

Inmarsat Investments Limited

(Registered Number: 4886096)

**Annual Report and Financial Statements
For the year ended 31 December 2014**

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Inmarsat Investments Limited
Strategic Report
For the year ended 31 December 2014

Principal activities

The Group is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide, with over 30 years of experience in designing, launching and operating satellite-based networks. We have an in-orbit fleet of 10 owned and operated L-band satellites in geostationary orbit and in December 2013 successfully launched our first Inmarsat-5 Ka-band satellite.

In addition to our established L-band satellite services business, we are implementing our Global Xpress ("GX") programme, a US\$1.6 billion investment project. GX will offer seamless global coverage and deliver Ka-band satellite services with broadband speeds of up to 50 Mbps for users in the government, maritime, enterprise and aviation sectors. GX services will be supported by an operational constellation of three Ka-band satellites (with a fourth satellite current planned to be an operational spare), the Inmarsat-5 satellites, being built by Boeing Space and Intelligence Systems ("Boeing").

Key financial and other performance indicators

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

(US\$ in millions)	2014	2013	Increase/(decrease)
Revenue	1,285.9	1,261.9	2%
Operating profit	409.3	238.3	72%
Profit after tax	332.4	127.5	161%
Net assets	1,428.9	1,313.3	9%
Average number of employees	1,592	1,622	(2%)

Revenue increased year-on-year due to increased revenue in respect of the LightSquared Cooperation Agreement and underlying revenue growth in Maritime, Enterprise, and Aviation, partially off-set by a further decline in our Government business revenue and the net impact of acquisitions and disposals. Operating profit increased year-on-year due to the increased revenues, overall reduction in operating costs and a decrease in the impairment charge year-on-year, which were partially offset by an increase in depreciation and amortisation. Profit after tax increased year-on-year due to the factors described above as well as a decrease in income tax year-on-year.

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 our 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 at launch or while in orbit which, if they were to occur, could adversely affect our revenues, profitability and liquidity. Although we expect to maintain commercially prudent levels of launch and in-orbit insurance, this may be insufficient to cover all losses if we had a satellite failure. Even if our insurance cover was sufficient, delays in building and launching a replacement satellite could adversely affect our revenues, profitability and liquidity.

Inmarsat Investments Limited
Strategic Report (continued)
For the year ended 31 December 2014

Satellites (continued)

As the majority of the customer traffic on our network is mobile in nature, the utilisation of our network capacity fluctuates and can be concentrated based on geography and other factors, such as the time of day or major events. For example, key shipping routes will tend to experience higher average traffic volumes than oceanic areas generally. Our ability to serve concentrated levels of traffic is limited by the capacity of our satellites and our ability to move capacity around our network. Although we have designed our network to accommodate expected geographic patterns and peak demand, our network could become congested if concentrated demand exceeds our expectations. Such congestion on a sustained basis could damage our reputation for service availability and harm our results from operations.

Critical Partners

Although we have wholly-owned distribution capabilities, we continue to rely in part 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. Alternatively, changes in our business model could affect the willingness of third party distribution partners to continue to offer our services.

Spectrum

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

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

We are currently in the process of implementing a major investment programme, GX, which includes the deployment of a global network of Ka-band satellites. This programme, which includes satellites, ground network, terminals and related services, may be subject to delays and/or material cost overruns. 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. 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.

Inmarsat Investments Limited
Strategic Report (continued)
For the year ended 31 December 2014

Competition

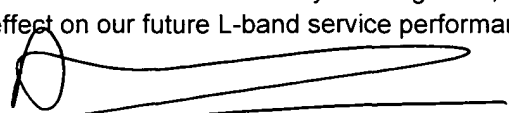
Although Inmarsat is a market leader in MSS, the global communications industry is highly competitive. We face competition today from a number of communications technologies in the various target sectors for our services. It is likely that we will continue to face increasing competition from other network 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 MSS users. While we believe that our L-band product offerings remain competitive in the markets we serve and that our investment in GX will position us favourably to compete with VSAT providers in the future, 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 the 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.

Development of hybrid networks, including Ancillary Terrestrial Component ("ATC")

Proposed ATC services 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 may present 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 coexist in North America with ATC services in adjacent frequencies. Whilst we believe that we can continue to operate our services over North America with minimal impact to our users, following the launch of ATC services by LightSquared, 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.



By order of the Board
Alison Horrocks FCIS
Company Secretary
8 July 2015

Inmarsat investments Limited
Directors' Report
For the year ended 31 December 2014

Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements for Inmarsat Group Limited (the 'Company' or together with its subsidiaries, the 'Group') for the year ended 31 December 2014.

Directors and their interests

The Directors who were in office on 1 January 2014 and who served during the year were as follows:

- Tony Bates (appointed 2 June 2014)
- Alison Horrocks
- Rick Medlock (resigned as a Director on 3 January 2014)
- Rupert Pearce
- Andrew Sukawaty

None of the Directors, at any time during the year ended 31 December 2014 or subsequently, have had any interests in any shares of the Company or its subsidiaries.

Dividend

The Company paid dividends during the year ended 31 December 2014 of US\$83.7m and US\$142.1m for the 2014 interim dividend and the 2013 final dividend, respectively (year ended 31 December 2013: US\$35.0m and US\$122.8m for the 2013 interim dividend and the 2012 final interim dividend, respectively).

No final dividend for the year ended 31 December 2014 has been declared or paid.

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 31 to the consolidated financial statements.

Research and development

The Group continues to invest in new services and technology necessary to support its activities through research and development programmes.

Post balance sheet events

Details of material post balance sheet events are included in note 37 to the consolidated financial statements.

Employees

We recognise the importance of diversity amongst our employees and are committed to ensuring that employees are selected and promoted on the basis of merit and ability, regardless of age, gender, race, religion, sexual orientation or disability.

We have established policies which address key corporate objectives in the management of employee relations, communications and employee involvement, training and personal development and equal opportunities. Employees are assisted in their career development through an annual appraisal scheme, and training is provided to support this. We do not discriminate against anyone who has a disability when considering career development opportunities. If an employee becomes disabled whilst working for us, we would review the requirements of their working environment to accommodate practical changes as far as possible to allow them to continue in their daily work routine. If such changes were unrealistic to implement, we would review alternative employment options for the individual within the Company.

Inmarsat investments Limited

Directors' Report (continued)

For the year ended 31 December 2014

Employees(continued)

We have elected employee forums in the UK and Batam in Indonesia, a Works Council in the Netherlands and an Enterprise Agreement in Perth, Australia. These groups extend two-way communications between employees and management and allow the views of employees to be taken into account in making decisions which may affect their interests. In the UK, the Staff Forum is an elected body constituted in accordance with prevailing legislation to provide the formal means of consultation on contractual matters, as and when required. In the Netherlands, the Works Council is constituted according to local requirements, as too are the arrangements in Perth.

The Inmarsat plc Board receives an annual update on Health and Safety activity across the Group. Rupert Pearce, CEO, has been identified as the Director having responsibility for health and safety issues at Inmarsat plc Board level. We have a dedicated Health & Safety Manager who is located in our headquarters office and our subsidiary operations have identified individuals responsible for health and safety across their operations. Our goal is to encourage strong leadership in championing the importance of, and a common-sense approach to health and safety in the workplace. We recognise the need to provide a safe working environment for our employees, contractors and any visitors. Regular health and safety audits are undertaken at operating sites across the Group, with inspections during 2014 at premises in the UK, Canada and the US. Across the Group, less than 15 accidents were reported, which is lower than in 2013, and we had no fatalities. We again received very positive feedback from our employees to our global 'healthy wellbeing programme' which is run annually in November. We believe our 'healthy wellbeing programme' has a positive impact on staff productivity and effectiveness of the business; the programme aims to improve the general health and wellbeing of the working-age population and support staff with health conditions.

We have identified five continuing health and safety priorities based on business activities and the potential harm to staff:

- DSE (display screen equipment) related ill health (musculoskeletal disorders)
- Working at height
- Work related stress
- Manual handling
- Lone working

We provide training and awareness materials to staff providing them with information on how to deal with these specific areas of work.

Political donations

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 Annual General Meeting for Inmarsat plc and its subsidiaries to make political donations and to incur political expenditure.

Indemnities and insurance

Inmarsat plc (the Group's ultimate parent company) maintains appropriate insurance to cover Directors' and Officers' liability for itself and its subsidiaries as permitted under the Articles of Association. The insurance covers individual Directors' and Officers' personal legal liability and legal defence costs for claims arising out of actions taken in connection with Group business. Neither the insurance nor the indemnity provides cover where the Director/Officer is proved to have acted fraudulently or dishonestly. The Directors, the Company Secretary, and certain employees serving as directors of subsidiaries at the Group's request have been granted indemnities on terms consistent with the applicable statutory provisions. No amount has been paid under any of these indemnities during the year.

Inmarsat investments Limited
Directors' Report (continued)
For the year ended 31 December 2014

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 Group'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 him/herself aware of any relevant audit information and to establish that the Group'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 an auditor annually. Therefore, Deloitte LLP are deemed to continue as auditor.

Directors' responsibilities statement

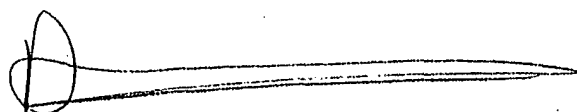
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

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 have also chosen to prepare the Parent Company financial statements under IFRSs as adopted by the European Union. 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 Group and of the profit or loss of the Group 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group 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
8 July 2015

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

We have audited the financial statements of Inmarsat Investments Limited for the year ended 31 December 2014 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 37, and the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement and 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 regards the Parent Company financial statements, 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 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 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 the following: whether the accounting policies are appropriate to the Group's and the Parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements 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
- the financial statements 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the 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 Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent 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.



David Griffin, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
8 July 2015

Inmarsat Investments Limited
Consolidated Income Statement
For the year ended 31 December 2014

(US\$ in millions)	Note	2014	2013
Revenues		1,285.9	1,261.9
Employee benefit costs	7	(237.3)	(244.8)
Network and satellite operations costs		(205.7)	(281.6)
Other net operating costs		(174.1)	(117.0)
Own work capitalised		32.2	30.2
Total net operating costs		(584.9)	(613.2)
EBITDA		701.0	648.7
Depreciation and amortisation	6	(291.8)	(232.0)
Loss on disposal of assets		(1.2)	(0.1)
Acquisition-related adjustments		-	4.6
Impairment losses	6	(1.3)	(185.2)
Share of profit of associates	15	2.6	2.3
Operating profit		409.3	238.3
Interest receivable and similar income	9	7.9	5.6
Interest payable and similar charges	9	(95.7)	(27.4)
Net interest payable	9	(87.8)	(21.8)
Profit before income tax	6	321.5	216.5
Income tax credit/(expense)	10	10.9	(89.0)
Profit for the year		332.4	127.5
Attributable to:			
Equity holders		331.8	126.9
Non-controlling interest		0.6	0.6

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2014

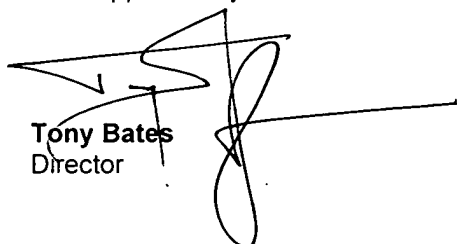
(US\$ in millions)	Note	2014	2013
Profit for the year		332.4	127.5
Other comprehensive income			
Amounts subsequently reclassified to the Income Statement:			
Foreign exchange translation differences		(0.6)	(0.2)
Net gains on cash flow hedges	26	(12.7)	14.7
Tax charged directly to equity	10	2.5	(3.6)
Amounts not subsequently reclassified to the Income Statement:			
Actuarial gains from pension and post-employment benefits	27	3.4	2.7
Tax charged directly to equity	10	(0.6)	(0.6)
Other comprehensive income for the year, net of tax		(8.0)	13.0
Total comprehensive income for the year, net of tax		324.4	140.5
Attributable to:			
Equity holders		323.8	139.9
Non-controlling interest		0.6	0.6

Inmarsat Investments Limited
Consolidated Balance Sheet
As at 31 December 2014

(US\$ in millions)	Note	As at 31 December 2014	As at 31 December 2013
Assets			
Non-current assets			
Property, plant and equipment	13	2,649.4	2,495.9
Intangible assets	14	799.6	781.1
Investments	15	10.8	32.7
Other receivables	17	24.4	21.6
Deferred income tax assets	22	26.7	21.3
Derivative financial instruments	31	-	3.6
		3,510.9	3,356.2
Current assets			
Cash and cash equivalents	16	202.7	143.1
Trade and other receivables	17	317.1	281.3
Inventories	18	28.4	27.7
Current income tax assets	22	8.5	11.6
Derivative financial instruments	31	1.4	9.2
Assets held for sale	32	32.9	42.8
		591.0	515.7
Total assets		4,101.9	3,871.9
Liabilities			
Current liabilities			
Borrowings	19	118.1	71.9
Trade and other payables	20	547.6	571.1
Provisions	21	3.4	4.3
Current income tax liabilities	22	77.1	108.5
Derivative financial instruments	31	5.0	0.5
Liabilities directly associated with assets held for sale	32	-	19.0
		751.2	775.3
Non-current liabilities			
Borrowings	19	1,682.6	1,558.0
Other payables	20	25.6	26.2
Provisions	21	27.2	23.9
Deferred income tax liabilities	22	186.4	175.2
		1,921.8	1,783.3
Total liabilities		2,673.0	2,558.6
Net assets		1,428.9	1,313.3
Shareholders' equity			
Ordinary shares	24	0.3	0.3
Share premium		365.6	365.6
Other reserves		718.2	712.6
Retained earnings		344.3	234.5
Equity attributable to Parent Company		1,428.4	1,313.0
Non-controlling interest		0.5	0.3
Total equity		1,428.9	1,313.3

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 8 July 2015 and signed on its behalf by:


Tony Bates
 Director

Inmarsat Investments Limited
Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

(US\$ in millions)	Ordinary share capital	Share premium account	Share option reserve	Cash flow hedge reserve	Revaluation reserve	Currency reserve	Capital contribution reserve	Retained earnings	Non- controlling interest	Total
Balance as at										
1 January 2013	0.3	365.6	54.8	(2.5)	0.6	0.4	639.8	261.9	1.1	1,322.0
Share options charge	-	-	8.6	-	-	-	-	1.4	-	10.0
Dividends paid	-	-	-	-	-	-	-	(157.8)	(0.2)	(158.0)
Transfer to liabilities directly associated with assets held for sale	-	-	-	-	-	-	-	-	(1.2)	(1.2)
Comprehensive Income:										
Profit for the period	-	-	-	-	-	-	-	126.9	0.6	127.5
Other comprehensive income - before tax	-	-	-	14.7	-	(0.2)	-	2.7	-	17.2
Other comprehensive income - tax	-	-	-	(3.6)	-	-	-	(0.6)	-	(4.2)
Balance as at										
31 December 2013	0.3	365.6	63.4	8.6	0.6	0.2	639.8	234.5	0.3	1,313.3
Share options charge	-	-	8.4	-	-	-	-	1.0	-	9.4
Dividends paid	-	-	-	-	-	-	-	(225.8)	(0.3)	(226.1)
Transfer to liabilities directly associated with assets held for sale	-	-	-	-	-	-	-	-	(0.1)	(0.1)
Comprehensive Income:										
Profit for the period	-	-	-	-	-	-	-	331.8	0.6	332.4
Other comprehensive income - before tax	-	-	-	(12.7)	9.4	(0.6)	-	3.4	-	(0.5)
Other comprehensive income - tax	-	-	-	2.5	(1.4)	-	-	(0.6)	-	0.5
Balance as at										
31 December 2014	0.3	365.6	71.8	(1.6)	8.6	(0.4)	639.8	344.3	0.5	1,428.9

Inmarsat Investments Limited
Consolidated Cash Flow Statement
For the year ended 31 December 2014

(US\$ in millions)	Note	2014	2013
Cash flow from operating activities			
Cash generated from operations	23	648.4	616.3
Interest received		0.9	2.4
Income taxes paid		(9.6)	(20.3)
Net cash inflow from operating activities		639.7	598.4
Cash flow from investing activities			
Purchase of property, plant and equipment		(345.9)	(516.1)
Additions to capitalised development costs and other intangibles		(29.0)	(35.1)
Own work capitalised		(30.8)	(29.3)
Acquisition of subsidiaries and other investments	28	(46.2)	(3.2)
Proceeds on disposal of assets		27.5	-
Net cash used in investing activities		(424.4)	(583.7)
Cash flow from financing activities			
Dividends paid to Parent Company	12	(225.8)	(157.8)
Repayment of EIB Facility	19	(44.1)	(44.0)
Drawdown of Ex-Im Bank Facility	19	106.9	145.9
Repayment of Ex-Im Bank Facility		(13.4)	-
Redemption of Senior Notes due 2017	19	(882.8)	-
Gross issuance proceeds of Senior Notes due 2022		991.9	-
Interest paid on borrowings		(84.5)	(95.5)
Arrangement costs of financing	19	(13.8)	(5.0)
Intercompany funding		13.0	(49.2)
Other financing activities		1.2	(0.3)
Net cash used in financing activities		(151.4)	(205.9)
Foreign exchange adjustment		(0.4)	(0.1)
Net increase/(decrease) in cash and cash equivalents		63.5	(191.3)
Movement in cash and cash equivalents			
At beginning of year		139.2	330.5
Net increase/(decrease) in cash and cash equivalents		63.5	(191.3)
As reported on Balance Sheet (net of bank overdrafts)	16	202.7	139.2
At end of year, comprising			
Cash at bank and in hand	16	39.0	49.2
Short-term deposits with original maturity of less than three months	16	163.7	93.9
Bank overdrafts	16	-	(3.9)
		202.7	139.2

Inmarsat Investments Limited

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

1. General information

Inmarsat Group Limited (the 'Company' or, together with its subsidiaries, the 'Group') is a company incorporated in the United Kingdom and domiciled in England and Wales. The address of its registered office is 99 City Road, London EC1Y 1AX, United Kingdom. The nature of the Group's operations and its principal activities are set out in note 5.

The Company's parent undertaking is Inmarsat Holdings Limited and ultimate controlling party is Inmarsat plc, both incorporated in the United Kingdom 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 2014 and 2013 (the 'consolidated financial statements') are set out below.

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') 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 a robust and resilient business model, strong free cash flow generation and is compliant with all covenants. As a consequence and despite the continuing uncertain economic climate, the Directors believe that the 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 and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat Group Limited continues to adopt the going concern basis in preparing the consolidated financial statements.

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 amounts, events 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 consolidated financial statements are disclosed in note 4.

In addition, 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:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosures of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IAS 27 (revised) - Separate Financial Statements (2011)
- IAS 28 (revised) - Investments in Associates and Joint Ventures (2011)
- IAS 32 (amended) - Financial Instruments
- IAS 36 (amended) - Impairment of Assets
- IAS 39 (amended) - Financial Instruments
- IFRIC 21 - Levies (effective for financial years beginning on or after 1 January 2014)

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):

- IAS 19 (amended) - Employee Benefits
- IFRS 9 Financial Instruments (replacement of IAS39)
- IFRS 10 (amended) - Consolidated Financial Statements
- IFRS 11 (amended) - Joint Arrangements
- IFRS 15 - Revenue from Contracts with Customers

The Group is currently assessing the impact of the above new Standards and Interpretations on its results, balance sheet and cash flows.

Inmarsat Investments Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. Principal accounting policies (continued)

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 a 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. Where there is a revision of the estimated fair value attributed to the assets or liabilities of an acquired subsidiary which occurs after the end of the measurement period, acquisition-related adjustments are recognised in the Income Statement.

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.

Investments in associates are initially recognised at cost. Subsequent to acquisition the carrying value of the Group's investment in associates includes the Group's share of profit of associates, less dividends paid by the associate to the Group, and less any impairment losses. The income statement reflects the Group's share of profit after tax of the associate.

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.

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 Pound Sterling for 2014 for the Group's Sterling operating expenditures was US\$1.54/£1.00 (2013: US\$1.57/£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 Group 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.

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 trade receivables, other receivables, accrued income, 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 classified as borrowings, trade payables, other liabilities and accruals 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.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

2. Principal accounting policies (continued)

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 the 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 re-performed 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, 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. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. The Group also enters into minimum spend contracts with customers, known as 'take-or-pay' contracts, whereby customers agree to purchase a minimum amount of mobile satellite communications services over a fixed period. Any unused portion of the prepaid contracts or the take-or-pay contracts ('breakage') is recognised in revenue in line with service provision when reasonable assurance as to the breakage amount exists, or otherwise when the contract expires. Mobile satellite communications services lease revenues are recorded on a straight-line basis over the term of the contract concerned, which is typically between 1 and 12 months, unless another systematic basis is deemed more appropriate.

Revenue also includes income from spectrum coordination agreements, services contracts, other communications services 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(e)). 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.

The Group 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 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-employment benefits in respect of employees. The Group's net obligations in respect of defined benefit pension plans and post-employment 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 calculations are performed by qualified actuaries 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.

Inmarsat Investments Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. Principal accounting policies (continued)

The Group also 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. 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 consolidated financial statements. However, if the deferred income tax arises from 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 profits 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.

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 milestones, 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 borrowings. 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 the course of construction

These assets will be transferred to space segment assets and depreciated over the life of the satellites or services once they become operational and placed into service. No depreciation has yet 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.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

2. Principal accounting policies (continued)

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 the 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.

Intangible assets

Intangible assets comprise goodwill, patents, trademarks, software, terminal development and network access 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 once a business case has been demonstrated as to technical feasibility and commercial viability.

Intangible assets with a finite useful life are amortised 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 reviews

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 unit ('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, where a reliable and consistent basis exists, 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

Available-for-sale investments are recorded at fair value with gains and losses recorded directly in equity. 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.

Inmarsat Investments Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

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.

Non-current assets and disposal groups held for sale

When the carrying value of non-current assets and disposal groups will be recovered through a sale transaction rather than through continuing usage, they are classified as held for sale. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

Disposal groups are groups of assets and liabilities to be disposed of together as a group in a single transaction. They are recognised as held for sale at the reporting date and are separately disclosed as current assets and liabilities on the Balance Sheet. Any amortisation or depreciation ceases when an asset is classified as held for sale. Measurement differences arising between the carrying amount and fair value less cost of disposal are treated as impairment charges and separately disclosed.

Available-for-sale financial assets classified as held for sale are remeasured to fair value with the resulting gains or losses recorded through the revaluation reserve. These amounts are subsequently reclassified to profit or loss at the time of sale.

Interest and finance costs

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

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, include 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 as current liabilities within borrowings on the Balance Sheet.

Provisions

Provisions, other than in respect of pension and post-employment 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 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 for the purposes of our reporting as profit before interest, taxation, depreciation and amortisation, loss on disposal of assets, acquisition-related adjustments, impairment losses and share of profit 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 adverse effects on the financial performance of the Group by using forward exchange contracts to limit exposure to foreign currency risk and to limit the impact of fluctuating interest rates by minimising the amount of floating rate long-term borrowings.

The Board of Directors has delegated to a subcommittee, the Treasury Review Committee, the responsibility for setting the financial 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

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

3. Financial risk management (continued)

exchange risk, interest rate risk and credit risk (see note 31). The management of the Group does not hold or issue derivative financial instruments for speculative or trading purposes.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Group is the US Dollar. The vast majority of 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 24% (2013: 25%) of the Group's operating costs are denominated in Pounds Sterling. The Group operates internationally, resulting in approximately 6% and 46% of revenue and expenditure, respectively, 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 2014 it is estimated that:

- A hypothetical 1% inflation of the hedged US Dollar/Sterling exchange rate (US\$1.54/£1.00 to US\$1.56/£1.00) would have decreased the 2014 profit before tax by approximately \$1.1m (2013: \$1.0m);
- A hypothetical 1% deflation in the US Dollar/Sterling and a 1% deflation in the US Dollar/Euro foreign currency spot rates at 31 December 2014 would have decreased equity by \$1.0m and \$0.1m, respectively (2013: \$1.6m and \$0.1m, 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 and non-current other receivables), 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 EIB Facility is at a variable rate whilst the Senior Notes due 2022 and the Ex-Im Facilities are at fixed rates.

As at 31 December 2014, 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 \$0.3m (2013: \$2.2m). This is primarily due to the Group's exposure to movements on 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 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.

(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, other receivables, accrued income 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 as at 31 December is:

(\$ in millions)	Note	2014	2013
Cash and cash equivalents	16	202.7	143.1
Trade receivables, other receivables and accrued income	17	253.9	243.4
Derivative financial instruments	31	1.4	12.8
Total credit risk		458.0	399.3

The Group's average age of trade receivables as at 31 December 2014 (excluding the impact of LightSquared) was approximately 66 days (as at 31 December 2013: 61 days). At 31 December 2014, \$174.5m (2013: \$140.5m) 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.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

3. Financial risk management (continued)

The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third party collection processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis. As a result of acquiring the assets of Globe Wireless in 2014 and the alignment of provisioning policies for uncollectible trade receivables across the Group, and assessments of the general trading environment, the provision for uncollectible trade receivables increased to \$18.4m as at 31 December 2014 (2013: \$10.5m).

For 2014, one (2013: one) distribution partner, comprised approximately 12.2% (2013: 15.2%) of the Group's total revenues. This same customer comprised 20.3% (2013: 24.0%) of the Group's trade receivables balance as at 31 December 2014. No other customer accounted for 10% or more of the Group's revenue for 2014 or 2013, or for 10% of the Group's accounts receivable as at 31 December 2014 or 31 December 2013.

The ageing profile of overdue trade receivables net of provisions and revenue adjustments is:

(\$ in millions)	Note	2014	2013
Between 1 and 30 days overdue		40.2	28.4
Between 31 and 120 days overdue		16.4	30.7
Over 120 days overdue		0.2	8.1
As at 31 December	17	56.8	67.2

(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.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The available liquidity of the Group as at 31 December is:

(\$ in millions)	Note	2014	2013
Cash and cash equivalents	16	202.7	143.1
Available but undrawn borrowing facilities ⁽¹⁾	19	990.3	906.5
Total available liquidity		1,193.0	1,049.6

(1) Relates to the Senior Credit Facility and Ex-Im Bank Facilities (see note 19).

The Directors believe the Group's liquidity position is more than sufficient to meet its 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 14.

During 2014, the Group reorganised its operating segments to reflect the way the business is being viewed by the Chief Operating Decision Maker ("CODM") (see note 5). As a result of the reorganisation, the lowest levels for which separate cash flows are identifiable are the operating segments. As required under IFRS, goodwill was allocated to the new CGUs using the relative value approach. Corporate assets are allocated to the CGUs where a reasonable and consistent allocation basis exists. Where corporate assets could not be allocated on a reasonable and consistent basis they were included within the carrying amount of the total Group and compared to the recoverable amount of the total Group.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

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

Key assumptions used to calculate the recoverable amount of the CGUs were as follows:

(\$ in millions)	Allocated Goodwill	Pre-tax Discount rate	Long-term growth rate
Maritime	215.5	9.1%	2.5%
Enterprise	54.8	9.1%	2.5%
Aviation	46.4	9.1%	2.5%
US Government	50.6	9.1%	2.5%
Global Government	54.8	9.1%	2.5%
Total Group	422.1	8.9%	2.5%

As at 31 December 2013, the Group's CGUs were Inmarsat Global, Stratos, Segovia and Ship Equip. The carrying value of goodwill allocated to the Stratos, Segovia and Ship Equip CGUs was fully impaired. The carrying amount of goodwill allocated to the Inmarsat Global CGU was \$407.4m.

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. For certain significant projects currently under development, a five year period is not indicative of the long-term performance as operations may not have reached maturity. For these projects, the Group extends the plan for an additional 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, as outlined below.

Growth rates

A long-term growth rate has been applied to extrapolate the cash flows into perpetuity. The growth rate has been determined using long-term industry growth rates and management's conservative expectation of future growth.

Discount rates

The discount rates reflect the time value of money and are derived from the Group's weighted average cost of capital, adjusted for the risk associated with the CGUs. The risk premium, when compared with the Group discount rate, was consistent across each of the CGUs given the similarities in exposure to economic and competitive conditions.

Goodwill impairment

No impairment was identified in respect of the goodwill allocated to the CGUs in 2014. In 2013, an impairment charge of ~~\$144.5m~~ was recognised in respect to goodwill. This related to the impairment of goodwill originally recognised by the Group on the acquisition of the Stratos, Segovia and Ship Equip businesses (impairment of \$76.8m, \$34.2m and \$33.5m, respectively).

In addition, during 2013 \$9.4m of goodwill impairment losses were recognised in relation to a correction made to depreciation in 2013 relating to prior periods in the Stratos CGU. This resulted in the carrying value of the Stratos CGU being increased above the estimated recoverable amount of the Stratos CGU at 31 December 2012 and therefore a further impairment charge was recognised based on the revised carrying amount of the CGU at 31 December 2012. In addition, a further \$5.9m of goodwill impairment losses were recognised in relation to the Stratos CGU following an impairment review conducted prior to reclassification of certain assets as held for sale during 2013 (see note 32).

(b) Other significant impairment losses

During 2014, impairment losses related to property plant and equipment, intangible assets and other were \$0.9m, \$0.3m, and \$0.1m, respectively.

Following the 2013 goodwill impairment review, \$17.8m of impairment losses were recognised in relation to customer relationships attributed to the Segovia CGU. This was to ensure that the estimated value in use of the CGU was reflected in the financial statement for the year ended 31 December 2013.

In addition, in the year ended 31 December 2013, tangible fixed assets were impaired by \$20.5m and other intangible assets (excluding goodwill) were impaired by \$1.1m, following an adjustment to the carrying value of the retail energy assets being disposed of in the RigNet transaction to write them down to their fair value less costs to sell prior to their classification as held for sale assets.

(c) Pension arrangements and post-employment benefits assumptions

The weighted average discount rate used to calculate the pension and post-employment benefits liabilities was 3.74% (2013: 4.72%) (see note 27).

Inmarsat Investments Limited

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

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

(d) Income tax

The calculation of the Group's current and deferred tax balances, including 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. In addition, a contingent liability has been disclosed for the year ended 31 December 2014 in respect of arrangements which were entered into in prior periods (see note 34).

(e) 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. The Cooperation Agreement was segregated into phases and designed to enable and support the deployment of an ATC network by LightSquared in North America. To date total payments of \$578.0m have been received under the Cooperation Agreement, including \$31.6m in 2014 (2013: \$nil). The Group has, thus far, recognised \$369.2m of revenue and \$23.4m of operating costs under all phases of the agreement. For the year ended 31 December 2014, the Group recognised \$75.4m of revenue and \$0.2m of operating costs, in respect of all phases (year ended 31 December 2013: \$12.3m and \$3.3m, respectively).

On 31 March 2014, LightSquared elected to restart Phase 2 of the Cooperation Agreement and in connection with this election notice a payment of \$5.0m was received and recognised as revenue. As a result of the election, LightSquared has recommenced quarterly payments to Inmarsat. On 2 January 2015, Inmarsat issued a default notice to LightSquared indicating the \$17.5m payment due 31 December 2014 had not been received in accordance with the quarterly payment schedule. As at 31 December 2014, no revenue has been recognised in respect of the amount owing from LightSquared, as the Group's policy is to not recognise revenue when there is significant uncertainty of receiving payment.

In connection with the Group's accounting for different phases of the Cooperation Agreement, the accounting method considered most appropriate to the individual phase, including the percentage of completion method and straight-line method in the case of both revenues and costs has been used. Where the percentage of completion method was used, we have had to measure the number of man-hours undertaken against an estimate of the total man-hours required to complete the phase or activity. Similarly, we have measured costs incurred against an estimate of the total costs required to complete the phase or activity. The key area of estimation uncertainty relates to the Directors' estimates of the total time/costs that will be incurred and the Directors' estimate of the percentage of completion of the time and costs that the Group has incurred.

(f) Provision for uncollectable trade receivables

As a result of uncertainties inherent in business activities, the Group estimates its required provision for uncollectable trade receivables at the end of each period. The estimate is based on the Group's judgement using the latest information available; the Group's provision for uncollectable trade receivables at 31 December 2014 is \$18.7m (2013: \$10.5m).

(g) Allowance for obsolescence of inventories

The Group maintains allowances for obsolescence against old or slow moving inventories. The estimate is based on the Group's judgement using the latest information available; the Group's allowance for obsolescence of inventories at 31 December 2014 is \$15.1m (2013: \$3.5m).

(h) Capitalisation of space segment assets and associated borrowing costs

The key judgements involved in the capitalisation of space segment assets and associated borrowings costs are:

- Whether the capitalisation criteria of the underlying IFRSs have been met;
- Whether an asset is ready for use and as a result further capitalisation of costs should cease and depreciation should commence; and
- Whether an asset is deemed to be substantially complete and as a result capitalisation of borrowing costs should cease.

5. Segmental information

During the year ended 31 December 2014, the Group revised its operating segments to reflect the way the business is being viewed by the CODM. The revised operating segments are based on a vertical market presentation and are now aligned to five market-facing business units, being:

- Maritime, focusing on worldwide commercial maritime services;
- Enterprise, focusing on worldwide energy, industry, media, carriers, and M2M services;
- Aviation, focusing on commercial aviation services;
- US Government, focusing on US civil and military government services; and
- Global Government, focusing on worldwide civil and military government services.

These five business units are supported by "Central Services" which includes satellite operations and backbone infrastructure, corporate administrative costs, and all other income that is not directly attributable to the individual business units. The Group has

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

aggregated the US Government and Global Government operating segments into one reporting segment, as the segments meet the

5. Segmental information (continued)

criteria for aggregation under IFRS. Therefore, the Group's reportable segments are Maritime, Enterprise, Aviation, Government and Central Services.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central costs, investment revenue, finance costs and income tax expense. The tables below represent segmental information based on the revised basis with 2013 restated accordingly.

	2014					
(\$ in millions)	Maritime ⁽¹⁾	Government	Enterprise	Aviation	Central Services	Total
Revenue						
MSS and other	595.6	319.9	166.7	101.1	27.2	1,210.5
LightSquared	-	-	-	-	75.4	75.4
Total revenue	595.6	319.9	166.7	101.1	102.6	1,285.9
Net operating costs	(145.2)	(103.5)	(64.6)	(13.9)	(257.7)	(584.9)
EBITDA	450.4	216.4	102.1	87.2	(155.1)	701.0
Depreciation and amortisation	(35.6)	(9.3)	(0.2)	(2.1)	(244.6)	(291.8)
Impairment losses	-	-	-	-	(1.3)	(1.3)
Other	-	-	-	-	1.4	1.4
Operating result	414.8	207.1	101.9	85.1	(399.6)	409.3
Net finance expense						(87.8)
Profit before income tax						321.5
Income tax expense						10.9
Profit for the year						332.4
Capital expenditure	35.3	5.6	3.3	48.3	332.2	424.7
Depreciation	24.5	2.8	0.2	2.0	190.6	220.1
Amortisation of intangible assets	11.1	6.5	-	0.1	54.0	71.7

(1) Includes Globe Wireless from 1 January 2014 (see note 28).

	2013 (restated)					
(\$ in millions)	Maritime	Government	Enterprise	Aviation	Central Services	Total
Revenue						
MSS and other	524.8	408.3	221.6	73.4	21.5	1,249.6
LightSquared	-	-	-	-	12.3	12.3
Total revenue	524.8	408.3	221.6	73.4	33.8	1,261.9
Net operating costs	(108.3)	(140.4)	(106.0)	(6.2)	(252.3)	(613.2)
EBITDA	416.5	267.9	115.6	67.2	(218.5)	648.7
Depreciation and amortisation	(25.5)	(10.6)	(3.6)	(2.1)	(190.2)	(232.0)
Impairment losses ⁽¹⁾	-	-	-	-	(185.2)	(185.2)
Other	-	-	-	-	6.8	6.8
Operating result	391.0	257.3	112.0	65.1	(587.1)	238.3
Net finance expense						(21.8)
Profit before income tax						216.5
Income tax expense						(89.0)
Profit for the year						127.5
Capital expenditure	31.3	4.9	6.5	2.5	611.4	656.6
Depreciation	19.3	3.0	3.4	2.0	137.5	165.2
Amortisation of intangible assets	6.2	7.6	0.2	0.1	52.7	66.8

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

- (1) Impairment losses in 2013 relate primarily to goodwill and customer relationship intangibles of the former Inmarsat Solutions segment and the Stratos, Segovia and Ship Equip CGUs and have been allocated entirely to the Central Services reporting segment for comparative purposes.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

5. Segmental information (continued)

Geographical segments:

The Group mainly operates in the geographic areas shown in the table below. The home country of the Group is the United Kingdom, with its head office and central operations located in London.

Revenues are allocated to countries based on the billing address of the customer. For wholesale customers, this is the distribution partner who receives the invoice for the service, and for retail customers this is the billing address of the customer for whom the service is provided.

Assets and capital expenditure are allocated based on the physical location of the assets.

(\$ in millions)	2014		2013	
	Revenue	Non-current Segment assets ⁽¹⁾	Revenue	Non-current Segment assets ⁽¹⁾
United Kingdom	82.4	799.2	94.4	774.5
Rest of Europe	476.9	619.0	424.3	266.1
North America	391.2	755.8	438.5	1,006.1
Asia and Pacific	282.7	68.9	254.7	32.9
Rest of the world	52.7	0.1	50.0	0.1
Unallocated ⁽²⁾	-	1,267.9	-	1,272.9
	1,285.9	3,510.9	1,261.9	3,352.6

(1) In line with IFRS 8, 'Operating Segments', non-current segment assets exclude derivative financial instruments.

(2) Unallocated items relate to satellites which are in orbit.

6. 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 7.

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

(\$ in millions)	Note	2014	2013
Depreciation of property, plant and equipment	13	220.1	165.2
Amortisation of intangible assets	14	71.7	66.8
Impairment of goodwill	4	-	144.5
Impairment of customer relationships	14	-	18.1
Impairment of software	14	0.3	0.8
Impairment of services, equipment, fixtures and fittings	13	0.4	20.5
Impairment of non-current other receivables		0.6	1.3
Operating lease rentals:			
Land and buildings		20.3	20.2
Services equipment, fixtures and fittings		1.7	1.5
Cost of inventories recognised as an expense		59.2	67.0
Research and development costs expensed		20.0	14.4

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

6. Profit before income tax (continued)

The total remuneration paid to the Group's auditor and other member firms of Deloitte Touche Tohmatsu Limited is analysed below:

(\$ in millions)	2014	2013
Audit fees:		
Audit of the parent company	-	-
Audit of subsidiaries	1.2	1.0
	1.2	1.0
Audit-related fees:		
Audit-related assurance services	0.2	0.3
Total audit and audit-related fees	1.4	1.3
Fees for other services:		
Tax compliance services	-	0.2
Tax advisory services	0.9	0.7
Other services ⁽¹⁾	0.1	0.4
Total fees for other services	1.0	1.3
Total auditor's remuneration	2.4	2.6

(1) Other services in 2014 relate to a corporate financing transaction, while services in 2013 relate to system implementation costs which have subsequently been capitalised on the Balance Sheet.

At 31 December 2014, the Group had contractually committed to \$nil of services to be completed in the 2015 financial year (31 December 2013: \$0.2m for services to be completed in the 2014 financial year).

7. Employee benefit costs (including the Executive Directors)

(\$ in millions)	Note	2014	2013
Wages and salaries		200.8	201.1
Social security costs		16.5	16.6
Share options charge (including employers' National Insurance contribution)		11.3	15.7
Defined contribution pension plan costs		7.0	7.6
Defined benefit pension plan costs ⁽¹⁾	27	1.4	3.6
Post-employment benefits costs ⁽¹⁾	27	0.3	0.2
Total employee benefit costs		237.3	244.8

(1) Defined benefit pension plan costs and post-employment benefits costs include the service cost and gain on curtailment in 2014 (see note 27).

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

7. Employee benefit costs (including the Executive Directors) (continued)

Employee numbers

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

	2014	2013
By Activity:		
Operations	784	767
Sales and marketing	300	323
Development and engineering	156	163
Administration	352	369
	1,592	1,622
By Segment:		
Maritime	356	201
Government	181	188
Enterprise	70	242
Aviation	28	14
Central Services	957	977
	1,592	1,622

8. Executive and Non-Executive Directors' remuneration

The Directors of the Company are also Directors of the ultimate parent company Inmarsat plc and other subsidiary companies within the Inmarsat plc group. The total Directors remuneration for Inmarsat plc is shown below; it is not practicable to allocate this between their services as Directors of Inmarsat plc, the Company and other companies within the Inmarsat plc group.

Executive and Non-Executive Directors' remuneration for Inmarsat plc (the ultimate parent company) was:

(\$ in millions)	2014	2013
Short-term employee benefits	6.0	4.8
Company contributions to defined contribution pension schemes ⁽¹⁾	0.2	0.2
Share-based payments ⁽²⁾	6.7	6.3
	12.9	11.3

(1) Includes the value of cash allowances taken by two Executive Directors in lieu of pension contributions.

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

On 2 June 2014 Tony Bates joined the Group as Chief Financial Officer of Inmarsat plc and was appointed as an Executive Director, effective the same date. Rick Medlock resigned from his position as Chief Financial Officer of Inmarsat plc and as an Executive Director of the Group on 3 January 2014.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

9. Net finance expense

(\$ in millions)	2014	2013
Interest on credit facilities	27.1	24.5
Interest on Subordinated Senior Notes loan and intercompany interest payable	60.6	64.0
Interest rate swaps	-	8.0
Unwinding of discount on deferred satellite liabilities	1.4	1.8
Amortisation of debt issue costs	15.0	7.3
Amortisation of discount on Senior Notes due 2022	0.5	-
Redemption premium on Senior Notes due 2017	32.8	-
Other interest	0.1	0.9
Finance expense	137.5	106.5
Less: Amounts capitalised in the cost of qualifying assets	(41.9)	(79.1)
Total finance expense	95.7	27.4
Bank interest receivable and other interest	1.5	3.0
Pension and post-employment liability finance income	0.6	0.1
Intercompany interest income	5.8	2.5
Total finance income	7.9	5.6
Net finance expense	87.8	21.8

Borrowing costs capitalised in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditures on such assets. The average interest capitalisation rate for the year was 3.79% (2013: 7.51%).

10. Income tax expense

Income tax credit/(expense) recognised in the Income Statement:

(\$ in millions)	2014	2013
Current tax expense		
Current year	(36.8)	(36.2)
Adjustments in respect of prior periods	53.4	(41.0)
Total current tax credit/(expense)	16.6	(77.2)
Deferred tax expense		
Origination and reversal of temporary differences	(17.6)	(30.2)
Adjustments in respect of prior periods	9.2	(4.9)
Adjustments due to reduction in the UK corporation tax rate	2.7	23.3
Total deferred tax expense	(5.7)	(11.8)
Total income tax credit/(expense)	10.9	(89.0)

Of the total \$62.6m adjustment in respect of prior periods recognised in 2014, \$53.1m relates to the release of a provision for potential tax liabilities which had been recognised in 2013 in relation to the Inmarsat-4 satellites. This provision is being released in 2014 as the HMRC review into this matter has now been concluded.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

10. Income tax expense (continued)

Reconciliation of effective tax rate:

(\$ in millions)	2014	2013
Profit before tax	321.5	216.5
Income tax at 21.50% (2013: 23.25%)	(69.1)	(50.3)
Differences in overseas tax rates	2.4	0.6
Adjustments in respect of prior periods	62.5	(45.9)
Adjustments due to reduction in the UK corporation tax rate	2.7	23.3
Impact of prior year losses not previously recognised	6.9	4.3
Impact of prior year temporary differences recognised (excluding losses)	8.7	-
Impact of current year losses not recognised	(1.7)	(2.0)
Non-deductible impact of goodwill impairment	-	(17.0)
Other non-deductible expenses/non-taxable income	(1.5)	(2.0)
Total income tax credit/(expense)	10.9	(89.0)

Tax credited directly to equity:

(\$ in millions)	2014	2013
Current tax credit on share options	0.4	-
Deferred tax credit on share options	0.6	1.4
Total tax credited directly to equity	1.0	1.4

Tax credited/(charged) directly to other comprehensive income:

(\$ in millions)	2014	2013
Current tax credit on cash flow hedges	0.2	-
Deferred tax credit/(charge) relating to gains on cash flow hedges	2.3	(3.6)
Deferred tax charge on actuarial gains and losses from pension and post-employment benefits	(0.6)	(0.6)
Deferred tax charge on remeasurement of available for sale financial asset	(1.4)	-
Total tax credited/(charged) directly to other comprehensive income	0.5	(4.2)

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

11. Net foreign exchange losses/(gains)

(\$ in millions)	Note	2014	2013
Pension and post-retirement liability	27	(0.8)	(0.3)
Other operating costs		2.7	(1.1)
Total foreign exchange losses/(gains)		1.9	(1.4)

12. Dividends

The Company paid dividends during the year ended 31 December 2014 of \$83.7m and \$142.1m for the 2014 interim dividend and the 2013 final dividend, respectively (year ended 31 December 2013: \$35.0m and \$122.8m for the 2013 interim dividend and the 2012 final dividend, respectively).

13. Property, plant and equipment

(\$ in millions)	Freehold land and buildings	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:					
1 January 2013	16.4	286.6	2,075.8	1,081.3	3,460.1
Additions	1.7	21.3	157.9	436.0	616.9
Acquisitions	-	0.4	-	-	0.4
Disposals	-	(2.7)	(142.7)	-	(145.4)
Transfers from assets in the course of construction	-	2.4	288.5	(290.9)	-
Transferred to assets held for sale	(3.0)	(83.7)	(4.4)	-	(91.1)
31 December 2013	15.1	224.3	2,375.1	1,226.4	3,840.9
Additions	1.7	18.6	85.3	266.8	372.4
Acquisitions	0.1	2.7	-	0.4	3.2
Disposals	-	(3.5)	(141.4)	-	(144.9)
Transfers from assets in the course of construction	-	-	413.7	(413.7)	-
31 December 2014	16.9	242.1	2,732.7	1,079.9	4,071.6
Accumulated depreciation:					
1 January 2013	(6.6)	(218.1)	(1,153.8)	-	(1,378.5)
Charge for the year	(1.5)	(17.1)	(146.6)	-	(165.2)
Impairment losses ⁽¹⁾	-	(20.5)	-	-	(20.5)
Disposals	-	2.3	142.4	-	144.7
Transferred to assets held for sale	1.0	71.9	1.6	-	74.5
31 December 2013	(7.1)	(181.5)	(1,156.4)	-	(1,345.0)
Charge for the year	(1.5)	(26.2)	(192.4)	-	(220.1)
Impairment losses	-	(0.4)	-	-	(0.4)
Disposals	-	2.8	140.5	-	143.3
31 December 2014	(8.6)	(205.3)	(1,208.3)	-	(1,422.2)
Net book amount at 31 December 2013	8.0	42.8	1,218.7	1,226.4	2,495.9
Net book amount at 31 December 2014	8.3	36.8	1,524.4	1,079.9	2,649.4

(1) Relates to impairment of certain assets prior to their classification as held for sale.

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Notes to the Financial Statements (continued)
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13. Property, plant and equipment (continued)

Depreciation of property, plant and equipment is charged using the straight-line method over the estimated useful lives, as follows:

Space segment assets:

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

At 31 December 2014 and 2013, the Group was carrying freehold land and buildings with a net book value of \$nil. Had the freehold land and buildings been revalued on a market basis, their carrying amount at 31 December 2014 would have been \$12.5m (2013: \$14.9m). Market valuation is based on the Directors' best estimates.

In 2014 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 2014 were \$1.7m (2013: \$2.7m).

14. Intangible assets

(\$ in millions)	Goodwill	Trademarks	Software	Patents and intellectual property	Terminal development and network access costs	Customer relationships	Spectrum rights, orbital slots and licences	Total
Cost:								
1 January 2013	765.4	49.9	194.3	14.7	130.1	386.8	16.8	1,558.0
Additions	-	-	27.8	-	7.0	-	4.9	39.7
Acquisitions	1.2	-	-	-	-	1.2	-	2.4
Transferred to assets held for sale	-	-	-	-	-	-	(3.1)	(3.1)
31 December 2013	766.6	49.9	222.1	14.7	137.1	388.0	18.6	1,597.0
Additions	-	-	20.0	-	22.2	-	10.1	52.3
Acquisitions	14.7	0.6	7.0	-	-	16.0	-	38.3
Disposals	-	(29.6)	-	-	-	(0.2)	(1.8)	(31.6)
31 December 2014	781.3	20.9	249.1	14.7	159.3	403.8	26.9	1,656.0
Accumulated amortisation and impairment losses:								
1 January 2013	(214.7)	(38.3)	(121.7)	(14.7)	(64.9)	(127.4)	(5.8)	(587.5)
Charge for the year	-	(1.0)	(19.7)	-	(12.8)	(31.0)	(2.3)	(66.8)
Impairment losses	(144.5)	-	(0.8)	-	-	(18.1)	-	(163.4)
Transferred to assets held for sale	-	-	-	-	-	-	1.8	1.8
31 December 2013	(359.2)	(39.3)	(142.2)	(14.7)	(77.7)	(176.5)	(6.3)	(815.9)
Charge for the year	-	(1.3)	(24.7)	-	(10.6)	(30.7)	(4.4)	(71.7)
Disposals	-	29.5	-	-	-	0.2	1.8	31.5
Impairment losses	-	-	-	-	-	-	(0.3)	(0.3)
31 December 2014	(359.2)	(11.1)	(166.9)	(14.7)	(88.3)	(207.0)	(9.2)	(856.4)
Net book amount at 31 December 2013	407.4	10.6	79.9	-	59.4	211.5	12.3	781.1
Net book amount at 31 December 2014	422.1	9.8	82.2	-	71.0	196.8	17.7	799.6

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

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

14. Intangible assets (continued)

accumulated impairment losses. Goodwill is allocated to CGUs for the purpose of impairment testing. During 2013, the Group recorded impairment charges of \$144.5m in respect of goodwill (see note 4(a)).

Trademarks are being amortised on a straight-line basis over their estimated useful lives, which are between 7 and 20 years.

The capitalised software includes 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 3 to 5 years.

The Group capitalises development costs associated with the development and enhancement of user terminals and associated network access costs as intangible assets. Costs directly relating to the Group's BGAN family and GPS services are being amortised over the estimated sales life of the services which is 5 to 10 years. Amortisation of costs directly relating to GX network access will commence when the Inmarsat-5 satellites are operational.

Customer relationships acquired in connection with acquisitions are being amortised over the expected period of benefit of between 12 and 14 years, using the straight-line method.

Spectrum rights acquired as a result of the acquisition of Stratos are being amortised over their useful lives of five years.

Orbital slots and licences relate to the Group's Alphasat satellite, GX programme and other licences acquired, and each individual asset is reviewed to determine whether it has a finite or indefinite useful life. Amortisation of the GX programme finite life assets will commence when the Inmarsat-5 satellites are operational. Indefinite life assets will be tested annually for impairment.

15. Investments

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Investments held at cost	-	23.5
Interest in associates	10.8	9.2
Total investments	10.8	32.7

On 7 November 2014, the Group announced that it had entered into binding agreements to sell its 19% holding in SkyWave to ORBCOMM Inc. for total proceeds of \$32.9m. The investment is classified as an available for sale financial asset. As at 31 December 2014, the Group reclassified the investment in SkyWave to assets held for sale and remeasured the asset to fair market value, recognising an after-tax gain of \$8.0m, in other comprehensive income.

Interest in associates represents the Group's various investments which have been treated as associates and have all been accounted for using the equity method of accounting. Individually, all of the investments in associates are deemed to be immaterial and as a result the associates' assets, liabilities, revenues and profits have not been presented.

Cash dividends received from the associates for the year ended 31 December 2014 total \$1.1m (2013: \$1.2m). The Group's aggregate share of its associates' profits for the year is \$2.6m (2013: \$2.3m) and has been recognised in the Income Statement.

16. 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.

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Cash at bank and in hand	39.0	49.2
Short-term deposits with original maturity of less than three months	163.7	93.9
Cash and cash equivalents	202.7	143.1

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

(\$ in millions)	Note	As at 31 December 2014	As at 31 December 2013
Cash and cash equivalents		202.7	143.1
Bank overdrafts	19	-	(3.9)
Net cash and cash equivalents		202.7	139.2

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For the year ended 31 December 2014

17. Trade and other receivables

	As at 31 December 2014	As at 31 December 2013 (restated)
(\$ in millions)		
Current:		
Trade receivables	220.4	194.9
Other receivables	7.3	20.5
Amounts due from Parent undertakings	11.7	4.2
Prepayments and accrued income	77.7	61.7
Total trade and other receivables	317.1	281.3
Non-current:		
Prepayments and accrued income	3.9	2.3
Pension asset	18.0	14.6
Other receivables	2.5	4.7
Total other receivables	24.4	21.6

During 2014, the Group changed the classification of certain accrued income accounts, which are now presented within trade receivables. As a result of this change in presentation, \$12.8m of prepayments and accrued income were reclassified to trade receivables as at 31 December 2013.

The Group's trade and other receivables are stated after provisions for uncollectable trade receivables. Movements in the provisions during the year were as follows:

	2014	2013
(\$ in millions)		
1 January	10.5	12.2
Charged to the provision in respect of the current year	9.0	0.8
Utilised in the year	(0.5)	(2.0)
Provision released in the year	(0.3)	(0.5)
As at 31 December⁽¹⁾	18.7	10.5

(1) The maturity of the Group's provision for uncollectable trade receivables for the year ended 31 December 2014 is \$4.2m between 1 and 30 days overdue, \$7.8m between 31 and 120 days overdue and \$6.7m over 120 days overdue (2013: \$0.4m current, \$1.1m between 1 and 30 days, \$2.1m between 31 and 121 days and \$6.9m over 120 days).

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

18. Inventories

	As at 31 December 2014	As at 31 December 2013
(\$ in millions)		
Finished goods	28.0	27.7
Work in progress	0.4	-
Total inventories	28.4	27.7

The Group's inventories are stated after allowances for obsolescence. Movements in the allowance during the year were as follows:

	2014	2013
(\$ in millions)		
1 January	3.5	3.3
Charged to the allowance in respect of the current year	12.3	0.2
Provision released in the year	(0.7)	-
As at 31 December	15.1	3.5

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

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

19. Borrowings

	As at 31 December 2014			As at 31 December 2013		
(\$ in millions)	Gross amount	Deferred finance cost ⁽¹⁾	Net balance	Gross amount	Deferred finance cost ⁽¹⁾	Net balance
Current:						
Bank overdrafts	-	-	-	3.9	-	3.9
Deferred satellite payments ⁽²⁾	5.9	-	5.9	10.6	-	10.6
EIB Facility ⁽³⁾	44.1	-	44.1	44.1	-	44.1
Ex-Im Bank Facilities ^{(4) (5)}	68.1	-	68.1	13.3	-	13.3
Total current borrowings	118.1	-	118.1	71.9	-	71.9
Non-current:						
Deferred satellite payments ⁽²⁾	17.4	-	17.4	23.6	-	23.6
Senior Notes due 2017 ⁽⁶⁾	-	-	-	850.0	(8.7)	841.3
- Net issuance premium	-	-	-	5.9	-	5.9
Senior Notes due 2022 ⁽⁷⁾	1,000.0	(8.7)	991.3	-	-	-
- Net issuance discount	(7.6)	-	(7.6)	-	-	-
EIB Facility ⁽³⁾	132.1	(0.6)	131.5	176.2	(1.1)	175.1
Ex-Im Bank Facilities ^{(4) (5)}	568.9	(18.9)	550.0	530.2	(18.1)	512.1
Total non-current borrowings	1,710.8	(28.2)	1,682.6	1,585.9	(27.9)	1,558.0
Total borrowings⁽⁸⁾	1,828.9	(28.2)	1,800.7	1,657.8	(27.9)	1,629.9

(1) Borrowings are recorded net of unamortised deferred finance costs in the Balance Sheet.

(2) 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 using a weighted average rate of 4.7% (2013: 5.1%).

(3) In 2010, the Group signed an 8-year facility agreement from the European Investment Bank (the 'EIB Facility'). No additional funding is available under this facility, which matures on 30 April 2018 and is repayable in equal annual instalments. Interest is equal to three-month USD LIBOR plus a margin, payable in January, April, July, and October each year.

(4) In 2011, the Group signed a 12.5-year \$700.0m direct financing agreement with the Export-Import Bank of the United States (the 'Ex-Im Bank 2011 Facility'). The facility has a total availability period of four years and will then be repayable in equal instalments over a further 8.5 years. Drawings under the facility incur interest at a fixed rate of 3.11% for the life of the loan. As at 31 December 2014, total drawings of \$569.3m have been made under the facility.

(5) In November 2014, the Group signed a 7-year \$185.9m direct financing agreement with the Export-Import Bank of the United States (the 'Ex-Im Bank 2014 Facility'). The facility has a total availability period of two years and will then be repayable in equal semi-annual instalments over a further five years. Drawings under the facility incur interest at a fixed rate of 1.96% for the life of the loan. As at 31 December 2014, total drawings of \$67.7m have been made under the facility.

(6) On 4 June 2014, the Group redeemed the entire principal amount of \$850.0m outstanding under the 7.375% Senior Notes due 2017 (the 'Senior Notes due 2017'). A redemption premium of \$32.8m was recognised and the remaining unamortised debt issue costs in relation to the Notes of \$7.8m were written-off to finance expense. In addition, at redemption the unamortised net premium on the Senior Notes due 2017 was written-off to the Income Statement resulting in a credit to finance income of \$5.3m.

(7) On 4 June 2014, the Group issued \$1 billion aggregate principal amount of 4.875% Senior Notes due 2022 (the 'Senior Notes due 2022'). The aggregate gross proceeds were \$991.9m, net of \$8.1m issuance discount. In addition, capitalised issuance costs of \$9.2m were recorded in relation to the Senior Notes due 2022.

(8) In 2011, the Group signed a five-year \$750.0m revolving credit facility (the 'Senior Credit Facility') with a group of commercial banks as lenders. Advances under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 1.00% and 2.50% determined by reference to the Group's ratio of net debt to EBITDA. As at 31 December 2014 and 2013, there were no drawings on the Senior Credit Facility.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

19. Borrowings (continued)

Maturity of borrowings

The maturity of non-current borrowings is as follows:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Between one and two years	130.6	103.6
Between two and five years	384.4	1,173.5
After five years	1,167.6	280.9
	1,682.6	1,558.0

The Directors consider the carrying value of borrowings, other than the Senior Notes due 2022, to approximate to their fair value (see note 31). The effective interest rates at the balance sheet dates were as follows:

Effective interest rate %	2014	2013
Bank overdrafts	1.25	1.50
EIB Facility	1.57	1.52
Senior Notes due 2017	-	7.375
Senior Notes due 2022	4.875	-
Ex-Im Bank 2011 Facility	3.11	3.11
Ex-Im Bank 2014 Facility	1.96	-
Deferred satellite payments	4.70	5.10

20. Trade and other payables

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Current:		
Trade payables	136.6	132.4
Deferred consideration	2.0	3.1
Other taxation and social security payables	5.1	5.2
Other creditors	1.7	1.1
Amounts due to Parent undertakings	76.5	59.3
Accruals and deferred income ⁽¹⁾	325.7	370.0
Total trade and other payables	547.6	571.1
Non-current:		
Deferred consideration	0.4	0.7
Other payables	25.2	25.5
Total other payables	25.6	26.2

(1) Includes \$208.8m (2013: \$252.6m) of deferred income relating to payments received from LightSquared. During 2014, \$43.8m was released to the Income Statement to reflect revenue earned, based on the percentage of completion method (2013: \$12.3m).

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

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

21. Provisions

Movements in the current portion of the Group's provisions were as follows:

(\$ in millions)	Asset retirement obligations	Other provisions	Total
Current:			
As at 1 January 2013	0.1	5.4	5.5
Charged in respect of current year	-	4.3	4.3
Utilised in current year	(0.2)	(5.9)	(6.1)
Transferred from non-current liabilities	0.6	-	0.6
As at 31 December 2013	0.5	3.8	4.3
Charged in respect of current year	-	4.3	4.3
Utilised in current year	-	(5.0)	(5.0)
Revision in estimated timing of settlement	(0.2)	-	(0.2)
As at 31 December 2014	0.3	3.1	3.4

The Group's other provisions relate primarily to restructuring charges. The associated cash flows in respect of the restructuring provisions outstanding at 31 December 2014 are expected to occur within one year.

Movements in the long-term portion of the Group's provisions were as follows:

(\$ in millions)	Post-employment benefits	Pension	Asset retirement obligations	Other provisions	Total
Non-current:					
As at 1 January 2013	16.5	4.2	4.1	0.6	25.4
Charged to Income Statement in respect of current year	1.3	2.4	0.2	1.2	5.1
Credited directly to Comprehensive Income in respect of current year	(0.1)	(2.6)	-	-	(2.7)
Contributions paid	-	(2.2)	-	-	(2.2)
Utilised in current year	(0.3)	(0.7)	-	(0.2)	(1.2)
Transferred to liabilities associated with assets held for sale	-	-	(2.5)	-	(2.5)
Net movement in pension asset	-	2.6	-	-	2.6
Transferred to current liabilities	-	-	(0.6)	-	(0.6)
As at 31 December 2013	17.4	3.7	1.2	1.6	23.9
Charged to Income Statement in respect of current year	-	1.1	0.1	4.2	5.4
Credited directly to Comprehensive Income in respect of current year	1.3	(4.7)	-	-	(3.4)
Contributions paid	-	(1.7)	-	-	(1.7)
Utilised in current year	(0.3)	(0.2)	-	(0.1)	(0.6)
Net movement in pension asset	-	3.4	-	-	3.4
Revision in estimated timing of settlement	-	-	0.2	-	0.2
As at 31 December 2014	18.4	1.6	1.5	5.7	27.2

At 31 December 2014 and 31 December 2013, the Group's largest defined benefit pension plan was in an asset position and therefore included in non-current other receivables (see note 17).

Asset retirement obligations relate to the expected costs of removing equipment from leased premises.

Included in long-term other provisions are charges relating to legal and other disputes, including notifications of possible claims. The Group's directors have established provisions after taking into account the facts of each case.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

22. Current and deferred income tax assets and liabilities

The current income tax asset of \$8.5m and current income tax liability of \$77.1m (2013: \$11.6m and \$108.5m, respectively), represent the income tax payable in respect of current and prior periods less amounts paid.

Recognised deferred income tax assets and liabilities

Deferred income tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) for the year are shown below:

(\$ in millions)	As at 31 December 2014			As at 31 December 2013		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	(10.5)	166.2	155.7	(0.3)	144.0	143.7
Borrowing costs capitalised in the cost of qualifying assets	-	37.7	37.7	-	30.5	30.5
Other	(7.2)	1.2	(6.0)	(7.1)	4.0	(3.1)
Pension and post-employment benefits	(1.1)	0.8	(0.3)	(1.1)	0.3	(0.8)
Share options	(6.8)	-	(6.8)	(5.6)	-	(5.6)
Loss carry forwards	(20.6)	-	(20.6)	(10.8)	-	(10.8)
Net deferred income tax liabilities	(46.2)	205.9	159.7	(24.9)	178.8	153.9

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.

The value of deferred income tax assets and liabilities included in the net deferred income tax balance is shown below:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Deferred income tax assets	(26.7)	(21.3)
Deferred income tax liabilities	186.4	175.2
Net deferred income tax liabilities	159.7	153.9

Movement in temporary differences during the year:

(\$ in millions)	As at 1 January 2014	Globe Wireless acquisition	Recognised in Income	Recognised in equity	As at 31 December 2014
Property, plant and equipment and intangible assets	143.7	1.2	10.8	-	155.7
Borrowing costs capitalised in the cost of qualifying assets	30.5	-	7.2	-	37.7
Other	(3.3)	-	(1.8)	(0.9)	(6.0)
Pension and post-employment benefits	(0.8)	-	(0.1)	0.6	(0.3)
Share options	(5.6)	-	(0.6)	(0.6)	(6.8)
Loss carry forwards	(10.8)	-	(9.8)	-	(20.6)
Total	153.7	1.2	5.7	(0.9)	159.7

(\$ in millions)	As at 1 January 2013	TC Comms acquisition	Transferred to held for sale	Recognised in Income	Recognised in equity	As at 31 December 2013
Property, plant and equipment and intangible assets	138.9	-	(1.0)	5.8	-	143.7
Other	13.9	-	-	9.9	3.6	27.4
Pension and post-employment benefits	(1.4)	-	-	-	0.6	(0.8)
Share options	(3.3)	-	-	(0.9)	(1.4)	(5.6)
Loss carry forwards	(7.9)	0.1	-	(3.0)	-	(10.8)
Total	140.2	0.1	(1.0)	11.8	2.8	153.9

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Notes to the Financial Statements (continued)
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22. Current and deferred income tax assets and liabilities (continued)

Total unprovided deferred tax assets:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Temporary timing differences	-	(9.6)
Unused income tax losses	(3.1)	(6.9)
Unused capital losses	(25.1)	(25.3)
Total	(28.2)	(41.8)

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is \$nil (2013: \$9.1m), resulting in a deferred tax liability of \$nil (2013: \$0.5m).

The Budget announced by the UK Chancellor on 20 March 2013 included changes to the main rate of corporation tax for UK companies. The standard rate of corporation tax was reduced from 23% to 21% from 1 April 2014 and there was a further reduction to 20% with effect from 1 April 2015. The deferred tax assets and liabilities at the balance sheet date are calculated at the substantively enacted rate of 20%.

23. Cash generated from operations

Reconciliation of profit for the year to cash generated from operations:

(\$ in millions)	2014	2013
Profit for the year	332.4	127.5
Adjustments for:		
Depreciation and amortisation	291.8	232.0
Income tax expense	(10.9)	89.0
Finance expense	95.7	27.4
Finance income	(7.9)	(5.6)
Non-cash employee benefit costs	11.3	15.7
Forward exchange contracts	2.1	(2.3)
Share of profit of associates, net of dividends received	(1.5)	(1.1)
Loss on disposal of assets	1.2	0.1
Acquisition-related adjustments	-	(4.6)
Impairment losses	1.3	185.2
Non-cash foreign exchange movements	2.7	1.3
Changes in net working capital:		
Increase in trade and other receivables	(16.4)	(11.1)
Decrease/(increase) in inventories	3.1	(6.6)
Decrease in trade and other payables	(58.5)	(33.1)
Increase in provisions	2.0	2.5
Cash generated from operations	648.4	616.3

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Notes to the Financial Statements (continued)
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24. Share capital

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Authorised:		
630,780,000 ordinary shares of €0.0005 each (2013: 630,780,000)	0.4	0.4
Allotted, issued and fully paid:		
534,900,000 ordinary shares of €0.0005 each (2013: 534,900,000)	0.3	0.3

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

25. Employee share options and awards

The Group operates a number of share plans used to award options and shares to directors and employees as part of their remuneration packages. During 2014, the Inmarsat plc Executive Share Plan ('ESP') was approved by shareholders and replaced the previous Executive Share Plans. Share awards since May 2014 have been made in accordance with the new share plan rules. Under the ESP the Company can grant Bonus Share Awards ('BSA') and Performance Share Awards ('PSA'), which replicate the previous Bonus Share Plan ('BSP') and Performance Share Plan ('PSP') awards. The costs of these awards are recognised in the Income Statement (see note 7) based on the fair value of the awards on the grant date. Further information on how these are calculated can be found below and under 'Employee benefits' in the principal accounting policies on page 15. Given that these schemes operate at an Inmarsat plc group level, the information below is for the Inmarsat plc group as a whole.

Staff Value Participation Plan

All options granted under the Staff Value Participation Plan (the '2004 Plan') 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 option holders 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 all share activity within the Trust, which reflects the options outstanding under the 2004 Plan as at 31 December 2014, is as follows:

	Shares available for grant	2004 Plan options outstanding	Weighted average exercise price per option
Balance at 1 January 2013	814,688	77,026	£3.72
Exercised - International Share Incentive Plan	(38,533)	-	
Balance at 31 December 2013	776,155	77,026	£3.72
Exercised - Staff Value Participation Plan	-	(26,511)	£7.23
Exercised - Bonus Share Plan	(552,027)	-	
Balance at 31 December 2014	224,128	50,515	£3.74
Exercisable at 31 December 2014		50,515	
Exercise Price per tranche		€1.00	

The weighted average of the remaining contractual life for the 2004 Plan at 31 December 2014 is less than one year.

Bonus Share Award

Awards have been made regularly under the BSA to 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 BSA are non-market based performance conditions. Any dividends paid by the Company will accrue and be added as additional shares upon vesting.

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

As the BSA provides non-contributory share awards that have an entitlement to dividends and no market-based performance conditions attached, 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 (excluding shares added in lieu of dividends) will not change.

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25. Employee share options and awards (continued)

The Remuneration Committee has approved a Long-Term Incentive Plan ('LTIP'), for the Group's Business Unit presidents and certain members of staff. The current three-year plan relates to the 2012 to 2014 financial years and awards are made according to achievements against non-market based targets. Any dividends paid by the Company will accrue and be added as additional shares upon vesting.

Performance Share Award

The PSA makes regular annual awards to Executive Directors and certain members of senior management. Participants are entitled to receive the value of any dividends that are paid between the date of award and the date of vesting in the form of additional shares. Any such additional shares are only added to the number of shares which will vest subject to performance conditions being satisfied.

The PSA shares will not ordinarily be transferred to participants until the third anniversary of the award date. The transfer of shares is dependent upon performance conditions being satisfied over the three consecutive financial years starting in the financial year the award date falls. The rules of the PSA provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is, however, the intention of the Company to satisfy the awards using newly-issued shares at the end of the relevant three-year period.

The performance conditions for the PSA are based on the Group's Total Shareholder Return ('TSR') relative to constituents of the FTSE 50-150 and FTSE 350 Indices (excluding investment trusts), depending upon the year of the award, and on EBITDA measured over a three-year period. For the awards made in 2012, 2013 and 2014, the vesting schedule is structured so that 50% of the reward is linked to the performance of TSR and 50% is linked to EBITDA, as individual performance measures. The market-based performance condition has been incorporated into the fair value.

The fair values and the assumptions used in the calculation of PSA awards vesting or due to vest in 2014 or after are as follows:

Grant date	Performance Share Awards			
	18 May 2011	30 March 2012	19 March 2013	19 March 2014
Grant price	£6.07	£4.603	£7.00	£7.08
Exercise price	nil	nil	nil	nil
Bad leaver rate	0%	0%	0%	0%
Vesting period	3 years	3 years	3 years	3 years
Volatility	32.1%	33.9%	34.1%	32.7%
Fair value per share option	£3.17	£3.61	£5.76	£5.52

Both the BSA and PSA share awards expire 10 years after date of grant or such shorter period as the Remuneration Committee may determine before the grant of an award. For share awards outstanding at the period end the weighted average of the remaining contractual life for the BSA and PSA share awards at 31 December 2014 is 1.3 and 1.1 years, respectively.

UK Sharesave Scheme and International Sharesave Plan

The UK Sharesave Scheme is an approved HM Revenue & Customs scheme. A grant made in December 2012 with an option price of £4.59 (reflecting the maximum discount permitted of 20%) will mature in February 2016.

The International Sharesave Plan mirrors the operation of the UK Sharesave Scheme as closely as possible. Participants are given either the opportunity to receive options in the same way as the UK Sharesave Scheme, or 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, some of which are held by the Trust and some of which will be newly-issued. A grant made in December 2012 with an option price of £4.59 will mature in February 2016.

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 remaining contractual life for the current grant of the UK Sharesave Scheme and International Sharesave Plan at 31 December 2014 is 1.5 years for each plan.

Employee Stock Purchase Plan

The Employee Stock Purchase Plan ('ESPP') is for US and Canadian employees to purchase the Company's stock at a 15% discount using funds accumulated by an aggregate of 24 monthly contributions. A grant made under the scheme in November 2012 with an option price of £4.94 (reflecting the maximum discount permitted of 15%) matured in January 2015. Options under the ESPP expire after a maximum of 2.25 years. The remaining contractual life for the current grant of the ESPP at 31 December 2014 is 0.2 years.

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Notes to the Financial Statements (continued)
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25. Employee share options and awards (continued)

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

Grant date	Sharesave Scheme (UK and International) 18 December 2012	Employee Stock Purchase Plan 26 November 2012
Market price at date of grant	£5.93	£5.93
Exercise price	£4.59	£4.94
Bad leaver rate	3% pa	3% pa
Vesting period	3 years	2 years
Volatility	33.1%	36.5%
Dividend yield assumption	4.53%	4.53%
Risk free interest rate	0.46%	0.36%
Fair value per option	£1.45	£1.34

UK Share Incentive Plan

The UK Share Incentive Plan ('SIP') has made several awards and is an approved HM Revenue and Customs scheme. Arrangements exist which replicate the awards as closely as possible for eligible international employees, using the same market values per award as used by SIP.

A summary of share awards and option activity as at 31 December 2014 (excluding the 2004 Plan which is noted above) is as follows:

	SIP (UK)	BSA ⁽¹⁾	PSA	Sharesave (UK)	Sharesave (International)	ESPP	Total
Balance at 31 December 2013	463,557	1,824,135	1,474,278	570,927	313,317	114,693	4,760,907
Granted/Allocated	-	910,830	531,136	-	-	-	1,441,966
Forfeited and lapsed	-	(116,627)	(317,334)	(43,219)	(24,138)	(21,390)	(522,708)
Exercised	(71,480)	-	-	(11,974)	(987)	(7,304)	(91,745)
Transferred/Sold	-	(795,653)	-	-	-	-	(795,653)
Balance at 31 December 2014	392,077	1,822,685	1,688,080	515,734	288,192	85,999	4,792,767
Exercisable at 31 December 2014	-	-	-	-	-	-	-
Exercise price per share	n/a	nil	nil	£4.59	£4.59	£4.94	

(1) Includes the Business Unit LTIP scheme

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26. Reserves

Cash flow hedge reserve:

(\$ in millions)	2014	2013
Balance as at 1 January	8.6	(2.5)
Gain/(loss) recognised on cash flow hedges:		
Forward exchange contracts	(3.0)	11.6
FX movement through cash flow hedge reserve	0.1	(1.5)
Income tax charged directly to equity	0.2	(2.1)
Reclassified to the Income Statement ⁽¹⁾ :		
Forward exchange contracts	(11.7)	(3.4)
Interest rate swaps	-	9.4
FX movement through cash flow hedge reserve	1.9	0.2
Income tax credited/(charged) related to amounts transferred to the Income Statement ⁽¹⁾	2.3	(1.5)
Reclassified and capitalised on the Balance Sheet:		
Forward exchange contracts	-	(0.8)
Forward exchange contracts previously derecognised as ineffective ⁽²⁾	-	(0.9)
FX movement through cash flow hedge reserve	-	0.1
Balance as at 31 December	(1.6)	8.6

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

(\$ in millions)	2014	2013
Total net operating costs	(9.8)	(3.2)
Interest payable and similar charges	-	9.4
Income tax expense	2.3	(1.5)
Total reclassified ((credited)/charged) to the Income Statement in the year	(7.5)	4.7

(2) Forward exchange contracts previously derecognised as they were deemed ineffective were released from the cash flow hedge reserve and capitalised on the Balance Sheet in line with the underlying expenditure.

Gains and losses relating to the effective portion of cash flow hedges are recognised in Other Comprehensive Income and the Cash flow hedge reserve. When a hedged item is recognised in the Income Statement the cumulative deferred gain or loss in Other Comprehensive Income and the Cash flow hedge reserve is reclassified to the Income Statement. When a hedged item is recognised as a non-financial asset or liability in the Balance Sheet the accumulated gain or loss is transferred from the Cash flow hedge reserve and included in the initial measurement of its cost.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

27. Pension arrangements and post-employment 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 plan is the Inmarsat Global scheme, which is a UK 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 2011. The results of the valuation, which have been updated for any material transactions and material changes in circumstances (including changes in market prices and interest rates) up to 31 December 2014, are set out below.

The Group also provides post-employment benefits for some of its employees. The Group's principal scheme is the Inmarsat Global post-retirement healthcare benefit scheme, which is 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. Membership of this plan is multinational, although most staff are currently employed in the UK. The plans are self-funded and there are no plan assets from which the costs are paid. The cost of providing these benefits is actuarially determined and accrued over the service period of the active employee groups.

Schemes denominated in local currencies are subject to fluctuations in the exchange rate between US Dollars and local currencies.

The primary risk to which the Inmarsat Global defined benefit plan exposes the Group is the risk arising through a mismatch between the plan's assets and its liabilities. This is primarily made up of a number of strategic investment risks. The key strategic investment risks inherent in the current investment strategy are as follows:

- Market risk (the risk that investment returns on assets are lower than assumed in the actuarial valuation, thereby resulting in the funding level being lower than expected);
- Interest rate risk (the risk that the assets do not move in line with the value placed on the liabilities in response to changes in interest rates);
- Inflation risk (similar to interest rate risk but concerning inflation);
- Credit risk (the risk that payments due to corporate bond investors may not be made);
- Active management risk (the risk that active managers underperform the markets in which they invest, resulting in lower than expected investment returns); and
- Currency risk (the risk that currency market movements adversely impact investment returns).

In addition to the investment related risks, the plan is also subject to the risk that members live longer than expected, or that the financial assumptions used in valuing the liabilities are not borne out in practice. This could lead to unexpected contributions from the Group being required to meet the benefit payments due.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

27. Pension arrangements and post-employment benefits (continued)

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

	As at 31 December 2014	As at 31 December 2013
Weighted average actuarial assumptions used at 31 December:		
Discount rate	3.74%	4.72%
Future salary increases	3.05%	3.43%
Medical cost trend rate ⁽¹⁾	3.40%	4.00%
Future pension increases	3.39%	3.32%

(1) With effect from 1 January 2012, an inflationary cap on premiums for the Inmarsat Global post-retirement healthcare benefit scheme 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.

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

	Life expectancy 2014	Life expectancy 2013
Male current age 65	88.6	88.2
Female current age 65	90.2	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 Inmarsat Global post-retirement healthcare benefits for 2014 and 2013, mortality has been assumed to follow the SAPS tables with -1 year age rating for males and CMI 2011 improvement with a long term trend of 1.5%.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, mortality and healthcare cost trend rates. The sensitivity analysis below is for the Group's principal pension and post-employment benefits schemes, and has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period assuming that all other assumptions are held constant.

Inmarsat Global defined benefit scheme:

Change in assumption	Impact on benefit obligation increase/ (decrease)	Impact on projected pension cost increase/ (decrease)
Increase in discount factor of 0.25%	(5.9%)	(31.3%)
Decrease in discount factor of 0.25%	6.4%	31.5%
Increase in inflation of 0.25%	6.4%	30.2%
Decrease in inflation of 0.25%	(5.9%)	(28.0%)
Mortality: -2 years for males and -1 year for females	2.6%	11.8%

Inmarsat Global post-retirement healthcare benefit scheme:

Change in assumption	Impact on benefit obligation increase/ (decrease)	Impact on service cost increase/ (decrease)
Increase in discount factor of 0.5%	(8.9%)	-
Increase in inflation of 0.5%	10.2%	-
Increase in healthcare cost trend rate of 1%	21.7%	20.3%
Decrease in healthcare cost trend rate of 1%	(16.9%)	(15.7%)

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

27. Pension arrangements and post-employment benefits (continued)

In reality there is an expectation of interrelationships between the assumptions, for example, between discount rate and inflation. The above analysis does not take the effect of these interrelationships into account.

Amounts recognised in the Balance Sheet are:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Present value of funded defined benefit obligations (pension)	(116.2)	(101.9)
Present value of unfunded defined benefit obligations (pension)	(1.0)	(1.2)
Present value of unfunded defined benefit obligations (post-employment benefits)	(18.4)	(17.4)
Fair value of defined benefit assets	133.6	114.0
Net defined benefit liability recognised in the Balance Sheet	(2.0)	(6.5)

The above net liability is recognised in the Balance Sheet as follows:

(\$ in millions)	Note	As at 31 December 2014	As at 31 December 2013
Pension asset	17	18.0	14.6
Defined benefit liability	21	(20.0)	(21.1)

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

(\$ in millions)	Defined benefit pension plan	Post- employment benefits
At 1 January 2013	88.3	16.5
Current service cost	3.0	0.2
Interest cost	3.9	0.8
Remeasurement losses/(gains):		
Actuarial losses arising from changes in demographic assumptions	0.4	-
Actuarial losses/(gains) arising from changes in financial assumptions	4.9	(0.1)
Foreign exchange losses	2.8	0.3
Benefits paid	(1.5)	(0.3)
Contributions by pension participants	1.3	-
At 31 December 2013	103.1	17.4
Current service cost	2.4	0.2
Past service cost	-	0.1
Interest cost	4.4	0.8
Remeasurement losses:		
Actuarial losses arising from changes in financial assumptions	14.9	1.3
Gain on curtailment	(1.4)	-
Liabilities extinguished on settlement	(1.3)	-
Foreign exchange losses	(5.4)	(1.1)
Benefits paid	(0.8)	(0.3)
Contributions by pension participants	1.3	-
At 31 December 2014	117.2	18.4

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

27. Pension arrangements and post-employment benefits (continued)

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

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
At 1 January	114.0	96.1
Interest income	5.0	4.5
Remeasurement gains:		
Experience return on plan asset (excluding interest income)	17.7	7.4
Actuarial gains arising from changes in demographic assumptions	0.3	0.2
Actuarial gains arising from changes in financial assumptions	1.6	0.3
Contributions by employer	1.5	2.1
Contributions by pension participants	1.5	1.4
Benefits paid	(0.6)	(0.8)
Assets distributed on settlement	(1.3)	-
Expenses paid (included in service cost)	(0.4)	(0.6)
Foreign exchange gains	(5.7)	3.4
At 31 December	133.6	114.0

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

(\$ in millions)	2014		2013	
	Defined benefit pension plan	Post- employment benefits	Defined benefit pension plan	Post- employment benefits
Current service cost	2.8	0.2	3.6	0.2
Past service cost	-	0.1	-	-
Gain on curtailment	(1.4)	-	-	-
Net interest (income)/expense	(0.6)	0.8	(0.6)	0.8
Foreign exchange (gain)/loss	0.3	(1.1)	(0.6)	0.3
	1.1	-	2.4	1.3

Current service cost is included within employee benefit costs (note 7). The net financing costs together with foreign exchange gains and losses are included within interest payable (note 9).

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

(\$ in millions)	2014		2013	
	Defined benefit pension plan	Post- employment benefits	Defined benefit pension plan	Post- employment benefits
Actuarial (gains)/losses arising from changes in demographic assumptions	(0.3)	-	0.2	-
Actuarial losses/(gains) arising from changes in financial assumptions	(13.3)	1.3	(4.6)	(0.1)
Return on plan asset (excluding interest income)	(17.7)	-	(7.4)	-
Remeasurement of the net defined benefit asset and liability	(4.7)	1.3	(2.6)	(0.1)

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

27. Pension arrangements and post-employment benefits (continued)

The assets held in respect of the Group's defined benefit schemes were as follows:

	As at 31 December 2014		As at 31 December 2013	
	Value (\$ in millions)	Percentage of total plan assets (%)	Value (\$ in millions)	Percentage of total plan assets (%)
Equities	44.0	32.93%	39.0	34.21%
Cash	0.1	0.08%	0.2	0.17%
Bonds	73.9	55.31%	60.2	52.81%
Other	15.6	11.68%	14.6	12.81%
Fair value of scheme assets	133.6		114.0	

The Inmarsat Global defined benefit plan assets, which contribute over 95% of the total Group assets, are all invested in pooled investment funds, all of which are priced daily, except for the High Lease-to-Value Property and Alternatives funds, which are priced monthly. The allocations to each of the investment funds as at 31 December 2014 are as follows:

Fund	Legal structure	Allocation (%)
Passive Global Equity	Mercer QIF CCF	8.0
Global Small Cap Equity	MGI Funds PLC	6.2
Global Fundamental (RAFI) Equity	Mercer QIF CCF	8.0
Emerging Markets Equity	MGI Funds PLC	8.7
Global Low Volatility Equity	MGI Funds PLC	3.6
Emerging Markets Debt	MGI Funds PLC	2.8
Global High Yield Bonds	MGI Funds PLC	1.0
Alternatives	Mercer QIF Fund PLC	5.4
High Lease-to-Value Property	Mercer QIF CCF	2.6
Private Debt	Mercer Private Investment Partners (Offshore) LLP	0.6
Multi Asset Credit	Mercer QIF Fund PLC	3.1
Total Growth Portfolio		50.0
Inflation-Linked LDI Bonds	Mercer QIF Fund PLC	1.5
Flexible Enhanced Matching Real	Mercer QIF Fund PLC	30.9
UK Credit	Mercer PIF Fund PLC	15.1
UK Inflation Linked Bonds	MGI Funds PLC	2.5
Total Matching Portfolio		50.0
Total Assets		100.0

The investment portfolio seeks to mitigate the investment risks identified above through a combination of asset class diversification, underlying investment manager diversification and the use of currency hedging where appropriate. The assets are split into two portfolios, the growth portfolio and the matching portfolio. The assets within the growth portfolio are invested so as to achieve an appropriate level of growth above that of the plan's liabilities, ensuring a sufficiently diversified portfolio of investments provides the plan with a variety of sources of return, without unduly exposing the plan to a single type of risk. The assets within the matching portfolio are invested so as to minimise the level of unrewarded risk and ensure the portfolio broadly matches changes in the value of the plan's liabilities. This is achieved by investing in a range of pooled investment funds as outlined in the table above, with the allocation to each fund determined by a combination of the following: the nature of the plan's liability structure, the target level of hedging deemed appropriate to reflect the Trustee's risk tolerance and a 'fair value' assessment of market levels. Some of these funds achieve their objectives by utilising a range of bond/bond type instruments, resulting in leveraged exposure which enables the plan to match a greater proportion of its liabilities than would be possible by only holding physical securities. Instruments utilised within the funds include fixed interest gilts, index-linked gilts, corporate bonds, gilt repos, interest rate swaps, inflation swaps and total return swaps.

The plan does not hold any direct investments in the Group, however, due to the pooled nature of the investment funds, there may be some indirect investment.

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Notes to the Financial Statements (continued)
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27. Pension arrangements and post-employment benefits (continued)

The duration of the defined benefit liabilities within the Inmarsat Global defined benefit plan is approximately 27 years. The defined benefit obligation within that plan is split as follows:

Active members	69%
Deferred members	26%
Pensioner members	5%

The average age of the non-pensioner and pensioner members at the date of the last statutory funding valuation for the Inmarsat Global defined benefit plan (31 December 2011) was 52 years and 67 years, respectively.

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2015 are \$1.1m (2014: actual \$1.2m).

Under the current Inmarsat Global defined benefit plan Recovery Plan and Schedule of Contributions there are no further contributions due in respect of the past service deficit revealed as part of the last statutory funding valuation as at 31 December 2011. The current Schedule of Contributions requires the Company to pay 15% of pensionable salary in respect of the additional accrual of future benefits for members of the defined benefit tier of the Pensionbuilder section and any notional member contributions payable under the SMART arrangement. Contributions in respect of the Defined Contribution tier and the Pensionsaver section are paid in addition.

The next statutory funding valuation of the Plan will be carried out as at 31 December 2014. As part of this the Trustees and Company will be required to agree a pattern of contributions to cover any deficit revealed by the valuation, along with the rate payable for future accrual of benefits. This could lead to an increase or decrease from the current level of contributions.

28. Acquisitions

Acquisition of TC Communications

On 8 May 2013, the Group acquired the shares of TC Communications Pty Ltd ('TC Comms'), a company based in Australia. The operations of TC Comms have been integrated within the Government and Enterprise reporting segments. During 2014, TC Comms changed its name to Inmarsat Australia Pty Ltd.

Acquisition of Globe Wireless

Effective from 1 January 2014, the Group acquired the mobile satellite communications business and substantially all of the related assets of Globe Wireless LLC, for cash consideration of \$45.2m. Globe Wireless is a leading provider of value-added maritime communications services to the shipping market. The acquisition of Globe Wireless will benefit Inmarsat's Maritime operating segment, with operating synergies and revenue growth expected from the acquisition.

The acquisition of Globe Wireless has been accounted for using the acquisition method of accounting in accordance with IFRS 3, 'Business Combinations'. The consolidated results of the Group for the year ended 31 December 2014 include the financial results of Globe Wireless from 1 January 2014 (the effective date of the transaction). 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 2014, the allocation of the purchase consideration was finalised. As a result of this review, we recognised identifiable intangible assets of \$23.6m (refer to table below) and goodwill of \$14.7m. 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. The goodwill balance also represents the benefit to the Group of the operating synergies and revenue growth expected from the acquisition.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

28. Acquisitions (continued)

The final allocation of the purchase consideration to the net assets and liabilities of Globe Wireless is as follows:

(\$ in millions)	Book value	Fair value adjustments	Fair value at acquisition date
Net assets acquired:			
Intangible assets ⁽¹⁾	12.7	10.9	23.6
Property, plant and equipment	3.2	-	3.2
Other assets	0.2	-	0.2
Total non-current assets	16.1	10.9	27.0
Trade and other receivables ⁽²⁾	22.0	-	22.0
Inventories	3.7	-	3.7
Other assets	2.4	-	2.4
Total current assets	28.1	-	28.1
Trade and other payables	(14.8)	-	(14.8)
Deferred revenue	(3.0)	-	(3.0)
Other liabilities	(4.7)	-	(4.7)
Deferred income tax liabilities	-	(1.2)	(1.2)
Non-current other payables	(0.9)	-	(0.9)
Total liabilities	(23.4)	(1.2)	(24.6)
Identifiable net assets	20.8	9.7	30.5
Cash consideration			45.2
Goodwill recognised⁽³⁾			14.7

(1) The allocation of intangible assets consists of \$16.0m of customer relationships, \$3.5m for software, \$3.5m for technology and \$0.6m in relation to trade names, which are to be amortised over their useful lives of 14, 3 to 5, 5, and 5 years, respectively.

(2) The book value of trade receivables of \$15.2m, included within trade and other receivables, approximates to their fair value and the entire balance is deemed collectable.

(3) Of the \$14.7m goodwill balance recognised, 75% of the goodwill is deductible for tax purposes at the rate of 7% on a declining-balance basis.

The increase in the Group's revenues in the year ended 31 December 2014 included \$55.1m due to the acquisition of Globe Wireless. The impact is shown net of intercompany eliminations and adjustments as Globe Wireless is an established distribution partner of Inmarsat; therefore the stand-alone results of Globe Wireless do not represent a corresponding increase in Group results.

29. Operating lease and other commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases and other unrecognised contractual commitments are as follows:

(\$ in millions)	As at 31 December 2014			As at 31 December 2013		
	Non-cancellable operating leases	Other unrecognised contractual commitments	Total	Non-cancellable operating leases	Other unrecognised contractual commitments	Total
Within one year	16.1	13.7	29.8	18.0	21.8	39.8
Within two to five years	51.9	24.0	75.9	55.8	27.6	83.4
After five years	64.1	-	64.1	74.5	-	74.5
	132.1	37.7	169.8	148.3	49.4	197.7

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

The total of future sublease payments expected to be received under non-cancellable subleases at 31 December 2014 relating to the aforementioned head office lease is \$1.1m over one year (as at 31 December 2013: \$2.6m over two years).

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Notes to the Financial Statements (continued)
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29. Operating lease and other commitments (continued)

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

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Within one year	27.2	43.6
Within two to five years	15.9	28.8
	43.1	72.4

The Group has various agreements deriving revenue from designated leased capacity and leased equipment. These amounts are recorded as revenue on a straight-line basis over the respective lease terms and represent the majority of the Group's future aggregate minimum lease payments under non-cancellable operating leases expected to be received:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Within one year	32.1	40.7
Within two to five years	12.0	-
	44.1	40.7

30. Capital risk management

The following table summarises the capital of the Group:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
As per Balance Sheet		
Cash and cash equivalents	(202.7)	(143.1)
Borrowings	1,800.7	1,629.9
Net borrowings	1,598.0	1,486.8
Equity attributable to shareholders of the parent	1,428.4	1,313.0
Capital	3,026.4	2,799.8

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 borrowings (gross of deferred finance costs) to EBITDA ratio for the year ended 31 December 2014 is 2.32 (2013: 2.33).

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

No changes were made in the Group's objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

31. 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 months 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.

The Group's 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 transactions. 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 are different from those that were forecast.

Financial instruments by category

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

(\$ in millions)	As at 31 December 2014			As at 31 December 2013		
	Loans and receivables	Derivatives used for hedging	Total	Loans and receivables	Derivatives used for hedging	Total
Assets as per Balance Sheet						
Trade receivables and other ⁽¹⁾	253.9	-	253.9	243.4	-	243.4
Cash and cash equivalents	202.7	-	202.7	143.1	-	143.1
Derivative financial instruments	-	1.4	1.4	-	12.8	12.8
	456.6	1.4	458.0	386.5	12.8	399.3

(1) Consists of trade receivables, other receivables and accrued income (see note 17).

(\$ in millions)	As at 31 December 2014			As at 31 December 2013		
	Derivatives used for hedging	Other financial liabilities	Total	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per Balance Sheet						
Borrowings	-	1,800.7	1,800.7	-	1,629.9	1,629.9
Trade payables and other ⁽¹⁾	-	291.1	291.1	-	267.5	267.5
Derivative financial instruments	5.0	-	5.0	0.5	-	0.5
	5.0	2,091.8	2,096.8	0.5	1,897.4	1,897.9

(1) Consists of trade payables, deferred consideration, other payables and accruals (see note 20).

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Notes to the Financial Statements (continued)
For the year ended 31 December 2014

31. Financial instruments (continued)

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.

(\$ in millions)	As at 31 December 2014				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings ⁽¹⁾	118.1	130.6	384.4	1,167.6	1,800.7
Trade payables and other	265.5	1.9	22.3	1.4	291.1
Derivative financial instruments	5.0	-	-	-	5.0
	388.6	132.5	406.7	1,169.0	2,096.8

(1) Includes interest obligations on the Senior Notes due 2022, EIB Facility, and Ex-Im Bank Facilities. The interest obligations assume no changes in floating interest rates from the year end.

(\$ in millions)	As at 31 December 2013				
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings ⁽¹⁾	154.2	189.4	1,343.7	303.4	1,990.7
Trade payables and other	241.3	1.3	23.3	1.6	267.5
Derivative financial instruments	0.5	-	-	-	0.5
	396.0	190.7	1,367.0	305.0	2,258.7

(1) Includes interest obligations on the Senior Notes due 2022, EIB Facility, and Ex-Im Bank Facilities. 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.

Fair values of derivative financial instruments

The Group's derivative financial instruments consist of forward foreign currency contracts, which are primarily designated as cash flow hedges.

The fair values at the Balance Sheet date were:

(\$ in millions)	As at 31 December 2014	As at 31 December 2013
Financial assets:		
Forward foreign currency contracts - designated cash flow hedges	1.4	12.1
Forward foreign currency contracts - undesignated	-	0.7
Total derivative financial assets	1.4	12.8
Current portion of derivative financial assets	1.4	9.2
Non-current portion of derivative financial assets	-	3.6
Financial liabilities:		
Forward foreign currency contracts - designated cash flow hedges	4.5	0.5
Forward foreign currency contracts - undesignated	0.5	-
Total derivative financial liabilities	5.0	0.5
Current portion of derivative financial liabilities	5.0	0.5

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 is based

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

31. Financial instruments (continued)

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.

Forward foreign exchange

The following table sets out the face value and fair value of forward foreign exchange contracts outstanding for the Group as at 31 December 2014 and 2013:

As at 31 December 2014				
	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Fair value (\$)
Outstanding forward foreign exchange contracts (in millions)				
GBP contracts	£66.0	£66.0	-	(2.1)
Euro contracts	€6.0	€6.0	-	(0.8)
Canadian Dollar contracts	\$18.0	\$18.0	-	(0.7)
				(3.6)

As at 31 December 2013				
	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Fair value (\$)
Outstanding forward foreign exchange contracts (in millions)				
GBP contracts	£99.7	£74.7	£25.0	12.6
Euro contracts	€4.8	€4.8	-	0.2
Canadian Dollar contracts	\$16.8	\$16.8	-	(0.5)
				12.3

Non-derivative financial assets and financial liabilities

Non-derivative financial assets consist of cash at bank, short-term investments, trade receivables, other receivables and accrued income.

Non-derivative financial liabilities consist of borrowings, trade payables, deferred consideration, other payables and accruals.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

31. Financial instruments (continued)

Fair value of non-derivative financial assets and financial liabilities

With the exception of the Senior Notes due 2022 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-term maturity of these instruments (see note 16);
- The fair value of trade and other receivables and payables, accrued income and costs, and deferred consideration approximate their carrying values (see notes 17 and 20 respectively);
- An investment classified as available-for-sale was carried at fair value in the Balance Sheet, which was determined according to the binding agreement with a third party for the sale of the asset (see note 15);
- 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 19);
- The Senior Notes due 2022 are reflected in the Balance Sheet net of unamortised arrangement costs and net issuance premium of \$8.7m and \$7.6m, respectively (see note 19). The fair values of the Senior Notes due 2022 are based on the market price of the bonds and are reflected in the table below;
- The EIB Facility is reflected in the Balance Sheet net of unamortised arrangement costs of \$0.6m (2013: \$1.1m). The fair value approximates to the carrying value (see note 19); and
- The Ex-Im Bank Facilities are reflected in the Balance Sheet net of unamortised arrangement costs of \$18.9m (2013: \$18.1m). The fair value approximates to the carrying value (see note 19);

(\$ in millions)	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Fair value amount	Carrying amount	Fair value amount
Senior Notes due 2017	-	-	850.0	885.6
Senior Notes due 2022	1,000.0	992.5	-	-

32. Disposal groups and assets held for sale

On 7 November 2014, the Group announced that it had entered into binding agreements to sell its 19% holding in SkyWave to ORBCOMM Inc. for total proceeds of \$32.9m. The investment in SkyWave, with a carrying amount of \$23.5m, was reclassified to assets held for sale. As the investment had been categorised as an available-for-sale financial asset, it was remeasured to its fair value of \$32.9m as at 31 December 2014. The resulting gain was recognised through other comprehensive income. The sale subsequently closed on 2 January 2015 and the gain was reclassified to profit at that time.

On 3 February 2014, following regulatory and other approvals, the Group announced completion of the sale of the majority of its retail energy business to RigNet, Inc. ('RigNet'). The sale included the Group's microwave and WiMAX networks in the US Gulf of Mexico, VSAT interests in the UK, the US and Canada, telecommunications systems integration business operating worldwide and retail L-band energy satcoms business. In addition, the Group sold its interest in retail energy related teleport assets located in Moscow. Total fair value of the net assets of the disposal group as at 31 December 2013 was \$23.8m and included assets classified as held for sale of \$42.8m and liabilities directly associated with assets held for sale of \$19.0m. Total proceeds on the sale of the retail energy business and related assets were \$27.0m.

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

33. Capital commitments

The Group had authorised and contracted but not provided for capital commitments as at 31 December 2014 of \$504.0m (2013: \$713.3m). These amounts primarily represent commitments in respect of the Group's GX and S-Band satellite programmes.

34. Contingent liability

The Group has received enquiries from Her Majesty's Revenue and Customs ('HMRC') in respect of arrangements which have been entered into in prior periods. The potential tax liability in relation to these enquiries is estimated to be in the region of \$18m. The Group has sought external advice and management does not believe that a material economic outflow is probable; therefore no provision has been recorded in these financial statements. However, this disclosure has been made in light of the ongoing enquiries being made by HMRC.

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

35. Related party transactions

In the normal course of operations the Group engages in transactions with its equity-owned investees NTS Maritime Limited, Navarino Telecom SA 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 2014 financial year was \$34.0m, \$0.1m and \$22.0m, respectively (2013: \$31.3m, \$0.8m and \$19.4m, respectively). The amount receivable from the related parties at 31 December 2014 was \$14.5m, \$0.8m and \$2.7m, respectively (2013: \$14.8m, \$0.3m and \$3.1m, respectively).

Amounts owing to the Executive and Non-Executive Directors as at 31 December 2014 and 2013 were \$6.2m and 3.4m, respectively, and relate to remuneration earned in the normal course of operations (see note 8).

The post-employment benefits and defined benefit pension plans are related parties (see note 27).

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

(US\$ in millions)	2014	2013
Transactions with Inmarsat plc:		
Intercompany interest receivable	-	0.9
Intercompany interest payable	3.3	3.7
Repayment/drawdown of amounts due to fellow group companies	-	49.2
Other net trading	-	0.6
Transactions with Inmarsat Finance plc:		
Interest payable on Subordinated Senior Notes due 2017 Loan	57.3	60.3
Intercompany interest receivable	-	1.5
Gross proceeds of the Subordinated Senior Notes due 2022 Loan	992.4	-
Repayment of the Subordinated Senior Notes due 2017 Loan	(855.9)	-
Interest paid on Subordinated Senior Notes	53.1	62.7
Other net trading	-	0.1
Transactions with Inmarsat Holdings Limited:		
Intercompany interest receivable	-	0.1

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

(US\$ in millions)	As at 31 December 2014	As at 31 December 2013
Outstanding balances with Inmarsat plc:		
Amounts due from fellow Group companies	4.6	1.5
Amounts due to fellow Group companies	(74.5)	(57.3)
Outstanding balances with Inmarsat Finance plc:		
Subordinated Senior Notes due 2022 loan	(992.4)	-
Subordinated Senior Notes due 2017 loan	-	(855.9)
Interest on Subordinated Senior Notes due 2022 loan	(6.2)	-
Interest on Subordinated Senior Notes due 2017 loan	-	(5.4)
Amounts due to fellow Group companies	(2.0)	(2.0)
Outstanding balances with Inmarsat Holdings Limited:		
Amounts due from fellow Group companies	7.1	2.7

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

36. Subsidiary undertakings

At 31 December 2014, the Company had investments in the following subsidiaries.

	Principal activity	Country of incorporation and operation	Interest in issued ordinary share capital at 31 December 2014	Interest in issued ordinary share capital at 31 December 2013
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 Hellas Satellite Services SA	Satellite telecommunications	Greece	100%	100%
Inmarsat Employment Company Limited	Employment company	Jersey	100%	100%
Inmarsat Canada Holdings Inc.	Holding company	Canada	100%	100%
Inmarsat Solutions B.V.	Operating company	The Netherlands	100%	100%
Inmarsat Solutions (US) Inc.	Operating company	USA	100%	100%
Segovia, Inc.	Operating company	USA	100%	100%
Inmarsat Solutions Pte Limited	Operating company	Singapore	100%	100%
Inmarsat Solutions AS	Operating company	Norway	100%	100%
Inmarsat Mobile Networks Inc.	Operating company	USA	100%	100%
Inmarsat New Zealand Limited	Operating company	New Zealand	100%	100%
Inmarsat Solutions (Canada) Inc.	Operating company	Canada	100%	100%
Inmarsat Solutions Global Limited	Operating company	England and Wales	100%	100%
Inmarsat Australia Pty Limited ⁽¹⁾	Operating company	Australia	100%	100%
Allsatphones Pty Ltd	Operating company	Australia	100%	100%
EuropaSat Limited	Operating company	England and Wales	100%	100%
Globe Wireless Japan KK	Operating company	Japan	100%	100%
Inmarsat (IP) Company Limited	Dormant	England and Wales	100%	100%
Inmarsat Brazil Limitada	Dormant	Brazil	100%	100%
Inmarsat BV	Operating company	The Netherlands	100%	100%
Inmarsat Communications Company LLC	Operating company	UAE	100%	100%
Inmarsat Employee Share Plan Trustees Limited	Dormant	England and Wales	100%	100%
Inmarsat Finance III Limited	Operating company	England and Wales	100%	100%
Inmarsat Global Xpress Limited	Operating company	England and Wales	100%	100%
Inmarsat Group Holdings Inc.	Holding company	USA	100%	100%
Inmarsat Inc.	Operating company	USA	100%	100%
Inmarsat Launch Company Limited	Operating company	Isle of Man	100%	100%
Inmarsat Leasing Limited	Dormant	England and Wales	100%	100%
Inmarsat SA	Operating company	Switzerland	100%	100%
Inmarsat Services Limited	Operating company	England and Wales	100%	100%
Inmarsat Solutions (Shanghai) Co. Limited	Operating company	China	100%	100%
Inmarsat Solutions Americas Inc	Operating company	USA	100%	100%
Inmarsat Solutions ehf.	Operating company	Iceland	100%	100%
Inmarsat Solutions Limited	Operating company	England and Wales	100%	100%
Inmarsat Solutions SA (PTY) Limited	Operating company	South Africa	90%	90%

Inmarsat Investments Limited
Notes to the Financial Statements (continued)
For the year ended 31 December 2014

36. Subsidiary undertakings (continued)

	Principal activity	Country of incorporation and operation	Interest in issued ordinary share capital at 31 December 2014	Interest in issued ordinary share capital at 31 December 2013
Inmarsat Spain SA	Operating company	Spain	100%	100%
Inmarsat Trustee Company Limited	Dormant	England and Wales	100%	100%
Inmarsat US Holdings 2 Inc.	Holding company	USA	100%	100%
Inmarsat US Holdings Inc.	Holding company	USA	100%	100%
Inmarsat US Investments Limited	Operating company	England and Wales	100%	100%
Inmarsat Ventures Limited	Operating company	England and Wales	100%	100%
ISAT Global Xpress 000	Operating company	Russia	100%	100%
ISAT US Inc.	Operating company	USA	100%	100%
JSAT Mobile Communications Inc.	Operating company	Japan	26.67%	26.67%
Navarino Telecom SA	Operating company	Greece	49%	49%
NewWave Broadband Limited	Operating company	Scotland	100%	100%
NTS Maritime Limited	Operating company	Cyprus	49%	49%
PT ISAT	Operating company	Indonesia	100%	100%
Seasat Communications Ltd	Operating company	Cyprus	49%	49%
Segovia Commercial services Inc.	Operating company	USA	100%	100%
Ship Com AS	Dormant	Norway	100%	100%
Ship Equip International AS	Operating company	Norway	100%	100%
Stratos Broadband Communications	Operating company	Kazakhstan	100%	100%
Stratos Canada Inc.	Operating company	Canada	100%	100%
Stratos de Mexico SA. De CV	Operating company	Mexico	100%	100%
Stratos Gesellschaft fur Satelliten-Kommunikation mbh	Operating company	Germany	100%	100%
Stratos Global Holdings Limited	Dormant	England and Wales	100%	100%
Stratos Global Japan KK	Operating company	Japan	100%	100%
Stratos Government Services Inc.	Operating company	USA	100%	100%
Stratos Holdings (Cyprus) Limited	Holding company	Cyprus	100%	100%
Stratos Hong Kong Limited	Operating company	Hong Kong	100%	100%
Stratos Investments BV.	Holding company	The Netherlands	100%	100%
Xantic Brazil Ltd	Operating company	Brazil	100%	100%

(1) TC Communications Pty Ltd was renamed Inmarsat Australia Pty Ltd in October 2014

37. Events after the Balance Sheet date

On 7 November 2014, the Group announced that it had entered into binding agreements to sell its 19% holding in SkyWave to ORBCOMM Inc. for total proceeds of \$32.9m. Subsequently, the sale closed on 2 January 2015. As at 31 December 2014, the Group reclassified the investment in SkyWave to assets held for sale and remeasured the asset to fair market value, recognising an after-tax gain of \$8.0m, in other comprehensive income. The gain was reclassified to profit-in 2015.

During 2014, LightSquared elected to restart Phase 2 of the Cooperation Agreement and as a result, recommenced quarterly payments to Inmarsat. On 2 January 2015, Inmarsat issued a default notice to LightSquared indicating the \$17.5m payment due 31 December 2014 had not been received in accordance with the quarterly payment schedule. However, this payment was subsequently received on 25 February 2015. As at 31 December 2014, no revenue had been recognised in respect of the payment owing from LightSquared, due to the uncertainty of receiving the payment.

Inmarsat Investments Limited
Company Balance Sheet
As at 31 December 2014

(US\$ in millions)	As at 31 December 2014	As at 31 December 2013
Assets		
Non-current assets		
Investments ^(a)	2,773.5	2,606.9
Other receivables ^(b)	164.6	322.9
	2,938.1	2,929.8
Current assets		
Cash and cash equivalents	0.2	-
Trade and other receivables ^(c)	1.8	3.1
Current income tax asset	29.2	23.0
	31.2	26.1
Total assets	2,969.3	2,955.9
Liabilities		
Current liabilities		
Borrowings ^(d)	112.2	57.4
Trade and other payables ^(e)	384.3	464.4
	496.5	521.8
Non-current liabilities		
Borrowings ^(f)	1,888.6	1,752.1
Deferred tax liability	0.2	0.2
	1,888.8	1,752.3
Total liabilities	2,385.3	2,274.1
Net assets	584.0	681.8
Shareholders' equity		
Ordinary shares	0.3	0.3
Share premium	365.6	365.6
Other reserves	638.6	638.6
Accumulated losses	(420.5)	(322.7)
Total shareholders' equity	584.0	681.8

(a) Investments consist of a US\$2,773.5m investment in Inmarsat Ventures Limited (2013: US\$2,606.9m).

(b) Other receivables consist of US\$164.6m of amounts due from Group companies (2013: US\$322.9m).

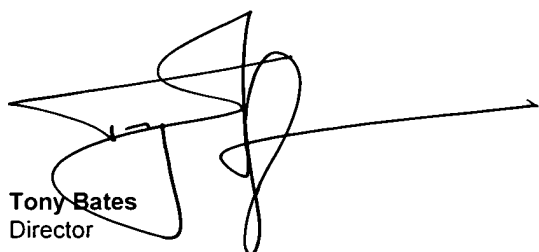
(c) Trade and other receivables consist of US\$1.8m of other debtors (2013: US\$3.1m).

(d) Current borrowings comprise a US\$44.1m drawdown of the EIB Facility (2013: US\$44.1m drawdown), and a US\$68.1m drawdown of the EXIM Facility (2013: US\$13.3m).

(e) Trade and other payables consists of US\$377.9m due to Group companies (2013: US\$457.8m) and US\$5.9m in relation to accruals and deferred income (2013: US\$6.6m). In 2014, trade and other payables also included US\$0.5m trade payables (2013: US\$nil).

(f) Non-current borrowings comprise US\$992.4m Subordinated Senior Notes due 2022 Loan (2013: US\$855.9m Subordinated Senior Notes due 2017 Loan), US\$223.4m amounts due to Group companies (2013: US\$217.7m), US\$131.5m drawdown of the EIB Facility (2013: US\$176.2m), US\$550.0m drawdown of the EXIM Facility (2013: US\$530.2m) less deferred finance costs on the Senior Notes due 2022 of US\$7.6m (2013: US\$8.7m), on the EIB Facility of US\$0.6m (2013: US\$1.1m) and US\$18.9m on the EXIM Facility (2013: US\$18.1m).

The financial statements of Inmarsat Investments Limited, registered number 4886096, on pages 56 to 58 were approved by the Board of Directors on 8 July 2015 and signed on its behalf by:


Tony Bates
 Director

Inmarsat Investments Limited
Company Statement of Changes in Equity
For the year ended 31 December 2014

(US\$ in millions)	Ordinary share capital	Share premium account	Cash flow hedge reserve	Capital contribution reserve	Accumulated losses	Total
Balance as at 1 January 2013	0.3	365.6	(6.3)	637.6	(241.9)	755.3
Dividends paid	-	-	-	-	(157.8)	(157.8)
Comprehensive Income:						
Profit for the period	-	-	-	-	77.0	77.0
Other comprehensive income - before tax	-	-	9.4	-	-	9.4
Other Comprehensive Income - tax	-	-	(2.1)	-	-	(2.1)
Balance as at 31 December 2013	0.3	365.6	1.0	637.6	(322.7)	681.8
Dividends paid	-	-	-	-	(225.8)	(225.8)
Comprehensive Income:						
Profit for the period	-	-	-	-	128.0	128.0
Other Comprehensive Income - before tax	-	-	-	-	-	-
Other Comprehensive Income - tax	-	-	-	-	-	-
Balance as at 31 December 2014	0.3	365.6	1.0	637.6	(420.5)	584.0

Company Cash Flow Statement
For the year ended 31 December 2014

(US\$ in millions)	2014	2013
Cash flow (used in)/from operating activities		
Cash (used in)/generated from operations	(123.7)	(15.9)
Interest received	0.5	12.2
Net cash (used in)/from operating activities	(123.2)	(3.7)
Cash flow from investing activities		
Dividend received from Group companies	225.8	157.8
Investment in subsidiary company	-	-
Net cash from investing activities	102.6	157.8
Cash flow from financing activities		
Dividends paid to Parent Company	(225.8)	(157.8)
Repayment of EIB Facility	(44.1)	(44.0)
Drawdown of Ex-Im Facilities	106.9	145.9
Repayment of Ex-Im Facilities	(13.4)	-
Redemption of Senior Notes due 2017	(882.8)	-
Gross issuance proceeds of Subordinated Senior Notes due 2022 Loan	991.9	-
Arrangement costs of new borrowing facilities	(4.3)	(5.0)
Interest paid on borrowings	(30.8)	(95.5)
Intercompany funding	-	2.3
Net cash used in financing activities	(102.4)	(154.1)
Net increase in cash and cash equivalents	0.2	-
Movement in cash and cash equivalents		
At beginning of year	-	-
Net increase in cash and cash equivalents	0.2	-
As reported on balance sheet (net of bank overdrafts)	0.2	-
At end of year, comprising		
Cash at bank and in hand	0.2	-
	0.2	-

Inmarsat Investments Limited

Notes to the Company Financial Statements

For the year ended 31 December 2014

Basis of accounting

In the 2014 and 2013 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 2014 was US\$128.0m (2013: US\$77.0m).

Auditor's remuneration

The Auditor's remuneration incurred for the audit of the Company amounting to US\$10,000 (2013: US\$10,000) was paid by a company within the 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 31 of the consolidated financial statements.

The differences between the Group and the Company are in relation to intercompany balances. As at 31 December 2014, the Company had US\$164.6m (2013: US\$322.9m) amounts due from Group companies and US\$1,593.7m (2013: US\$1,531.4m) amounts due to Group companies. The Directors consider that with the exception of the Subordinated Senior Notes due 2022 Loan 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 (used in)/generated from operating activities:

(US\$ in millions)	2014	2013
Profit for the year	128.0	77.0
Adjustments for:		
Income tax credit	(37.7)	(24.4)
Interest payable	155.9	124.6
Interest receivable	(19.9)	(22.7)
Dividend receivable	(225.8)	(157.8)
Forward exchange contracts	-	0.1
Changes in net working capital:		
Decrease in trade and other receivables	6.4	2.7
Decrease in trade and other payables	(130.6)	(15.4)
Cash used in operations	(123.7)	(15.9)