.com.

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

Non-IFRS Measures

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

Net Borrowings

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

Free Cash Flow

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

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

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

EBITDA

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

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

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

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Operating and Financial Review

The following is a discussion of the unaudited consolidated results of operations and financial condition of Inmarsat Group Limited (the "Company" or together with its subsidiaries, the "Group") for the three months ended 31 March 2013. Inmarsat Group Limited is a wholly-owned indirect subsidiary of Inmarsat plc, a company incorporated in the United Kingdom and listed on the London Stock Exchange. You should read the following discussion together with the whole of this document including the historical consolidated financial results and the notes. The consolidated financial results were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Overview

Inmarsat is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide, with over 30 years of experience in designing, launching and operating an L-band satellite-based network. With an in-orbit fleet of 9 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 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 ("GX") programme, a US$1.2 billion investment project. GX will offer seamless global coverage and deliver services with MSS broadband speeds of up to 50 Mbps for users in the government, maritime, energy, enterprise and aviation sectors. GX services will be supported by a constellation of three Ka-band satellites, the Inmarsat-5 satellites, being built by Boeing Space and Intelligence Systems ("Boeing"). The first of these satellites is scheduled for launch in 2013 with global coverage to be completed by the end of 2014.

The Group's revenues for the three months ended 31 March 2013 were US$313.7m (2012: US$354.8m), EBITDA was US$155.1m (2012: US$205.3m) and operating profit was US$93.2m (2012: US$144.6m). 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.

Global Xpress Programme Update

Our GX programme remains on budget and we expect to launch the first satellite this year and complete full deployment of the network by the end of 2014. The first satellite (Inmarsat-5 F1) is now fully assembled and is undergoing system environmental testing at the Boeing facilities in El Segundo, California. Once completed, the satellite will be shipped to Kazakhstan in preparation of its launch on board a Proton rocket. The Inmarsat-5 F2 and F3 satellites are being integrated, and will follow Inmarsat-5 F1 closely for delivery in 2014, allowing global coverage to be achieved by the end of 2014.

The ground network is also being deployed around the world; the Inmarsat-5 F1 ground stations have been completed in Fucino (Italy) and Nemea (Greece), and are undergoing final testing. The ground stations for Inmarsat-5 F2 are also close to completion in North America (Lino Lakes in the US and Winnipeg in Canada), while the Inmarsat-5 F3 Pacific ocean region ground stations are under construction. The modulation, encoding and network management, based on iDirect's established access technology, is also progressing according to schedule, and is expected to be ready to meet the launch schedule for the first round of integrated live verification and demonstration testing.

Terminal development contracts have been awarded to several established manufacturers, and cover all markets and applications, ranging from maritime (Cobham, Intellian, JRC), to aviation (Honeywell), to a wide array of land terminals both fixed and portable, large and small, for applications in varying environments (Paradigm, Cobham, L-3, Skyware).

On 26 March and 9 April 2013 we announced the appointment of Imtech Marine and NSSL Global Limited as further Value-Added Resellers of GX services to the maritime market. In the government field, in addition to the Boeing strategic partnership, discussions with potential further resellers are reaching an advanced stage, while progress is being made towards the first enterprise and energy market partners. In the commercial aviation sector, the distribution network has been established, with GoGo and OnAir awarded distribution rights in the commercial air transport market, while Honeywell has been granted exclusive rights for business aviation.

Inmarsat Global Services

During the period, we announced the following new services and developments aimed at broadening our customer base and increasing revenues from our existing users:

- On 25 February 2013, we announced L-TAC, a new L-band service, which will deliver an interoperable satellite capability for use with existing UHF tactical radios for approved government customers;

- On 18 March 2013, we announced the extension of our strategic relationship with Intellian Technologies, who have designed three new antennas to support our FleetBroadband service; and

- On 27 March 2013, we announced the first BGAN machine-to-machine (“M2M”) terminal to receive Hazardous Locations Accreditation. The Hughes BGAN terminal has been certified for operation in hazardous locations where explosive gaseous atmospheres may potentially be present.

In addition, on 25 January 2013, we announced the appointment of Galaxy1 Communications as a Distribution Partner for our BGAN M2M service.

De-orbit of Inmarsat-2 F1

During April 2013, we de-orbited our Inmarsat-2 F1 satellite. The satellite was the first of Inmarsat's second generation and its longest serving. Launched in 1990, with a design life of 10 years, it provided a reliable service for more than 22 years.

Inmarsat Solutions Services

On 5 March 2013, we announced that Nordic Tankers A/S, a leading owner and operator of chemical tankers, will migrate its vessels from an existing VSAT service to Xpresslink, our hybrid Ku/L-band maritime service.

LightSquared Cooperation Agreement

In April 2012, we agreed to amend our Cooperation Agreement with LightSquared and suspend all payments under the agreement until April 2014. As a result LightSquared has no payment obligations under the Cooperation Agreement in 2013 or before April 2014. We continue to recognise some limited revenue under the Cooperation Agreement as we incur certain costs in maintaining our readiness to perform obligations under the agreement. As at 31 March 2013, we have recorded deferred income in relation to the Cooperation Agreement of US$262.0m on our balance sheet.

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

	Three months ended 31 March	
(US$ in millions)	**2013**	**2012**
Revenue	2.9	51.3
Net operating costs	(2.0)	(3.7)
EBITDA	**0.9**	**47.6**
Income tax expense	(0.2)	(11.7)
Profit for the year	**0.7**	**35.9**

Vertical Market Presentation of Revenue

As in previous periods, the commentary within this report is based on our two operating segments: Inmarsat Global and Inmarsat Solutions. In addition, for the first time this quarter a breakdown of total revenue by business unit has been provided, which shows operations by vertical market segment.

Our four market-facing business units are:

- Inmarsat Commercial Maritime, focusing on worldwide commercial maritime opportunities;
- Inmarsat Government, focusing on US Government opportunities, both military and civil;
- Inmarsat Global Government, 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.

Dividends

A final dividend in respect of 2012 of US$122.8m is expected to be approved by the Directors on 7 May 2013 to be paid to Inmarsat Holdings Limited (the parent company). Inmarsat plc intends to use the proceeds of the dividend it receives from Inmarsat Holdings Limited principally to fund a previously announced dividend to holders of its ordinary shares.

Total Group Results

The results are the consolidated results of operations and financial condition of Inmarsat Group Limited for the three months ended 31 March 2013. We report two operating segments, Inmarsat Global and Inmarsat Solutions.

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

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Revenue	**313.7**	**354.8**	**(11.6%)**
Employee benefit costs	(59.9)	(54.1)	10.7%
Network and satellite operations costs	(74.4)	(67.4)	10.4%
Other operating costs	(30.8)	(33.8)	(8.9%)
Own work capitalised	6.5	5.8	12.1%
Total net operating costs	**(158.6)**	**(149.5)**	**6.1%**
EBITDA	**155.1**	**205.3**	**(24.5%)**
EBITDA excluding LightSquared	*154.2*	*157.7*	*(2.2%)*
Depreciation and amortisation	(62.7)	(61.1)	2.6%
Share of profit of associates	0.8	0.4	100.0%
Operating profit	**93.2**	**144.6**	**(35.5%)**
Interest receivable and similar income	1.4	0.4	250.0%
Interest payable and similar charges	(8.3)	(12.0)	(30.8%)
Net interest payable	(6.9)	(11.6)	(40.5%)
Profit before income tax	**86.3**	**133.0**	**(35.1%)**
Income tax expense	(21.4)	(29.0)	(26.2%)
Profit for the period	**64.9**	**104.0**	**(37.6%)**

Revenues

Total Group revenues for the three months ended 31 March 2013 decreased by 11.6%, compared with the three months ended 31 March 2012. However, underlying revenues (excluding LightSquared) increased by US$7.3m, or 2.4%. The table below sets out the components, by segment, of the Group's total revenue for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Inmarsat Global:			
Wholesale MSS	184.6	178.0	3.7%
LightSquared	2.9	51.3	(94.3%)
Other	10.0	7.6	31.6%
Total Inmarsat Global segment	197.5	236.9	(16.6%)
Inmarsat Solutions	189.5	190.8	(0.7%)
	387.0	427.7	(9.5%)
Intercompany eliminations and adjustments	(73.3)	(72.9)	
Total revenue	**313.7**	**354.8**	**(11.6%)**

Net operating costs

Total Group net operating costs for the three months ended 31 March 2013 increased by 6.1%, compared with the three months ended 31 March 2012. The table below sets out the components, by segment, of the Group's net operating costs for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2013	2012	Increase
Inmarsat Global	58.1	57.7	0.7%
Inmarsat Solutions	172.8	165.3	4.5%
	230.9	223.0	3.5%
Intercompany eliminations and adjustments	(72.3)	(73.5)	
Total net operating costs	**158.6**	**149.5**	**6.1%**

EBITDA

Group EBITDA for the three months ended 31 March 2013 decreased by 24.5% compared with the three months ended 31 March 2012; this was primarily as a result of decreased revenue from our Cooperation Agreement with LightSquared. As a consequence, EBITDA margin has decreased to 49.4% for the three months ended 31 March 2013, compared with 57.9% for the three months ended 31 March 2012. Below is a reconciliation of profit for the period to EBITDA for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Profit for the period	64.9	104.0	(37.6%)
Add back:			
Income tax expense	21.4	29.0	(26.2%)
Net interest payable	6.9	11.6	(40.5%)
Depreciation and amortisation	62.7	61.1	2.6%
Share of profit of associates	(0.8)	(0.4)	100.0%
EBITDA	**155.1**	**205.3**	**(24.5%)**
EBITDA margin %	***49.4%***	***57.9%***	

Depreciation and amortisation

The increase in depreciation and amortisation of US$1.6m for the three months ended 31 March 2013 is primarily a result of increased capital expenditures.

Operating profit

As a result of the factors discussed above, operating profit for the three months ended 31 March 2013 was US$93.2m, a decrease of US$51.4m, or 36%, compared with the three months ended 31 March 2012.

Interest

Net interest payable for the three months ended 31 March 2013 was US$6.9m, a decrease of US$4.7m, or 41%, compared with the three months ended 31 March 2012.

Interest payable for the three months ended 31 March 2013 was US$8.3m, a decrease of US$3.7m, or 31%, compared with the three months ended 31 March 2012. The decrease is predominantly due to US$18.7m of interest that was capitalised in the three months ended 31 March 2013 that was attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, compared with US$10.7m capitalised in the three months ended 31 March 2012. The decrease was partially offset by increased interest following the issue of additional Senior Notes due 2017 and further drawdowns of our Ex-Im Bank Facility.

Interest receivable for the three months ended 31 March 2013 was US$1.4m, compared to US$0.4m for the three months ended 31 March 2012. The increase in the three months ended 31 March 2013 is due to US$0.4m of amortisation on the net premium on the Senior Notes due 2017, following the April 2012 issue of the additional Senior Notes at a US$12.0m premium. In addition, in the three months ended 31 March 2013, we recorded US$0.3m of pension and post-employment benefit finance income and US$0.4m of intercompany interest.

Profit before tax
For the three months ended 31 March 2013 profit before tax was US$86.3m, a decrease of US$46.7m, or 35% compared with the three months ended 31 March 2012. The reduction is due primarily to decreased revenues from our Cooperation Agreement with LightSquared.

Income tax expense
The tax charge for the three months ended 31 March 2013 was US$21.4m, a decrease of US$7.6m, or 26%, compared with the three months ended 31 March 2012. The decrease in the tax charge is driven by the decrease in profits for the three months ended 31 March 2013. In addition, in the three months ended 31 March 2013 we recorded US$0.7m of other current year tax credits. These decreases were partially offset by a charge of US$2.3m relating to current year non-UK losses where no deferred tax asset was recognised, as it was uncertain whether these losses would be utilised. For the three months ended 31 March 2012, the reported tax charge included one-off tax credits of US$3.7m primarily related to the revaluation of certain UK deferred tax liabilities, resulting from the reduction in the substantively enacted tax rate at which deferred tax was recognised from 25% to 24% during the period.

The effective tax rate for the three months ended 31 March 2013 was 24.8% compared to 21.8% for the three months ended 31 March 2012. If the effects of the above adjustments are removed, the effective tax rate for the three months ended 31 March 2013 was 22.9% compared to 24.6% for the three months ended 31 March 2012. The decrease in the adjusted effective tax rate is predominantly due to the reduction in the UK main rate of corporation tax from 24% to 23%. While this did not become effective until 1 April 2013, this has the effect of lowering the average UK statutory tax rate for 2013, and therefore the rate upon which the three months ended 31 March 2013 tax charge is based, to 23.25%. For the three months ended 31 March 2012 the rate upon which the tax charge was based was 24.5%.

Profit for the period
As a result of the factors discussed above, profit for the three months ended 31 March 2013 was US$64.9m, a decrease of US$39.1m, or 38%, compared with the three months ended 31 March 2012.

Inmarsat Global Results

Revenues
During the three months ended 31 March 2013, although revenues from Inmarsat Global were US$197.5m, a decrease of US$39.4m, or 16.6%, compared with the three months ended 31 March 2012, MSS revenues increased by US$6.6m, or 3.7%, period-on-period. The decrease in total revenues in the three months ended 31 March 2013 is primarily due to the reduction in revenues recognised in relation to our Cooperation Agreement with LightSquared.

MSS revenue growth was primarily driven by increased activations and usage of our FleetBroadband and SwiftBroadband services and by the effect of price initiatives for maritime data services. We continue to see encouraging growth in our land mobile IsatPhone Pro service. As in recent periods, growth in our land mobile sector has been partly offset by the continued expected decline in revenues from our BGAN and GAN services due to troop withdrawals from Afghanistan. In addition, we experienced a decline in maritime voice revenues due to the impact of product mix changes and, more generally, we have experienced a decline in revenues from older services such as Inmarsat B, Mini M, Fleet, GAN and Swift 64, period-on-period, as users continue to migrate to newer services. The results also reflect the expected termination of certain lease business in 2012 and the absence of a leap year which impacts period-on-period comparisons.

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

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Revenue			
Maritime sector:			
Voice services	18.4	21.4	(14.0%)
Data services	85.3	74.0	15.3%
Total maritime sector	**103.7**	**95.4**	**8.7%**
Land mobile sector:			
Voice services	4.4	2.6	69.2%
Data services	27.9	30.6	(8.8%)
Total land mobile sector	**32.3**	**33.2**	**(2.7%)**
Aviation sector	27.7	24.0	15.4%
Leasing	20.9	25.4	(17.7%)
Total MSS revenue	**184.6**	**178.0**	**3.7%**
Other income (including LightSquared)	12.9	58.9	(78.1%)
Total revenue	**197.5**	**236.9**	**(16.6%)**

Total active terminal numbers as at 31 March 2013 increased by 15.7%, compared with 31 March 2012. The table below sets out the active terminals by sector for each of the periods indicated:

(000's)	As at 31 March 2013	2012	Increase
Active terminals[(a)]			
Maritime	188.6	186.7	1.0%
Land mobile	172.0	124.6	38.0%
Aviation	15.7	13.9	12.9%
Total active terminals	**376.3**	**325.2**	**15.7%**

(a) Active terminals is the number of subscribers or terminals that have been used to access commercial services (except certain handheld terminals) at any time during the preceding twelve-month period and registered at 31 March. Active terminals also include the average number of certain handheld terminals active on a daily basis during the final month of the period. Active terminals exclude terminals (Inmarsat D+, IsatM2M, IsatData Pro and BGAN M2M) used to access our M2M services. At 31 March 2013, we had 235,328 (31 March 2012: 227,759) M2M terminals.

The growth of active terminals in the maritime sector is primarily due to take-up of our FleetBroadband service, where we have seen active terminal numbers grow by 28% period-over-period. This growth has been partially offset by the expected decline in active terminals of older services such as Inmarsat B and Fleet, where users have been migrating to our FleetBroadband service. The growth of active terminals in the land mobile sector is predominantly due to our IsatPhone Pro service. In the aviation sector, we have seen growth in SwiftBroadband active terminals of 45%, period-over-period, partially offset by the decline in our other older aviation services.

Maritime Sector. During the three months ended 31 March 2013, revenues from the maritime sector were US$103.7m, an increase of US$8.3m, or 8.7%, compared with the three months ended 31 March 2012.

Revenues from data services in the maritime sector during the three months ended 31 March 2013 were US$85.3m, an increase of US$11.3m, or 15.3%, compared with the three months ended 31 March 2012. Growth in our maritime data revenues was primarily driven by pricing and service package changes implemented in May 2012 and March 2013 and increased take-up and usage of our FleetBroadband terminals. During the three months ended 31 March 2013, we added 1,924 FleetBroadband subscribers. Despite the overall revenue growth reported, customer migration to FleetBroadband from older services continues to be a constraint on our rate of revenue growth as the price of FleetBroadband services is typically lower than the price of equivalent services on the terminals being replaced. In addition, we continue to believe that the current economic environment for the shipping industry is impacting revenues in the maritime sector.

With effect from 1 January 2013, we adjusted the pricing to Inmarsat Solutions for L-band services used for XpressLink. As XpressLink combines L-band and VSAT services in a single service package Inmarsat Global applies a charge to Inmarsat Solutions for the L-band element of service. During 2012, the first full year of XpressLink service, we were able to compare actual customer usage trends to our previous assumptions and have updated our pricing accordingly. Had we not adjusted the pricing, we estimate that maritime revenues for the three months ended 31 March 2013 would have been US$1.7m higher than the figure reported. The pricing adjustment has no impact on the total revenue or margin at a Group level.

Revenues from voice services in the maritime sector during the three months ended 31 March 2013 were US$18.4m, a decrease of US$3.0m or 14.0% compared with the three months ended 31 March 2012. We have continued to see voice revenues being negatively impacted by product mix changes as users transition from our older services to our 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.

Land Mobile Sector. During the three months ended 31 March 2013, revenues from the land mobile sector were US$32.3m, a decrease of US$0.9m, or 2.7%, compared with the three months ended 31 March 2012.

Revenues from data services in the land mobile sector during the three months ended 31 March 2013 were US$27.9m, a decrease of US$2.7m, or 8.8%, compared with the three months ended 31 March 2012. The decline in revenues is primarily due to troop withdrawals from Afghanistan and other lower BGAN usage. We estimate that global events including Afghanistan and after taking into account events in Sub-Saharan Africa in the three months ended 31 March 2013 contributed US$1.5m more revenue in the three months ended 31 March 2012, than the three months ended 31 March 2013. Although we continue to see growth in BGAN usage from new subscribers, this growth is unable to fully offset the impact of reduced revenues from Afghanistan and other lower BGAN usage.

Revenues from voice services in the land mobile sector during the three months ended 31 March 2013 were US$4.4m, an increase of US$1.8m, or 69%, compared with the three months ended 31 March 2012. The increase is due to growth in revenues from our IsatPhone Pro service. Take-up of the IsatPhone Pro service has remained strong and we ended the quarter with over 90,000 active subscribers, compared to approximately 50,000 at 31 March 2012. The increase in our installed subscriber base is driving overall traffic growth and is the primary contributor to our voice revenue growth. In addition, our IsatPhone Pro revenues also benefited from pricing and package changes made in June 2012.

Aviation Sector**.** During the three months ended 31 March 2013, revenues from the aviation sector were US$27.7m, an increase of US$3.7m, or 15.4%, compared with the three months ended 31 March 2012. We have seen strong growth in revenues from our SwiftBroadband service, period-over-period in both the business jet and air transport segments. However, this increase has been partially offset by a decline in Swift 64 revenues, due to a reduction in usage by certain government customers, including usage related to reduced activity in Afghanistan.

Leasing. During the three months ended 31 March 2013, revenues from leasing were US$20.9m, a decrease of US$4.5m, or 17.7%, compared with the three months ended 31 March 2012. The decrease was expected and is predominantly due to a reduction in revenues from a number of government maritime and aviation contracts.

Other income**.** Other income for the three months ended 31 March 2013 was US$12.9m, a decrease of US$46.0m, compared with the three months ended 31 March 2012. The decrease is due to lower revenues from LightSquared (US$2.9m, in the three months ended 31 March 2013, compared with US$51.3m for the three months ended 31 March 2012).

During the three months ended 31 March 2013, we recorded US$7.4m of revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) compared with US$5.3m in the same period in 2012.

Net operating costs

Net operating costs for the three months ended 31 March 2013 increased by 0.7% compared with the three months ended 31 March 2012. Included within net operating costs for the three months ended 31 March 2013 are net costs in relation to our Global Xpress programme totalling US$4.6m (three months ended 31 March 2012: US$3.8m) and costs in relation to the LightSquared Cooperation Agreement of US$2.0m (three months ended 31 March 2012: US$3.7m).

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

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Employee benefit costs	29.2	24.7	18.2%
Network and satellite operations costs	9.4	10.1	(6.9%)
Other operating costs	24.6	27.2	(9.6%)
Own work capitalised	(5.1)	(4.3)	18.6%
Net operating costs	**58.1**	**57.7**	**0.7%**

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. Net operating costs in the three months ended 31 March 2013 have been impacted by an unfavourable movement in Inmarsat Global's hedged rate of exchange from US$1.48/£1.00 in 2012 to US$1.57/£1.00 in 2013. The movement in the hedged rate of exchange in the three months ended 31 March 2013 resulted in an increase in comparative costs of approximately US$1.8m.

Employee benefit costs. Employee benefit costs increased by US$4.5m, or 18.2%, for the three months ended 31 March 2013 compared to the three months ended 31 March 2012. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (586 at 31 March 2013 compared to 563 at 31 March 2012), primarily to support our Global Xpress programme and an unfavourable movement in the Group's hedged rate of exchange.

Network and satellite operations costs. Network and satellite operations costs for the three months ended 31 March 2013 decreased by US$0.7m, or 6.9%, compared to the three months ended 31 March 2012, primarily due to lower in-orbit insurance costs following the annual contract renewals in August 2012.

Other operating costs. Other operating costs for the three months ended 31 March 2013 decreased by US$2.6m, or 9.6%, compared to the three months ended 31 March 2012. In the three months ended 31 March 2013 we recorded a foreign exchange gain of US$1.4m, compared to a foreign exchange loss of US$1.1m in the three months ended 31 March 2012. In addition, there was a decrease in costs incurred in respect of our LightSquared Cooperation Agreement. Offsetting the decrease was higher direct cost of sales due to IsatPhone Pro terminal sales.

Own work capitalised. Own work capitalised for the three months ended 31 March 2013 increased by US$0.8m, or 18.6%, compared to the three months ended 31 March 2012, due to an increase in own work capitalised in relation to our Global Xpress programme.

Operating profit

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Total revenue	197.5	236.9	(16.6%)
Net operating costs	(58.1)	(57.7)	0.7%
EBITDA	**139.4**	**179.2**	**(22.2%)**
EBITDA margin %	*70.6%*	*75.6%*	
EBITDA excluding LightSquared and Global Xpress	143.1	135.4	5.7%
EBITDA margin % excluding LightSquared and Global Xpress	*73.5%*	*73.0%*	
Depreciation and amortisation	(37.8)	(38.2)	(1.0%)
Operating profit	**101.6**	**141.0**	**(27.9%)**

The decrease in operating profit for the three months ended 31 March 2013 of US$39.4m, compared to the three months ended 31 March 2012, is primarily a result of decreased revenues from our Cooperation Agreement with LightSquared, partially offset by higher MSS revenues period-on-period.

Inmarsat Solutions Results

Revenues

During the three months ended 31 March 2013, revenues from Inmarsat Solutions decreased US$1.3m, or 0.7%, compared with the three months ended 31 March 2012. The pressure on US Government contract renewals has been heightened with the recent measures implemented by the US Government, including federal budget sequestration which took effect during the quarter and has mandated reductions of over 5% in US Government defence spending outlays over the next two years. While the US Government has not stipulated which programmes or contracts will be affected by sequestration, there has been an immediate change in the contracting environment for our US Government business unit. For our US Government business unit, sequestration is likely to result in fewer contracting opportunities as programmes are cancelled, de-scoped or delayed, and significant reduction in margins due to a highly competitive contracting environment.

The table below sets out the components of Inmarsat Solutions' revenues for each of the periods indicated:

(US$ in millions)	2013	2012	Increase/ (decrease)
Inmarsat MSS	92.7	94.9	(2.3%)
Broadband and Other MSS	96.8	95.9	0.9%
Total revenue	**189.5**	**190.8**	**(0.7%)**

Inmarsat MSS. Revenues derived from Inmarsat MSS for the three months ended 31 March 2013 decreased by US$2.2m, or 2.3%, compared with the three months ended 31 March 2012. The decrease in Inmarsat MSS revenue at the Inmarsat Solutions level was driven primarily by a combination of lower leasing revenue, lower land sector revenue from Afghanistan and other world events and lower aviation revenue from the US Government. As Inmarsat Solutions has a disproportionately higher share of both our leasing and BGAN business, the negative impact of these factors contributed to an overall decrease in revenue, even though Inmarsat Solutions benefited from strong growth in maritime revenues and other factors that contributed to an overall increase in MSS revenues at the wholesale level.

For the three months ended 31 March 2013, Inmarsat Solutions' share of Inmarsat Global's MSS revenues was 37%, which is slightly lower than the 38% share for the three months ended 31 March 2012.

Broadband and Other MSS. Broadband and Other MSS revenues primarily consist of sales of VSAT and microwave services, mobile terminal and equipment sales, rental and repairs, mobile telecommunications services sourced on a wholesale basis from other MSS providers, network services provided to certain distributors and other engineering services. Also included within Broadband and Other MSS are revenues from our US Government business relating to the provision of secure IP managed solutions and services to US Government agencies and an element of revenues from our Commercial Maritime business unit relating to the provision of VSAT maritime communications services, including our XpressLink service, to the shipping, offshore energy and fishing markets.

Revenues from Broadband and Other MSS during the three months ended 31 March 2013 increased by US$0.9m, or 0.9%, compared with the three months ended 31 March 2012. The increase is due to increased maritime revenues as a result of growth in the number of ships serviced with XpressLink. There were also increases in equipment sales and other engineering revenues from the Global Government and Enterprise business units, which were partially offset by a reduction in revenue from IP managed solutions in our US Government business unit. This decrease is primarily a result of contract renewals at lower prices and non-renewals.

Net operating costs

Net operating costs in the three months ended 31 March 2013 increased by US$7.5m, or 4.5%, compared with the three months ended 31 March 2012, primarily as a result of increased costs of goods and services in our US Government and Commercial Maritime business units. The table below sets out the components of net operating costs and shows the allocation of costs to the Group's cost categories for each of the periods indicated:

	Three months ended 31 March		
(US$ in millions)	**2013**	**2012**	**Increase/ (decrease)**
Cost of goods and services[(a)]	128.8	121.2	6.3%
Operating costs[(a)]	44.0	44.1	(0.2%)
Total operating costs	**172.8**	**165.3**	**4.5%**
Allocated as follows:			
Employee benefit costs	30.7	29.4	4.4%
Network and satellite operations costs[(b)]	135.2	129.0	4.8%
Other operating costs	8.0	8.4	(4.8%)
Own work capitalised	(1.1)	(1.5)	(26.7%)
Net operating costs	**172.8**	**165.3**	**4.5%**

(a) There has been a change in the allocation of the costs included in cost of goods and services versus operating expenses in the three months ended 31 March 2013, whereby all employee costs and network infrastructure operating costs are now included in operating costs instead of costs of goods and services. The comparative figures for the three months ended 31 March 2012 included in the table above have been restated to reflect this change.

(b) 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 related to our repair and service activity.

Cost of goods and services during the three months ended 31 March 2013 increased by US$7.6m, or 6.3%, compared with the three months ended 31 March 2012. The increase is predominantly due to increased costs in our Commercial Maritime business unit as a result of increased revenue and changes in product mix to include more VSAT business and in US Government as a result of increased space segment cost for IP managed solutions and changes in product mix to include more equipment sales.

Operating costs. Operating costs during the three months ended 31 March 2013 decreased by US$0.1m, or 0.2%, compared with the three months ended 31 March 2012. The decrease is primarily due to a reduction in other operating costs, partially offset by increased employee benefit costs related to an increased number of employees.

Operating (loss)/profit

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Total revenue	189.5	190.8	(0.7%)
Cost of goods and services	(128.8)	(121.2)	6.3%
Gross margin	**60.7**	**69.6**	**(12.8%)**
Gross margin %	*32.0%*	*36.5%*	
Operating costs	(44.0)	(44.1)	(0.2%)
EBITDA	**16.7**	**25.5**	**(34.5%)**
EBITDA margin %	*8.8%*	*13.4%*	
Depreciation and amortisation	(24.9)	(22.9)	8.7%
Share of profit of associates	0.8	0.4	100.0%
Operating (loss)/profit	**(7.4)**	**3.0**	**(346.7%)**

In the three months ended 31 March 2013, Inmarsat Solutions recorded an operating loss of US$7.4m, compared to an operating profit of US$3.0m for the three months ended 31 March 2012. The decrease in operating profit was due to decreased EBITDA and an increase in depreciation and amortisation. The EBITDA reduction was due primarily to a decreased contribution from our US Government and Commercial Maritime VSAT businesses as a result of combined lower revenues and an increase in the cost of goods and services. The increase in depreciation and amortisation is primarily a result of increased capital expenditures and the amortisation of intangibles.

Gross margin consists of revenues less direct cost of goods and services. Gross margin and gross margin percentage for the three months ended 31 March 2013 have decreased by US$8.9m and 4.5%, respectively, compared to the three months ended 31 March 2012. These decreases are a result of a reduced gross margin and gross margin percentages in our US Government and Commercial Maritime business units as a result of customer renewals at lower prices, the newer revenues being at lower margins and changes in product mix to include more equipment sales.

Inmarsat plc Revenues by Business Unit

Commentary on the Inmarsat Global and Inmarsat Solutions segmental results has been included within the respective sections of this report above. In addition, the table below shows the Group’s total revenue split by business unit for each of the periods indicated:

(US$ in millions)	Three months ended 31 March 2013	2012	Increase/ (decrease)
Commercial Maritime	126.6	119.2	6.2%
US Government	76.5	85.9	(10.9%)
Global Government	31.2	29.9	4.3%
Enterprise	71.3	64.2	11.1%
Total business unit revenue	305.6	299.2	(2.1%)
Other income (including LightSquared)	8.1	55.6	(85.4%)
Total revenue	**313.7**	**354.8**	**(11.6%)**

Commercial Maritime. Commercial Maritime revenues for the three months ended 31 March 2013 increased by US$7.4m, or 6.2%, compared with the three months ended 31 March 2012. The increase is due to growth in our FleetBroadband service and price initiatives implemented in May 2012 and March 2013, partially offset by a reduction in revenues from older commercial maritime services due primarily to the migration to FleetBroadband. There was also an increase in commercial maritime VSAT revenue due to take-up of our XpressLink service.

US Government. US Government revenues for the three months ended 31 March 2013 decreased by US$9.4m, or 10.9%, compared with the three months ended 31 March 2012. This decrease is primarily due to lower leasing revenue and lower Swift 64 and BGAN revenues as a result of troop withdrawals in Afghanistan. There is also lower revenue from IP managed solutions primarily due to contract renewals at lower prices. As previously mentioned, the pressure on US Government contract renewals has been heightened with the recent measures implemented by the US Government, including federal budget sequestration which took effect during the quarter and has mandated reductions of over 5% in US Government defence spending outlays over the next two years. Consequently, there has been an immediate change in the contracting environment for our US Government business unit.

Global Government. Global Government revenues for the three months ended 31 March 2013 increased by US$1.3m, or 4.3%, compared with the three months ended 31 March 2012. The increase is primarily due to increased terminal sales and increased BGAN usage relating to events in Sub-Saharan Africa in the three months ended 31 March 2013, partially offset by decreases in leasing and GAN revenues.

Enterprise. Enterprise revenues for the three months ended 31 March 2013 increased by US$7.1m, or 11.1%, compared with the three months ended 31 March 2012. This was driven by increased aviation revenues as a result of growth in both the business jet and commercial airline business, increased GSPS airtime revenues as a result of growth in the number of IsatPhone Pro terminals activated and increased engineering revenue in the energy market.

Group Liquidity and Capital Resources

At 31 March 2013, the Group had cash and cash equivalents of US$403.2m and available but undrawn borrowing facilities of US$1,011.9m under our Senior Credit Facility and Ex-Im Bank Facility. We believe our liquidity position is more than sufficient to meet the Group's needs for the foreseeable future. In addition, we remain well-positioned to access the capital markets when needed, to meet new financing needs or to improve our liquidity or change the mix of our liquidity sources.

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

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

(US$ in millions)	As at 31 March 2013	As at 31 December 2012
EIB Facility	264.3	264.3
Ex-Im Bank Facility	438.1	397.6
Senior Notes due 2017	850.0	850.0
– Net issuance premium	7.1	7.5
Deferred satellite payments	27.2	28.7
Bank overdrafts	0.6	0.8
Total borrowings	**1,587.3**	**1,548.9**
Cash and cash equivalents	(403.2)	(331.3)
Net Borrowings (gross of deferred finance costs)	**1,184.1**	**1,217.6**

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

(US$ in millions)	Three months ended 31 March 2013	2012
Net cash from operating activities	154.7	185.0
Net cash used in investing activities excluding capital expenditure	(1.1)	(13.4)
Capital expenditure, including own work capitalised	(109.6)	(109.0)
Net cash from financing activities, excluding dividends paid	27.8	41.3
Foreign exchange adjustment	0.3	(0.5)
Net increase in cash and cash equivalents, including bank overdrafts	**72.1**	**103.4**

The decrease in net cash generated from operating activities in the three months ended 31 March 2013, compared to the three months ended 31 March 2012, of US$30.3m relates to decreased EBITDA in the three months ended 31 March 2013, partially offset by movements in working capital.

Net cash used in investing activities excluding capital expenditure in the three months ended 31 March 2013 decreased by US$12.3m, compared to the three months ended 31 March 2012. In the three months ended 31 March 2013 we paid US$1.1m of deferred consideration in relation to previous acquisitions (three months ended 31 March 2012: US$5.4m). In addition, in the three months ended 31 March 2012, we made a payment to acquire 100% of the outstanding shares of NewWave of US$8.0m.

Capital expenditure, including own work capitalised, increased by US$0.6m in the three months ended 31 March 2013, compared to the three months ended 31 March 2012. Capital expenditure may fluctuate with the timing of milestone payments on current projects.

Net cash from financing activities in the three months ended 31 March 2013 decreased by US$13.5m compared to the three months ended 31 March 2012. During the three months ended 31 March 2013, we drew down US$40.5m on the EX-Im Bank Facility, paid US$11.2m of interest and incurred US$1.4m arrangement costs of financing. During the three months ended 31 March 2012, we drew down US$50.1m on the Ex-Im Bank Facility, received US$1.8m from intercompany funding arrangements, paid cash interest of US$8.6m and incurred US$1.9m arrangement costs of financing.

Group Free Cash Flow

(US$ in millions)	Three months ended 31 March 2013	2012
Cash generated from operations	166.4	197.9
Capital expenditure, including own work capitalised	(109.6)	(109.0)
Net cash interest paid	(10.8)	(8.0)
Cash tax paid	(12.1)	(13.5)
Free cash flow	**33.9**	**67.4**

Free cash flow decreased by US$33.5m, or 50%, during the three months ended 31 March 2013, compared to the three months ended 31 March 2012. The decrease is primarily due to a reduction in cash generated from operations.

Recent Events

Subsequent to 31 March 2013, other than the events discussed above, there have been no other material events which would affect the information reflected in the condensed consolidated financial results of the Group.

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
(unaudited)

(US$ in millions)	Three months ended 31 March 2013	2012
Revenues	**313.7**	**354.8**
Employee benefit costs	(59.9)	(54.1)
Network and satellite operations costs	(74.4)	(67.4)
Other operating costs	(30.8)	(33.8)
Own work capitalised	6.5	5.8
Total net operating costs	**(158.6)**	**(149.5)**
EBITDA	**155.1**	**205.3**
Depreciation and amortisation	(62.7)	(61.1)
Share of profit of associates	0.8	0.4
Operating profit	**93.2**	**144.6**
Interest receivable and similar income	1.4	0.4
Interest payable and similar charges	(8.3)	(12.0)
Net interest payable	(6.9)	(11.6)
Profit before income tax	**86.3**	**133.0**
Income tax expense	(21.4)	(29.0)
Profit for the period	**64.9**	**104.0**
Attributable to:		
Equity holders	**64.8**	**103.9**
Non-controlling interest	**0.1**	**0.1**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

(US$ in millions)	Three months ended 31 March 2013	2012
Profit for the period	**64.9**	**104.0**
Other comprehensive (loss)/income		
Amounts subsequently reclassified to the Income Statement:		
Net (losses)/gains on cash flow hedges	(4.3)	3.4
Tax credited/(charged) directly to equity	0.6	(1.3)
Other comprehensive (loss)/income for the period, net of tax	**(3.7)**	**2.1**
Total comprehensive income for the period, net of tax	**61.2**	**106.1**
Attributable to:		
Equity holders	**61.1**	**106.0**
Non-controlling interest	**0.1**	**0.1**

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
(unaudited)

(US$ in millions)	As at 31 March 2013	As at 31 December 2012
Assets		
Non-current assets		
Property, plant and equipment	2,156.0	2,081.6
Intangible assets	961.7	970.5
Investments	32.1	31.6
Other receivables	14.1	15.4
	3,163.9	**3,099.1**
Current assets		
Cash and cash equivalents	403.2	331.3
Trade and other receivables	270.2	293.6
Inventories	24.2	25.4
Derivative financial instruments	1.3	6.4
	698.9	**656.7**
Total assets	**3,862.8**	**3,755.8**
Liabilities		
Current liabilities		
Borrowings	53.4	53.2
Trade and other payables	663.7	664.6
Provisions	5.1	5.5
Current income tax liabilities	40.2	39.2
Derivative financial instruments	11.8	11.4
	774.2	**773.9**
Non-current liabilities		
Borrowings	1,505.2	1,466.8
Other payables	24.1	25.7
Provisions	24.6	25.4
Deferred income tax liabilities	146.0	140.2
Derivative financial instruments	0.7	-
	1,700.6	**1,658.1**
Total liabilities	**2,474.8**	**2,432.0**
Net assets	**1,388.0**	**1,323.8**
Shareholders' equity		
Ordinary shares	0.4	0.4
Share premium	677.4	677.4
Other reserves	378.7	381.1
Retained earnings	330.3	263.8
Equity attributable to shareholders of the parent	1,386.8	1,322.7
Non-controlling interest	1.2	1.1
Total equity	**1,388.0**	**1,323.8**

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

(US$ in millions)	Ordinary share capital	Share premium account	Share option reserve	Revaluation reserve	Currency reserve	Cash flow hedge reserve	Capital contribution reserve	Retained earnings	Non-controlling interest	Total
Balance as at 1 January 2012 (audited)	**0.4**	**677.4**	**44.9**	**0.6**	**0.4**	**(11.4)**	**327.8**	**172.2**	**0.9**	**1,213.2**
Share options charge	–	–	2.4	–	–	–	–	–	–	2.4
Comprehensive income:										
Profit for the period	–	–	–	–	–	–	–	103.9	0.1	104.0
Other comprehensive income – before tax	–	–	–	–	–	3.4	–	–	–	3.4
Other comprehensive income – tax	–	–	–	–	–	(1.3)	–	–	–	(1.3)
Balance at 31 March 2012 (unaudited)	**0.4**	**677.4**	**47.3**	**0.6**	**0.4**	**(9.3)**	**327.8**	**276.1**	**1.0**	**1,321.7**
Balance as at 1 January 2013 (audited)	**0.4**	**677.4**	**54.8**	**0.6**	**0.4**	**(2.5)**	**327.8**	**263.8**	**1.1**	**1,323.8**
Share options charge	–	–	1.3	–	–	–	–	1.7	–	3.0
Comprehensive income:										
Profit for the period	–	–	–	–	–	–	–	64.8	0.1	64.9
Other comprehensive loss – before tax	–	–	–	–	–	(4.3)	–	–	–	(4.3)
Other comprehensive loss - tax	–	–	–	–	–	0.6	–	–	–	0.6
Balance at 31 March 2013 (unaudited)	**0.4**	**677.4**	**56.1**	**0.6**	**0.4**	**(6.2)**	**327.8**	**330.3**	**1.2**	**1,388.0**

INMARSAT GROUP LIMITED
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(unaudited)

(US$ in millions)	Three months ended 31 March 2013	2012
Cash flow from operating activities		
Cash generated from operations	166.4	197.9
Interest received	0.4	0.6
Income taxes paid	(12.1)	(13.5)
Net cash from operating activities	**154.7**	**185.0**
Cash flow from investing activities		
Purchase of property, plant and equipment	(91.7)	(96.9)
Additions to capitalised development costs, including software	(10.3)	(4.4)
Own work capitalised	(7.6)	(7.7)
Acquisition of subsidiaries and other investments	(1.1)	(13.4)
Net cash used in investing activities	**(110.7)**	**(122.4)**
Cash flow from financing activities		
Drawdown of Ex-Im Bank Facility	40.5	50.1
Interest paid on borrowings	(11.2)	(8.6)
Arrangement costs of financing	(1.4)	(1.9)
Intercompany funding	–	1.8
Other financing activities	(0.1)	(0.1)
Net cash generated from financing activities	**27.8**	**41.3**
Foreign exchange adjustment	0.3	(0.5)
Net increase in cash and cash equivalents	**72.1**	**103.4**
Movement in cash and cash equivalents		
At beginning of year	330.5	164.5
Net increase in cash and cash equivalents	72.1	103.4
As reported on balance sheet (net of bank overdrafts)	**402.6**	**267.9**
At end of year, comprising		
Cash at bank and in hand	42.2	45.3
Short-term deposits with original maturity of less than 3 months	361.0	223.1
Bank overdrafts	(0.6)	(0.5)
	402.6	**267.9**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

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

These unaudited condensed consolidated financial results were approved by the Board of Directors for issue on 2 May 2013.

The financial information for the year ended 31 December 2012 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. A copy of the statutory accounts for the year has been delivered to the Registrar of Companies. The auditors’ report on those accounts was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2. Principal accounting policies

Basis of preparation
The unaudited Group results for the three months ended 31 March 2013 have been prepared using International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in accordance with International Accounting Standards (“IAS”) 34, ‘Interim Financial Reporting’. This announcement does not contain sufficient information to comply with all of the disclosure requirements of IFRS.

These unaudited condensed consolidated financial statements should be read in conjunction with the Group’s most recent annual consolidated financial statements, which are for the year ended 31 December 2012, and which are available on our website at www.inmarsat.com. Except as described below, the unaudited condensed consolidated financial statements are based upon accounting policies and methods consistent with those used and described in the Group’s 2012 annual consolidated financial statements prepared under IFRS, set out on pages 8 to 53. Operating results for the period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the year ending 31 December 2013. The consolidated balance sheet as at 31 December 2012 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by IFRS for complete financial statements.

Taxes are accrued based on management’s estimated annual effective income tax rate applied to the Group’s interim pre-tax income. In addition, the following standards and interpretations, issued by the IASB and the International Financial Reporting Interpretations Committee (“IFRIC”), are effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position:

- IFRS 10 (as amended) – Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2013);
- IFRS 11 (as amended) – Joint Arrangements (effective for financial years beginning on or after 1 January 2013);
- IFRS 12 (as amended) – Disclosures of Interests in Other Entities (effective for financial years beginning on or after 1 January 2013);
- IFRS 13 – Fair Value Measurement (effective for financial years beginning on or after 1 January 2013);
- IAS 1 (as amended) – Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (effective for financial years beginning on or after 1 July 2012);
- IAS 19 (as amended) – Employee Benefits – Amended standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective for financial years beginning on or after 1 January 2013);
- IAS 27– Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011) (effective for financial years beginning on or after 1 January 2013);
- IAS 28 – Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) (effective for financial years beginning on or after 1 January 2013);

- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (effective for financial years beginning on or after 1 January 2013); and
- Amendments resulting from the 'Annual Improvements 2009-2011 cycle' paper issued in May 2012 (effective for financial years beginning on or after 1 January 2013).

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

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

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 amounts, events or actions, these results ultimately may differ from those estimates.

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

Accounting policies adopted in preparing these condensed consolidated financial statements have been selected in accordance with IFRS.

3. Segment information

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

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

The Group's reportable segments are therefore as follows:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

- 'Unallocated' – includes Group borrowings and the related interest expense, cash and cash equivalents and current and deferred tax balances, which are not allocated to each segment.

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

Segment information:

	Three months ended 31 March 2013				
(US$ in millions)	**Inmarsat Global**	**Inmarsat Solutions**	**Unallocated**	**Eliminations**	**Total**
Revenue					
External sales	127.6	186.1	–	–	313.7
Inter-segment	69.9	3.4	–	(73.3)	–
Total revenue	**197.5**	**189.5**	**–**	**(73.3)**	**313.7**
EBITDA	**139.4**	**16.7**	**–**	**(1.0)**	**155.1**
Segment result (operating profit/(loss)) before operating profit from LightSquared	100.7	(7.4)	–	(1.0)	92.3
Operating profit from LightSquared	0.9	–	–	–	0.9
Segment result (operating profit/(loss))	**101.6**	**(7.4)**	**–**	**(1.0)**	**93.2**
Net interest charged to the Income Statement	–	–	(6.9)	–	(6.9)
Profit before income tax					**86.3**
Income tax expense	–	–	–	–	(21.4)
Profit for the period					**64.9**
Capital expenditure[(a)]	(112.6)	(16.0)	–	–	(128.6)
Depreciation	(32.6)	(13.7)	–	–	(46.3)
Amortisation of intangible assets	(5.2)	(11.2)	–	–	(16.4)

(a) Capital expenditure stated using accruals basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

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

(a) Includes NewWave Broadband Limited ("NewWave") from 13 January 2012.
(b) Capital expenditure stated using accruals basis.

4. Net interest payable

(US$ in millions)	Three months ended 31 March 2013	2012
Interest on Senior Notes and credit facilities	(21.2)	(17.4)
Interest on Inmarsat Solutions borrowings	(0.1)	(0.1)
Pension and post-employment liability finance costs	–	(0.4)
Interest rate swaps	(2.3)	(2.3)
Unwinding of discount on deferred satellite liabilities	(0.5)	(0.6)
Amortisation of debt issue costs	(1.8)	(1.5)
Amortisation of discount on Senior Notes due 2017	–	(0.2)
Intercompany interest payable	(1.1)	(0.1)
Other interest	–	(0.1)
Interest payable and similar charges	(27.0)	(22.7)
Less: Amounts included in the cost of qualifying assets	18.7	10.7
Total interest payable and similar charges	**(8.3)**	**(12.0)**
Bank interest receivable and other interest	0.3	0.4
Net amortisation of premium on Senior Notes due 2017	0.4	–
Pension and post-employment liability finance income	0.3	–
Intercompany interest receivable	0.4	–
Total interest receivable and similar income	**1.4**	**0.4**
Net interest payable	**(6.9)**	**(11.6)**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

5. Net borrowings

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

	As at 31 March 2013			As at 31 December 2012		
(US$ in millions)	Amount	Deferred finance cost	Net balance	Amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	0.6	–	0.6	0.8	–	0.8
Deferred satellite payments	8.7	–	8.7	8.3	–	8.3
EIB Facility[(a)]	44.1	–	44.1	44.1	–	44.1
Total current borrowings	**53.4**	**–**	**53.4**	**53.2**	**–**	**53.2**
Non-current:						
Deferred satellite payments	18.5	–	18.5	20.4	–	20.4
Senior Notes due 2017[(b)]	850.0	(10.4)	839.6	850.0	(11.0)	839.0
– Net issuance premium	7.1	–	7.1	7.5	–	7.5
EIB Facility[(a)]	220.2	(1.4)	218.8	220.2	(1.6)	218.6
Ex-Im Bank Facility[(c)]	438.1	(16.9)	421.2	397.6	(16.3)	381.3
Total non-current borrowings	**1,533.9**	**(28.7)**	**1,505.2**	**1,495.7**	**(28.9)**	**1,466.8**
Total borrowings[(d)]	**1,587.3**	**(28.7)**	**1,558.6**	**1,548.9**	**(28.9)**	**1,520.0**
Cash and cash equivalents	(403.2)	–	(403.2)	(331.3)	–	(331.3)
Net borrowings	**1,184.1**	**(28.7)**	**1,155.4**	**1,217.6**	**(28.9)**	**1,188.7**

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

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

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

(d) On 30 June 2011, we signed a five-year US$750.0m Senior Credit Facility with a group of commercial banks as lenders. Under the terms of the facility the full US$750.0m amount is available to draw in the form of a revolving credit facility and does not amortise during the five-year availability period. Advances under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to our ratio of net debt to EBITDA. As at 31 March 2013, there were no drawings on the Senior Credit Facility.

6. Contingent liability

The Group has received an enquiry from Her Majesty's Revenue and Customs ('HMRC') into the financing of a finance lease and operating leaseback transaction entered into in 2007 in respect of the Inmarsat-4 satellites. The full tax benefit of the transaction of US$218.6m was recognised and disclosed in the Group's financial statements for the year ended 31 December 2008. The potential current tax liability in relation to the element of the transaction subject to the HMRC enquiry is estimated to be in the region of US$65m. The Group has sought external advice and management does not believe that a material economic outflow is probable; therefore no provision has been recorded in these financial statements. However, this disclosure has been made in light of the enquiries being made by HMRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS (continued)

No accurate estimation of the time required to settle this matter can currently be given.

7. Events after the balance sheet date

Subsequent to 31 March 2013, 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.