

Inmarsat Investments Limited

(Registered Number: 4886096)

**Directors' Report and Financial Statements
For the year ended 31 December 2011**



Inmarsat Investments Limited

Directors' Report

For the year ended 31 December 2011

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements for Inmarsat Investments Limited ('the Company' or together with its subsidiaries, 'the Group') for the year ended 31 December 2011

Principal activities

The Group is the leading provider of global mobile satellite communications services ('MSS'), providing data and voice connectivity to end-users worldwide. We have over 30 years of experience in designing, launching and operating a satellite-based network. With a fleet of 10 owned and operated geostationary satellites, we provide a comprehensive portfolio of global mobile satellite communications services for use on land, at sea and in the air. We also offer a broad portfolio of remote telecommunications services to end user customers, offering services over mobile and fixed satellite systems, at L-band, Ku-band or VSAT, and through our owned and operated microwave and satellite telecommunications facilities. We also provide secure, end-to-end telecommunication solutions for US Government operations worldwide.

The results for the period are disclosed in the financial statements for the Company on pages 57 to 59 and for the Group on pages 8 to 55. Both the level of business and financial position of the Company and the Group are satisfactory to the Directors. The Company Balance Sheet on page 57 and the Group's Balance Sheet on page 9, show the Company's and the Group's financial position at 31 December 2011.

Business review

The Group's key financial and other performance indicators during the year were as follows:

(US\$ in millions)	2011	2010	Increase
Revenue	1,408.5	1,171.6	20.2%
Operating profit	466.3	460.1	1.3%
Profit after tax	274.8	271.7	1.1%
Net assets	1,211.3	1,020.2	18.7%
Average number of employees	1,543	1,354	14.0%

Operating profit and profit after tax both increased year on year, due to the contribution from the LightSquared Cooperation Agreement partially offset by impairment losses.

Going concern

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, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in note 2 to the consolidated financial statements.

Results and dividends

The results for the year are disclosed in the Company financial statements on page 59 and of the Group in the Consolidated Income Statement on page 8. The Company's profit after tax for the year amounted to US\$365.5m (2010: US\$283.3m) and the Group's profit after tax for the year amounted to US\$274.8m (2010: US\$271.7m).

The Company paid dividends during the year ended 31 December 2011 of US\$68.9m and US\$104.5m for the 2011 interim dividend and the 2010 final dividend, respectively. In addition, in the year ended 31 December 2011, the Company declared one-off dividends totalling US\$250.0m to fund a share repurchase programme by Inmarsat plc (the ultimate parent company) (year ended 31 December 2010: US\$64.3m and US\$100.7m for the 2010 interim dividend and the 2009 second interim dividend, respectively).

Research and development

The Group continues to invest in new services and technology through its research and development programmes. These include pure research into new products as well as developing those services which have been demonstrated to have a profitable business case.

Inmarsat Investments Limited
Directors' Report (continued)
For the year ended 31 December 2011

Charitable and political donations

During the year, the Group donated in aggregate US\$370,889 to charities worldwide. This amount included a donation of US\$250,000 to the telecommunications relief aid organisation, Télécoms Sans Frontières and a payment of US\$108,700 to the World Maritime University as part of our support for the education of maritime specialists. In addition, Inmarsat Global provides satellite telecommunication services and equipment, in conjunction with support offered by its DPs and manufacturers to service providers and customers in support of disaster relief management in affected areas of the world.

Our subsidiary companies also made contributions to local charitable causes.

No political donations were made during the year. It remains the policy of the Company not to make political donations or incur political expenditure. However, the Directors recognise that occasions arise where it may be in the best interests of shareholders for the Company to be able, if appropriate, to participate in public debate and opinion-forming on matters which affect its business. To avoid inadvertent infringement of the requirements of the Companies Act 2006, shareholders of the ultimate parent company, Inmarsat plc, are asked annually to give authority at that company's AGM for Inmarsat plc and its subsidiaries to make political donations and to incur political expenditure.

Financial instruments

Details of the financial risk management objectives and policies of the Company are the same as the Group. These details are explained in notes 3 and 30 to the consolidated financial statements.

Post balance sheet events

Details of material post balance sheet events are included in note 34 to the consolidated financial statements.

Directors and their interests

The Directors who served during the year and who were in office on 1 January 2011, except as noted, were as follows:

- Alison Horrocks
- Rick Medlock
- Andrew Sukawaty
- Rupert Pearce (appointed 1 January 2012)

None of the Directors, at any time during the year ended 31 December 2011 or subsequently, have had any interests in any shares of the Company or its subsidiaries.

Employees

The Company has no directly employed staff.

Employee involvement in the Inmarsat plc group's share and share option schemes is encouraged. Details of employee share awards and option schemes are shown in note 24 to the financial statements.

Health and safety

The Company is committed to maintaining high standards of health and safety for all its stakeholders and anyone affected by its business activities.

Policy and practice on payment of creditors

The Group's policy and practice on payment of creditors is:

- to pay all suppliers within the time limit agreed with each at the start of business with that supplier;
- to ensure that suppliers are aware of the terms of payment, and
- to pay in accordance with the contractual and other legal obligations whenever it is satisfied that the supplier has provided goods and services in accordance with the agreed terms and conditions.

At 31 December 2011, the Company had US\$0.2m of trade creditors representing nil creditor days (2010: US\$0.5m representing nil creditor days).

Inmarsat Investments Limited
Directors' Report (continued)
For the year ended 31 December 2011

Share capital and control

The following information is given pursuant to the Companies Act 2006, specifically s992

Details of the authorised and issued share capital of the Company are given in note 23 to the financial statements

There are no restrictions on transfer, or limitations on the holding of any shares and no requirements for prior approval of any transfers. None of the shares carry any special rights with regard to control of the Company. There are no known arrangements under which financial rights are held by a person other than the holder of the shares and no known agreements on restrictions on share transfers or on voting rights.

Details of employee share schemes are set out in note 24. Shares of Inmarsat plc (the Company's ultimate parent company) acquired through Company share schemes and plans rank *pari passu* with the shares in issue and have no special rights.

The powers of the Directors are determined by UK legislation and the Articles of Association in force from time to time. The rules about the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by shareholders in accordance with legislation in force from time to time.

Significant contracts

The Group has in place several significant agreements, which include, *inter alia*, its banking and debt arrangements, distribution agreements with its distribution partners ('DPs'), manufacturing agreements and contracts for the in-orbit insurance of its satellites. Subject to the identity of a third-party bidder, in the event of a change of control following a takeover bid, the Group does not believe that these agreements would suffer a material adverse effect or be subject to termination upon a change of control. However, there are customary clauses in the long-term debt funding agreements specifying that in the event of a change of control following a takeover bid, the lenders have the option to have the debt repaid under the specific terms of each type of debt.

The majority of the space segment revenue of Inmarsat Global is derived from sales to its DPs who operate in accordance with a suite of agreements regarding the distribution of Inmarsat's services. Stratos is one of the DPs to whom these distribution agreements apply. Stratos itself has operating agreements with its own customers. These contracts vary in monetary value and length of term.

In addition, we have significant on-going contracts with our partners regarding the construction of the Alphasat satellite and its subsequent launch, and for the Global Xpress programme which includes the construction of three Ka-band satellites and its related ground infrastructure, and with third parties for the manufacture and production of our GPS service.

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.

Inmarsat Investments Limited
Directors' Report (continued)
For the year ended 31 December 2011

Principal risks and uncertainties (continued)

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 acquisition 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 effect 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.

On 20 February 2012, we announced that we had entered into discussions with LightSquared regarding the future of the Cooperation Agreement following certain regulatory developments in the United States and the non-payment by LightSquared of US\$56.25m due under Phase 1. On 3 April 2012, while our discussions with LightSquared were continuing, we announced certain other non-payment events, including the non-payment of US\$29.6m due under Phase 2.

Subsequently, on 20 April 2012, we announced an agreement with LightSquared to amend certain terms of the Cooperation Agreement. In connection with the amended terms, LightSquared made a payment to Inmarsat of US\$56.25m, being the formerly overdue payment under Phase 1. Under the terms of the amendment, we renegotiated and agreed to suspend Phase 2 of the Cooperation Agreement until 31 March 2014. LightSquared may, at its option, elect to restart Phase 2 prior to this date. During the period of suspension LightSquared will not be required to make any Phase 2 payments to us, including the formerly overdue payment of US\$29.6m which was due 31 March 2012. Phase 1.5 of the Cooperation Agreement has also been renegotiated within the scope of this amendment and is no longer operative.

On 1 April 2014, or an earlier date as elected by LightSquared, Phase 2 payments will recommence from that date based on a restructured payment plan that will differ from the previous Phase 2 payments and be dependent on certain future outcomes with regard to deployment of the LightSquared ATC network.

Inmarsat Investments Limited
Directors' Report (continued)
For the year ended 31 December 2011

Principal risks and uncertainties (continued)

As a result of the 20 April 2012 amendment, LightSquared will not be required to make any further payments to us in 2012 or before 1 April 2014, unless prior to such date LightSquared obtains certain Federal Communications Commission ("FCC") consents, in which case LightSquared will be required to recommence Phase 2 payments within 6 months of the FCC decision. The amended terms of the Cooperation Agreement are designed to allow LightSquared additional time to secure regulatory consents that may ultimately lead to the deployment of its ATC network in North America.

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.

Directors' and Officers' liability insurance

The Inmarsat plc group maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries. The insurance does not provide cover where the Director is proved to have acted fraudulently or dishonestly.

Auditor

Each of the Directors has confirmed that

- i) so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware, and
- ii) the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

An elective resolution was passed on 12 July 2004 dispensing with the requirement to appoint auditors annually. Therefore, Deloitte LLP are deemed to continue as auditor.

Inmarsat Investments Limited
Directors' Report (continued)
For the year ended 31 December 2011

Directors' responsibilities statement

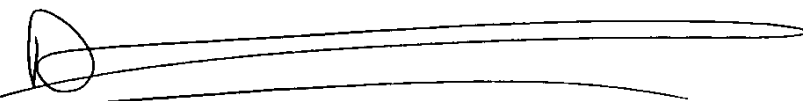
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the Directors to prepare such financial statements for each financial year. Under that law, the Directors are required to prepare the Company's financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation. Under company law, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



By order of the Board
Alison Horrocks FCIS
Company Secretary
9 May 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INMARSAT INVESTMENTS LIMITED

We have audited the Group financial statements of Inmarsat Investments Limited for the year ended 31 December 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Parent Company financial statements of Inmarsat Investments Limited for the year ended 31 December 2011.



Stephen Griggs FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

10 May 2012

Inmarsat Investments Limited
Consolidated Income Statement
For the year ended 31 December 2011

(US\$ in millions)	Note	2011	2010
Revenues		1,408.5	1,171.6
Employee benefit costs	6	(206.5)	(181.7)
Network and satellite operations costs		(241.7)	(217.1)
Other net operating costs		(127.2)	(94.3)
Own work capitalised		21.1	17.1
Total net operating costs		(554.3)	(476.0)
EBITDA		854.2	695.6
Depreciation and amortisation	5	(245.8)	(234.6)
Acquisition-related adjustments		(2.1)	(2.1)
Impairment losses	5	(141.5)	—
Share of results of associates		1.5	1.2
Operating profit		466.3	460.1
Interest receivable and similar income	8	4.9	2.3
Interest payable and similar charges	8	(76.2)	(114.5)
Net interest payable	8	(71.3)	(112.2)
Profit before income tax	5	395.0	347.9
Income tax expense	9	(120.2)	(76.2)
Profit for the year		274.8	271.7
Attributable to:			
Equity holders		274.6	271.5
Non-controlling interest		0.2	0.2

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011


(US\$ in millions)	Note	2011	2010
Profit for the year		274.8	271.7
Other comprehensive income			
Actuarial gains from pension and post retirement healthcare benefits	26	13.4	9.9
Net losses on cash flow hedges	25	(2.7)	(9.1)
Foreign exchange translation differences		0.4	—
Tax (charged)/credited directly to equity	9	(4.2)	2.7
Other comprehensive income for the year, net of tax		6.9	3.5
Total comprehensive income for the year, net of tax		281.7	275.2
Attributable to:			
Equity holders		281.5	275.0
Non-controlling interest		0.2	0.2

Inmarsat Investments Limited
Consolidated Balance Sheet
As at 31 December 2011

(US\$ in millions)	Note	As at 31 December 2011	As at 31 December 2010
Assets			
Non-current assets			
Property, plant and equipment	12	1,820.1	1,355.7
Intangible assets	13	1,081.7	1,127.2
Investments	14	31.0	30.8
Other receivables	16	4.2	5.2
Derivative financial instruments	30	0.1	6.9
Total non-current assets		2,937.1	2,525.8
Current assets			
Cash and cash equivalents	15	165.7	323.1
Trade and other receivables	16	260.3	268.2
Inventories	17	23.5	20.2
Derivative financial instruments	30	7.8	7.4
Total current assets		457.3	618.9
Total assets		3,394.4	3,144.7
Liabilities			
Current liabilities			
Borrowings	18	53.2	59.0
Trade and other payables	19	684.1	351.7
Provisions	20	2.9	0.4
Current income tax liabilities	21	60.5	51.1
Derivative financial instruments	30	14.2	12.9
Total current liabilities		814.9	475.1
Non-current liabilities			
Borrowings	18	1,194.9	1,448.6
Other payables	19	28.1	58.3
Provisions	20	26.7	42.5
Deferred income tax liabilities	21	109.4	86.4
Derivative financial instruments	30	9.1	13.6
Total non-current liabilities		1,368.2	1,649.4
Total liabilities		2,183.1	2,124.5
Net assets		1,211.3	1,020.2
Shareholders' equity			
Ordinary shares	23	0.3	0.3
Share premium		365.6	365.6
Other reserves		674.2	342.6
Retained earnings		170.3	311.0
Equity attributable to Parent Company		1,210.4	1,019.5
Non-controlling interest		0.9	0.7
Total shareholders' equity		1,211.3	1,020.2

The accompanying notes are an integral part of the financial statements

The consolidated financial statements of Inmarsat Investments Limited, registered number 4886096, on pages 8 to 55 were approved by the Board of Directors on 9 May 2012 and signed on its behalf by


Andrew Sukawaty
 Director


Rick Medlock
 Director

Inmarsat Investments Limited
Company Balance Sheet
As at 31 December 2011

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Assets		
Non-current assets		
Investments ^(a)	2,517.9	1,912.9
Other receivables ^(b)	558.3	343.2
Deferred income tax assets	4.1	6.8
Total non-current assets	3,080.3	2,262.9
Current assets		
Cash and cash equivalents	—	0.1
Trade and other receivables ^(c)	105.9	0.1
Current income tax asset	24.5	25.2
Total current assets	130.4	25.4
Total assets	3,210.7	2,288.3
Liabilities		
Current liabilities		
Borrowings ^(d)	44.1	50.0
Trade and other payables ^(e)	945.1	198.7
Derivative financial instruments	8.8	12.3
Total current liabilities	998.0	261.0
Non-current liabilities		
Borrowings ^(f)	1,377.8	1,461.1
Derivative financial instruments	8.4	13.6
Total non-current liabilities	1,386.2	1,474.7
Total liabilities	2,384.2	1,735.7
Net assets	826.5	552.6
Shareholders' equity		
Ordinary shares	0.3	0.3
Share premium	365.6	365.6
Other reserves	625.7	293.9
Accumulated losses	(165.1)	(107.2)
Total shareholders' equity	826.5	552.6

(a) Investments consist of a US\$2,517.9m investment in Inmarsat Ventures Limited (2010 US\$1,912.9m)

(b) Other receivables consist of US\$558.3m amounts due from Group companies (2010 US\$343.2m)

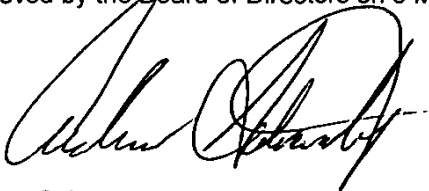
(c) Trade and other receivables consists of US\$100.0m amounts due to Group companies and US\$5.9m of other debtors (2010 US\$0.1m of prepayments and accrued income)

(d) Current borrowings comprise a US\$44.1m drawdown of the EIB Facility (2010 US\$50.0m drawdown of the Previous Senior Credit Facility)

(e) Trade and other payables consists of US\$0.2m trade payables (2010 US\$0.5m), US\$939.1m due to Group companies (2010 US\$194.8m) and US\$5.8m in relation to accruals and deferred income (2010 US\$3.4m)

(f) Non-current borrowings comprise of US\$646.4m subordinated intercompany shareholder funding (2010 US\$971.5m), US\$215.7m amounts due to Group companies (2010 US\$50.7m), US\$264.3m drawdown of the EIB Facility (2010 US\$308.4m), US\$277.3m drawdown of the EXIM Facility (2010 US\$nil), US\$nil drawdown of the Senior Credit Facility (2010 US\$143.9m on the Previous Senior Credit Facility) less deferred finance costs on the Senior Notes due 2017 of US\$9.2m (2010 US\$10.8m), on the EIB Facility of US\$2.2m (2010 US\$2.6m) and US\$14.5m on the EXIM Facility (2010 US\$nil)

The financial statements of Inmarsat Investments Limited, registered number 4886096, on pages 57 to 59 were approved by the Board of Directors on 9 May 2012 and signed on its behalf by


Andrew Sukawaty
 Director


Rick Medlock
 Director

Inmarsat Investments Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2011

(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										
2010	0.3	34.4	26.3	0.6	—	(2.5)	314.0	196.0	0.5	569.6
Issue of share capital	—	331.2	—	—	—	—	—	—	—	331.2
Share options charge	—	—	9.2	—	—	—	—	—	—	9.2
Dividends paid	—	—	—	—	—	—	—	(165.0)	—	(165.0)
Comprehensive Income										
Profit for the period	—	—	—	—	—	—	—	271.5	0.2	271.7
Other Comprehensive Income – before tax	—	—	—	—	—	(9.1)	—	9.9	—	0.8
Other Comprehensive Income – tax	—	—	—	—	—	4.1	—	(1.4)	—	2.7
Balance as at 31 December										
2010	0.3	365.6	35.5	0.6	—	(7.5)	314.0	311.0	0.7	1,020.2
Share options charge	—	—	9.4	—	—	—	—	(2.3)	—	7.1
Dividends paid	—	—	—	—	—	—	—	(423.4)	—	(423.4)
Capital contribution	—	—	—	—	—	—	325.7	—	—	325.7
Comprehensive Income										
Profit for the period	—	—	—	—	—	—	—	274.6	0.2	274.8
Other Comprehensive Income – before tax	—	—	—	—	0.4	(2.7)	—	13.4	—	11.1
Other Comprehensive Income – tax	—	—	—	—	—	(1.2)	—	(3.0)	—	(4.2)
Balance as at 31 December										
2011	0.3	365.6	44.9	0.6	0.4	(11.4)	639.7	170.3	0.9	1,211.3

Inmarsat Investments Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2011

(US\$ in millions)	Note	2011	2010
Cash flow from operating activities			
Cash generated from operations	22	992 1	786 2
Interest received		2 7	1 2
Income taxes paid		(112 6)	(42 9)
Net cash inflow from operating activities		882.2	744.5
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	27	(171 0)	(114 8)
Investment in Senior Notes due 2012		—	(24 4)
Net cash used in investing activities		(702 0)	(319.9)
Cash flow from financing activities			
Dividends paid to Parent Company	11	(323 4)	(165 0)
Repayment of Previous Senior Credit Facility	18	(200 0)	(90 0)
Drawdown of EIB Facility	18	—	308 4
Drawdown of Ex-Im Bank Facility	18	277 3	—
Repayment of the Stratos Senior Credit Facility	18	—	(209 2)
Redemption of the Stratos Senior Unsecured Notes	18	—	(65 5)
Repayment of Ship Equip long-term debt		(44 7)	—
Arrangement costs of new borrowing facilities	18	(22 4)	(3 3)
Interest paid on borrowings		(74 7)	(88 3)
Intercompany funding		50 0	(14 9)
Other financing activities		(0 4)	(0 1)
Net cash used in financing activities		(338.3)	(327.9)
Foreign exchange adjustment		0 2	(0 1)
Net (decrease)/increase in cash and cash equivalents		(157 9)	96.6
Movement in cash and cash equivalents			
At beginning of year		322 4	225 8
Net (decrease)/increase in cash and cash equivalents		(157 9)	96 6
As reported on Balance Sheet (net of bank overdrafts)	15	164 5	322 4
At end of year, comprising			
Cash at bank and in hand	15	63 2	73 4
Short-term deposits with original maturity of less than three months	15	102 5	249 7
Bank overdrafts	15	(1 2)	(0 7)
		164 5	322 4

Inmarsat Investments Limited
Notes to the Financial Statements
For the year ended 31 December 2011

1. General information

The principal activity of Inmarsat Investments Limited (the 'Company' or together with its subsidiaries, the 'Group') is the provision of mobile satellite communications services

The Company's parent undertaking is Inmarsat Group Limited and ultimate controlling party is Inmarsat plc, both incorporated in Great Britain and registered in England and Wales. The largest and smallest groups into which the results of the Company are consolidated are headed by Inmarsat plc and the Company respectively.

2. Principal accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the consolidated financial statements for the years ended 31 December 2011 and 2010 (the 'consolidated financial statements') are set out below.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') adopted by the European Union ('EU') and therefore the Group's financial statements comply with Article 4 of the EU International Accounting Standards ('IAS') regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention except for the revaluation of certain financial assets and financial liabilities, as described later in these accounting policies.

The Group has 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 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 Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat Investments Limited continues to adopt the going concern basis in preparing the consolidated financial statements.

Basis of accounting

The preparation of the 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, the actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following standards and interpretations, as adopted by the EU, 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 – November 2009 Amendments with respect to voluntary prepaid contributions (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), and
- 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).

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2. Principal accounting policies (continued)

At the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU)

- IFRS 7 (as amended) – Financial Instruments Disclosures – Amendments enhancing disclosures about transfers of financial assets (effective for financial years beginning on or after 1 July 2011),
- IFRS 9 – Financial Instruments – Classification and Measurement (effective for financial years beginning on or after 1 January 2013),
- IFRS 10 – Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2013),
- IFRS 11 – Joint Arrangements (effective for financial years beginning on or after 1 January 2013),
- IFRS 12 – 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 12 (as amended) – Income Taxes – Limited scope amendment (recovery of underlying assets) (effective for financial years beginning on or after 1 January 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), and
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (effective for financial years beginning on or after 1 January 2013)

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its domestic and overseas subsidiary undertakings

Subsidiary undertakings include all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity

The results of subsidiary undertakings established or acquired during the period are included in the consolidated profit and loss account from the date of establishment or acquisition of control. The results of subsidiary undertakings disposed of during the period are included until the date of disposal

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. All transactions, balances, income and expenses with and between subsidiary undertakings have been eliminated on consolidation

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets, liabilities and contingent liabilities acquired. Where the fair value of the total consideration, both paid and deferred, exceeds the fair value of the identifiable separable assets, liabilities and contingent liabilities acquired, the difference is treated as purchased goodwill. Fees and similar incremental costs incurred directly in making the acquisition are recorded in the Income Statement as incurred, in line with IFRS 3

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2. Principal accounting policies (continued)

Where the deferred consideration is payable in cash, the liability is discounted to its present value. Where the deferred consideration is contingent upon future trading performance, an estimate of the present value of the deferred consideration payable is made. The contingent deferred consideration is reassessed annually and any gain or loss on remeasurement is recorded in the Income Statement.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests share of changes in equity since the date of the original combination.

Group Reorganisation

On 30 June 2010, we completed a reorganisation plan under which the ownership of Inmarsat Finance III Limited ('Finance III') and all its subsidiaries (including Stratos Wireless Inc and its subsidiaries 'Stratos'), was transferred within the Inmarsat group (the 'Group Reorganisation'). The ownership in Finance III was passed down the Inmarsat chain of companies to Inmarsat Ventures Limited by way of a series of share-for-share transactions. As a result of the Group Reorganisation, Stratos became an indirect wholly-owned subsidiary of Inmarsat Investments Limited.

Accounting for internal reorganisations is outside the scope of IFRS 3, 'Business Combinations' and IFRS does not contain additional guidance. Therefore, in accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', the Group is entitled to consider the pronouncements of other standard setting bodies, such as UK GAAP. Therefore, we have accounted for the Group Reorganisation using merger accounting principles. The key features of this accounting are:

- the carrying value of the assets and liabilities 'acquired' by the Group are not adjusted to fair values on consolidation,
- any difference between the value of consideration provided and net assets acquired is not recognised as goodwill, but is adjusted against reserves,
- the premium above nominal value for any shares issued is recognised as a group reconstruction reserve rather than as share premium,
- the results and cash flows of all the combining entities are recognised in the consolidated financial statements from the beginning of the financial period in which the combination occurred, and
- the corresponding prior year figures are restated as if Inmarsat Investments Limited had always been the parent undertaking of the new group of companies.

Foreign currency translation

a) Functional and presentation currency

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

The hedged rate between US Dollar and Pounds Sterling for 2011 for Inmarsat Global was US\$1.51/£1.00 (2010 US\$1.49/£1.00).

b) Transactions and balances

Transactions not denominated in the functional currency of the respective subsidiary undertakings of the Group during the year have been translated using the spot rates of exchange ruling at the dates of the transactions. Differences on exchange arising on the settlement of the transactions denominated in currencies other than the respective functional currency are recognised in the Income Statement.

Monetary assets and liabilities not denominated in the functional currency of the respective subsidiary undertaking of the Company have been translated at the spot rates of exchange ruling at the end of each month. Differences on exchange arising from the translation of monetary assets and liabilities denominated in currencies other than the respective functional currency are recognised in equity to the extent that the foreign exchange exposure is hedged while the remaining differences are recognised in the Income Statement.

Shares issued by the Company and denominated in a currency other than US Dollars are translated at the rates ruling at the date of issue.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2. Principal accounting policies (continued)

Financial instruments and hedging activities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Financial instruments are initially measured at fair value. Subsequent measurement depends on the designation of the instrument. Non-derivative financial assets are classified as accounts receivable, short-term deposits or cash and cash equivalents. They are stated at amortised cost using the effective-interest method, subject to reduction for allowances for estimated irrecoverable amounts. For interest-bearing assets, their carrying value includes accrued interest receivable. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts, which are included as current borrowings in liabilities on the Balance Sheet. Non-derivative financial liabilities are all classified as other liabilities and stated at amortised cost using the effective interest method. For borrowings, their carrying value includes accrued interest payable, as well as unamortised issue costs.

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting under IAS 39 are accounted for as trading instruments. Derivatives are initially recognised and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on remeasurement is taken to the Income Statement except where the derivative is a designated cash flow hedging instrument.

In order to qualify for hedge accounting, the Group is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group is also required to demonstrate that the hedge will be highly effective on an ongoing basis. This effectiveness testing is reperformed at each period end to ensure that the hedge remains highly effective.

Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity. Where the forecast transaction results in a financial asset or liability, gains or losses previously recognised in equity are reclassified to the Income Statement in the same period as the asset or liability impacts income. If the forecasted transaction or commitment results in future income or expenditure, gains or losses deferred in equity are transferred to the Income Statement in the same period as the underlying income or expenditure. The ineffective portions of the gain or loss on the hedging instrument are recognised immediately in the Income Statement.

Where a hedge no longer meets the effectiveness criteria, any gains or losses deferred in equity are only transferred to the Income Statement when the committed or forecasted transaction is recognised in the Income Statement. However, where the Group has applied cash flow hedge accounting for a forecasted or committed transaction that is no longer expected to occur, then the cumulative gain or loss that has been recorded in equity is transferred to the Income Statement. When a hedging instrument expires or is sold, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement.

Revenue recognition

Mobile satellite communications services revenue results from utilisation charges that are recognised as revenue in the period during which the services are provided. Deferred income attributable to mobile satellite communications services or subscription fees represents the unearned balances remaining from amounts received from customers pursuant to prepaid contracts. Mobile satellite communications services lease revenues are recorded on a straight-line basis over the term of the contract concerned, which is typically between one and 12 months, unless another systematic basis is deemed more appropriate.

Revenue also includes income from spectrum coordination agreements, services contracts and income from the sale of terminals and other communication equipment. Revenue from spectrum coordination agreements is recognised using the percentage of completion or straight-line approach depending on the underlying terms of the agreement (see note 4(d)). Revenue from service contracts is recognised as the service is provided. Sales of terminals and other communication equipment are recognised when the risks and rewards of ownership are transferred to the purchaser.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2. Principal accounting policies (continued)

The Company offers certain products and services as part of multiple deliverable arrangements. Multi-deliverable arrangements are divided into separate units of accounting provided, 1) the deliverable has a standalone value to the customer if it is sold separately, and 2) the fair value of the item can be objectively and reliably determined. Consideration for these items is measured and allocated to each separate unit based on their relative fair values and the Company's relevant revenue recognition policies are applied to them.

Employee benefits

Wages, salaries, social security contributions, accumulating annual leave, bonuses and non-monetary benefits are accrued in the year in which the associated services are performed by the employees of the Group.

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has demonstrably committed to either terminate the employment of current employees or to provide termination benefits, as a result of an offer made to encourage voluntary redundancy.

The Group recognises liabilities relating to defined benefit pension plans and post-retirement healthcare benefits in respect of employees. The Group's net obligation in respect of defined benefit pension plans and post-retirement healthcare benefits are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method.

All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are immediately recognised in the Statement of Comprehensive Income.

The Group operates a number of defined contribution pension schemes. Pension costs for the defined contribution schemes are charged to the Income Statement when the related employee service is rendered.

Inmarsat plc, the ultimate holding company, issues equity-settled share options and awards to employees of the Group. Equity-settled share option awards are measured at fair value at the date of the grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary deductible differences or tax loss carry forwards can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2 Principal accounting policies (continued)

Research and development

Research expenditure is expensed when incurred. Development expenditure is expensed when incurred unless it meets criteria for capitalisation. Development costs are only capitalised once the technical feasibility and commercial viability of a business case has been demonstrated and they can be measured reliably. Capitalised development costs are amortised on a straight-line basis over their expected useful economic life.

Property, plant and equipment

Space segment assets

Space segment assets comprise satellite construction, launch and other associated costs, including ground infrastructure. Expenditure charged to space segment projects includes invoiced progress payments, amounts accrued appropriate to the stage of completion of contract milestone payments, external consultancy costs and direct internal costs. Internal costs, comprising primarily staff costs, are only capitalised when they are directly attributable to the construction of an asset. Progress payments are determined on milestones achieved to date together with agreed cost escalation indices. Deferred satellite payments represent the net present value of future payments dependent on the future performance of each satellite and are recognised in space segment assets when the satellite becomes operational. The associated liability is stated at its net present value and included within liabilities. These space segment assets are depreciated over the life of the satellites from the date they become operational and are placed into service. Borrowing costs attributable to the construction of assets which take a substantial period of time to get ready for intended use ('qualifying assets') are added to the costs of those assets.

Assets in course of construction

Assets in course of construction primarily relate to the Alphasat satellite, Inmarsat-5 satellites and Global Xpress services. These assets will be transferred to space segment assets and depreciated over the life of the satellites once they become operational and placed into service. No depreciation has been charged on these assets.

Other fixed assets

Other fixed assets are stated at historical cost less accumulated depreciation.

Depreciation

Depreciation is calculated to write off the historical cost less residual values, if any, of fixed assets, except land, on a straight-line basis over the expected useful lives of the assets concerned. The Group selects its depreciation rates and residual values carefully and reviews them annually to take account of any changes in circumstances. When setting useful economic lives, the principal factors the Group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

Asset retirement obligations

The fair value of legal obligations associated with the retirement of tangible property, plant and equipment is recognised in the financial statements in the period in which the liability is incurred. Upon initial recognition of a liability for an asset retirement obligation, a corresponding asset retirement cost is added to the carrying amount of the related asset, which is subsequently amortised to income over the remaining useful life of the asset. Following the initial recognition of an asset retirement obligation, the carrying amount of the liability is increased for the passage of time by applying an interest method of allocation to the liability with a corresponding accretion cost reflected in operating expenses.

Revisions to either the timing or the amount of the original estimate of undiscounted cash flows are recognised each period as an adjustment to the carrying amount of the asset retirement obligation.

Government grants

Government grants have been received in relation to the purchase and construction of certain assets. Government grants are deducted from the cost of the relevant assets to arrive at carrying amount. The grants are therefore recognised as income over the lives of the assets by way of a reduced depreciation charge.

Gains and losses on disposals of tangible and intangible assets

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These are included in the Income Statement.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2. Principal accounting policies (continued)

Intangible assets

Intangible assets comprise goodwill, patents, trademarks, software, terminal development costs, spectrum rights, orbital slots and licences, customer relationships and intellectual property

Intangible assets arise from separate purchases and acquisitions as part of business combinations. In addition, internally-generated intangible assets are recognised only if all the following conditions are met

- an asset is created that can be identified,
- it is probable that the asset created will generate future economic benefits, and
- the development cost of the asset can be reliably measured

Development costs directly relating to the development of new services are capitalised as intangible assets. Costs are capitalised once a business case has been demonstrated as to technical feasibility and commercial viability.

Intangible assets with a finite useful life are depreciated on a straight-line basis over the life of the asset and the amortisation period and method are reviewed each financial year. Intangible assets with an indefinite useful life are reviewed annually for impairment.

Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of assets that are subject to amortisation and depreciation to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, an impairment review is conducted. Intangible assets with an indefinite life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Impairment testing involves a comparison of the carrying amount of the asset with its recoverable amount, which is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating units ('CGU') to which the asset belongs. Fair value less costs to sell is calculated by reference to the amount at which the asset could be disposed of. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

CGUs are identified as groups of assets, liabilities and associated goodwill that generate cash flows that are largely independent of other cash flow streams. The assets and liabilities include those directly involved in generating the cash flows and an appropriate proportion of corporate assets.

An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount. The carrying amount will only be increased where an impairment loss recognised in a previous period for an asset other than goodwill either no longer exists or has decreased, up to the amount that it would have been had the original impairment not occurred. Any impairment to goodwill recognised in a previous period is not reversed.

Investments

Investments in equity instruments that do not have quoted market prices in active markets are recorded at cost. Investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be fully recoverable.

Trade receivables

Trade receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are recognised in other operating costs when there is objective evidence that trade receivables are impaired. Larger accounts are specifically reviewed to assess a customer's ability to make payments.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

2 Principal accounting policies (continued)

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the lease.

Interest and finance costs

Interest on borrowings and other financial liabilities is recognised in the Income Statement using the effective interest rate method.

Borrowing costs attributable to qualifying assets are added to the costs of those assets.

Inventories

Inventories are stated at the lower of cost (determined by the weighted average cost method) and net realisable value. Allowances for obsolescence are recognised in other operating costs when there is objective evidence that inventory is obsolete.

Cash and cash equivalents

Cash and cash equivalents, measured at fair value, includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings as current liabilities on the Balance Sheet.

Provisions

Provisions, other than in respect of pension and post-retirement healthcare benefits, are recognised when the Group has a legal or constructive obligation to transfer economic benefits arising from past events and the amount of the obligation can be estimated reliably. Provisions are not recognised unless the outflow of economic benefits to settle the obligation is more likely than not to occur.

Borrowings

Borrowings are initially recognised as proceeds received, net of transaction and arrangement costs incurred. Borrowings are subsequently stated at amortised cost. Transaction and arrangement costs of borrowings and the difference between the proceeds and the redemption value are recognised in the Income Statement over the life of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Earnings before interest, tax, depreciation and amortisation ('EBITDA')

EBITDA is a non GAAP performance measure used by analysts and investors, and is defined as profit before income tax, net interest payable, depreciation and amortisation, acquisition-related adjustments, impairment losses and share of results of associates.

3. Financial risk management

Financial risk factors

The Group's operations and significant debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, foreign currency exchange rates, credit risks, liquidity risks and interest rates. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by using forward exchange contracts to limit exposure to foreign currency risk and interest rate swaps to reduce the impact of fluctuating interest rates on its floating rate long-term debt.

The Board of Directors of Inmarsat plc has delegated to a sub-committee, the Treasury Review Committee, the responsibility for setting the risk management policies applied by the Group. The policies are implemented by the treasury department which receives regular reports from the operating companies to enable prompt identification of financial risks so that appropriate actions may be taken. The treasury department has a policy and procedures manual that sets out specific guidelines for managing foreign exchange risk, interest rate risk and credit risk (see note 30). The management of the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

3. Financial risk management (continued)

(a) Market risk

(i) Foreign exchange risk

The functional currency of Inmarsat Group is US Dollars. The Group's long-term borrowings are denominated in US Dollars, the majority of its revenue is earned in US Dollars and the vast majority of capital expenditure is denominated in US Dollars, which are therefore not subject to risks associated with fluctuating foreign currency rates of exchange. However, approximately 50% (2010: 60%) of Inmarsat Global's operating costs are denominated in Sterling. Inmarsat Solutions operate internationally, resulting in approximately 5%-10% of revenue and expenditure being denominated in currencies other than the US Dollar. The Group's exposures therefore need to be carefully managed to avoid variability in future cash flows and earnings caused by volatile foreign exchange rates.

The foreign currency hedging policy of the Group is to economically hedge a minimum of 50% of anticipated foreign currency exposure in operating expenses for the next 12 months and up to a maximum of 100% for the next three years on a rolling basis.

As at 31 December 2011 it is estimated that:

- A hypothetical 1% inflation of the hedged US Dollar/Sterling exchange rate (US\$1.51/£1.00 to US\$1.53/£1.00) would have decreased the 2011 profit before tax by approximately US\$1.1m (2010: US\$1.1m).
- A hypothetical 1% inflation of the US Dollar/Sterling foreign currency spot rate at 31 December 2011, would have reduced the 2011 profit before tax by approximately US\$0.2m (2010: US\$0.2m), primarily as a result of the translation of Sterling denominated monetary assets and liabilities. This analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation of these items at the period end for a 1% change in foreign currency rates.
- A hypothetical 1% deflation (2010: inflation) in the US Dollar/Sterling and a 1% deflation in the US Dollar/Euro foreign currency spot rates at 31 December 2011, would have decreased equity by US\$1.0m and US\$1.0m, respectively (2010: US\$1.8m and US\$1.3m, respectively) primarily as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in foreign exchange rates.

(ii) Price risk

The Group is not exposed to significant equity securities price risk or commodity price risk.

(b) Interest rate risk

Given the Group has no significant interest-bearing assets (except cash and cash equivalents), income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Senior Credit Facility and the EIB Facility are at variable rates whilst the Subordinated Senior Notes due 2017 Loan and the Ex-Im Facility are at fixed rates.

The policy of the Group is to ensure certainty of the interest charge by fixing interest rates on 60%-100% of forecast net debt for the next two years on a rolling basis. The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specific intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

As at 31 December 2011, if interest rates on net borrowings changed by 1%, with all other variables held constant, the Group's profit after tax for the year would have been impacted by US\$2.1m (2010: US\$0.5m). This is primarily due to the Group's exposure to interest rates on its variable rate borrowings and cash and cash equivalents. The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at each balance sheet date was outstanding for the whole year. Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in interest rates.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

3 Financial risk management (continued)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Financial instruments that potentially subject the Group to a concentration of credit risk consist of cash and cash equivalents, short-term deposits, trade receivables and derivative financial instruments. The credit risk on liquid funds (cash and cash equivalents and short-term deposits) and derivative financial instruments is limited because the counterparties are highly rated financial institutions.

The maximum exposure to credit risk is

(US\$ in millions)	Note	2011	2010
Cash and cash equivalents	15	165.7	323.1
Trade receivables and other receivables	16	187.5	203.0
Derivative financial instruments	30	7.9	14.3
Total credit risk		361.1	540.4

The Group's average age of trade receivables as at 31 December 2011 (excluding the impact of LightSquared) was approximately 50 days (as at 31 December 2010: 59 days). At 31 December 2011, US\$139.3m (2010: US\$146.3m) of trade receivables were not yet due for payment. No interest is charged on trade receivables until the receivables become overdue for payment. Thereafter, interest may be charged at varying rates depending on the terms of the individual agreements. The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third party collections processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis.

The following table sets out the Group's provision for uncollectable trade receivables and revenue adjustments.

(US\$ in millions)	2011	2010
As at 1 January	11.2	12.9
Charged to the provision in respect of the current year	10.3	9.7
Utilised in the year	(9.6)	(10.0)
Provision released in the year	(0.7)	(1.4)
As at 31 December^(a)	11.2	11.2

(a) The maturity of the Group's provision for uncollectable trade receivables and revenue adjustments for the year ended 31 December 2011 is US\$2.9m current, US\$2.5m between 1 and 30 days overdue, US\$2.4m between 31 and 120 days overdue and US\$3.4m over 120 days overdue (2010: US\$2.0m, US\$1.1m, US\$1.1m and US\$7.0m respectively).

For 2011, one (2010: one) distribution partner, which is reported in the Inmarsat Global segment, comprised approximately 16.7% (2010: 21.3%) of the Group's total revenues. This same customer comprised 24.0% (2010: 34.0%) of the Group's trade receivables balance as at 31 December 2011. In addition, for 2011, revenue from our Cooperation Agreement with LightSquared made up approximately 14.5% (2010: 1.5%) of the Group's total revenues. No other customer accounted for 10% or more of the Group's revenue and accounts receivable at 31 December 2011.

The following table sets out the maturity of the Group's trade receivables that are past due, net of provisions for uncollectable trade receivables and revenue adjustments.

(US\$ in millions)	Note	2011	2010
Between 1 and 30 days overdue		19.0	34.6
Between 31 and 120 days overdue		5.8	3.2
Over 120 days overdue		1.6	0.5
As at 31 December	16	26.4	38.3

(d) Liquidity risk

The Group is exposed to liquidity risk with respect to its contractual obligations and financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits and the availability of funding through an adequate amount of committed credit facilities.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

3. Financial risk management (continued)

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table sets out total available liquidity of the Group

(US\$ in millions)	Note	2011	2010
Cash and cash equivalents	15	165.7	323.1
Available but undrawn borrowing facilities ^(a)	18	1,172.7	300.0
Total available liquidity		1,338.4	623.1

(a) Relates to the Senior Credit Facility and Ex-Im Bank Facility (see note 18)

We believe our liquidity position is more than sufficient to meet the Group's needs for the foreseeable future

4. Critical accounting estimates and judgements in applying accounting policies

The preparation of the consolidated financial statements 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. Actual results could differ from those estimates. The more significant estimates are discussed below

(a) Estimated impairment of goodwill

The Group annually undertakes tests to determine whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The carrying amounts of goodwill and intangible assets are given in note 13

For the purpose of testing for impairment, goodwill is specifically allocated to one of four CGUs which have been identified, being Inmarsat Global, Stratos, Segovia and Ship Equip. It has been determined that goodwill that arose on the acquisition of Inmarsat Ventures Limited represented goodwill of the Inmarsat CGU only. Goodwill that arose on the acquisition of Stratos has been allocated to the Stratos CGU. Goodwill that arose on the acquisition of Segovia and Ship Equip has been allocated to the Segovia and Ship Equip CGU, respectively. As at 31 December 2011, the carrying amount of goodwill allocated to the Inmarsat, Stratos, Segovia and Ship Equip CGUs was US\$406.2m, US\$142.5m, US\$27.2m and US\$66.6m, respectively

As at 31 December 2010, the Stratos goodwill was allocated between two separate CGUs, Stratos MSS and Stratos Broadband. In performing the impairment test for the year ended 31 December 2011, the impact of internal restructuring which began in December 2010 was taken into account. Based on the operation of the new structure, interdependency of assets and bundling of revenue, it is no longer possible to identify cash flows attributable to the previous CGUs. Therefore, for the 2011 financial year the use of two separate CGUs was no longer appropriate and they were combined into one joint 'Stratos' CGU. As at 31 December 2010, the carrying amount of goodwill allocated to the Inmarsat Global, Stratos MSS, Stratos Broadband and Segovia CGUs was US\$406.2m, US\$241.4m, US\$21.1m and US\$27.2m, respectively. Goodwill of US\$262.5m which was previously allocated between the old Stratos MSS and Stratos Broadband CGUs has been combined to form goodwill of the single Stratos CGU

Goodwill is tested for impairment by comparing the carrying amount of the CGU with its value in use. The key assumptions used in calculating the value in use are as follows

Recoverable amount

The recoverable amount of each CGU is based on the value in use, which is determined using cash flow projections derived from financial plans approved by management covering a five-year period. They reflect management's expectations of revenue, EBITDA growth, capital expenditure, working capital and operating cash flows, based on past experience and future expectations of business performance. Cash flows beyond the five-year period have been extrapolated using perpetuity growth rates

Growth rates

Long-term growth rates of between 2.5%-3.0% (2010: 2.5%-3.0%) have been applied to extrapolate the cash flows into perpetuity. The growth rate has been determined using long-term historical growth rates of the CGU and management's conservative expectation of future growth

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

4. Critical accounting estimates and judgements in applying accounting policies (continued)

Discount rate

The pre-tax rate used to discount the cash flow projections in respect of the Group for 2011 was between 11.6%-17.2% (2010 10.5%-14.0%). The discount rate reflects the time value of money and is derived from the Group's weighted average cost of capital, adjusted for the risk associated with each individual CGU.

An impairment charge of US\$120.0m in respect of the Stratos CGU was recorded in the year ended 31 December 2011 (2010 US\$nil). Operating profit forecasts for the Stratos CGU have been adjusted downwards due to both internal and external factors. Firstly, price increases implemented by Inmarsat Global have not been passed onto Stratos' end-customers, resulting in reduced margins for the Stratos CGU. Secondly, 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. A long-term growth rate of 2.5% was applied to extrapolate the Stratos CGU cash flow projections into perpetuity and a pre-tax discount rate of 13.8% used to discount the cash flow projections.

(b) Pension arrangements and post-retirement healthcare benefit assumptions

The Group has applied a rate of return on assets of 6.65% p.a. (2010 7.78% p.a.) which represents the expected return on asset holdings in the future. The discount rate used to calculate the pension and post-retirement healthcare benefits liability was 4.74% (2010 5.40%) (see note 26).

(c) Income tax

The Group's income tax balance is the sum of the total current and deferred tax balances. The calculation of this, and of the Group's 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. Issues can, and often do, take a number of years to resolve. 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.

(d) Revenue in respect of the LightSquared Cooperation Agreement

In December 2007, Inmarsat and LightSquared LP, Skyterra (Canada) Inc. and LightSquared Inc. (together 'LightSquared') entered into a Cooperation Agreement for the efficient use of L-band spectrum over North America. To date, LightSquared has made payments totalling US\$546.5m, of which US\$308.1m was received during 2011, US\$29.6m in January 2012 and US\$56.3m in April 2012. The Group has, thus far, recognised US\$221.3m of revenue and US\$11.6m of operating costs under all phases of the Cooperation Agreement. For the year ended 31 December 2011, the Group recognised US\$203.8m of revenue and US\$11.2m of operating costs, in respect of all phases of the Cooperation Agreement (year ended 31 December 2010 US\$17.5m and US\$0.4m, respectively).

On 17 August 2010, LightSquared triggered Phase 1 of this agreement under which the Group will receive payments totalling US\$118.8m in respect of its work to transition to a modified spectrum plan, which will be accounted for based on the time spent by Inmarsat's engineers as a percentage of the expected time to complete the spectrum re-banding exercise over an 18-month transition period. In addition, Inmarsat will receive US\$250.0m towards the costs that the Group will incur on network and terminal modifications which will be recognised according to the costs incurred to date as a percentage of management's best estimate of the total that will be incurred. Under Phase 1 of the Cooperation Agreement, LightSquared has made payments totalling US\$312.5m. During the year ended 31 December 2011, the Group has recognised US\$95.6m of revenue and US\$11.1m of operating costs in respect of Phase 1 (year ended 31 December 2010 US\$17.5m and US\$0.4m, respectively).

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

4. Critical accounting estimates and judgements in applying accounting policies (continued)

On 28 January 2011, Inmarsat received notice from LightSquared triggering Phase 2 of the Cooperation Agreement. Under Phase 2, the Group will support a phased transition to a further spectrum plan that increases the total capacity available to LightSquared. In return, the Group will receive payments of US\$115.0m per annum, increasing at a rate of 3% annually, with effect from January 2011. The deliverables under Phase 2 can be split into two distinct periods: 1) To transition to a spectrum plan (Plan 2B) which is necessary for LightSquared to operate their proposed services over North America. Work on this will be continuous and the opportunity cost affects the entire period from commencement of Phase 2 equally, therefore revenue will be recognised on a straight-line basis over the entire period; 2) To provide the necessary spectrum on an ongoing basis, this period will commence on the signing over of the Phase 2B spectrum plan to LightSquared. The payments in respect of this element will also be recognised on a straight-line basis over the period to which the payment relates. As at 31 December 2011, LightSquared had made payments totalling US\$108.1m under Phase 2 of the Cooperation Agreement. During the year ended 31 December 2011, the Group has recognised US\$108.1m of revenue and US\$nil of operating costs in respect of Phase 2.

On 15 April 2011, Inmarsat signed an amendment to the Cooperation Agreement, in which the Group might (at our option) accelerate delivery of the spectrum plan under Phase 2 by up to nine months from the date that Inmarsat originally agreed with LightSquared in December 2007. Under the terms of the amendment, which we refer to as Phase 1.5, LightSquared has agreed to pay the Group certain amounts dependent on when we deliver the spectrum plan relative to the date originally agreed. In connection with Phase 1.5, the Group has already received a payment of US\$40.0m on 29 April 2011. The total costs to deliver Phase 1.5 are not expected to exceed the payment already received and will be recognised as incurred, with revenue recognised based on the percentage of completion approach relative to the total Phase 1.5 costs. During the year ended 31 December 2011, the Group has recognised US\$0.1m of revenue and US\$0.1m of operating costs in respect of Phase 1.5.

See note 34 for LightSquared events after the balance sheet date.

The key area of estimation uncertainty relates to our estimates of the total time/costs that will be incurred and our estimate of the percentage of completion of the time and costs that we have incurred.

5. Profit before income tax

Costs are presented by the nature of the expense to the Group. Network and satellite operations costs comprise costs to third parties for network service contracts, operating lease rentals and services. A further breakdown of employee benefit costs is given in note 6 below.

Profit before income tax is stated after charging the following items:

(US\$ in millions)	Note	2011	2010
Depreciation of property, plant and equipment	12	180.0	173.1
Amortisation of intangible assets	13	65.8	61.5
Impairment of goodwill	4	120.0	—
Impairment of trademarks	13	21.5	—
Operating lease rentals			
— Land and buildings		16.7	16.8
— Services equipment, fixtures and fittings		1.2	0.6
— Space segment		20.1	17.4
Cost of inventories recognised as an expense		66.6	63.5
Research and development costs expensed		6.3	4.4

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

5 Profit before income tax (continued)

The analysis of the Auditor's remuneration is as follows

(US\$ in millions)	2011	2010
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	—	—
Fees payable to the Company's Auditor for other services to the Group		
— The audit of the Company's subsidiaries, pursuant to legislation	0.9	0.9
— Audit-related assurance services	0.1	0.1
— Tax compliance services	0.2	0.6
— Tax advisory services	1.3	2.1
— Services relating to corporate finance transactions	0.3	—
Total Auditor's remuneration	2.8	3.7

(a) In addition to the fees disclosed above, Inmarsat Global's pension plan incurred audit fees from our auditor of US\$23,890 for the 2011 financial year (2010: US\$18,480)

(b) At 31 December 2011, Inmarsat Global had contractually committed to US\$nil of services to be completed in the 2012 financial year (31 December 2010: US\$0.6m of tax services to be completed in the 2011 financial year)

6. Employee benefit costs (including the Directors)

(US\$ in millions)	Note	2011	2010
Wages and salaries		169.4	148.6
Social security costs		14.1	12.6
Share options charge (including employers' national insurance contribution)	24	13.0	11.4
Defined contribution pension plan costs		6.5	5.9
Defined benefit pension plan costs ^(a)	26	2.6	2.2
Post-retirement healthcare plan costs ^(a)	26	0.9	1.0
Total employee benefit costs		206.5	181.7

(a) Defined benefit pension plan costs and post-retirement healthcare plan costs for 2011 and 2010 reflect the service cost (see note 26)

Employee numbers

The average monthly number of people (including the Directors) employed during the year by category of employment

	2011			2010		
	Inmarsat Global	Inmarsat Solutions ^(a)	Total	Inmarsat Global	Inmarsat Solutions	Total
Operations	203	455	658	191	358	549
Sales and marketing	96	188	284	92	143	235
Development and engineering	94	71	165	78	98	176
Administration	146	290	436	139	255	394
	539	1,004	1,543	500	854	1,354

(a) Includes 136 people employed by Ship Equip, which was acquired on 28 April 2011

7. Executive and Non-Executive Directors' remuneration

None of the Directors received emoluments in respect of his/her service to the Company in the years ended 31 December 2011 and 2010

Executive and Non-Executive Directors' remuneration for Inmarsat plc are disclosed in the Inmarsat plc annual report

Key management

The Directors and the Executive Staff (comprising the Chief Executive Officer and his direct reports) are the key management of the business (see note 32)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

8. Net interest payable

(US\$ in millions)	2011	2010
Interest on Senior Notes and credit facilities	16.4	13.4
Interest on Subordinated Parent Company Loan and intercompany interest payable	49.5	61.8
Interest on Inmarsat Solutions borrowings ^(a)	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 ^(b)	9.9	6.9
Premium on purchase of Stratos Senior Unsecured Notes	—	1.4
Other interest	0.6	1.3
Interest payable and similar charges	100.6	121.1
Less: Amounts included in the cost of qualifying assets ^(c)	(24.4)	(6.6)
Total interest payable and similar charges	76.2	114.5
Bank interest receivable and other interest	4.7	1.1
Pension and post-retirement liability finance gains	—	0.1
Intercompany interest receivable	0.2	1.1
Total interest receivable and similar income	4.9	2.3
Net interest payable	71.3	112.2

- (a) 2010 includes US\$8.9m non-recurring items in connection with the Stratos refinancing. This consists of the write-off of unamortised issue costs of US\$1.9m and US\$3.9m in relation to the repayment of the Stratos Senior Credit Facility and the redemption of the Stratos Senior Unsecured Notes, respectively, as well as the recognition of the net redemption premium of US\$3.1m in respect of the Stratos Senior Unsecured Notes (see note 18).
- (b) 2011 includes the write-off of unamortised issue costs of US\$3.8m in relation to the refinancing of our previous US\$500.0m Senior Credit Facility (see note 18).
- (c) Borrowing costs included in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditure on such assets. The average interest capitalisation rate for the year was 7.99% (2010: 7.33%).

9. Income tax

Income tax expense recognised in the Income Statement

(US\$ in millions)	2011	2010
Current tax expense:		
Current year	(128.5)	(70.7)
Adjustments in respect of prior periods		
— Other	6.8	10.8
Total current tax expense	(121.7)	(59.9)
Deferred tax credit/(expense):		
Origination and reversal of temporary differences		
— Other temporary differences	(8.6)	(19.9)
Adjustment due to reduction in the corporation tax rate from 27% to 25% (2010: 28% to 27%)	5.4	0.8
Adjustments in respect of prior periods	4.7	2.8
Total deferred tax credit/(expense)	1.5	(16.3)
Total income tax expense	(120.2)	(76.2)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

9. Income tax (continued)

Reconciliation of effective tax rate

(US\$ in millions)	2011	2010
Profit before tax	395.0	347.9
Income tax at 26.5% (2010: 28%)	(104.7)	(97.4)
Differences in overseas tax rates	(2.9)	(3.4)
Adjustments in respect of prior periods		
— Other	11.5	13.6
Effect of the reduction in the corporation tax rate from 27% to 25% (2010: 28% to 27%) on		
— Current year movement in deferred tax	5.4	0.8
Impact of current and prior year losses	1.7	(0.8)
Non deductible impact of Stratos goodwill impairment	(31.8)	—
Other non-deductible expenses/non taxable income ^(a)	0.6	11.0
Total income tax expense	(120.2)	(76.2)

(a) In 2010, includes a non-recurring tax credit of US\$7.0m

Tax (charged)/credited to equity

(US\$ in millions)	2011	2010
Current tax credit on share options	0.3	0.4
Deferred tax (charge)/credit on share options	(2.6)	0.8
Deferred tax (charge)/credit relating to gains on cash flow hedges	(1.2)	4.1
Deferred tax charge on actuarial gains and losses from pension and post-retirement healthcare benefits	(3.0)	(2.6)
Total tax (charged)/credited to equity	(6.5)	2.7

10. Net foreign exchange losses/(gains)

(US\$ in millions)	Note	2011	2010
Pension and post-retirement liability	26	(0.4)	(1.6)
Other operating costs		0.5	0.6
Total foreign exchange losses/(gains)		0.1	(1.0)

11. Dividends

The Company paid dividends during the year ended 31 December 2011 of US\$68.9m and US\$104.5m for the 2011 interim dividend and the 2010 final dividend, respectively. In addition, in the year ended 31 December 2011, the Company declared one-off dividends totalling US\$250.0m to fund a share repurchase programme by Inmarsat plc (the ultimate parent company) (year ended 31 December 2010: US\$64.3m and US\$100.7m for the 2010 interim dividend and the 2009 second interim dividend, respectively).

No final dividend for the year ended 31 December 2011 has been declared or paid.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

12. Property, plant and equipment

(US\$ in millions)	Freehold land and buildings	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:					
1 January 2010	12.4	200.4	1,905.6	98.1	2,216.5
Additions	1.1	24.3	15.6	119.7	160.7
Acquisitions	0.8	2.2	—	—	3.0
Disposals	—	(0.3)	—	—	(0.3)
Transfers	—	2.1	72.9	(75.0)	—
31 December 2010	14.3	228.7	1,994.1	142.8	2,379.9
Additions	0.5	30.0	22.0	542.8	595.3
Acquisitions	—	3.1	46.6	—	49.7
Disposals	—	(0.5)	(0.3)	—	(0.8)
Transfers	—	2.7	0.1	(2.8)	—
31 December 2011	14.8	264.0	2,062.5	682.8	3,024.1
Accumulated depreciation:					
1 January 2010	(4.3)	(116.0)	(731.0)	—	(851.3)
Charge for the year	(0.8)	(28.6)	(143.7)	—	(173.1)
Disposals	—	0.2	—	—	0.2
31 December 2010	(5.1)	(144.4)	(874.7)	—	(1,024.2)
Charge for the year	(0.9)	(34.5)	(144.6)	—	(180.0)
Disposals	—	0.1	0.1	—	0.2
31 December 2011	(6.0)	(178.8)	(1,019.2)	—	(1,204.0)
Net book amount at 31 December 2010	9.2	84.3	1,119.4	142.8	1,355.7
Net book amount at 31 December 2011	8.8	85.2	1,043.3	682.8	1,820.1

The lives assigned to significant tangible fixed assets are

Space segment assets

Satellites	13–15 years
Other space segment assets, including ground infrastructure	5–12 years
Fixtures and fittings, and services-related equipment	3–15 years
Buildings	20 years

At 31 December 2011 and 2010, freehold land and buildings for Inmarsat Global were carried at cost less accumulated depreciation (US\$nil). Had the freehold land and buildings been revalued on a market basis, their carrying amount at 31 December 2011 would have been US\$14.0m (based on the 31 December 2011 exchange rate between the US Dollar and Pounds Sterling of US\$1.55/£1.00) (2010 US\$14.1m). The Directors determined the market valuation.

In 2011, the Group received government grants in relation to the purchase and construction of certain assets. The grants have been deducted from the cost of the relevant asset to arrive at the carrying amount. Government grants received in 2011 were US\$9.7m (2010 US\$6.8m).

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

13. Intangible assets

(US\$ in millions)	Goodwill	Trademarks	Software	Patents	Terminal development costs	Customer relationships	Spectrum Rights, Orbital Slots & Licences	Intellectual property	Total
Cost									
1 January 2010	668.7	35.8	113.1	14.0	106.9	232.2	5.7	0.7	1,177.1
Additions	–	–	15.9	–	11.6	–	–	–	27.5
Acquisitions	27.2	4.8	0.3	–	–	108.9	–	–	141.2
31 December 2010	695.9	40.6	129.3	14.0	118.5	341.1	5.7	0.7	1,345.8
Additions	–	–	21.3	–	5.7	–	2.3	–	29.3
Acquisitions	66.6	9.3	16.8	–	–	38.0	1.8	–	132.5
31 December 2011	762.5	49.9	167.4	14.0	124.2	379.1	9.8	0.7	1,507.6
Accumulated amortisation and impairment losses									
1 January 2010	–	(9.4)	(61.8)	(12.1)	(31.1)	(40.0)	(2.0)	(0.7)	(157.1)
Charge for the year	–	(3.1)	(19.1)	(1.8)	(10.0)	(26.9)	(0.6)	–	(61.5)
31 December 2010	–	(12.5)	(80.9)	(13.9)	(41.1)	(66.9)	(2.6)	(0.7)	(218.6)
Charge for the year	–	(3.2)	(20.3)	(0.1)	(11.9)	(29.0)	(1.3)	–	(65.8)
Impairment losses	(120.0)	(21.5)	–	–	–	–	–	–	(141.5)
31 December 2011	(120.0)	(37.2)	(101.2)	(14.0)	(53.0)	(95.9)	(3.9)	(0.7)	(425.9)
Net book amount									
31 December 2010	695.9	28.1	48.4	0.1	77.4	274.2	3.1	–	1,127.2
Net book amount									
31 December 2011	642.5	12.7	66.2	–	71.2	283.2	5.9	–	1,081.7

Goodwill represents the excess of consideration paid on an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to CGUs for the purpose of impairment testing. At 31 December 2011, we believe the goodwill in relation to the Stratos CGU to be impaired and consequently have recorded an impairment charge of US\$120.0m in the Income Statement (see note 4(a)).

Patents and trademarks are being amortised on a straight-line basis over their estimated useful lives, which are seven years and between seven and 20 years, respectively. During the year ended 31 December 2011, an impairment loss of US\$21.5m was recognised 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 were rebranded as 'Inmarsat' and therefore the previous trade names are no longer used and have been impaired.

The software capitalised relates to the Group's BGAN billing system and other internally developed operational systems and purchased software and is being amortised on a straight-line basis over its estimated useful life of three to 12 years. Internally developed technology acquired as a result of the acquisition of Stratos is being amortised on a straight-line basis over its estimated useful life of five years.

The Group capitalises development costs associated with the development of user terminals as intangible fixed assets. Costs directly relating to the development of the user terminals for the BGAN and GPS services are being amortised over the estimated sales life of the services which is five to 10 years.

Customer relationships acquired in connection with Stratos, Segovia and Ship Equip are being amortised over the expected period of benefit of 12 and 14 years, respectively using the straight-line method.

Spectrum rights relate to the acquisition of ACeS and Stratos. Spectrum rights acquired as a result of the ACeS collaboration in September 2006 are being amortised on a straight-line basis over the remaining useful lives of three years. Spectrum rights acquired as a result of the acquisition of Stratos are being amortised over their useful lives of three to 10 years.

Orbital slots and licences relate to the Global Xpress programme. Each individual asset is reviewed to determine whether it has a finite or indefinite useful life, amortisation of finite life assets will commence when the Inmarsat-5 satellites are operational. Indefinite life assets will be tested annually for impairment.

Intellectual property relates to the acquisition of ACeS and is now fully amortised.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

14. Investments

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Investments held at cost		
SkyWave	23.5	23.5
Total investments held at cost	23.5	23.5
Interest in associates		
Navarino	7.0	6.7
JSAT Mobile	0.5	0.6
Total interest in associates	7.5	7.3
Total investments	31.0	30.8

The Group has an ownership interest of approximately 19% in the privately held SkyWave. The ownership in SkyWave has been recorded at cost, including capitalised transaction costs.

The Group owns a 49% ownership interest in Navarino Telecom SA and NTS Maritime Limited (together, 'Navarino'). Cash dividends received for the year ended 31 December 2011 totalled US\$1.4m (2010: US\$1.4m).

The Group owns 26.67% of JSAT Mobile Communications Inc. and the interest has been treated as an associate using the equity method of accounting. The aggregated assets, liabilities, revenue and profit of associates are deemed to be immaterial for reporting purposes.

15. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and for the purposes of the Cash Flow Statement also includes bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Cash at bank and at hand	63.2	73.4
Short-term deposits with original maturity of less than three months	102.5	249.7
	165.7	323.1

Cash and cash equivalents include the following for the purposes of the Cash Flow Statement:

		As at 31 December 2011	As at 31 December 2010
(US\$ in millions)	Note		
Cash and cash equivalents		165.7	323.1
Bank overdrafts	18	(1.2)	(0.7)
		164.5	322.4

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

16. Trade and other receivables

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Current:		
Trade receivables	165.7	184.6
Other receivables	21.8	18.4
Amounts due from Parent undertakings	3.1	7.5
Prepayments and accrued income	69.7	57.7
	260.3	268.2
	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Non-current:		
Prepayments and accrued income	4.2	5.2
	4.2	5.2

The Directors consider the carrying value of trade and other receivables to approximate to their fair value

17. Inventories

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Finished goods	22.3	19.4
Work in progress	1.2	0.8
	23.5	20.2

The Directors consider the carrying value of inventories to approximate to their fair value

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

18. Borrowings

(US\$ in millions)	At 31 December 2011			At 31 December 2010		
	Principal amount	Deferred finance cost	Net balance	Principal amount	Deferred finance cost	Net balance
Current:						
Bank overdrafts	1.2	—	1.2	0.7	—	0.7
Deferred satellite payments ^(b)	7.9	—	7.9	8.3	—	8.3
Senior Credit Facility ^(c)	—	—	—	50.0	—	50.0
EIB Facility ^{(d)(f)}	44.1	—	44.1	—	—	—
Total current borrowings	53.2	—	53.2	59.0	—	59.0
Non-current:						
Deferred satellite payments ^(b)	26.8	—	26.8	32.5	—	32.5
Senior Credit Facility ^{(c)(f)}	—	—	—	150.0	(6.1)	143.9
Subordinated Senior Notes due 2017 Loan ^{(e)(f)}	650.0	(9.2)	640.8	650.0	(10.8)	639.2
— Issuance discount	(3.6)	—	(3.6)	(4.2)	—	(4.2)
EIB Facility ^{(d)(f)}	264.3	(2.2)	262.1	308.4	(2.6)	305.8
Ex-Im Bank Facility ^{(g)(f)}	277.3	(14.5)	262.8	—	—	—
Subordinated Parent Company Loan ^{(f)(h)}	—	—	—	325.7	—	325.7
Intercompany loan	6.0	—	6.0	5.7	—	5.7
Total non-current borrowings	1,220.8	(25.9)	1,194.9	1,468.1	(19.5)	1,448.6
Total borrowings	1,274.0	(25.9)	1,248.1	1,527.1	(19.5)	1,507.6

(a) Borrowings are recorded net of unamortised deferred finance costs in the balance sheet

(b) Deferred satellite payments represent amounts payable to satellite manufacturers which become payable annually depending on the continued successful performance of the satellite. The gross amounts of the deferred satellite payments have been discounted to net present value at 7%.

(c) 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. As a result, as at 31 December 2011 there were no drawings on the new Senior Credit Facility.

(d) 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.

(e) The 7.375% Senior Notes due 1 December 2017 ("Senior Notes Due 2017") were issued by Inmarsat Finance plc which is 99.9% owned by Inmarsat Group Limited, 0.1% by Inmarsat Holdings Limited. The Senior Notes due 2017 mature on 1 December 2017. Interest is payable semi-annually in June and December. The proceeds of the Senior Notes due 2017 were loaned to Inmarsat Investments via a subordinated Senior Notes due 2017 proceeds loan (the terms of which replicate those of the Senior Notes due 2017).

(f) The Company's ability to obtain funds from its subsidiaries by dividend or loan is limited by the Senior Credit Facility and the indenture governing the Senior Notes. The Senior Credit Facility, the EIB Facility and the Ex-Im Bank Facility all contain negative covenants that, among other things, generally restrict or prohibit the Company and its subsidiaries from making any repayment of principal under the indentures governing the Senior Notes and from declaring or paying certain dividends or making certain other distributions to shareholders. In addition, the indentures governing the Senior Notes contain covenants that, among other things, directly or indirectly restrict the Company's ability to make certain payments, including dividends or other distributions, prepay or redeem subordinated debt or equity. Substantially all of the net assets of the Company's unconsolidated and consolidated subsidiaries as of the end of 31 December 2011 are restricted net assets.

(g) 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.

(h) A review of the Group's structure in November 2011 led to a capital contribution from the Company's parent company (Inmarsat Group Limited) eliminating the previous subordinated parent company loan.

The maturity of non-current borrowings is as follows

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Between one and two years	47.0	192.1
Between two and five years	202.5	144.6
After five years	945.4	1,111.9
	1,194.9	1,448.6

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

18. Borrowings (continued)

The borrowings of the Group are mostly at fixed rates. The Subordinated Senior Notes due 2017 Loan and the Ex-Im Bank Facility are at fixed rates.

The Group has a US\$750.0m Revolving Credit Facility that has no restrictions and as at 31 December 2011 was drawn down by US\$nil (as at 31 December 2010 the previous Revolving Credit Facility was drawn down by US\$nil).

The Directors consider the carrying value of borrowings to approximate to their fair value (see note 30).

The effective interest rates, excluding the impact of the Group's interest rate hedging policy, at the Balance Sheet dates were as follows:

Effective interest rate %	2011	2010
Bank overdrafts	1.8	1.8
Senior Credit Facility	—	2.54
EIB Facility	1.75	1.65
Subordinated Senior Notes due 2017 Loan	7.375	7.375
Ex-Im Facility	3.11	—
Subordinated Parent Company Loan	—	0.0
Deferred satellite payments	7.0	7.0
Intercompany loan	5.5	5.5

19. Trade and other payables

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Current:		
Trade payables	201.6	100.2
Deferred consideration ^(a)	6.5	19.8
Other taxation and social security payables	3.6	2.7
Other creditors	1.2	15.0
Interest on subordinated intercompany shareholder funding	5.5	4.8
Amounts due to Parent undertakings	151.1	5.5
Accruals and deferred income ^(b)	314.6	203.7
	684.1	351.7

(a) Deferred consideration includes US\$2.2m SkyWave deferred consideration (see note 14) (2010 US\$6.1m), US\$3.3m Segovia deferred consideration (2010 US\$12.7m) and US\$1.0m other short-term deferred consideration (2010 US\$1.0m). During 2011, the majority of the remaining value of the contingent deferred consideration on the Segovia acquisition was settled ahead of the scheduled payout dates (see note 27).

(b) As at 31 December 2011, includes US\$239.3m (2010 US\$135.0m) of deferred income relating to payments received from LightSquared.

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Non-current:		
Deferred consideration ^(a)	4.9	36.2
Other payables	23.2	22.1
	28.1	58.3

(a) Deferred consideration includes US\$2.0m SkyWave deferred consideration (see note 14) (2010 US\$4.0m), US\$1.9m Segovia deferred consideration (2010 US\$31.0m) and US\$1.0m other long-term deferred consideration (2010 US\$1.2m). During 2011, the majority of the remaining value of the contingent deferred consideration on the Segovia acquisition was settled ahead of the scheduled payout dates (see note 27).

The Directors consider the carrying value of trade and other payables to approximate to their fair value.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

20. Provisions

(US\$ in millions)	Other provision	Asset retirement obligations	Total
Current:			
As at 1 January 2010	0.5	0.4	0.9
Utilised in current year	(0.4)	(0.4)	(0.8)
Asset retirement obligation transferred from non-current liability	—	0.3	0.3
As at 31 December 2010	0.1	0.3	0.4
Charged in respect of current year ^(a)	2.6	—	2.6
Utilised in current year	—	(0.1)	(0.1)
As at 31 December 2011	2.7	0.2	2.9

(a) In the year ending 31 December 2011, the Group announced the intention to restructure the organisation to operate the Group with business units aligned to vertical market sectors. As a result of the restructure, a small number of individual positions will cease to exist as business functions are combined. The amount charged to the restructuring provision for the year ended 31 December 2011 is US\$2.6m, of which US\$nil was utilised during the year. Management expects to utilise the US\$2.7m restructuring provision that remains at 31 December 2011 during 2012.

(US\$ in millions)	Post-retirement healthcare benefits	Pension	Asset retirement obligations	Other provisions	Total
Non-current:					
As at 1 January 2010	33.2	19.2	2.9	0.5	55.8
Charged to Income Statement in respect of current year	1.7	1.4	0.3	0.2	3.6
Credited directly to Comprehensive Income in respect of current year	(4.8)	(5.1)	—	—	(9.9)
Contributions paid	—	(5.4)	—	—	(5.4)
Utilised in current year	(0.3)	(1.0)	(0.1)	(0.1)	(1.5)
Revision in estimated cash flows and timing of settlement	—	—	0.2	—	0.2
Transfer to current liability	—	—	(0.3)	—	(0.3)
As at 31 December 2010	29.8	9.1	3.0	0.6	42.5
Acquisition of Ship Equip	—	1.3	—	—	1.3
Charged to Income Statement in respect of current year	2.4	1.6	0.3	0.1	4.4
(Credited)/charged directly to Comprehensive Income in respect of current year	(16.6)	3.2	—	—	(13.4)
Contributions paid	—	(7.4)	—	—	(7.4)
Utilised in current year	(0.3)	(0.9)	—	—	(1.2)
Revision in estimated cash flows and timing of settlement	—	—	0.5	—	0.5
As at 31 December 2011	15.3	6.9	3.8	0.7	26.7

The Trustee and the Company agreed that minimum additional annual contributions of £2.2m will be paid to the Inmarsat Pension Plan (the 'Plan') starting in November 2009 and continuing annually thereafter, up to and including November 2015. During 2011, the actual additional cash contribution the Group made to the Plan was £3.4m or US\$5.4m (2010: US\$3.5m) to reduce the pension deficit.

Asset retirement obligations have been recognised in respect of the expected costs of removal of equipment from leased premises by Stratos.

Other provisions in 2011 and 2010 relate to a legally required provision for eventual severance payments to employees based overseas.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

21. Current and deferred income tax assets and liabilities

The current income tax liability of US\$60.5m (2010 US\$51.1m) represents the income tax payable in respect of current and prior periods less amounts paid

Recognised deferred income tax assets and liabilities

The movements in deferred income tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority

(US\$ in millions)	As at 31 December 2011			As at 31 December 2010		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	—	120.2	120.2	—	113.6	113.6
Other	(7.0)	8.0	1.0	(12.2)	9.5	(2.7)
Pension asset	(4.0)	—	(4.0)	(8.5)	—	(8.5)
Share options	(2.5)	—	(2.5)	(5.3)	—	(5.3)
Loss carry forwards	(5.3)	—	(5.3)	(10.7)	—	(10.7)
Net deferred income tax liabilities	(18.8)	128.2	109.4	(36.7)	123.1	86.4

Movement in temporary differences during the year

(US\$ in millions)	As at 1 January 2011	Ship Equip acquisition	Recognised in income	Recognised in equity	As at 31 December 2011
Property, plant and equipment and intangible assets	113.6	17.7	(11.1)	—	120.2
Other	(2.7)	—	2.5	1.2	1.0
Pension asset	(8.5)	—	1.5	3.0	(4.0)
Share options	(5.3)	—	0.2	2.6	(2.5)
Loss carry forwards	(10.7)	—	5.4	—	(5.3)
Total	86.4	17.7	(1.5)	6.8	109.4

(US\$ in millions)	As at 1 January 2010	Recognised in income	Recognised in equity	As at 31 December 2010
Property, plant and equipment and intangible assets	106.2	7.4	—	113.6
Other	(6.7)	8.1	(4.1)	(2.7)
Pension asset	(12.7)	1.6	2.6	(8.5)
Share options	(4.4)	(0.1)	(0.8)	(5.3)
Loss carry forwards	(10.0)	(0.7)	—	(10.7)
Total	72.4	16.3	(2.3)	86.4

Total unprovided deferred tax assets

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Temporary timing differences	(18.3)	(4.1)
Unused income tax losses	(14.8)	(4.3)
Unused capital losses	(31.6)	(33.0)
Total	(64.7)	(41.4)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

21. Current and deferred income tax assets and liabilities (continued)

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised deferred tax liability in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is US\$4.6m (2010 US\$3.6m). No deferred tax liability is recognised on these temporary differences as the Group is able to control the timing of reversal and it is probable that this will not take place in the foreseeable future.

The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 25%. In March 2012, the Chancellor announced that the main rate of corporation tax for the year commencing 1 April 2012 will be 24% and that there will be further progressive annual reductions of 1% until a rate of 22% is reached with effect from 1 April 2014.

Whilst detailed calculations have not been prepared at this stage, it is estimated that the impact of the remaining annual corporation tax rate reductions would reduce the value of the Group's deferred tax liabilities at the balance sheet date by approximately US\$13.0m and reduce the value of the Group's deferred tax assets at the balance sheet date by approximately US\$1.0m.

22. Cash generated from operations

Reconciliation of profit for the year to net cash inflow from operations

(US\$ in millions)	2011	2010
Profit for the year	274.8	271.7
Adjustments for		
Depreciation and amortisation	245.8	234.6
Income tax charge	120.2	76.2
Interest payable	76.2	114.5
Interest receivable	(4.9)	(2.3)
Non-cash employee benefit costs	11.5	14.6
Forward exchange contracts	0.7	0.6
Share of results of associates, net of dividends received	(0.3)	0.3
Acquisition-related adjustments	2.1	2.1
Impairment losses	141.5	—
Non cash foreign exchange movements	(1.6)	0.2
Changes in net working capital		
Decrease/(increase) in trade and other receivables	43.5	(20.1)
Increase in inventories	(2.7)	(9.1)
Increase in trade and other payables ^(a)	87.5	106.6
Decrease in provisions	(2.2)	(3.7)
Cash generated from operations	992.1	786.2

(a) The increase is primarily due to deferred revenue in respect of payments received from LightSquared (see note 19).

23. Share capital

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Authorised:		
630,780,000 ordinary shares of €0.0005 each (2010 630,780,000)	0.4	0.4
Allotted, issued and fully paid:		
534,900,000 ordinary shares of €0.0005 each (2010 534,900,000)	0.3	0.3

Shares issued by the Company denominated in a currency other than US Dollars are translated at the rates ruling at the date of issue.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

24. Employee share options and awards

In line with IFRS 2, 'Share-based Payment', the Group recognised US\$13.0m (2010 US\$11.4m) in total share compensation costs across all its share plans for the 2011 financial year. Total share-based compensation costs are recognised over the vesting period of the options and share awards ranging from one to four years. Given that these schemes operate at an Inmarsat plc group level, the information below is for the Inmarsat plc group as a whole.

In November 2004, the Company adopted the Staff Value Participation Plan (the '2004 Plan') making awards in November 2004, January and May 2005. All options granted under the 2004 Plan and held by optionholders have now vested and are exercisable. Whenever options are exercised under the 2004 Plan, the holder must pay a de minimis charge of €1 for each tranche of options exercised. The options expire 10 years from the date of grant. Shares are transferred to the optionholders from the Inmarsat Employees' Share Ownership Plan Trust (the 'Trust') (resident in Guernsey). No new shares have been issued to satisfy the exercise of these options.

A summary of share activity within the Trust and options outstanding under the 2004 Plan as at 31 December 2011 is as follows:

	Shares available for grant	Options outstanding	Weighted average exercise price per option
Balance at 1 January 2010	1,015,294	163,174	£3.67
Market purchase of shares (11 March 2010)	125,000	—	
Subscription for International Share Incentive Plan	43,936	—	
Exercised	—	(60,044)	£7.24
Exercise re International Sharesave Plan	(823)	—	
Exercise re International Share Incentive Plan	(12,627)	—	
Balance at 31 December 2010	1,170,780	103,130	£3.71
Exercised	—	(7,347)	£5.83
Exercise re International Sharesave Plan	(1,421)	—	
Exercise re International Share Incentive Plan	—	—	
Balance at 31 December 2011	1,169,359	95,783	£3.72
Exercisable at 31 December 2011	—	95,783	
Exercise Price per tranche	—	€1.00	

The weighted average of the remaining contractual life for the 2004 Plan at 31 December 2011 is three years.

The Company also operates a Bonus Share Plan ('BSP'). Awards have been made regularly under the BSP to the Executive Directors and certain members of senior management.

Awards are made in the form of a conditional allocation of shares. The performance conditions attached to the BSP are non-market based performance conditions. Dividends will accrue and be added as additional shares upon vesting. Details of the awards made in 2011 and the operation of the BSP can be found in the Inmarsat plc Annual Report, pages 48 and 49.

The rules of the BSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is the intention, however, of the Company to generally satisfy the awards using newly-issued shares.

As the BSP provides free share awards with no market-based performance conditions attached, and which carry an entitlement to dividends paid in cash or shares during the vesting period, the fair value of the awards is the value of the grant. This is due to the fact that regardless of the market price at the time the award of shares is made, the total value of shares to be awarded will not change.

The Company also operates a Performance Share Plan ('PSP') and regular annual awards are made to the Executive Directors and certain members of senior management. Participants are entitled to receive the value of any dividends that are paid during the vesting period in the form of cash or additional shares.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

24. Employee share options and awards (continued)

The PSP shares will not normally be transferred to participants until the third anniversary of the award date. The transfer of shares is dependent upon the performance conditions being satisfied over the three consecutive financial years starting in the financial year the award date falls. The rules of the PSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is the intention, however, of the Company to satisfy the awards using newly-issued shares at the end of the relevant three-year period unless a participant leaves and is entitled under the Rules to receive a proportionate award and the performance condition has been met. Details of the awards made in 2011 and the operation of the PSP can be found in the Inmarsat plc Annual Report, page 48.

The performance conditions for the PSP are based on the Group's Total Shareholder Return ("TSR") relative to constituents of the FTSE 350 Index (excluding investment trusts) and a non-market based condition, based on EBITDA measured over a three-year period. The vesting schedule for PSP awards has been structured so that the shape of the vesting schedule is determined by both TSR and EBITDA performance. This will be changed for awards made in 2012 onwards. The market-based performance condition has been incorporated into the valuation. The fair value of the allocation and the assumptions used in the calculation are as follows:

	Performance Share Plan				
	19 March 2008	20 March 2009	14 May 2009	26 March 2010	18 May 2011
Grant date					
Grant price	£4.39	£4.57	£5.35	£7.905	£6.07
Exercise price	nil	nil	nil	nil	nil
Bad leaver rate	0%	0%	0%	0%	0%
Vesting period	3 years	3 years	3 years	3 years	3 years
Volatility	28.5%	34.9%	36.2%	35.7%	32.1%
Fair value per share option	£2.40	£3.21	£3.30	£5.62	£3.17

Both the BSP and PSP share awards expire 10 years after date of grant. The weighted average of the remaining contractual life for both the BSP and PSP share awards at 31 December 2011 is 4.9 and 4.2 years respectively.

In September 2007, the Inmarsat plc Remuneration Committee made the Chief Executive Officer an exceptional award of one million incentive shares conditional upon the delivery of significant share price growth. The mid-market closing share price on 27 September 2007 was £4.49 per share. On 1 October 2009, at the request of the Nominations Committee on behalf of the Inmarsat plc Board of Directors, the Remuneration Committee agreed changes to the existing CEO Award. No shares will be earned unless, by 30 September 2012, the share price reaches a minimum price of £5.50. For performance above this level, shares will be earned pro rata up to a share price of £7.25 at which the full award will be earned. A further award over 700,000 shares could be earned if, at the time that performance is assessed, the share price has reached £9.25. If the share price is below £7.25, none of the additional shares would be earned and if between £7.25 and £9.25, shares would be earned pro rata up to a share price of £9.25.

A deferred share bonus award of 125,000 shares to the Chief Executive Officer was made in December 2009. The mid-market closing share price on 15 December 2009 was £6.59 per share. The performance condition of EBITDA growth related to the 2010 financial year has been satisfied, therefore the shares will vest in September 2012.

	CEO Award	CEO Deferred Share Bonus Award
	28 September 2007	16 December 2010
Grant date		
Grant price	£4.49	£6.59
Exercise price	nil	nil
Bad leaver rate	0%	0%
Vesting period	3 years	3 years
Expected correlation between any pair of shares in PSP comparator group	n/a	n/a
Volatility	28%	n/a
Fair value per share option	£2.65	£6.59

The weighted average of the remaining contractual life for both the CEO Award and CEO Deferred Share Bonus Award at 31 December 2011 is 5.7 and 8.0 years respectively.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

24. Employee share options and awards (continued)

The Company also operates a HM Revenue & Customs approved UK Sharesave Scheme. Two grants have been made so far, the first grant matured on 1 September 2008. A second grant which was made in December 2008 with an option price of £3.06 per ordinary share (reflecting the maximum discount permitted of 20%) matured on 1 February 2012.

The Company also operates an International Sharesave Plan which mirrors the operation of the UK Sharesave Scheme as closely as possible. However, instead of receiving a share option, participants receive the spread between the share price at the date of exercise and the grant price, delivered (at the Company's discretion) in cash or shares. It is the Company's intention to satisfy the awards using shares only – some of which are held by the Trust and some of which will be newly-issued.

Two grants have been made so far, the first grant matured on 1 September 2008. A second grant under the International Sharesave Plan which was made in December 2008 with an option price of £3.06 per ordinary share matured on 1 February 2012.

Options under the UK Sharesave Scheme and International Sharesave Plan expire after a maximum of 3.5 years following the initial savings payments having been made. The weighted average of the remaining contractual life for the current grant of the UK Sharesave Scheme and International Sharesave Plan at 31 December 2011 is 0.5 years for each plan.

Options under the UK Sharesave Scheme and International Sharesave Plan have been valued using the Black-Scholes model with the following assumptions:

	Sharesave Scheme (UK and International) 15 December 2008
Grant date	
Market price at date of grant	£4.44
Exercise price	£3.06
Bad leaver rate	3%pa
Vesting period	3 years
Volatility	33.2%
Dividend yield assumption	3.36%
Risk free interest rate	2.46%
Fair value per option	£1.50

Several awards have been made under the UK Share Incentive Plan ('SIP'). Details of the operation of the SIP can be found in the Inmarsat plc Annual Report, page 49.

Arrangements were put in place for eligible overseas employees to replicate the awards made under the SIP as closely as possible. The same market values per ordinary share were used as for the SIP for each award.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

24. Employee share options and awards (continued)

A summary of share awards and option activity as at 31 December 2011 (excluding the 2004 Plan which is noted previously) is as follows

	SIP (UK)	SIP (International and Unapproved)	BSP	CEO Share Plans ^(a)	PSP	Sharesave (UK)	Sharesave (International)	Total
Balance at 31 December 2010	779,254	43,319	1,358,432	1,125,000	1,019,064	766,664	158,037	5,249,770
Granted/Allocated	—	—	813,736	—	331,548	—	—	1,145,284
Forfeited and expired	(666)	—	—	—	—	(22,538)	(5,396)	(28,600)
Exercised	(48,963)	(1,421)	(794,407)	—	—	(5,695)	—	(850,486)
Transferred/Sold	(53,709)	—	—	—	(360,810)	—	—	(414,519)
Balance at 31 December 2011	675,916	41,898	1,377,761	1,125,000	989,802	738,431	152,641	5,101,449
Exercisable at 31 December 2011	—	—	—	—	—	738,431	152,641	891,072
Exercise Price per share	n/a	n/a	nil	nil	nil	(b)	(c)	

(a) The CEO Share Plans comprises (i) the CEO Award of one million shares, where as described previously, a further award over 700,000 shares could be earned if the share price has reached £9.25 per share, and (ii) the CEO Deferred Share Bonus Award of 125,000 shares

(b) The second grant under the UK Sharesave scheme in 2008 has an exercise price of £3.06

The weighted average exercise price at 31 December 2011 was £3.06 per share (31 December 2010 £3.06 per share)

The weighted average exercise price of options exercised during the year as £3.06 per share

(c) The second grant under the International Sharesave plan in 2008 has an exercise price of £3.06

The weighted average exercise price at 31 December 2011 was £3.06 per share (31 December 2010 £3.06 per share)

The weighted average exercise price of options exercised during the year as £3.06 per share

25. Reserves

Cash flow hedge reserve

(US\$ in millions)	2011	2010
Balance as at 1 January	(7.5)	(2.5)
(Loss)/gain recognised on cash flow hedges		
Forward exchange contracts	(5.1)	0.8
Interest rate swaps	5.6	(0.2)
Fx movement through cash flow hedge reserve	—	(0.1)
Income tax charged directly to equity	(1.0)	—
Reclassified to the Income Statement ^(a)		
Forward exchange contracts	(3.5)	(7.9)
Interest rate swaps	3.1	—
Fx movement through cash flow hedge reserve	—	1.2
Income tax (charged)/credited related to amounts transferred to the Income Statement	(0.2)	4.1
Reclassified and capitalised on the Balance Sheet ^(a)		
Forward exchange contracts	(2.8)	(3.5)
Fx movement through cash flow hedge reserve	—	0.6
Balance as at 31 December	(11.4)	(7.5)

The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the Income Statement or capitalised on the Balance Sheet when the hedged transactions impacts the Income Statement/Balance Sheet

(a) Gains and losses reclassified from equity into the Income Statement during the period are included in the following Income Statement lines

(US\$ in millions)	2011	2010
Total net operating costs	(3.5)	(6.7)
Interest payable and similar charges	3.1	—
Income tax (credit)/expense	(0.2)	4.1
Total reclassified (credited) to the Income Statement in the year	(0.6)	(2.6)

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Notes to the Financial Statements (continued)
For the year ended 31 December 2011

25. Reserves (continued)

(b) Gains and losses reclassified from equity and capitalised on the Balance Sheet during the period are included in the following Balance Sheet lines

(US\$ in millions)	2011	2010
Property, plant and equipment	(2.8)	(2.9)
Total reclassified and capitalised on the Balance Sheet in the year	(2.8)	(2.9)

26. Pension arrangements and post-retirement healthcare benefits

The Group operates pension schemes in each of its principal locations. The Group's pension plans are provided through both defined benefit schemes and defined contribution arrangements.

The Group operates defined benefit pension schemes in the United Kingdom, the Netherlands and Norway. The Group's principal defined benefit pension scheme is the UK scheme for Inmarsat Global, which is a funded scheme with assets held in a separate fund administered by a corporate trustee; the scheme is closed to new employees.

The Inmarsat Global defined benefit plan was valued using the projected unit credit method with the valuation undertaken by professionally qualified and independent actuaries as at 31 December 2010. The results of the valuation have been updated for any material transactions and material changes in circumstances (including changes in market prices and interest rates) up to 31 December 2011. The results of this updated valuation as at 31 December 2011, for the purposes of the additional disclosures required by IAS 19, are set out below.

Inmarsat Global also provides post-retirement medical benefits for its employees. The post-retirement healthcare benefits are the provision of healthcare to retired employees (and their dependants) who were employed before 1 January 1998. Employees who have 10 years of service at the age of 58 and retire are eligible to participate in the post-retirement healthcare benefit plans. The plan is self-funded and there are no plan assets from which the costs are paid. The cost of providing retiree healthcare is actuarially determined and accrued over the service period of the active employee group. Membership of this plan is multi-national, although most staff are currently employed in the UK.

Both the Inmarsat Global defined benefit pension plan and the post-retirement healthcare benefits plan are denominated in Pounds Sterling and are subject to fluctuations in the exchange rate between US Dollars and Pounds Sterling.

The principal actuarial assumptions used to calculate the Group's pension and post-retirement healthcare benefits liabilities under IAS 19 are:

	As at 31 December 2011	As at 31 December 2010
Weighted average actuarial assumptions used at 31 December:		
Discount rate	4.74%	5.40%
Expected return on plan assets	6.65%	7.78%
Future salary increases	4.55%	5.30%
Medical cost trend rate ^(a)	3.70%	7.75%
Future pension increases	3.09%	3.59%

(a) With effect from 1 January 2012, an inflationary cap on premiums for the post-retirement healthcare benefits was introduced, set at CPI plus 1%. The Group will pay the annual premium and any increase in percentage terms to the premium, up to a percentage amount capped at no more than CPI plus 1%. Any increase to the annual premium above the inflationary cap will be payable by the members of the scheme.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

26 Pension arrangements and post-retirement healthcare benefits (continued)

Mortality assumptions have been updated to reflect experience and expected changes in future improvements in life expectancy. The average life expectancy assumptions for the Group's pension and post-retirement healthcare benefits liabilities are as follows:

	As at 31 December 2011	As at 31 December 2010
Male current age 65	87.4	87.3
Female current age 65	90.3	90.2

Mortality assumptions used are consistent with those recommended by the individual scheme actuaries and reflect the latest available tables, adjusted for the experience of the Group where appropriate. For the Inmarsat Global defined benefit pension scheme and the post-retirement healthcare for 2011 and 2010, mortality has been assumed to follow the SAPS Series 1 Normal Health tables, with long cohort improvements from 2003 based on year of birth, subject to minimum funding improvements of 1% per annum.

The assets held in respect of the Group's defined benefit scheme and the expected and actual rates of return were:

	As at 31 December 2011			As at 31 December 2010		
	Long-term rate of return expected	Value	Percentage of total plan assets	Long-term rate of return expected	Value	Percentage of total plan assets
	%	(US\$ in millions)	%	%	(US\$ in millions)	%
Equities	7.50%	52.8	74.26%	8.05%	52.2	79.82%
Cash	5.00%	0.1	0.14%	5.00%	0.4	0.61%
Bonds	4.17%	15.3	21.52%	4.90%	11.0	16.82%
Other	5.34%	2.9	4.08%	6.15%	1.8	2.75%
Fair value of scheme assets		71.1			65.4	
Actual return on plan assets (loss)/gain		(3.2)			6.8	

Amounts recognised in the Balance Sheet are:

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Present value of funded defined benefit obligations (pension)	(75.6)	(71.2)
Present value of unfunded defined benefit obligations (pension)	(2.4)	(3.3)
Present value of unfunded defined benefit obligations (post-retirement healthcare)	(15.3)	(29.8)
Fair value of defined benefit assets	71.1	65.4
Net defined benefit liability recognised in the Balance Sheet	(22.2)	(38.9)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

26 Pension arrangements and post-retirement healthcare benefits (continued)

Analysis of the movement in the present value of the defined benefit obligations is as follows

(US\$ in millions)	Defined benefit pension plan	Post-retirement healthcare benefits
At 1 January 2010	73.0	33.2
Current service cost	2.2	1.0
Interest cost	3.7	1.7
Actuarial gain	(2.2)	(4.8)
Foreign exchange gain	(2.1)	(1.0)
Benefits paid	(1.2)	(0.3)
Contributions by pension participants	1.1	—
At 31 December 2010	74.5	29.8
Acquisition of Ship Equip	2.6	—
Current service cost	2.6	0.9
Interest cost	4.0	1.6
Actuarial gain	(4.8)	(16.6)
Foreign exchange gain	(0.8)	(0.1)
Benefits paid	(1.4)	(0.3)
Contributions by pension participants	1.3	—
At 31 December 2011	78.0	15.3

Analysis of the movement in the fair value of the assets of the defined benefit pension plans is as follows

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
At 1 January	65.4	53.8
Acquisition of Ship Equip	1.3	—
Expected return on plan assets	4.7	3.9
Actuarial (loss)/gain	(8.0)	2.9
Contributions by employer	7.4	5.4
Contributions by pension participants	1.3	1.1
Benefits paid	(0.5)	(0.2)
Foreign exchange loss	(0.5)	(1.5)
At 31 December	71.1	65.4

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

26 Pension arrangements and post-retirement healthcare benefits (continued)

Amounts recognised in the Income Statement and Statement of Comprehensive Income in respect of the plans are as follows

(US\$ in millions)	2011		2010	
	Defined benefit pension plan	Post-retirement healthcare benefits	Defined benefit pension plan	Post-retirement healthcare benefits
Recognised in Income Statement:				
Current service cost	2.6	0.9	2.2	1.0
Interest cost	4.0	1.6	3.7	1.7
Expected return on pension assets	(4.7)	—	(3.9)	—
Foreign exchange gain	(0.3)	(0.1)	(0.6)	(1.0)
	1.6	2.4	1.4	1.7
Recognised in Statement of Comprehensive Income:				
Net actuarial losses/(gains) ^(a)	3.2	(16.6)	(5.1)	(4.8)
Cumulative pre-tax actuarial losses/(gains)	9.2	(5.3)	6.0	11.3

(a) As a result of the inflationary cap on premiums for the post-retirement healthcare benefits set at CPI plus 1% (effective from 1 January 2012), a one-off actuarial gain of US\$12.4m was recognised in the statement of comprehensive income in respect of the post-retirement provision for the year ended 31 December 2011

Current services costs for 2011 are included within employee benefit costs (note 6). The net financing costs together with foreign exchange gains are included within interest payable (note 8).

A history of experience gains and losses is provided below for the Group's principal defined benefit pension scheme (Inmarsat Global), for the Group as whole and for the post-retirement healthcare benefits.

	2011		
	Inmarsat Global defined benefit pension plan	Total Group defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US\$ in millions)	(71.2)	(78.0)	(15.3)
Fair value of plan assets (US\$ in millions)	68.9	71.1	—
Deficit in plans (US\$ in millions)	(2.3)	(6.9)	(15.3)
Experience gains on plan liabilities (US\$ in millions)	6.4	6.4	1.0
Percentage of plan liabilities	9.0%	8.2%	6.5%
Experience losses on plan assets (US\$ in millions)	(8.0)	(8.0)	—
Percentage of plan assets	(11.6%)	(11.3%)	—

	2010		
	Inmarsat Global defined benefit pension plan	Total Group defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US\$ in millions)	(70.4)	(74.5)	(29.8)
Fair value of plan assets (US\$ in millions)	65.0	65.4	—
Deficit in plans (US\$ in millions)	(5.4)	(9.1)	(29.8)
Experience (losses)/gains on plan liabilities (US\$ in millions)	—	(0.2)	4.1
Percentage of plan liabilities	0.0%	(0.3%)	13.9%
Experience losses on plan assets (US\$ in millions)	2.9	2.9	—
Percentage of plan assets	4.4%	4.4%	—

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Notes to the Financial Statements (continued)
For the year ended 31 December 2011

26 Pension arrangements and post-retirement healthcare benefits (continued)

2009			
	Inmarsat Global defined benefit pension plan	Total Group defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US\$ in millions)	(68.6)	(73.0)	(33.2)
Fair value of plan assets (US\$ in millions)	53.8	53.8	—
Deficit in plans (US\$ in millions)	(14.8)	(19.2)	(33.2)
Experience (losses)/gains on plan liabilities (US\$ in millions)	(0.3)	0.2	0.1
Percentage of plan liabilities	(0.4%)	0.3%	0.3%
Experience losses on plan assets (US\$ in millions)	5.8	5.8	—
Percentage of plan assets	10.8%	10.8%	—
2008			
	Inmarsat Global defined benefit pension plan	Total Group defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US\$ in millions)	(41.9)	(46.7)	(19.8)
Fair value of plan assets (US\$ in millions)	35.0	35.0	—
Deficit in plans (US\$ in millions)	(6.9)	(11.7)	(19.8)
Experience gains/(losses) on plan liabilities (US\$ in millions)	—	0.2	(7.1)
Percentage of plan liabilities	0.0%	0.4%	(35.9%)
Experience gains on plan assets (US\$ in millions)	(14.7)	(14.7)	—
Percentage of plan assets	(42.0%)	(42.0%)	—
2007			
	Inmarsat Global defined benefit pension plan	Total Group defined benefit pension plan	Post-retirement healthcare benefits
Present value of defined benefit obligations (US\$ in millions)	(58.2)	(66.1)	(22.3)
Fair value of plan assets (US\$ in millions)	51.6	51.6	—
Deficit in plans (US\$ in millions)	(6.6)	(14.5)	(22.3)
Experience gains on plan liabilities (US\$ in millions)	—	—	0.3
Percentage of plan liabilities	0.0%	0.0%	1.3%
Experience gains on plan assets (US\$ in millions)	(0.3)	(0.3)	—
Percentage of plan assets	(0.6%)	(0.6%)	—

The estimated contributions expected to be paid into the Group defined benefit pension plan during 2012 are US\$5.4m (2011 actual US\$7.4m)

The healthcare cost trend rate assumption for Inmarsat Global's post-retirement healthcare benefits has a significant effect on the amounts recognised in the Income Statement in respect of the post-retirement medical benefits. Increasing the assumed healthcare cost trend rate by one percentage point would have increased the post-retirement medical benefit obligation as of 31 December 2011 by US\$3.5m (2010 US\$8.0m) and the aggregate of the service cost and interest cost by US\$0.8m (2010 US\$0.8m). Decreasing the assumed healthcare cost trend rate by one percentage point would have reduced the post-retirement medical benefit obligation as of 31 December 2011 by US\$2.7m (2010 US\$6.0m), and the aggregate of the service cost and interest cost by US\$0.6m (2010 US\$0.6m).

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Notes to the Financial Statements (continued)
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27. 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 have 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 oil and gas 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

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Notes to the Financial Statements (continued)
For the year ended 31 December 2011

27. Acquisitions (continued)

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 14, 15 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.

Acquisition of Segovia

On 12 January 2010, we completed the acquisition of the business and assets of Segovia Inc ('Segovia'). The allocation of the purchase consideration was finalised during the year ended 31 December 2010.

In the year ending 31 December 2011, the Inmarsat plc Group comprised Inmarsat, Stratos, Segovia and Ship Equip all operating as relatively independent business units. Effective from 1 January 2012, the Group is operating with business units aligned to vertical market sectors as part of Inmarsat Solutions. To enable effective operation of the new Inmarsat Government - US business unit, in December 2011, the majority of the remaining value of the contingent deferred consideration on the Segovia acquisition relating to the calendar years ending 31 December 2011 and 2012 was settled ahead of the scheduled payout dates in Q1 2012 and 2013. As a result of accelerating the settlement of the deferred consideration, we recorded an additional charge of US\$5.6m in the Income Statement, in line with IFRS 3. US\$2.1m of the charge represents the better than expected performance in 2011 (2010: US\$2.1m charge reflecting better than expected performance in 2010) and was recorded in the acquisition-related adjustments line in the Income Statement and US\$3.5m recorded in interest payable, representing the effect of the acceleration of the settlement of the liability ahead of schedule.

Acquisition of Blue Ocean Wireless

In addition, in July 2011, we acquired most of the operational assets of Blue Ocean Wireless ('BOW') for a total consideration of US\$3.4m. The acquisition of BOW has been accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combinations'. No goodwill was recognised on the acquisition. The final purchase price allocation will be finalised in due course in line with IFRS 3.

28. Operating lease commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Within one year	25.1	43.0
Within two to five years	65.8	60.3
After five years	97.3	92.9
	188.2	196.2

Operating lease commitments relate to leased office space, primarily of the Group's head office located at 99 City Road, London, and various non-cancellable network service contracts and maintenance contracts, which have varying terms.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2011

28. Operating lease commitments (continued)

In addition the Group has the following purchase commitments, relating to future obligations to purchase space segment capacity

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Within one year	42.7	35.1
Within two to five years	87.7	20.2
	130.4	55.3

The total of future sub-lease payments expected to be received under non-cancellable sub-leases at 31 December 2011 relating to the above head office lease is US\$5.5m over four years (as at 31 December 2010 US\$6.8m over five years)

The Group has various agreements deriving revenue from designated leased capacity charges. These amounts are recorded as revenue on a straight-line basis over the respective lease terms. The Group's future aggregate minimum lease payments under non-cancellable operating leases expected to be received (including Inmarsat Global and Inmarsat Solutions but excluding intragroup amounts) are as follows

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Within one year	32.5	85.2
Within two to five years	—	8.3
	32.5	93.5

29. Capital risk management

The following table summarises the capital of the Group

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
As per Balance Sheet		
Cash and cash equivalents	(165.7)	(323.1)
Borrowings	1,248.1	1,507.6
Net debt	1,082.4	1,184.5
Equity attributable to Parent	1,210.4	1,019.5
Capital	2,292.8	2,204.0

The Group's objective when managing its capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group continually evaluates sources of capital and may repurchase, refinance, exchange or retire current or future borrowings and/or debt securities from time to time in private or open-market transactions, or by any other means permitted by the terms and conditions of borrowing facilities and debt securities. Additionally, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group uses a maximum ratio of net borrowings to EBITDA as an internal planning parameter and in regular forecasting and monitoring activities. In addition, movements in cash and borrowings as well as total available liquidity are monitored regularly.

The net borrowing to EBITDA ratio for the year ending 31 December 2011 is 1.30 (2010 1.70)

The Group's liquidity is disclosed in note 3(d)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

29. Capital risk management (continued)

No changes were made in the Group's objectives, policies or processes for managing capital in the years ended 31 December 2011 and 2010

30. Financial instruments

Treasury management and strategy

The Group's treasury activities are managed by its corporate finance department under the direction of a Treasury Review Committee whose chairman is the Chief Financial Officer, and are consistent with Board-approved treasury policies and guidelines. The overriding objective of treasury activities is to manage financial risk.

Key features of treasury management include:

- ensuring that the Group is in a position to fund its obligations in appropriate currencies as they fall due,
- maintaining adequate undrawn borrowing facilities,
- economically hedging both contracted and anticipated foreign currency cash flows on a minimum 12 month rolling basis with the option of covering exposures up to a maximum of three years forward,
- interest rate hedging, and
- maximising return on short-term investments based on counterparty limits and credit ratings

Treasury activities are only transacted with counterparties who are approved relationship banks.

Treasury foreign exchange policy is implemented primarily through the use of forward purchases of foreign currencies. The treasury department is, however, authorised to use purchased options, futures and other derivative instruments, but only to the extent that such instruments form part of the hedging policy so as to establish a known rate of exchange.

Having arranged the purchase of foreign currency in line with the anticipated requirement for that currency over each financial year, an average rate of exchange is calculated from the agreed currency deals. This average rate is applied as per requirements of IAS 21. The policy is designed to minimise the impact of currency gains and losses in the Income Statement, gains and losses will arise to the extent that the level of actual payments in the period is different from those that were forecast.

Financial Instrument by category

The following table sets out the categorisation of financial assets and liabilities in terms of IAS 39.

(US\$ in millions)	As at 31 December 2011			As at 31 December 2010		
	Loans and receivables	Derivatives used for hedging	Total	Loans and receivables	Derivatives used for hedging	Total
Assets as per Balance Sheet						
Trade and other receivables ^(a)	190.6	—	190.6	210.5	—	210.5
Cash and cash equivalents	165.7	—	165.7	323.1	—	323.1
Derivative financial instrument	—	7.9	7.9	—	14.3	14.3
	356.3	7.9	364.2	533.6	14.3	547.9

(a) Consists of trade receivables, other receivables and amounts due from Parent undertakings (see note 16)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

30. Financial instruments (continued)

(US\$ in millions)	As at 31 December 2011			As at 31 December 2010		
	Derivatives used for hedging	Other financial liabilities	Total	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per Balance Sheet						
Borrowings	—	1,248 1	1,248 1	—	1,507 6	1,507 6
Trade and other payables ^(a)	—	392 8	392 8	—	188 6	188 6
Derivative financial instrument	23 3	—	23 3	26 5	—	26 5
	23 3	1,640 9	1,664.2	26 5	1,696 2	1,722.7

(a) Consists of trade payables, deferred consideration, other payables, interest on subordinated intercompany funding and amounts due to Parent undertakings (see note 19)

The table below analyses the Group's financial liabilities and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying values as the impact of discounting is not significant.

(US\$ in millions)	As at 31 December 2011				Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings ^(a)	114 7	112 0	388 3	1,022 9	1,637 9
Derivative financial instruments	14 2	9 1	—	—	23 3
Trade and other payables	364 7	1 2	5 9	21 0	392 8
	493.6	122 3	394.2	1,043 9	2,054 0

(a) Includes interest obligations on the Subordinated Senior Notes due 2017 Loan, EIB Facility and Ex-Im Bank Facility. The interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year-end.

(US\$ in millions)	As at 31 December 2010				Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	
Borrowings ^(a)	116 8	255 2	304 3	1,216 0	1,892 3
Derivative financial instruments	12 9	7 9	5 7	—	26 5
Trade and other payables	130 3	21 3	15 9	21 1	188 6
	260 0	284 4	325.9	1,237 1	2,107.4

(a) Includes interest obligations on the Subordinated Senior Notes due 2017 Loan, Senior Credit Facility and EIB Facility. Interest obligations on the Revolving Credit Facility assume the current balance is held to maturity in May 2012. The interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year-end.

Net fair values of derivative financial instruments

The Group's derivative financial instruments as at 31 December 2011 consist of forward foreign currency contracts and interest rate swaps. The interest rate swaps and approximately 90% of forward foreign currency contracts (2010 90%) are designated cash flow hedges.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

30. Financial instruments (continued)

The net fair values at the balance sheet date were

	As at 31 December 2011	As at 31 December 2010
(US\$ in millions)		
Contracts with positive fair values:		
Forward foreign currency contracts - designated cash flow hedges	7.5	13.4
Forward foreign currency contracts - undesignated	0.4	0.9
Contracts with negative fair values:		
Forward foreign currency contracts - designated cash flow hedges	(6.1)	(0.6)
Total forward exchange currency contracts	1.8	13.7
Interest rate swap - designated cash flow hedge	(17.2)	(25.9)
Total net fair value	(15.4)	(12.2)
Less non-current portion		
Forward foreign currency contracts - designated cash flow hedges	(0.6)	6.9
Interest rate swap - designated cash flow hedge	(8.4)	(13.6)
Current portion	(6.4)	(5.5)

The full value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability if the maturity of the hedged item is less than 12 months

The fair value of foreign exchange contracts performed by management are based upon a valuation provided by the counterparty and are classified as level 2 in the fair value hierarchy according to IFRS 7. The fair value of foreign exchange contracts are based upon the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk free rate at the period end.

The fair value of the interest rate swaps performed by management are based upon a valuation provided by the counterparty and are classified as level 2 in the fair value hierarchy according to IFRS 7. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Forward foreign exchange

The following table sets out the face value and fair value of forward exchange contracts outstanding for the Group as at 31 December 2011 and 2010.

As at 31 December 2011					
Outstanding forward foreign exchange contracts (in millions)	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Maturing between 2 and 5 years	Fair value (US\$)
GBP contracts	£70.5	£68.0	£2.5	—	4.4
Euro contracts	€85.1	€78.2	€6.9	—	(2.1)
Canadian Dollar contracts	C\$19.5	C\$16.5	C\$3.0	—	(0.5)
					1.8
As at 31 December 2010					
Outstanding forward foreign exchange contracts (in millions)	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Maturing between 2 and 5 years	Fair value (US\$)
GBP contracts	£128.5	£66.5	£62.0	—	7.2
Euro contracts	€122.1	€74.3	€47.8	—	5.6
Canadian Dollar contracts	C\$19.5	C\$15.6	C\$3.9	—	0.9
					13.7

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

30. Financial instruments (continued)

As at the reporting date the aggregate amount of losses under forward exchange contracts deferred in the cash flow hedge reserve relating to these anticipated future transactions is US\$5.1m (2010: gains of US\$0.8m). It is anticipated that expenditure will be incurred during the next two years during which the amount deferred in equity will be released into the Income Statement.

Interest rate swap

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 31 December 2011 and 2010.

Outstanding floating for fixed contracts	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2011	2010	2011	2010	2011	2010
	%	%		(US\$ in millions)		
Less than one year	—	4.50%	—	100.0	(8.8)	(12.3)
One to two years	4.93%	—	200.0	—	(8.4)	(7.9)
Two to five years	—	4.93%	—	200.0	—	(5.7)
Five years +	—	—	—	—	—	—
			200.0	300.0	(17.2)	(25.9)

Under the interest rate swaps the Group received quarterly floating interest (three month USD LIBOR) to offset floating interest payable. Gains or losses will reverse in the Income Statement when the swaps expire.

Non derivative financial assets and financial liabilities

Non derivative financial assets consist of cash at bank, short-term and long-term investments, trade debtors, other debtors and amounts due from Parent undertakings.

Non-derivative financial liabilities consist of bank overdrafts, deferred satellite payments, Senior Credit Facilities, Subordinated Senior Notes due 2017 Loan, the EIB Facility, the Ex-Im Bank Facility, accrued and accreted interest on borrowings, trade creditors, deferred consideration, other payables, interest on subordinated intercompany shareholder funding and amounts due to Parent undertakings.

Fair value of non derivative financial assets and financial liabilities

The fair values of all non-derivative financial instruments approximate to the carrying value in the Balance Sheet.

The following methods and assumptions have been used to determine fair values:

- The fair values of cash at bank, overdrafts and short-term deposits approximate their carrying values because of the short maturity of these instruments (see note 15).
- The fair value of trade and other receivables, amounts due from Parent undertakings, trade and other payables, interest on subordinated intercompany shareholder funding, amounts due to Parent undertakings and deferred consideration approximate their carrying values (see note 16 and 19 respectively).
- The carrying amount of deferred satellite payments represents the present value of future payments discounted, using an appropriate rate, at the period end. This carrying amount approximately equals fair value (see note 18).
- The EIB Facility is reflected in the Balance Sheet as at 31 December 2011 net of unamortised arrangement costs of US\$2.2m (2010: US\$2.6m). The fair value approximates the carrying value (see note 18).
- The fair value of the Subordinated Senior Notes due 2017 loan and Subordinated Parent Company Loan are based on the book value at year end, as this is the best approximation to fair value given that this loan is not traded (see note 18).
- The Ex-Im Bank Facility is reflected in the Balance Sheet as at 31 December 2011 net of unamortised arrangement costs of US\$14.5m (2010: US\$nil). The fair value approximates the carrying value (see note 18).
- The Senior Credit Facility was repaid in June 2011 (see note 18).

31 Capital commitments

The Group had authorised and contracted but not provided for capital commitments as at 31 December 2011 of US\$1,086.7m (2010: US\$931.2m). These amounts primarily represent commitments in respect of the Alphasat and Global Xpress projects.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

32. Related party transactions

In the normal course of operations Stratos engages in transactions with its equity owned investees Navarino Telecom SA and NTS Maritime Limited (together 'Navarino') and JSAT Mobile Communications Inc. These transactions represent sales of airtime and equipment and are measured at the amounts exchanged. Group revenue from the related parties for the 2011 financial year was US\$21.3m and US\$11.4m respectively (2010: US\$22.1m and US\$8.6m respectively). The amount receivable from the related party at 31 December 2011 was US\$12.2m and US\$1.5m, respectively (2010: US\$10.0m and US\$2.4m, respectively).

Remuneration paid to key management personnel, being the Executive Staff (including Executive Directors) of Inmarsat plc, during the year is as follows:

(US\$ in millions)	2011	2010
Short-term employee benefits ^(a)	7.1	8.8
Post-employment benefits	0.2	0.2
Share-based payment ^(a)	6.7	6.6
Total remuneration	14.0	15.6

(a) Includes employers' National Insurance or other social security contributions.

The amount owing to the Executive Staff (including Executive Directors) as at 31 December 2011 and 2010 was US\$2.8m and US\$3.1m, respectively.

The post-retirement healthcare and defined benefit pension plans are related parties (see note 26).

Management believes that all related party transactions were made on an arm's length basis.

The table below sets out transactions with related parties, being fellow subsidiary companies of the Group:

(US\$ in millions)	2011	2010
Transactions with Inmarsat plc:		
Intercompany interest receivable	—	1.1
Intercompany interest payable	0.3	11.3
Repayment of loan	—	23.0
Capitalisation of outstanding loan	—	331.2
Receipt of loan	—	5.7
Transactions with Inmarsat Finance plc:		
Intercompany interest payable	49.2	49.2
Transactions with Inmarsat Holdings Limited:		
Repayment of loan	—	57.8
Intercompany interest receivable	0.2	—
Intercompany interest payable	—	1.3
Transactions with Inmarsat Group Limited:		
Capitalisation of outstanding loan	325.7	—

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

32. Related party transactions (continued)

The table below sets out balances with related parties, being fellow subsidiary companies of the Group

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Outstanding balances with Inmarsat plc:		
Loan due to fellow Group companies	(6 0)	(5 7)
Amounts due to fellow Group companies	(49 3)	(1 1)
Outstanding balances with Inmarsat Finance plc:		
Subordinated Senior Notes due 2017 Loan	(637 2)	(635 0)
Interest on subordinated shareholder funding	(5 5)	(4 8)
Amounts due to fellow Group companies	(1 8)	(1 9)
Outstanding balances with Inmarsat Group Limited:		
Subordinated Parent Company Loan	—	(325 7)
Amounts due to fellow Group companies	(100 0)	—
Outstanding balances with Inmarsat Holdings Limited:		
Amounts due from fellow Group companies	3 1	7 5
Amounts due to fellow Group companies	—	(2 5)

33. Principal subsidiary undertakings

At 31 December 2011, the Company had investments in the following principal subsidiaries that have a significant impact on the consolidated results and total assets of the Group. To avoid a statement of excessive length, details of subsidiaries and associates which are not significant have been omitted from this list. A full list of subsidiaries and associates will be annexed to the Company's next annual return to be filed with the Registrar of Companies.

	Principal activity	Country of incorporation and operation	Interest in issued ordinary share capital at 31 December 2011	Interest in issued ordinary share capital at 31 December 2010
Inmarsat Global Limited	Satellite telecommunications	England and Wales	100%	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales	100%	100%
Inmarsat Navigation Ventures Limited	Operating company	England and Wales	100%	100%
Inmarsat SA	Operating company	Switzerland	100%	100%
Inmarsat Solutions B V ^(a)	Operating company	The Netherlands	100%	100%
Inmarsat Solutions (Canada) Inc ^(b)	Operating company	Canada	100%	100%
Inmarsat Solutions (US) Inc ^(c)	Operating company	USA	100%	100%
Segovia, Inc	Holding company	USA	100%	100%
Ship Equip International AS ^(d)	Operating company	Norway	100%	-
Stratos Government Services Inc	Operating company	USA	100%	100%
Stratos Mobile Networks Inc	Operating company	USA	100%	100%
Stratos New Zealand Limited	Operating company	New Zealand	100%	100%
Stratos Offshore Services Company	Operating company	USA	100%	100%

(a) Stratos B V was renamed Inmarsat Solutions B V in February 2012

(b) Stratos Wireless Inc was renamed Inmarsat Solutions (Canada) Inc in March 2012

(c) Stratos Communications Inc was renamed Inmarsat Solutions (US) Inc in February 2012

(d) Ship Equip International AS was acquired on 28 April 2011 (see note 27)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2011

34. Events after the balance sheet date

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

On 20 February 2012, we announced that we had entered into discussions with LightSquared regarding the future of the Cooperation Agreement following certain regulatory developments in the United States and the non-payment by LightSquared of US\$56.25m due under Phase 1. On 3 April 2012, while our discussions with LightSquared were continuing, we announced certain other non-payment events, including the non-payment of US\$29.6m due under Phase 2.

Subsequently, on 20 April 2012, we announced an agreement with LightSquared to amend certain terms of the Cooperation Agreement. In connection with the amended terms, LightSquared made a payment to Inmarsat of US\$56.25m, being the formerly overdue payment under Phase 1. Under the terms of the amendment, we renegotiated and agreed to suspend Phase 2 of the Cooperation Agreement until 31 March 2014. LightSquared may, at its option, elect to restart Phase 2 prior to this date. During the period of suspension LightSquared will not be required to make any Phase 2 payments to us, including the formerly overdue payment of US\$29.6m which was due 31 March 2012. Phase 1.5 of the Cooperation Agreement has also been renegotiated within the scope of this amendment and is no longer operative.

On 1 April 2014, or an earlier date as elected by LightSquared, Phase 2 payments will recommence from that date based on a restructured payment plan that will differ from the previous Phase 2 payments and be dependent on certain future outcomes with regard to deployment of the LightSquared ATC network.

As a result of the 20 April 2012 amendment, LightSquared will not be required to make any further payments to us in 2012 or before 1 April 2014, unless prior to such date LightSquared obtains certain Federal Communications Commission ("FCC") consents, in which case LightSquared will be required to recommence Phase 2 payments within 6 months of the FCC decision. The amended terms of the Cooperation Agreement are designed to allow LightSquared additional time to secure regulatory consents that may ultimately lead to the deployment of its ATC network in North America.

On 11 April 2012, our fellow Group company Inmarsat Finance plc issued a further US\$200.0m aggregate principal amount of 7.375% Senior Notes due 1 December 2017. The aggregate gross proceeds of US\$212.0m, including US\$12.0m premium on issuance, will be used for general corporate purposes and loaned to the Group, increasing the existing Subordinated Senior Notes due 2017 Loan.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INMARSAT INVESTMENTS LIMITED

We have audited the Company financial statements of Inmarsat Investments Limited for the year ended 31 December 2011 which comprise the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011,
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the consolidated financial statements of Inmarsat Investments Limited for the year ended 31 December 2011.



Stephen Griggs FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
10 May 2012

Inmarsat Investments Limited
Company Balance Sheet
As at 31 December 2011

(US\$ in millions)	As at 31 December 2011	As at 31 December 2010
Assets		
Non-current assets		
Investments ^(a)	2,517.9	1,912.9
Other receivables ^(b)	558.3	343.2
Deferred income tax assets	4.1	6.8
Total non-current assets	3,080.3	2,262.9
Current assets		
Cash and cash equivalents	—	0.1
Trade and other receivables ^(c)	105.9	0.1
Current income tax asset	24.5	25.2
Total current assets	130.4	25.4
Total assets	3,210.7	2,288.3
Liabilities		
Current liabilities		
Borrowings ^(d)	44.1	50.0
Trade and other payables ^(e)	945.1	198.7
Derivative financial instruments	8.8	12.3
Total current liabilities	998.0	261.0
Non-current liabilities		
Borrowings ^(f)	1,377.8	1,461.1
Derivative financial instruments	8.4	13.6
Total non-current liabilities	1,386.2	1,474.7
Total liabilities	2,384.2	1,735.7
Net assets	826.5	552.6
Shareholders' equity		
Ordinary shares	0.3	0.3
Share premium	365.6	365.6
Other reserves	625.7	293.9
Accumulated losses	(165.1)	(107.2)
Total shareholders' equity	826.5	552.6

(a) Investments consist of a US\$2,517.9m investment in Inmarsat Ventures Limited (2010 US\$1,912.9m)

(b) Other receivables consist of US\$558.3m amounts due from Group companies (2010 US\$343.2m)

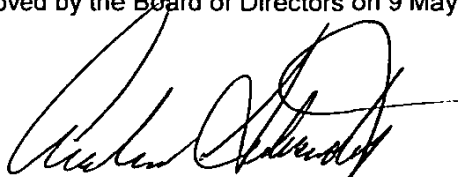
(c) Trade and other receivables consists of US\$100.0m amounts due to Group companies and US\$5.9m of other debtors (2010 US\$0.1m of prepayments and accrued income)

(d) Current borrowings comprise a US\$44.1m drawdown of the EIB Facility (2010 US\$50.0m drawdown of the Previous Senior Credit Facility)

(e) Trade and other payables consists of US\$0.2m trade payables (2010 US\$0.5m), US\$939.1m due to Group companies (2010 US\$194.8m) and US\$5.8m in relation to accruals and deferred income (2010 US\$3.4m)

(f) Non-current borrowings comprise of US\$646.4m subordinated intercompany shareholder funding (2010 US\$971.5m), US\$215.7m amounts due to Group companies (2010 US\$50.7m), US\$264.3m drawdown of the EIB Facility (2010 US\$308.4m), US\$277.3m drawdown of the EXIM Facility (2010 US\$nil), US\$nil drawdown of the Senior Credit Facility (2010 US\$143.9m on the Previous Senior Credit Facility) less deferred finance costs on the Senior Notes due 2017 of US\$9.2m (2010 US\$10.8m), on the EIB Facility of US\$2.2m (2010 US\$2.6m) and US\$14.5m on the EXIM Facility (2010 US\$nil)

The financial statements of Inmarsat Investments Limited, registered number 4886096, on pages 57 to 59 were approved by the Board of Directors on 9 May 2012 and signed on its behalf by



Andrew Sukawaty
Director



Rick Medlock
Director

Inmarsat Investments Limited
Company Statement of Changes in Equity
For the year ended 31 December 2011

(US\$ in millions)	Ordinary share capital	Share premium account	Cash flow hedge reserve	Capital contribution reserve	Accumulated Losses	Total
Balance as at 1 January 2010	0.3	34.4	(17.9)	311.9	(225.5)	103.2
Issue of share capital	—	331.2	—	—	—	331.2
Dividends paid	—	—	—	—	(165.0)	(165.0)
Comprehensive Income						
Profit for the period	—	—	—	—	283.3	283.3
Other comprehensive income – before tax	—	—	(0.1)	—	—	(0.1)
Balance as at 31 December 2010	0.3	365.6	(18.0)	311.9	(107.2)	552.6
Capital contribution	—	—	—	325.7	—	325.7
Dividends paid	—	—	—	—	(423.4)	(423.4)
Comprehensive Income						
Profit for the period	—	—	—	—	365.5	365.5
Other Comprehensive Income – before tax	—	—	8.8	—	—	8.8
Other Comprehensive Income – tax	—	—	(2.7)	—	—	(2.7)
Balance as at 31 December 2011	0.3	365.6	(11.9)	637.6	(165.1)	826.5

Company Cash Flow Statement
For the year ended 31 December 2011

(US\$ in millions)	2011	2010
Cash flow from operating activities		
Cash generated from operations	145.4	25.7
Interest received	0.2	3.0
Net cash from operating activities	145.6	28.7
Cash flow from investing activities		
Dividend received from Group companies	323.4	348.3
Investment in subsidiary company	(605.0)	—
Net cash (used in)/from investing activities	(281.6)	348.3
Cash flow from financing activities		
Dividends paid to Parent Company	(323.4)	(165.0)
Repayment of Previous Senior Credit Facility	(200.0)	(90.0)
Drawdown of EIB Facility	—	308.4
Drawdown of Ex-Im Facility	277.3	—
Repayment of Senior Notes due 2017 Subordinated Loan	—	(183.2)
Arrangement costs of new borrowing facilities	(22.4)	(3.3)
Interest paid on borrowings	(75.1)	(74.8)
Intercompany funding	479.5	(169.3)
Net cash from/(used in) financing activities	135.9	(377.2)
Net decrease in cash and cash equivalents	(0.1)	(0.2)
Movement in cash and cash equivalents		
At beginning of year	0.1	0.3
Net decrease in cash and cash equivalents	(0.1)	(0.2)
As reported on balance sheet (net of bank overdrafts)	—	0.1
At end of year, comprising		
Cash at bank and in hand	—	0.1
	—	0.1

Inmarsat Investments Limited
Notes to the Company Financial Statements
For the year ended 31 December 2011

Basis of accounting

In the 2011 and 2010 financial statements the Directors have applied International Financial Reporting Standards ('IFRS') as adopted by the European Union and IFRS as issued by the International Accounting Standards Board

The accounting policies and financial risk management policies and objectives, where relevant to the Company, are consistent with those of the consolidated Group as set out in notes 2 and 3 to the consolidated financial statements

Income Statement

The Company has taken advantage of the exemption available under section 408 of Companies Act 2006 and has not presented an Income Statement. The profit after tax for the year ended 31 December 2011 was US\$365.5m (2010 US\$283.3m)

Auditor's remuneration

The Auditor's remuneration incurred for the audit of the Company amounting to US\$10,000 (2010 US\$10,000) was paid by a company within the Inmarsat Group. No recharge was made.

Employee costs and Directors' remuneration

The Company does not have any directly employed employees.

Foreign currency translation

Accounting for foreign currency transactions of the Company is consistent with that of the Group, which is disclosed in note 2 to the consolidated financial accounts.

Financial Instruments

The IFRS 7, 'Financial Instruments' disclosures of the Company are consistent with that of the Group as set out in note 30 of the consolidated financial statements.

The differences between the Group and the Company are in relation to intercompany balances, US\$658.3m (2010 US\$343.2m) amounts due from Group companies and US\$1,801.2m (2010 US\$1,217.0m) amounts due to Group companies. The Directors consider the carrying value of the intercompany balances to approximate to their fair value.

Cash generated from operations

Reconciliation of profit for the year to net cash inflow from operations

(US\$ in millions)	2011	2010
Profit for the year	365.5	283.3
Adjustments for:		
Income tax credit	(36.0)	(25.0)
Interest payable	104.6	96.1
Interest receivable	(16.2)	(12.6)
Dividend receivable	(423.4)	(348.3)
Forward exchange contracts	0.2	—
Changes in net working capital:		
Decrease in trade and other receivables	49.9	28.1
Increase in trade and other payables	100.8	4.1
Cash generated from operations	145.4	25.7