inmarsat

The mobile satellite company™

Powering ahead

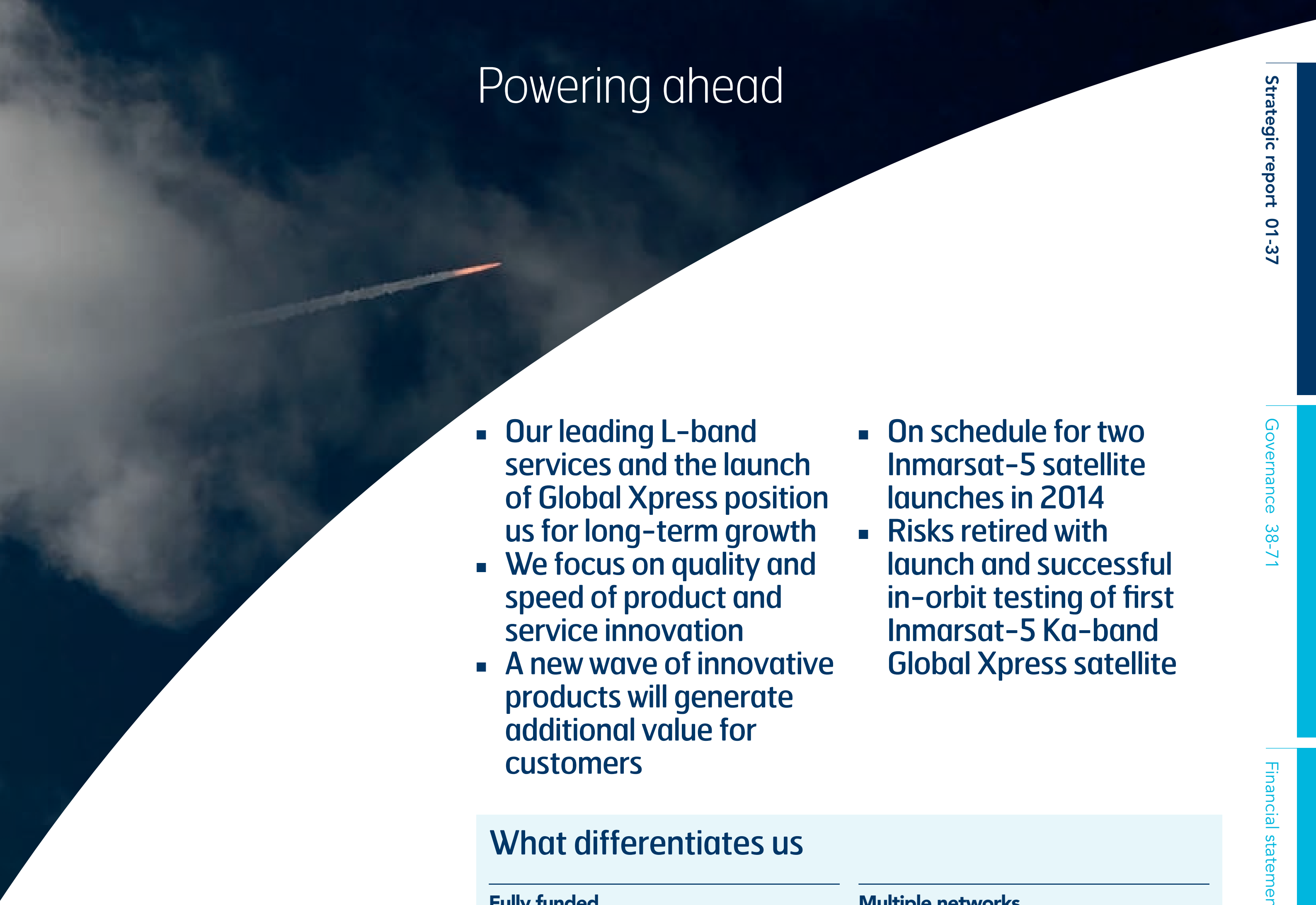
Annual Report and Accounts

2013

What we do

Inmarsat is the world's leading provider of global mobile satellite communications and offers a comprehensive portfolio of services for use on land, at sea and in the air.

We provide voice and data connectivity to end-users through the most versatile and reliable commercial network in the world, giving us the capability to deliver innovative services and solutions on an unprecedented scale.



Powering ahead

- Our leading L-band services and the launch of Global Xpress position us for long-term growth
- We focus on quality and speed of product and service innovation
- A new wave of innovative products will generate additional value for customers
- On schedule for two Inmarsat-5 satellite launches in 2014
- Risks retired with launch and successful in-orbit testing of first Inmarsat-5 Ka-band Global Xpress satellite

What differentiates us

Fully funded
US$1.1 billion liquidity and FTSE 250 status

History
34 years and 3 fleet generations of satellite network reliability

Reach
Global distribution network

Security
Highly secure networks

Safety
Unique long-term commitment to safety services

Multiple networks
L, Ka, Mil-Ka & Ku-band and WiMAX capabilities

Innovative
US$3 billion invested in next generation networks

Global
Seamless global coverage and in-orbit redundancy

Mobile
Network specifically built for mobility

Breadth
Unrivalled product and service range

Executive Chairman's review

Dear Shareholder,

Looking back over 2013, it has certainly been a challenging year for us, but one in which much was accomplished.

This letter will highlight:

- A record year in our history in terms of the size of capital investment in new satellites and services
- Continued growth in our core business exceeding targets set in 2012, while recognising that the disappointment in our US Government retail business, due mainly to budget cuts and the withdrawal from Afghanistan, have negatively affected revenue growth overall in the year
- Successful launch of two new satellites
- Achievement of operating profitability (EBITDA) targets through tight cost control while simultaneously ramping up new programmes
- Eighth straight year of dividend growth
- Second year of three year management succession plan successfully completed
- Opening of the new Satellite Access Station in Beijing, creating new potential in China
- Recognition of our humanitarian efforts with the Special Recognition Award for Corporate Social Responsibility at the Global Carrier Awards

Our results for 2013 were achieved with the backdrop of the biggest capital investment year by far in Inmarsat's 34 year history. Not only did we launch an additional satellite to enhance our Inmarsat-4 L-band fleet, but at the end of the year, we launched the first of our new Inmarsat-5 Ka-band satellites, which we call Global Xpress ('GX'). We believe that these investments, along with the commercial development programmes associated with them, establish the platform to allow us to grow and retain our leadership in the global mobile satellite sector.

Andrew Sukawaty
Executive Chairman

Of course, in parallel with these developments, we had targeted the business to achieve growth as we step into the launch of this new era for the Company. We are pleased to report that over the last two years we exceeded these targets of 0-2% growth in our core satellite services business. In fact we achieved 3.3% growth in 2013. This exceeded our targets for the second consecutive year. However, our lower margin retail business, Inmarsat Solutions, suffered from the continued Afghanistan troop withdrawal and from the US Government budget cuts. Inmarsat management and staff reacted quickly as these shortfalls became apparent and therefore we were able to meet our targets for profitability for the year. This was also achieved while costs were ramping up on the new GX programme. So, in balance for the year, a solid achievement by the business.

While our debt levels increased during the year due to our capital investments, we have remained within our targeted leverage levels. Our capital expenditure programmes are on track, as are our cash flow expectations and therefore we continue to support our goal of providing sustainable dividend increases to our shareholders. We intend to recommend a final dividend of 28.82 cents (US$), which represents a 5% increase over 2012. This is the eighth consecutive year of dividend increases; every year since our IPO in 2005.

In 2012 the Board of Directors established a succession transition plan over three years, to secure a smooth transition as we separated the Chief Executive and Chairman functions, in the midst of the biggest capital investment programme in our history. In this plan, I stepped into the role of Executive Chairman and Rupert Pearce became Chief Executive. 2013 represents the second year of this transition and we can report to shareholders that it has gone well. Rupert has changed the fundamental structure of the organisation during this period, by appointing market-focused business units and changed the way the Company addresses product development and innovation. All of this was done while keeping the capital investment programme on schedule and budget, and returning the Company to growth in our core business. This transition will be completed at the end of 2014, which is also when the new scheduled satellite fleet will be in place. The Board is pleased with the way Rupert has assumed the Chief Executive responsibilities. The vision he set in 2012 is bringing the business benefits now and sets us up well for a continued successful future. This carefully structured management succession has proven itself to work well in one of the highest activity periods in our history.

Rick Medlock left us as our Chief Financial Officer at the beginning of January 2014. Rick was a major contributor to Inmarsat's success as a business over his nearly 10 years with the Company. We would like to thank him and wish him well in the future. We look forward to welcoming Tony Bates who will join us as an Executive Director and Chief Financial Officer on 2 June 2014.

During this period of heightened capital investment programmes, we also set our sights on simultaneously growing and remaining financially strong. We believe these programmes will allow us to provide compelling market leading services for our partners and customers. In fact, this year the first pieces of this new platform for growth began to fall into place. Two new satellites were launched in 2013. The first launch in July was an important addition to our Inmarsat-4 global fleet of satellites. The second launch in

Financial highlights 2013

Total dividends payable ¢ (US$)

46.61

2012: 44.39

Inmarsat Global MSS Revenue US$m

762.4

2012: 738.0

Inmarsat Global Active terminals '000

369.7

2012: 364.8

Profit before tax* US$m

365.3

2012: 336.4

* Excluding LightSquared and impairment losses.

December was the first of our new ground-breaking GX Inmarsat-5 Ka-band satellites. These satellites, produced by Boeing, will put in place the world's first truly global VSAT ('Very Small Aperture Terminals') network. Two more of these GX satellites are scheduled to be launched by International Launch Services in 2014, completing the global coverage for this fleet.

Maritime communications of course remains a primary focus for us and safety services are at the heart of this. We remain the only satellite provider to offer the International Maritime Organization's ('IMO') Global Maritime Distress and Safety System ('GMDSS'). This highly reliable system allows mariners to get help when they need it. It is used by mariners daily and has been instrumental in saving thousands of lives globally. We continue to invest to enhance our safety services and are now working to certify our newest generation of FleetBroadband terminals for safety services. This will ensure these services exist for mariners at least to the middle of the next decade. Safety and the reliability that must go with it, remains a core part of the ethos and culture of Inmarsat. In our regular reporting to the IMO through the International Mobile Satellite Organization ('IMSO'), which regulates our provision of safety services, we have consistently met these stringent standards, which are fundamental to saving lives every day at sea.

In December a new Satellite Access Station was opened in Beijing, China, with our partner MCN and CTTIC, the Transport Ministry in China. This joint investment programme positions Inmarsat and our partners for greater business opportunities in the future.

During the year we strengthened our Board of Directors with two additional Non-Executive Directors being appointed in June 2013 – Dr Abe Peled and Simon Bax. We are pleased at how well they have contributed to, and extended the breadth of experience of, the Board through their unique and relevant backgrounds in management, media, technology and global financial management. With the addition of these two Non-Executive Directors we are maintaining the strong independence of our Board while also bringing in new perspectives. Admiral James Ellis Jnr (Rtd) retired from the Board after our March 2014 Board meeting. We thank him for the enormous contribution he has provided over the last nine years. We firmly believe that the length of service of our Non-Executive Directors, plus long-serving management, does not dilute the effectiveness of our independent Directors, in fact the greater value and impact of the Director grows over time given the specialised nature of our business.

In terms of social responsibility, Inmarsat remains committed on many fronts. Our GMDSS services allow distress calls to be made with no monetary charge for these lifesaving provisions. We are also used by first responders and emergency services globally and daily in times of human need. To complement that, we support the charity services organisation, Télécoms Sans Frontières. This relief agency is often the first into a disaster area to provide the essential communications link between other aid agencies, government and those affected by the disaster. As a result of this humanitarian support work, we were delighted to be recognised as the recipient of the 2013 Corporate Social Responsibility – Special Recognition award at this year's Global Carrier Awards. We are also proud to support the International Telecommunication Union ('ITU') and many other aid and government relief organisations globally.

We would particularly like to thank Inmarsat staff globally for their dedication and hard work in a year which has been challenging, but has produced an important result; the foundation for the next step in delivering exciting new services in new markets. At the same time as the excitement around these new services has increased, our employees have continued to deliver the reliable world-renowned services for which Inmarsat is known.

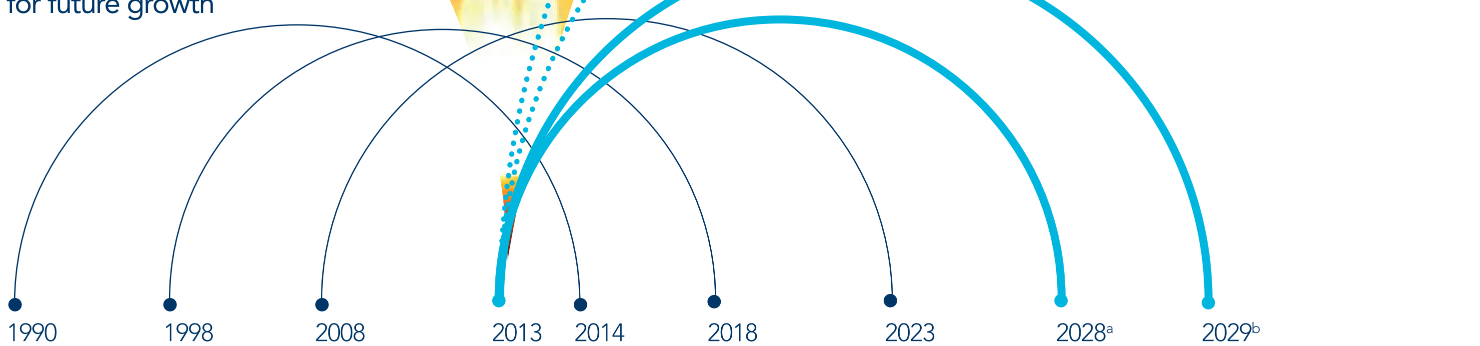
A new era in mobile satellite communications is rapidly approaching. An era in which broadband connectivity, which has become an essential part of many people's business and personal lives globally, will be extended to oceans, the air and to remote environments. Inmarsat is well placed, with our distribution partners, to lead the way in providing this vital new service to our customers.

Our customers, shareholders and staff should benefit for many years to come from the foundations laid in 2013. We believe that high-speed broadband access will become as essential in remote environments and in disaster areas as it is in the everyday lives of people in connected cities. Put simply, we see this as an enormous business opportunity and one that these investments now make us well suited to address. As we enter this new era of global broadband access, Inmarsat remains deeply committed to serving our customers' connectivity needs where existing networks either cannot go, or cannot go effectively.

Andrew Sukawaty
Executive Chairman
6 March 2014

Powering ahead...

Our continuing profitability has allowed us to fund longer term investment for future growth



1990	1998	2008	2013
Inmarsat-2 launched 1990-92	Inmarsat-3 launched 1996-98	Inmarsat-4 launched 2005-08	2013 launches Alphasat[a] launched July 2013 Inmarsat-5 Flight 1[b] launched December 2013

• Expected lifespan of current fleet

8 December 2013
Inmarsat confirms launch of its first Global Xpress satellite

The satellite was launched from the Baikonur Cosmodrome in Kazakhstan aboard an International Launch Services (ILS) Proton Breeze M at 12.12 GMT.

...in our chosen markets

See pages 8 to 21 for a review of our business

Land
A range of voice and data services for business and individuals operating beyond the reach of land-based terrestrial communications and where terrestrial services may be unreliable.

Maritime
Voice, high-speed data and safety communications for all vessel sizes.

Aviation
Voice, high-speed data connectivity, including safety communications, for cockpit and cabin.

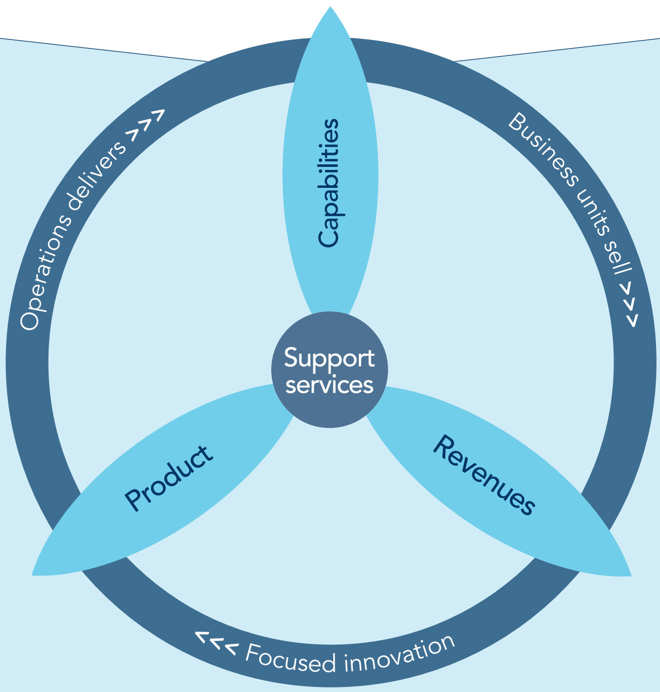
Market dynamics

- We are a technology company whose growth is fuelled by innovation
- To succeed, we need to out-innovate our competition
- Customer and market knowledge is key to fostering successful innovation
- Excellence in operations is key to delivering successful innovation

...with a focused business model

We are a customer-focused product and services business, with technology at its core.

Our core competence of quality engineering and technology delivery is the platform for our aspiration to be more customer-centric in our products and services innovation.



We expect our business model to generate revenues which through prudent cost management will drive high operating margins.

This generates the strong cash flows which we use to reward our shareholders, our staff and to reinvest in our business.

...a clear strategy that is delivering results

See pages 8 to 21 for a review of our business

Solutions Ecosystem – driving value-adds for end users

Inmarsat-4 and Inmarsat-6

Core L-band services
Highly mobile, agile and resilient

Safety services and redundancy

Capacity and speed

Inmarsat-5

Core Ka-band services
High capacity, high speed

Objective
Continue to grow revenues and profitability from our core L-band services business.

Progress
The successful launch of Alphasat in July 2013 brought more capacity, improved coverage and extended life through the addition of, in effect a fourth Inmarsat-4 satellite.

KPIs
Revenue growth in our core MSS business was 3.3%.

3.3% (2012: 2.5%)

Objective
A successful launch of our new Inmarsat-5 Ka-band Global Xpress ('GX') services.

Progress
We successfully launched our first Inmarsat-5 satellite in December 2013, which we expect to enter commercial service around mid-2014. Our GX programme is on track with key milestones met.

KPIs
Approximately 30% of target revenues for first five years already committed.

30% (2012: 20%)

Objective
Complement both of the L- and Ka-band objectives by empowering a new era of value-added solutions and services across our global networks.

Progress
We are working with Cisco to develop a service enablement platform that will allow us and our partners to develop and deploy innovative applications.

KPIs
We are targeting MSS wholesale revenue growth of 8-12% CAGR for the period 2014-2016.

8-12% (2012: 8-12%)

...and a robust approach to risk management

See pages 48 and 49 for a review of our risk management process

Long-term growth comes primarily from successful innovation, which builds sustained differentiation and value in the marketplace. We will bring new products to market to develop and extend existing market opportunities.

GX will future-proof our global mobile satellite services business with higher capacity and speeds. It will also significantly diversify our operations into new VSAT segments such as the maritime VSAT, energy, government, aviation and enterprise markets.

Integrated L-band/GX services and applications developed and deployed using a standard open architecture will foster growth in our ecosystem and contribute to revenue growth.

July 2013
Launch of Alphasat satellite

The Alphasat mission was a public-private partnership and is the largest European mobile telecommunications satellite ever built. Launched from French Guiana in July 2013, the satellite is now carrying revenue-earning traffic and enhances our Inmarsat-4 satellite network.

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Powering ahead in 2014

The GX fleet is on schedule to achieve full global coverage by the end of 2014. It will offer a unique combination of seamless global coverage from a single operator, consistent higher performance of up to 50Mbps to mobile or fixed terminals, and the network reliability for which Inmarsat is renowned.

2014 priorities

Maintain momentum in the core L-band business

Expand into new L-band markets

Deliver on the promise of GX and deliver SEP

Support growth through organisational change

Be alert to additional opportunities for business change

Chief Executive's 2013 review

Business overview

I'm very pleased with our underlying performance during 2013, which we've delivered in a challenging operating environment. Especially over the last year, I would like to acknowledge the contribution our employees make and thank them for their passion and tremendous commitment to our business.

Over the next few pages, I have set out the key elements of the progress we've made as a team:

- Strong wholesale MSS revenue growth and tight cost control.
- A period of sustained innovation as exciting as any time in Inmarsat's history.
- Excellent operational performance from our L-band satellite fleet.
- Strong progress in our Global Xpress programme, which remains on schedule and on budget.
- Strengthening our services portfolio through the acquisitions of TC Communications & Globe Wireless and extending our channel reach into new market verticals via a strategic partnership with RigNet.
- Continued development of the business unit structure, including new leadership in the US Government business unit and the creation of a new Commercial Aviation business unit for 2014.

Rupert Pearce
Chief Executive Officer

Overall, whilst we saw 3.3% growth in our wholesale business, total revenues were US$1,261.9m, 5.7% lower than last year's revenues of US$1,337.8m. Revenues were impacted primarily because of two areas of contribution: an expected reduction in revenues related to our Cooperation Agreement with LightSquared, and reduced revenues in our Inmarsat Solutions segment, which arose largely as a result of a sudden and pronounced contraction in our US government retail business. As Andy mentioned in his Chairman's statement, it is particularly pleasing that we have returned our wholesale business to growth and exceeded our growth targets for the 2012-13 period.

With the reduction in our overall revenues year-on-year, we wanted to ensure that our cash flow remained robust and took action within the business to manage our costs as tightly as possible. With net operating costs almost 5% lower than last year at US$613.1m (compared to US$643.1m in 2012), we achieved this. We took action quickly and effectively when we saw a shortfall in revenues arising as a result of the reduction in our US Government retail business, demonstrating the responsibility that we have to our shareholders. In spite of the above, we maintain a strong financial position with all our capital programmes fully funded.

Last year, all US government agencies faced a challenging period as budget cutbacks and uncertainty continued. Some of the policy differences that led to budget uncertainty in the US appeared to be stabilising by the end of 2013, but the budget-constrained US defence market will continue to challenge maintenance of both revenue and margins for our products and services. In addition, the withdrawal of troop deployments from Afghanistan and forced reduction in the Southwest Asia region also reduced demand in both our US Government business unit and for existing customers within the Global Government business unit.

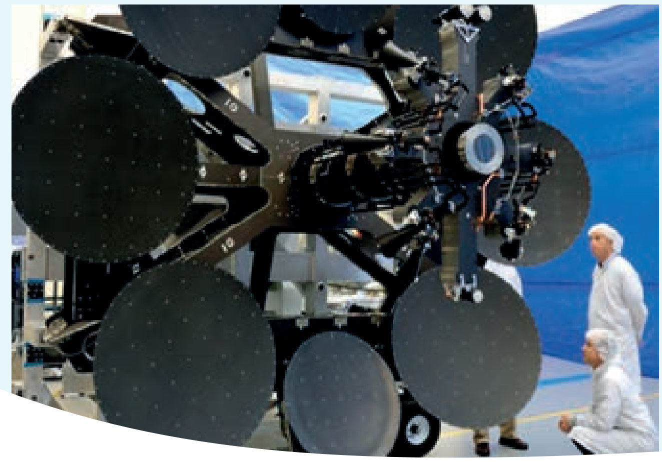
In 2011 and 2012, we received significant payments from a US company, LightSquared, as part of an agreement we signed which enabled them to lease some of our L-band satellite spectrum in North America. Our business relationship was documented in a Cooperation Agreement. LightSquared faced operational difficulties as a business and in April 2012 we agreed to amend that Cooperation Agreement and to suspend all LightSquared lease payments to us until April 2014. We continue to recognise some limited revenues under the Cooperation Agreement, as we incur certain costs in maintaining our readiness to perform obligations to LightSquared. LightSquared is going through a US bankruptcy process and we are monitoring the situation carefully.

MSS Revenue growth

We have returned our wholesale business to growth and exceeded our growth targets for the 2012-13 period.

Investing in next generation networks

Our results for 2013 were achieved against the backdrop of the biggest capital investment year by far in Inmarsat's 34-year history.



Recent awards

UK Stock Market Award for Best Telecoms PLC

The UK Stock Market Awards' 10-strong panel of City of London investment firms and personal advisors presented Inmarsat with the 'Best Telecoms PLC' prize for its ability to deliver excellent financial performance, strategic and operational development and robust shareholder value.

Global Carrier Award for Corporate Social Responsibility

Inmarsat was announced as winner in the Corporate Social Responsibility Special Recognition category at the 2013 Global Carrier Awards for its work with Télécoms Sans Frontières in providing essential communications solutions at times of devastating natural disasters and debilitating civil conflicts. The award recognises Inmarsat and Télécoms Sans Frontières' shared goal of providing 'communications for life'.

SSPI Innovation Award for Improving Space Safety

Inmarsat's role in making operations in space safer and more reliable was recognised as an industry innovator by the Society of Satellite Professionals International ('SSPI'). The society presented the Space Data Association ('SDA') with its Innovation in Industry Collaboration on the Safe Use of Space award. The SDA was founded by Inmarsat, Intelsat and SES in 2009.

IVCA Award for Corporate Communications

Inmarsat was honoured by the International Visual Communications Association ('IVCA') with a Bronze award in the Best International Film category at the IVCA Awards 2013 for its *Timeline* video, which powerfully charts the Company's landmark achievements throughout its 34-year history against a backdrop of global news stories and events.

Strong progress against our strategy

In my CEO report last year, I laid out our strategic focus which is summarised on pages 4 to 7. Our key strategic goals remain as valid and appropriate now for the business as described then.

The twin engines of growth for us are our investment in innovation and the reach and capabilities of our distribution channel to market. These two factors position us well to meet the challenges and opportunities ahead.

We have a strong track record as successful innovators, but right now is perhaps as exciting as it's ever been in our 34-year history.

The Inmarsat-4 services platform is robust, with BGAN, FleetBroadband and SwiftBroadband all now highly successful products and services and making material contributions to our growth, but we continue to innovate. In 2013 we launched both new machine-to-machine ('M2M') services and products, as well as the BGAN High Data Rate ('HDR') service – offering enhanced broadband data rates for laptop-sized devices. This new wave of market-enhancing Inmarsat-4-based products and services will continue in 2014 with a new handheld satellite phone (IsatPhone 2) to complement our current highly successful IsatPhone Pro, and three new broadband services platforms, FleetOne, IsatHub and SB 200. We expect these to extend our capabilities onto much smaller platforms at sea, on land and in the air. This L-band innovation is already reflecting new revenue growth by driving increased usage of our services by existing subscribers, as well as taking us into new market segments.

A key focus in 2013, continuing into 2014, is the realisation of our US$1.6bn Global Xpress ('GX') programme, which we expect to start to contribute to our revenues from the second half of 2014. This is the largest capital expenditure programme in Inmarsat's history. GX will be supported initially by three Inmarsat-5 generation Ka-band satellites, delivering seamless global coverage and supporting satellite services with broadband speeds of up to 50 Mbps for users in the government, maritime, energy, enterprise and aviation sectors.

Andy has already mentioned in his Chairman's statement that we had a successful launch of the first Inmarsat-5 satellite in December 2013 and since that date we have successfully deployed the spacecraft, delivered it into its operational orbit location and completed in-orbit payload testing. We currently expect to commence commercial services over the satellite around mid-2014. Our GX programme remains on track both as to schedule and cost and the delivery timings for the Inmarsat-5 F2 and F3 satellites continues to provide for a launch programme such that we expect to complete global coverage by the end of 2014.

In 2013, we exercised an option to purchase a fourth Inmarsat-5 satellite under our existing contract with Boeing. This satellite has a delivery schedule of mid-2016 and will provide an early available spare in the event of a launch failure of the second or third Inmarsat-5 satellites. In the event the satellite is not required as a launch spare, we are developing an incremental business case to support its launch to increase capacity and strategically enhance network coverage.

Chief Executive's 2013 review
continued

Establishing a new communications platform requires more than just the satellites to ensure its success. We are also building a new ground network for our GX services to be deployed around the world. The ground stations to serve Inmarsat-5 F1 have been completed and are now in operation in Fucino (Italy) and Nemea (Greece). The ground stations for Inmarsat-5 F2 are also completed, and undergoing final testing in North America (Lino Lakes in the US and Winnipeg in Canada), and work for the Inmarsat-5 F3 ground stations is well underway at two New Zealand sites, Auckland and Warkworth. We have also constructed secure facilities in our ground stations worldwide to support critical commercial and government mission assurance needs and we continue to invest in meeting the highest levels of cyber security. Indeed, the Inmarsat-5 global network will be among the most secure commercial satellite networks ever built.

We have partnered with world class manufacturers to cover our target markets and applications and we're excited that they have the same commitment as we do to bring GX to a successful introduction.

The number of Value-Added Resellers ('VARs') that we have appointed to distribute GX services continues to grow across all the core target markets for this new service. Some of these are well-established existing partners, such as Astrium, others are new to the Inmarsat channel, such as Boeing.

Finally, our investment in a highly innovative service enablement platform (our 'SEP' programme), through Cisco, will provide the glue between our L-band and Ka-band networks to bring them together into a unique integrated capability. This service will empower and accelerate the business of turning our global network into a super-charged value-added delivery mechanism for our certified application partners, for the unique benefit of our end users. We are actively recruiting certified application providers to support us in our ambitions to be a leader in bringing high-value innovative solutions and services to our end users across our global networks.

We have set shareholder expectations that we will achieve annual GX revenues of US$500m per annum by the fifth anniversary of the launch of global GX services and we already have significant channel contractual commitments (for example from Boeing, Honeywell and RigNet), as well as material numbers of maritime VSAT users who have made contractual commitments to transition to GX. These early commitments from distributors and customers are a powerful indication that, in our core customer markets of maritime, aviation and government services, we believe demand for GX will be strong. Indeed, governments worldwide have expressed strong interest in GX to complement their Ka-band military satellite investments and we expect that they will be some of the earliest adopters of this unique capability. We also believe, based on the growing demand for broadband connectivity over the oceans, in remote environments and on the move wherever people go, that GX is hitting the market at the right time.

Just some of the business partners helping us into the Global Xpress era

Airbus Defence and Space
Aircell
ARINC Direct
Boeing
Cisco
Cobham Satcom
E-3 Systems
ESL Group
Gilat Satellite Networks
Globecomm
Gogo
Honeywell
iDirect
IEC Telecom Group
Imtech Marine
Inmarsat Government
Intellian
JRC
Kymeta
L-3 Global Communications Solutions
Navarino
Network Innovations
NSSL Global
OnAir
Paradigm Communications
RigNet
Satcom Direct
Satcom1
SED
SingTel
Skyware Technologies
Tampa Microwave
Telemar
Telespazio
Thales

In 2013, we had a busy year of corporate transactions – two acquisitions: TC Comms and Globe Wireless; and a major sale and strategic alignment when RigNet bought our retail energy business and became a strategic partner to distribute our L-band and GX services.

Business development

During the year, we were active in reviewing the structure of our business and what we could do to strengthen or maximise value through acquisition or divestment. These activities all support our long-term growth strategy.

In May 2013, we acquired TC Communications Pty Ltd ('TC Comms'), a company based in Australia. The operations of TC Comms have been integrated within our Inmarsat Solutions business and the acquisition has strengthened our VSAT, military satcoms, aviation and solutions skills in Inmarsat's Global Government and Enterprise business units.

In August 2013, we announced a strategic partnership with RigNet, Inc. ('RigNet'), a global provider of managed remote telecommunications solutions to the oil and gas industry, to offer GX and L-band services to the energy sector. Under the terms of the agreement, RigNet became a GX distribution partner and entered into a five-year GX capacity pre-purchase agreement. In connection with the agreement, we agreed to sell the majority of our retail energy business to RigNet. On 3 February 2014, following regulatory and other approvals, we announced completion of the sale and look forward to the start of a strategic relationship with them. The sale included our microwave and WiMAX networks in the US Gulf of Mexico, our VSAT interests in the UK, the US and Canada, our telecommunications systems integration business operating worldwide and our retail L-band energy satcoms business. Around 180 employees moved to RigNet and we wish them well. We will continue to maintain a close working relationship for them as RigNet will be an important distribution partner for us.

On 17 December 2013, we announced we had agreed to acquire the mobile satellite communications business and substantially all of the related assets of Globe Wireless LLC ('Globe Wireless'), and we completed that acquisition on 2 January 2014. Globe Wireless is a leading provider of value-added maritime communications services to the shipping market with an installed customer base at the date of acquisition of over 6,000 ships. The acquisition will benefit our Commercial Maritime business unit which sits within the Inmarsat Solutions business segment. We expect to benefit from significant operating synergies and enhanced revenue growth as we integrate Globe Wireless into our business.

A key focus during 2013 has been on the BRICs (Brazil, Russia, India and China) markets and we are working on various opportunities to open up these markets. One key achievement late in 2013 was the opening of a BGAN satellite access station ('SAS') in Beijing, China. With important funding from the Chinese government, this four year programme was led by a joint team from Inmarsat and our long-standing Chinese distribution partner, MCN. The China BGAN SAS will allow us to comply with regulatory and legal requirements which stipulate that we must have a physical gateway in China to sell our Inmarsat-4 services there. We intend to proceed with a gateway facility to be built for our GSPS service in 2014.

Chief Executive's 2013 review
continued

Our staff

During 2013 Peter Hadinger was appointed as the new President of our US Government business unit and Susan Miller was appointed as President and CEO of our Inmarsat Government retail business. They each have a clear objective to look to rebuild this part of our business over the coming years. We also took the decision that with effect from 2014 we would identify our Commercial Aviation business as a separate business unit, under the leadership of Miranda Mills, operating initially within our Growth Management and Support ('GMS') division. We are very pleased with how these senior managers have taken on these new and additional responsibilities. Andy has mentioned the contribution from Rick Medlock as a Board member and also as a member of my Executive Staff, and I too would like to thank him for his powerful input and consistent support of Inmarsat over many years. We have a diverse, experienced senior management team and benefit from their different perspectives to work powerfully together to achieve common goals. I am sure that our new CFO, Tony Bates, who we expect to join us in June, will be a very strong contributor to our business and I look forward to welcoming him in due course.

Recognising the broader management tier across the business is important – we have a Group Management Team which comprises approximately 65 employees who meet with senior management every quarter. Bringing this group together on a regular basis helps us to align and enact business initiatives throughout the Group, to get feedback and ideas from our senior colleagues as a group. This interaction assists management with our succession planning and leadership development programmes.

During 2013, we asked a great deal from our staff:

- To both maintain the overall growth in our core MSS business and innovate to prepare the ground for our future growth;
- To support various corporate transactions (including two substantial acquisitions, a major sale and strategic alignment, and continuing organisational development);
- To maintain the GX and SEP programmes on time and to budget; and
- To successfully launch two satellites (Alphasat and Inmarsat-5 F1).

All of this was set against a backdrop of necessary cost controls across the business, including a pay freeze. To achieve all of this has been a tremendous accomplishment and I would like to thank everyone for their hard work, skill and commitment to Inmarsat and to each other.

'One Inmarsat' is our vision for how we intend to operate effectively as an integrated business across the entire organisation. Recognising that the organisation has evolved substantially over the last few years, and now spans offices in approximately 40 countries, it is of critical importance that we mobilise our global assets coherently and engage our talented and diverse workforce in a fully collaborative way. In 2014 we therefore established a programme we are calling our 'Year of Engagement'. This programme starts with a comprehensive staff survey to understand what our staff think is good and should be preserved and enhanced, and where they believe we can make improvements. We are committed to developing the skills and capabilities of our workforce through training and career development.

Our corporate values:

Passion
- A pride in what we do
- Leverage diverse talent
- Determination to deliver

Openness
- To ideas, internal and external
- To accountability
- To cultures and personality

Enterprising
- Considered risk-taking
- Decisiveness
- Accountability within the team

Market-driven
- Innovation rooted in customer needs
- We listen to partners and customers
- We deliver enduring business value

Our Executive Team
This team is responsible for the day-to-day running of the business.

Rich Harris
SVP Legal & Regulatory Affairs

Peter Hadinger
President, Inmarsat US Government BU

Alison Horrocks
SVP Corporate Governance & Company Secretary

Debbie Jones
SVP Corporate Development

Ronald Spithout
President, Inmarsat Enterprise

Andy Start
President, Inmarsat Global Government

Leo Mondale
MD, Global Xpress

Frank Coles
President, Inmarsat Maritime

Rupert Pearce
Chief Executive Officer

Ruy Pinto
Chief Operations Officer

Andrew Sukawaty
Executive Chairman

Business operations

Let me now provide an overview of the performance from our two operating segments. As a reminder, our Inmarsat Global segment is our wholesale business where our focus is the provision of satellite services. Our distribution channel using our L-band network. Our Inmarsat Solutions segment is our retail arm, which on-sells our wholesale services (and third party satellite and related services), either directly to end customers or indirectly via service providers.

During 2013 we operated through four market-facing business units:

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

In 2014, we spun out from our Enterprise business unit a new business unit, Commercial Aviation, to focus on business aviation and commercial air transport opportunities.

The activities of these vertically facing business units, which in several cases integrate elements of our Inmarsat Global and Inmarsat Solutions segments, are described in the following pages.

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Enterprise
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Business

Powering > infinite communication needs

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Inmarsat Global operating update:

During 2013, MSS revenues increased by 3.3% year-on-year. As already noted, we are pleased to see a sustained return to growth over 2012-13, as this is our core business. The effect of the reduction in revenues from our Cooperation Agreement with LightSquared is included in this reporting segment.

Revenue growth was primarily driven by good performance in our maritime and aviation parts of the business. Our land mobile business had to contend with the expected decline in revenues from our BGAN and GAN services due to troop withdrawals from Afghanistan. We are continuing to see a migration to our newer services which is beneficial to the business in terms of improved network capacity and spectrum usage. Although the cost of our newer services is typically less than our older services, we believe that when customers experience the benefits of the digital services this can lead to increased data usage and revenue generation.

Our MSS services are accessed through our L-band satellites. We have multiple satellite constellations: Inmarsat-2, Inmarsat-3 and Inmarsat-4, which in 2013 was augmented by the addition of a compatible new satellite – Alphasat. Alphasat enhances our Inmarsat-4 network and provides in-orbit redundancy, meaning a failure of either Alphasat or any one Inmarsat-4 satellite would not affect our ability to continue to offer global coverage in L-band via the remaining satellites, other than for a relatively short period of disruption. The addition of Alphasat gives us extended life on the Inmarsat-4 constellation, more satellite capacity, spectrum access via extended L-band and enhanced coverage over the EMEA region. The Inmarsat-4 satellite fleet now supports the majority of our traffic and revenues. The Alphasat programme was an important joint collaboration with the European Space Agency, Astrium, Arianespace, CNES and the UK Space Agency and the successful launch and subsequent commercial operation is a testament to the professionalism of all those involved in the project.

We pride ourselves on the reliability of our satellites, which so far have exceeded their design lives. We have de-orbited two satellites in the past and during 2013 we de-orbited one of our two remaining Inmarsat-2 satellites. This satellite was the first of Inmarsat's second generation and its longest serving. Launched in 1990, with a design life of 10 years, it provided a reliable service for more than 22 years.

Although our Inmarsat-4 satellites have a lifetime expected into the 2020s, we are already reviewing the capabilities we would require for our next L-band satellite generation – the Inmarsat-6 fleet. Our current plan is that the first Inmarsat-6 satellite would be launched towards the end of this decade.

Andy notes in his Chairman's statement the exceptional network reliability required to provide compliant safety services for maritime and aviation users and we are very proud to continue to meet this challenge. Our networks operate unrivalled levels of availability for our safety services and of course we also have fleet redundancy between the Inmarsat-3 fleet and Inmarsat-4 fleet, providing further comfort.

Inmarsat Global provides services across the following sectors: maritime, land, aviation and leases which are discussed in this section.

Maritime

Our maritime revenues are the largest contributor to our wholesale MSS revenues. The steady migration away from our legacy maritime services, that began to gather momentum in 2012, has continued to be a contributing factor to the growth of FleetBroadband ('FB'). We also believe that FB has expanded our addressable market too, for example via the FB150 service, which is attractive to smaller vessels.

FB is by far the most successful service that Inmarsat has launched to date, with an average of 600 new subscribers added every month in 2013. However, we believe that the main driver of FB adoption has not been the proximity to the end of life of older Inmarsat maritime services (such as Inmarsat B) but rather the shipping industry beginning to recognise the value of more data-heavy value-added services and solutions for the provision of crew welfare and operational efficiency applications. Finally, the agility of FB has resulted in significant growth in the fishing and leisure sectors with over 3,000 new users signing up to small vessel rate plans.

Economic conditions remain very challenging for the global shipping community, as they have done for several years. Inmarsat is competing in a market where alternative providers of maritime communications services create increasingly more complicated and challenging offerings, with some competitors moving into the provision of value-added services as a part of their offering. The level of subscriber and revenue growth achieved in maritime in 2013 is a reflection that ship owners and fleet managers see the benefits and value of our services, and reflects extensive efforts to offer customers not just reliability and unique service capabilities but also agility, flexibility and choice in the way that these services are procured and deployed.

As part of this strategy, we intend to leverage our investment in the SEP as well as core enabling technology acquired by the Globe Wireless acquisition to provide an unrivalled managed service solution. This will offer enhanced functionality to our partners and end customers, and create a unique ecosystem to facilitate the development and delivery of value-added solutions over our network by our certified application partners.

Our continued commitment to GMDSS was again highlighted this year with the exemplary performance of our maritime safety services that proved crucial in the saving of numerous lives, for example during the rescue of the crew of an MOL container vessel in the Indian Ocean. The Mumbai Rescue Coordination Centre Commandant commented that 'The quick rescue would have not been possible without the use of Inmarsat'. This is one of the many citations received in the past year.

In 2013 Inmarsat continued its more than 30 year heritage of providing distress, urgency and safety alerting, calling and messaging, not just through its legacy systems but now with FB voice services and our soon-to-be-available Maritime Safety Data Service. We are committed to maintaining our network standards to meet the requirements of our public service contract with the International Mobile Satellite Organisation ('IMSO') and to continuing to exceed the quality of service laid down by the International Maritime Organisation ('IMO'). Indeed, Inmarsat remains the only satellite communications provider that meets these high safety standards of the GMDSS.

Safety at sea

Protecting the lives of mariners on our oceans the world-over has always been integral to our business. We are proud of our maritime heritage and our ongoing commitment in helping protect lives at sea.

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continued

Land

2013 was the second time since our BGAN service launch in 2005, that we increased our streaming capability through the introduction of our new BGAN HDR service, offering on average speeds over 650kbps. Launched towards the end of 2013, the HDR service was used in earnest in crisis regions including the Philippines, South Sudan and in South Africa to cover the events surrounding Nelson Mandela's funeral. We believe that BGAN HDR will be very attractive to the global media community.

We have continued to redefine our BGAN service offering in other areas. Alongside HDR, we also introduced service revisions to our BGAN Link service introducing BGAN Link Unlimited in certain geographies. This represented the first package of its type within the Enterprise business and is being taken up by energy and utility companies across the globe.

Another new product initiative in 2013 was an L-band Tactical radio ('L-TAC') solution, which uses our global L-band satellites to extend the reach of UHF tactical radios. We have already announced initial purchases of this solution by two government customers and have customers undertaking field trials in over a dozen countries. The L-TAC service supports robust, low-cost beyond-line-of-sight ('BLOS') mobile communications, delivering a 'UHF-like' tactical satellite capability for use with existing military radios that can be used to extend service coverage BLOS, as well as add network capacity for such radios. We also created considerable interest among government customers worldwide with our BGAN Push-To-Talk ('PTT') solution.

We established a strategic collaboration in 2013 with Pearson to improve access to education and learning in rural and isolated communities around the world. Through this collaboration, Pearson will use our BGAN services to enable access to their Education Technology Platforms in areas that currently have little or no communications infrastructure. In a similar vein, we also established a strategic collaboration with Cisco in 2013 to provide the satellite connectivity needed to make Cisco's mobile telemedicine system available in the world's most remote and underserved communities.

As we mentioned in last year's annual report, we see exciting market opportunities in the global machine-to-machine ('M2M') market. In 2013, we announced a strategic collaboration with Orbcomm Inc., which is a leading provider of low-end satellite M2M solutions. This collaboration involves joint product development and distribution plans to address growth opportunities in the M2M market. We are also focusing efforts on expanding our market reach by targeting utility and logistics organisations which require reliable cost-effective communications capabilities. In 2013, we announced the first BGAN M2M terminal to receive Hazardous Locations Accreditation. New distribution agreements in 2013 were also announced with KORE, a wireless service provider specialising in M2M communications; Stream, who are recognised for their technical strength in designing and developing end-to-end wireless connectivity for M2M devices within the mainstream M2M sector and Galaxy1 Communications.

In 2013, through our Inmarsat Government business, we provided new leased capacity to the Defense Information Systems Agency, expanded fixed satellite services and mobile satellite services to the US Department of Homeland Security and continued to deliver managed satellite and technical support services as lead satellite provider to the US Department of State.

BGAN HDR delivers a portfolio of high data streaming rates for broadcasters and media organisations looking to deliver superior video quality content anywhere in the world.

We are often used when a state of emergency is declared – either in a war torn situation or a natural disaster. In May 2013, when the state of Oklahoma was struck with one of the most damaging tornadoes in American history, Inmarsat Government provided immediate voice and data capabilities via our BGAN solution and offered first responder, medical and emergency teams full communication capabilities. International government response to the devastating typhoon Haiyan was enabled by Inmarsat communications in the critical hours and days after making landfall in the Philippines.

We also began to offer, through Inmarsat Government, a new product – BGAN Converge – which is a system able to compete with VSAT to serve mobile requirements such as video conferencing. BGAN Converge enhances the reliable, scalable and secure BGAN product line with bidirectional data rates up to 800kbps.

In 2013, we broadened our reach in serving government customers worldwide. The Global Government business unit has prioritised geographic expansion and worked closely with channel partners throughout the year to bring our capabilities to an increasing number of civil government and military customer organisations. With significant momentum in South America, Africa, and Southwest Asia, our incremental geographic business development initiative achieved early success.

We continue to be very pleased by the uptake of our first handheld phone – IsatPhone Pro. During the year we activated over 28,000 IsatPhone Pro terminals. By year-end we had an active base of approximately 86,000 handsets. IsatPhone Pro continues to be one of our fastest growing services and has enabled us to find a new niche market for cost-conscious users in a highly competitive market. The success of this product has led to the development of our next generation product to be delivered across the Inmarsat-4 network in 2014, IsatPhone 2. We believe there are market share growth opportunities for both phones.

The internet of things

With more machines now connected to the internet than people – the M2M sector is set for rapid growth. We offer real-time, IP-based, two-way satellite connectivity to enable reliable transmission between devices.

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Aviation

In 2013 our aviation business saw high growth, continuing a trend seen over a number of years.

SwiftBroadband ('SB') continues to be our fastest growing aviation service. The strong adoption of our voice and broadband data service in the air transport and business aviation markets continued during the year and SB is now used on board more than 4,000 aircraft, ranging from the small turbo-prop King Air to the Airbus A380. The growth in SB terminal numbers in the air transport market has been driven by airlines continuing to roll out connectivity programmes in passenger cabins. A key factor supporting this market growth is that SB is a factory-installable option on both Boeing and Airbus aircraft, reflecting the support for this service from airframe manufacturers. Increased passenger take-up rates and the growth in applications and content offerings are both driving increased revenue per aircraft.

With the number of connected aircraft continuing to grow, SB usage has risen accordingly, driven by the increase in passenger acceptance of in-flight connectivity. At the end of the year there were more than 40 airlines across the world contracted by our partners to use SB, and 19 already using the service to offer their passengers in-flight connectivity for voice and data services.

SB has proved to be a market-leading offer in the business aviation segment and is a factory option on all high-end business aircraft. The segment has continued to show a strong demand for in-flight connectivity with highest growth in the BRICs countries. The characteristics of SB, providing a highly reliable and ubiquitous global high data rate IP-based service, make it a particularly good fit for this important market.

Swift 64, the forerunner to SB, is continuing to contribute significant revenues to our aviation business, although we see some customers starting to migrate to the broadband service and so legacy Swift 64 usage is expected progressively to reduce over time. We have also seen a trend towards reduced government usage.

We remain committed to the provision of International Civil Aviation Organisation ('ICAO') approved satellite safety services. Last year, we invested in and upgraded the ground infrastructure that supports our Aero Classic safety services, successfully transferring all traffic onto the new network progressively through the year. Maintaining our leading-edge approach to service offerings in all markets is important in this high-tech industry and so we are introducing SB safety services to bring priority IP connectivity to the cockpit for the first time. This service will undergo industry approval flight testing with airlines and business jet operators during 2014.

We also remain focused on increasing our addressable aviation markets by developing new products and services for smaller aircraft and helicopters, several of which have been undergoing testing.

With our upcoming GX aviation service, Inmarsat will be the only company able to provide a consistent global high-speed data service. During 2013 our exclusive GX aviation terminal developer, Honeywell, passed several key milestones, including successfully passing the Critical Design Review of the on-board hardware and securing line-fit offerability programmes with Boeing for the 737, 747, 757, 777 and 787 models.

In 2013, we announced the launch of SB HDR. This new service will offer enhanced streaming IP data rates for SB and is expected to be commercially available in mid-2014.

High-tech
Maintaining our leading-edge approach to service offerings in all markets is important in this high-tech industry and so we are introducing SB safety services to bring priority IP connectivity to the cockpit for the first time.

Making flying safer and more efficient. With connectivity solutions, such as real-time weather and aircraft maintenance information, Inmarsat can unlock the full potential of the next-generation of aircraft.

Nose to tail connectivity

Only Inmarsat provides connectivity for the whole aircraft – from certified safety communications to high-speed broadband. Inmarsat's technology keeps passengers in touch as the demand for in-flight connectivity increases.

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Inmarsat Solutions operating update:

This segment includes two elements – Inmarsat MSS, and Broadband and Other MSS.

Within Inmarsat MSS, we see similar trends as we have experienced within the Inmarsat Global wholesale business. Revenues were impacted primarily by a combination of lower leasing revenue and lower land sector revenue from Afghanistan and other world events, and lower aviation revenues due to a reduction in US Government Swift 64 revenues. The revenue reductions were offset by strong growth in maritime revenues.

For 2013, Inmarsat Solutions' share of Inmarsat Global's MSS revenues was 38%, compared with a 39% share for 2012. We see this consistent level of market share validating our message to our partners that our focus remains as a wholesaler, working with our partners rather than increasing our direct business operations.

A detailed description of what makes up our Broadband and Other MSS revenues is discussed in the financial review on page 28.

Broadband and Other MSS revenues decreased during 2013 by US$24.7m, or 6.0%, compared with 2012. The decrease is due primarily to a reduction in revenue from our US Government business unit as a result of a reduction in new business opportunities, loss of contract renewals and contract renewals at lower prices and/or service levels. There was also a decrease in VSAT revenue in our energy business. These decreases were partially offset by increased Commercial Maritime business unit revenues as a result of growth in the number of ships served with XpressLink ('XL'), as well as from growth in other business units.

In 2013, we re-aligned our US Government structure to better serve customers and partners facing tighter budget conditions. Within the US Government business unit, Inmarsat Government has now become our focused retail organisation for addressing secure, mission-critical communications markets. With the change in US defence operational activities, our retail focus through Inmarsat Government is increasingly addressing durable satellite communications needs in support of intelligence, special operations and federal civilian segments. By segregating our retail operation behind a proxy structure, Inmarsat Government is free to address a full range of sensitive US Government customers and applications requiring the highest security levels, while the reconfigured US Government business unit now serves only its channel partners (including Inmarsat Government) with wholesale MSS services.

Throughout 2013, Inmarsat Government continued to deliver versatile products and services to US Government end users. In particular, through Inmarsat Government we continued to address the significant on-going aviation command, control and intelligence needs of the Department of Defense, through US Air Force contracts for Classic Aero, Swift 64 and SB services.

As an alternative to the high-end FB packages for end-users who require a VSAT service, our combined Ku/L-band XL solution has proved to be a popular option. Throughout 2013, our VSAT team has worked to improve their 'touch the ship' installation, maintenance and servicing capability with average numbers in 2012 of around 20 installations growing to over 30 a month in 2013. With approximately 1,500 VSAT installed vessels being served by us, we have a healthy number of vessels ready for transition to our GX service. We also expect that some ship owners will move straight to GX from Fleet, FB or third party services.

Indeed, we were very pleased when Nordic Tankers A/S, a leading owner and operator of chemical tankers, announced that it will migrate its vessels from an existing VSAT service to XL. Further good news was the announcement that MOL Ship Management Co. Ltd had commenced migrating over 100 vessels from our 200 MB FB plan to our larger 6 GB plan and, in addition, Beltship Management Limited and Swire Pacific Offshore announced they had deployed the FB Unlimited service across over 70 vessels. Our manufacturers have supported the XL business opportunity and in 2013 we announced that Intellian's FB terminals are now approved for use with the service. In 2013, we continued our role as a leading provider of managed network services and mobile satellite services to US Navy and US Coast Guard customers.

During the year we were able to introduce a new stabilised microwave service, designed to expand the reach and extend our existing Gulf of Mexico service to locations further offshore. These assets have subsequently been sold to RigNet as part of the sale of our retail energy assets.

Leading Role

In 2013, we continued our role as a leading provider of managed network services and mobile satellite services to US Navy and US Coast Guard customers.

Outlook

A wave of innovation across our Inmarsat-4 and Inmarsat-5 networks, a fully-funded business plan with a strong balance sheet and highly cash-generative business model, gives us great confidence in the future. Our innovation is leveraged powerfully by our many channel partners, who together reach every corner of the globe with our services and who add the necessary customer intimacy and, of course, the value-added services and solutions, that transform our unique global mobile connectivity into highly relevant operational outcomes for our end customers. We see this collaborative business model as agile, highly efficient and increasingly relevant in a rapidly changing world.

Our employees make our business a success and I hope that their views, ideas and enthusiasm for the business will be reflected in the outcome from our 2014 Staff Survey and Year of Engagement.

Inmarsat has a very clear pathway to exciting future growth; we have the capabilities to secure our goals by working together with our partners and wider ecosystem.

Growth will be transformational for all of us and we expect that growth will itself create more growth opportunities for Inmarsat and our business partners. Thank you for your support of and investment in Inmarsat.

Rupert Pearce
Chief Executive Officer
6 March 2014

2013 Financial Review

Overview

The outstanding development of 2013 was continued growth in our core MSS revenues, building on the return to growth we saw in 2012. Inmarsat Global MSS revenues grew by 3.3% in the year, meaning we delivered a two-year CAGR of 2.9% against our public target of 0% to 2% set out at the beginning of 2012. This growth was achieved despite ongoing headwinds from the withdrawal of troops from Afghanistan and a challenging economic backdrop. At the end of the year, we estimate that our remaining revenue from supporting coalition forces in Afghanistan has now dropped to very modest levels and will therefore have a minimal impact in future periods. Growth in MSS revenues in 2013 was also marked by continued take-up of our subscription-based service packages, which are largely replacing usage-based terms and therefore improving revenue assurance.

In 2013, a decline in EBITDA compared to 2012 reflects reduced revenues from our Cooperation Agreement with LightSquared and an expected increase in Global Xpress ('GX') costs as we ramp up our activities in preparation for the launch of GX services. EBITDA, excluding the contribution from LightSquared and GX costs, grew marginally year-over-year, reflecting growth in core MSS revenues, but also careful cost management following an adverse change in revenues and profit from our retail US Government business reported within Inmarsat Solutions.

Following the US federal budget sequestration during the first quarter of 2013, US Government spending cuts were mandated and this had an immediate impact on our US Government business unit, resulting in a reduction in our revenues and margins as well as triggering an increase in competition due to reduced opportunities. The vast majority of the affected activities involve the sale of turnkey managed network services to various organisations within the US Department of Defense. These networks largely rely on Ku-band wholesale capacity, which we procure from other operators, and therefore we did not see an equivalent impact on our wholesale MSS revenues; and this remained the case throughout the year. Although we recorded an impairment charge partially as a result of this change in spending, we believe the strategic importance of our US Government retail business to position GX services with US Government customers is in no way impacted.

Other retail activities within Inmarsat Solutions performed strongly and provided a level of compensating revenue and profit growth. We were particularly encouraged by the growth of XpressLink, our combined L-band and maritime VSAT service which offers an automatic upgrade path for customers to GX. This service saw very strong growth, rapidly improving our market share and providing an increased level of GX pre-sales. However, to ensure an overall strong performance in operating cash flow for the year, we also implemented cost controls across the business, while maintaining essential cost investment in GX. These efforts ensured that we delivered an EBITDA performance in line with market expectations for the year, although by way of a change to the expected mix of revenue and EBITDA from our reporting segments.

2013 was also marked by the start of a period of intensive operational deployment, including the launch of two new satellites. This activity and our decision to order a fourth Inmarsat-5 satellite contributed to the most capital intensive year in our history, with capital expenditure exceeding half a billion dollars. Through careful planning, we have been fully-funded throughout this capital cycle and remain so for the foreseeable future. We did not raise any new financing in 2013 and still ended the year with total liquidity in excess of US$1bn.

We also ended the year with comfortable leverage and significant operational headroom to our financial covenants. As a result we can continue to invest in our business and fund strong dividends to shareholders. As our capital expenditure cycle rolls off in the medium-term, our ability to fund further dividends will naturally strengthen.

Total Group results

The results are the consolidated results of operations and financial condition of Inmarsat plc for the year ended 31 December 2013. We report two operating segments, Inmarsat Global and Inmarsat Solutions.

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

(US$ in millions)	2013	2012	Increase/ (decrease)
Revenues	**1,261.9**	1,337.8	(5.7%)
Employee benefit costs	**(244.8)**	(233.0)	5.1%
Network and satellite operations costs	**(281.6)**	(295.1)	(4.6%)
Other operating costs	**(116.9)**	(139.1)	(16.0%)
Own work capitalised	**30.2**	24.1	25.3%
Total net operating costs	**(613.1)**	(643.1)	(4.7%)
EBITDA	**648.8**	694.7	(6.6%)
EBITDA excluding LightSquared	***639.8***	*642.8*	*(0.5%)*
Depreciation and amortisation	**(232.0)**	(255.2)	(9.1%)
Loss on disposal of assets	**(0.1)**	(0.5)	(80.0%)
Acquisition-related adjustments	**4.6**	–	–
Impairment losses	**(185.2)**	(94.7)	95.6%
Share of profit of associates	**2.3**	2.1	9.5%
Operating profit	**238.4**	346.4	(31.2%)
Interest receivable and similar income	**4.9**	3.2	53.1%
Interest payable and similar charges	**(54.2)**	(56.0)	(3.2%)
Net interest payable	**(49.3)**	(52.8)	(6.6%)
Profit before income tax	**189.1**	293.6	(35.6%)
Income tax expense	**(86.5)**	(76.2)	13.5%
Profit for the year	**102.6**	217.4	(52.8%)

Revenues

Total Group revenues for 2013 decreased by 5.7%, compared with 2012, as a result of a reduction in revenues recognised in relation to our Cooperation Agreement with LightSquared and reduced revenues in our Inmarsat Solutions segment, partially offset by growth in wholesale MSS revenues in our Inmarsat Global segment.

The table below sets out the components, by segment, of the Group's total revenue for each of the years indicated:

(US$ in millions)	2013	2012	Increase/ (decrease)
Inmarsat Global:			
Wholesale MSS	**762.4**	738.0	3.3%
LightSquared	**12.3**	60.2	(79.6%)
Other	**32.3**	37.7	(14.3%)
Total Inmarsat Global segment	**807.0**	835.9	(3.5%)
Inmarsat Solutions segment	**765.5**	810.3	(5.5%)
	1,572.5	1,646.2	(4.5%)
Intercompany eliminations and adjustments	**(310.6)**	(308.4)	
Total revenue	**1,261.9**	1,337.8	(5.7%)

Net operating costs

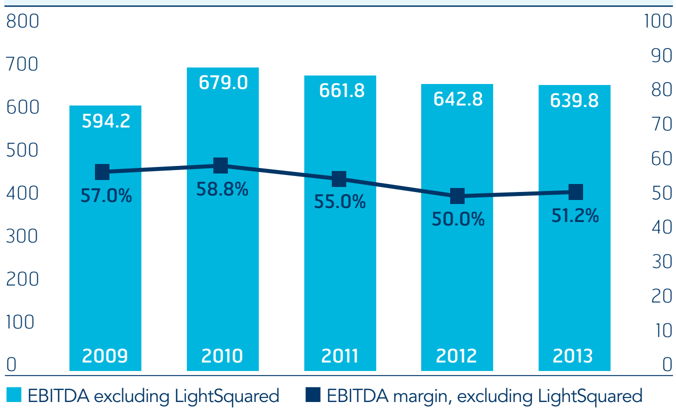
Total Group net operating costs for 2013 decreased by 4.7%, compared with 2012, primarily as a result of cost decreases in our Inmarsat Solutions segment. The table below sets out the components, by segment, of the Group's net operating costs for each of the years indicated:

(US$ in millions)	2013	2012	Decrease
Inmarsat Global	**235.7**	238.6	(1.2%)
Inmarsat Solutions	**688.3**	713.2	(3.5%)
	924.0	951.8	(2.9%)
Intercompany eliminations and adjustments	**(310.9)**	(308.7)	
Total net operating costs	**613.1**	643.1	(4.7%)

EBITDA

Group EBITDA for 2013 decreased by 6.6% compared with 2012; this was primarily as a result of decreased revenue from our Cooperation Agreement with LightSquared and decreased revenue in our Inmarsat Solutions segment, partially offset by increased Inmarsat Global MSS revenues and a reduction in total net operating costs.

EBITDA (excluding LightSquared)[a]
US$ in millions



(a) Represents the Inmarsat plc Group, which includes Segovia from 12 January 2010, Ship Equip from 28 April 2011, NewWave Broadband from 13 January 2012 and TC Comms from 8 May 2013.

Depreciation and amortisation

The decrease in depreciation and amortisation of US$23.2m is primarily due to a US$13.4m depreciation adjustment in the Inmarsat Solutions segment to correct the prior period carrying values of certain assets relating to the former Stratos business. In addition, following the 1 August 2013 announcement of the disposal of certain retail energy assets to RigNet, depreciation ceased on these assets as they were transferred to assets held for sale on the Balance Sheet. Additionally, depreciation decreased year-on-year following the impairment of previously capitalised S-band assets through accelerated depreciation in 2012. The decrease in depreciation and amortisation was partially offset by an increase in depreciation in the Inmarsat Global segment in 2013 largely due to the Alphasat satellite entering commercial service (and therefore starting to be depreciated) in November 2013.

Acquisition-related adjustments

During 2013, we recorded an adjustment of US$4.6m (2012: US$nil) relating to a historic tax issue which was settled during the year. A portion of the receivable had previously been written-off as a fair value adjustment in relation to the acquisition in December 2003 of Inmarsat Ventures Limited (a holding company of the Group's operating companies) by Inmarsat Group Holdings Limited (subsequently renamed Inmarsat plc) and the write-back of this element is therefore an acquisition-related adjustment.

Impairment losses

During 2013 we recognised impairment losses of US$185.2m, compared with US$94.7m in 2012. During 2013, the following significant impairment losses were recognised:

- US$9.4m of impairment losses in relation to a correction made to depreciation in 2013 relating to prior periods in the Inmarsat Solutions segment. This resulted in the carrying value of the Stratos cash-generating unit ('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. There is no impact on reported profit for the year in prior periods due to the offsetting depreciation adjustment and related goodwill impairment;
- US$27.5m of impairment losses in relation to 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 reclassification as held for sale assets during 2013;
- US$52.0m of impairment losses in relation to the impairment of goodwill and other intangible assets in our Segovia CGU, as a result of ongoing spending controls being implemented by the US Government and by a related increase in competition. Accordingly, we have experienced a significant reduction in revenue and margins; and

- In addition, following annual goodwill impairment reviews, US$61.5m of goodwill was impaired in relation to the Stratos CGU and US$33.5m of goodwill was impaired in relation to the Ship Equip CGU. In both CGUs, the impairment losses are due to further changes arising from our vertical market reorganisation and our preparations for the introduction of GX services. In particular, in the Stratos CGU, the promotion of certain significant customers as distribution partners of Inmarsat Global for GX has significantly reduced forecast revenues and margins in the Stratos CGU, while having no impact on the outlook for the Group as a whole. The Stratos CGU has also faced a decline in demand for certain VSAT products and MSS equipment sales during the year. This, in combination with the faster than expected migration of older services to newer services which typically have a lower price of equivalent services than on the terminal being replaced, has led to operating profit forecasts for these products being reduced. In the Ship Equip CGU, in line with our strategic plan, growth in operating profits is expected to slow as Ship Equip's customer base moves from higher margin VSAT services to GX services.

We remain confident that, at a Group level, legacy Stratos, Segovia and Ship Equip continue to deliver material value, directly or indirectly, to our core wholesale business in accordance with our strategy.

During 2012 we implemented operational changes arising from our vertical market reorganisation and our preparations for the introduction of GX services. These changes, and certain other external factors, gave rise to an impairment loss within our Inmarsat Solutions segment of US$94.7m for the year ended 31 December 2012. Some of the factors that gave rise to the impairment within the Inmarsat Solutions segment had an offsetting positive benefit within the Inmarsat Global segment and therefore did not result in an equivalent gross impact at the Group level. The impairment loss related to a partial impairment of the goodwill that was originally recognised when we acquired the Stratos and Ship Equip businesses (impairment of US$58.7m and US$36.0m, respectively).

Operating profit
As a result of the factors discussed above, operating profit during 2013 was US$238.4m, a decrease of US$108.0m, or 31%, compared with 2012.

Interest
Net interest payable for 2013 was US$49.3m, a decrease of US$3.5m, or 6.6%, compared with 2012.

Interest payable for 2013 was US$54.2m, a decrease of US$1.8m, or 3.2%, compared with 2012. The decrease is due to US$79.1m of interest that was capitalised in 2013 that was attributable to the construction of our Alphasat and Inmarsat-5 satellites and associated ground infrastructure, compared with US$42.9m capitalised in 2012. This decrease was partially offset by a non-recurring US$30.2m credit to interest payable in November 2012, arising from an adjustment to the expected maturity date of our Convertible Bonds, and an increase in interest following further drawdowns of our Ex-Im Bank Facility.

Profit before tax
As a result of the factors discussed above, profit before tax for 2013 was US$189.1m, a decrease of US$104.5m, or 36%, compared with 2012.

Income tax expense
The tax charge for 2013 was US$86.5m, an increase of US$10.3m, or 13.5%, compared with 2012. The increase in tax charge is largely driven by a US$53.7m provision for potential tax liabilities in relation to the financing of an historic leasing transaction in respect of the Inmarsat-4 satellites; in light of developments in the year, management now believe that the potential exposure in respect of this transaction should be provided for. Additionally, there were prior year adjustments giving rise to a non-recurring tax charge of US$1.0m (prior year adjustment for 2012 resulted in a non-recurring tax credit of US$12.6m).

The impact of these items was partially offset by a tax credit of US$26.0m in relation to the impairment losses recognised in the year (2012: US$nil) and a non-recurring tax credit of US$23.2m on the revaluation of UK deferred tax liabilities. This arose following the July 2013 substantive enactment of the UK corporation tax rate reduction from 23% to 20%, which will become effective in 2014 and 2015. For 2012, there was a non-recurring tax credit of US$8.4m in respect of the revaluation of UK deferred tax liabilities from 25% to 23%. There were also other non-taxable items arising in 2013 resulting in a tax credit totalling US$6.1m (2012: tax charge totalling US$1.7m). The tax charge also decreased due to a decrease in profit before tax (excluding impairment losses) in 2013.

The effective tax rate for 2013 was 45.7% compared with 26.0% for 2012. Excluding the impact of the US$185.2m of impairment losses on profit before tax (2012: US$94.7m) and in the absence of the above adjustments, the effective tax rates would have been 23.3% for 2013 and 24.6% for 2012. This decrease in the adjusted effective tax rate is primarily due the reduction in the UK main rate of corporation tax from 24% to 23%. While the reduction did not become effective until 1 April 2013, this has the effect of lowering the average UK statutory rate for 2013 to 23.25% (2012: 24.5%).

Profit for the period
As a result of the factors discussed above, profit for 2013 was US$102.6m, a decrease of US$114.8m, or 53%, compared with 2012.

Earnings per share
For 2013, basic and diluted earnings per share for profit attributable to the equity holders of the Company were 23 cents (US$) and 23 cents (US$), respectively, compared with 48 cents (US$) and 48 cents (US$), respectively, for 2012.

The 2013 basic and diluted earnings per share adjusted to exclude the after-tax effect of the impairment losses and LightSquared contribution, were 57 cents (US$) and 56 cents (US$), respectively, compared with 61 cents (US$) and 60 cents (US$), respectively, for 2012.

Inmarsat Global Results

Revenues

During 2013, although revenues from Inmarsat Global were US$807.0m, a decrease of US$28.9m, or 3.5%, compared with 2012, MSS revenues increased by US$24.4m, or 3.3%, year-on-year. The decrease in total revenues in 2013 is due to the reduction in revenues recognised in relation to our Cooperation Agreement with LightSquared.

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

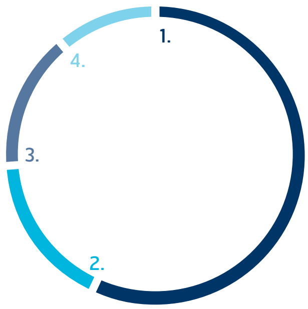
The table below sets out the components of Inmarsat Global's revenue for each of the years indicated:

(US$ in millions)	2013	2012	Increase/ (decrease)
Revenue[(a)]			
Maritime sector:			
Voice services	**72.4**	79.7	(9.2%)
Data services	**358.7**	331.5	8.2%
Total maritime sector	**431.1**	411.2	4.8%
Land mobile sector:			
Voice services	**21.6**	14.3	51.0%
Data services	**109.6**	118.1	(7.2%)
Total land mobile sector	**131.2**	132.4	(0.9%)
Aviation sector	**114.1**	100.8	13.2%
Leasing	**86.0**	93.6	(8.1%)
Total MSS revenue	**762.4**	738.0	3.3%
Other income (including LightSquared)	**44.6**	97.9	(54.4%)
Total revenue	**807.0**	835.9	(3.5%)

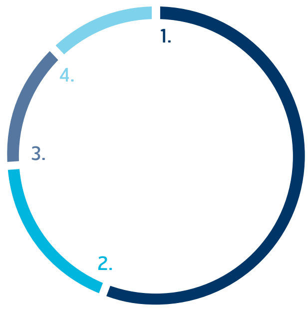
(a) Subscription revenues from allowance plans which can be used to access both voice and data services are recorded entirely within the primary revenue category for that service, being data revenues for BGAN and FleetBroadband and voice revenues for IsatPhone Pro.

Inmarsat Global MSS Revenue

By sector 2013
1. Maritime – 57%
2. Land mobile – 17%
3. Aviation– 15%
4. Leasing – 11%



By sector 2012
1. Maritime – 56%
2. Land mobile – 18%
3. Aviation– 14%
4. Leasing – 12%



Active terminals

Total active terminal numbers as at 31 December 2013 increased by 1.3%, compared with 31 December 2012. The table below sets out the active terminals by sector for each of the years indicated:

Active terminals[(a)]
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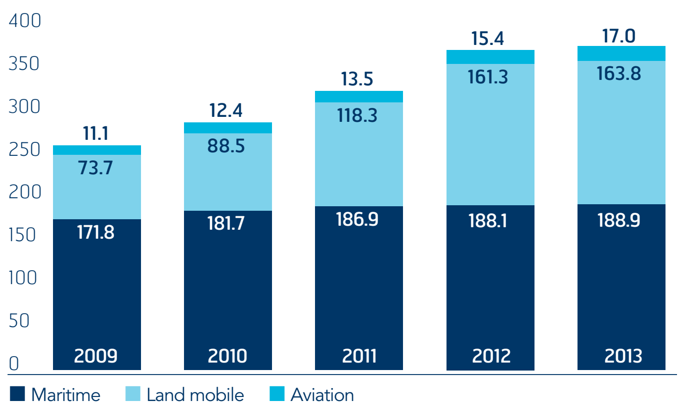
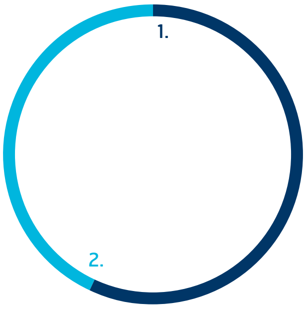


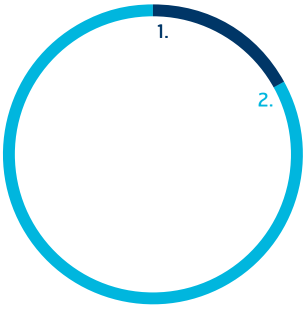
(a) Active terminals is the number of subscribers or terminals that have been used to access commercial services (except certain handheld terminals) at any time during the preceding twelve-month period and registered at 31 December. Active terminals also include the average number of certain handheld terminals active on a daily basis during the final month of the period. Active terminals exclude terminals (Inmarsat D+, IsatM2M, IsatData Pro and BGAN M2M) used to access our M2M services. At 31 December 2013, we had 261,180 (2012: 229,881) M2M terminals.
(b) Although at 30 September 2013 Inmarsat Group Limited reported approximately 92,000 IsatPhone Pro active subscribers, in line with our measure of active terminals we derecognised approximately 9,000 IsatPhone Pro units in December 2013. Due in part to a specific change to our prepay service terms, a number of IsatPhone Pro terminals were activated in December 2012, but became inactive in December 2013 in line with our definition.

The growth of active terminals in the maritime sector is primarily due to take-up of our FleetBroadband service, where we have seen active terminal numbers grow by 21% year-over-year. This growth has been partially offset by the expected decline in active terminals of older services such as Inmarsat B, Mini M and Fleet, where users have been migrating to our FleetBroadband service. The growth of active terminals in the land mobile sector is predominantly due to our BGAN service. In the aviation sector, we have seen growth in SwiftBroadband active terminals of 41%, year-over-year.

Maritime sector

MSS Revenue 2013	Maritime Revenue 2013
1. Maritime – 57%	1. Voice – 17%
2. Other – 43%	2. Data – 83%





During 2013, revenues from the maritime sector were US$431.1m, an increase of US$19.9m, or 4.8%, compared with 2012.

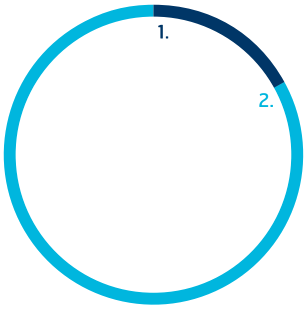
Revenues from data services in the maritime sector during 2013 were US$358.7m, an increase of US$27.2m, or 8.2%, compared with 2012. Growth in our maritime data revenues was primarily driven by pricing and service package changes implemented in May 2012 and March 2013 and by increased take-up and usage of our FleetBroadband service. In particular, we saw increased migration to higher volume allowance and unlimited price plans. During 2013, we added 7,241 FleetBroadband subscribers, taking total active terminals to 41,044. Despite the overall revenue growth reported, customer migration to FleetBroadband from older services continues to be a constraint on our rate of revenue growth as the price of FleetBroadband services is typically lower than the price of equivalent services on the terminals being replaced. We also continue to believe that the current economic environment for the shipping industry is impacting revenues in the maritime sector.

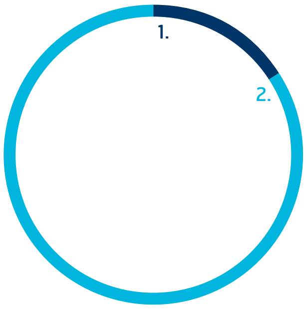
In addition, the take-up of our retail XpressLink product by ships currently using our existing L-band maritime services impacts the wholesale maritime revenues we report for Inmarsat Global, as the customer revenue on a ship-by-ship basis largely migrates to our Inmarsat Solutions segment. In due course, after maritime GX services are commercially introduced, such customers will migrate to GX (as they are, in general, contractually committed to do) and increase wholesale revenue reported by Inmarsat Global.

Revenues from voice services in the maritime sector during 2013 were US$72.4m, a decrease of US$7.3m, or 9.2%, compared with 2012. We have continued to see voice revenues being negatively impacted by product mix changes as users transition from our older services to our FleetBroadband service, where the price of voice services is lower, and also by the substitution effect of voice usage moving to email and Voice Over IP, which we record as data revenues.

Land Mobile sector

MSS Revenue 2013	Land Revenue 2013
1. Land Mobile – 17%	1. Voice – 16%
2. Other – 83%	2. Data – 84%





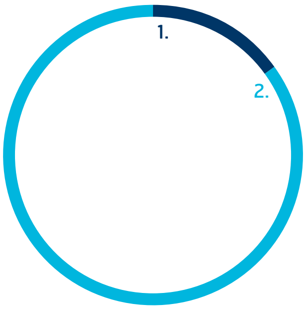
During 2013, revenues from the land mobile sector were US$131.2m, a decrease of US$1.2m, or 0.9%, compared with 2012.

Revenues from data services in the land mobile sector during 2013 were US$109.6m, a decrease of US$8.5m, or 7.2%, compared with 2012. The decline in revenues is partially due to troop withdrawals from Afghanistan, which primarily impacted revenues from our BGAN service. We estimate that global events including Afghanistan in 2012 contributed US$6.7m more revenue year-over-year, compared with 2013. Underlying land data revenues were also marginally reduced year-over-year due to lower usage on certain services, predominantly our older GAN service, partially offset by growth from our new BGAN M2M and other low data rate services.

Revenues from voice services in the land mobile sector during 2013 were US$21.6m, an increase of US$7.3m, or 51%, compared with 2012. The increase is due to growth in revenues from our IsatPhone Pro service, due to increased usage of active terminals. In line with our measure of active terminals, we derecognised approximately 9,000 IsatPhone Pro units in December 2013. Due in part to a specific change to our prepay service terms, a number of IsatPhone Pro terminals were activated in December 2012, but became inactive in December 2013 in line with our definition. During the year we activated over 28,000 IsatPhone Pro terminals, but allowing for terminals derecognised during the year in line with our policy, our active base at the end of the year was approximately 86,000 (2012: 85,000). Although a larger number of terminals can become inactive in line with our definition, many of these terminals will remain in circulation and may be used again in the future and re-included within active terminals at such time. In addition, our IsatPhone Pro revenues also benefited from pricing and package changes made in June 2012.

Aviation sector

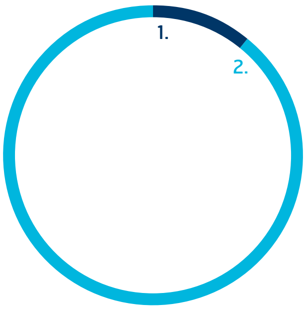
MSS Revenue 2013
1. Aviation – 15%
2. Other – 85%



During 2013, revenues from the aviation sector were US$114.1m, an increase of US$13.3m, or 13.2%, compared with 2012. We have seen strong growth in revenues from our SwiftBroadband service, year-over-year, in both the business jet and air transport segments. However, this increase has been partially offset by a decline in Swift 64 revenues, due to a reduction in usage by certain government customers, including usage related to reduced activity in Afghanistan.

Leasing

MSS Revenue 2013
1. Leasing – 11%
2. Other – 89%



During 2013, revenues from leasing were US$86.0m, a decrease of US$7.6m, or 8.1%, compared with 2012. The decrease was expected and is predominantly due to the termination of certain government aviation and maritime contracts.

Other income

Other income for 2013 was US$44.6m, a decrease of US$53.3m, or 54% compared with 2012. The decrease is due to lower revenues from LightSquared (US$12.3m, in 2013, compared with US$60.2m for 2012). In addition, we recorded lower revenue relating to the sale of terminals and accessories (predominantly in relation to IsatPhone Pro) of US$18.7m during 2013, compared with US$23.5m in 2012.

Net operating costs

Net operating costs for 2013 decreased by 1.2%, compared with 2012. Included within net operating costs for 2013 are net costs in relation to our GX programme totalling US$20.3m (2012: US$15.6m) and costs in relation to the LightSquared Cooperation Agreement of US$3.3m (2012: US$8.3m).

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

(US$ in millions)	2013	2012	Increase/ (decrease)
Employee benefit costs	**127.3**	109.4	16.4%
Network and satellite operations costs	**37.8**	39.6	(4.5%)
Other operating costs	**94.5**	108.7	(13.1%)
Own work capitalised	**(23.9)**	(19.1)	25.1%
Net operating costs	**235.7**	238.6	(1.2%)

Impact of hedged foreign exchange rate

The functional currency of the Group's principal subsidiaries is the US Dollar. Approximately 50% of Inmarsat Global's costs are denominated in Pounds Sterling. Net operating costs in 2013 have been impacted by an unfavourable movement in Inmarsat Global's hedged rate of exchange from US$1.48/£1.00 in 2012 to US$1.57/£1.00 in 2013. The movement in the hedged rate of exchange in 2013 resulted in an increase in comparative costs of approximately US$7.6m. We have completed our hedging arrangements for our anticipated Sterling costs in 2014 and as a result expect our hedged rate of exchange for 2014 to be US$1.54/£1.00.

Employee benefit costs

Employee benefits costs for 2013 increased by US$17.9m, or 16.4%, compared with 2012. The increase is due primarily to additional staff costs due to an increase in total full-time equivalent headcount (611 at 31 December 2013 compared with 572 at 31 December 2012), primarily as a result of investment in our business units. In addition, there was an unfavourable movement in the Group's hedged rate of exchange and share option costs increased due to additional schemes year-on-year.

Network and satellite operations costs

Network and satellite operations costs for 2013 decreased by US$1.8m, or 4.5%, compared with 2012. The decrease was primarily due to lower in-orbit insurance costs reflecting lower premium rates and a lower total sum insured in line with the depreciation of the Inmarsat-4 satellites.

Other operating costs

Other operating costs for 2013 decreased by US$14.2m, or 13.1%, compared with 2012. In 2013, we recorded a foreign exchange translation gain of US$1.6m, compared with a foreign exchange translation loss of US$5.2m recorded in 2012. The decrease in other operating costs is also due to a provision made for certain doubtful trade receivables in 2012 and reduced advertising and channel support costs in 2013, compared with 2012. In addition, there was a decrease in cost of sales in 2013 due to lower IsatPhone Pro terminal sales year-on-year.

Own work capitalised

Own work capitalised for 2013 increased by US$4.8m, or 25% compared with 2012, primarily due to an increase in work capitalised in relation to our GX programme.

Operating profit

(US$ in millions)	2013	2012	Increase/ (decrease)
Total revenue	**807.0**	835.9	(3.5%)
Net operating costs	**(235.7)**	(238.6)	(1.2%)
EBITDA	**571.3**	597.3	(4.4%)
EBITDA margin %	***70.8%***	*71.5%*	
EBITDA excluding LightSquared and GX	**582.6**	561.0	3.9%
EBITDA margin % excluding LightSquared and GX	***73.3%***	*72.3%*	
Depreciation and amortisation	**(157.8)**	(158.1)	(0.2%)
Acquisition-related adjustments	**4.6**	–	–
Impairment losses	**(1.3)**	–	–
Operating profit	**416.8**	439.2	(5.1%)

As a result of the factors discussed above, Inmarsat Global's operating profit decreased by US$22.4m, or 5.1%, in 2013, compared with 2012.

Inmarsat Solutions results

Revenues

During 2013, revenues from Inmarsat Solutions decreased by US$44.8m, or 5.5%, compared with 2012. The table below sets out the components of Inmarsat Solutions' revenues for each of the years indicated:

(US$ in millions)	2013	2012	Decrease
Inmarsat MSS	**380.4**	400.5	(5.0%)
Broadband and Other MSS	**385.1**	409.8	(6.0%)
Total revenue	**765.5**	810.3	(5.5%)

Inmarsat MSS

Revenue derived from Inmarsat MSS for 2013 decreased by US$20.1m, or 5.0%, compared with 2012. The decrease in Inmarsat MSS revenue at the Inmarsat Solutions level was driven primarily by a combination of lower leasing revenue and lower land sector revenue from Afghanistan and other world events. As Inmarsat Solutions has a disproportionately higher share of both our leasing and BGAN business, the negative impact of these factors contributed to an overall decrease in Inmarsat MSS revenues, even though Inmarsat Solutions benefited from strong growth in maritime revenues and other factors that contributed to an overall increase in Inmarsat MSS revenues at the wholesale level. In addition, in 2013, Inmarsat Solutions aviation revenue decreased compared with 2012, due to a reduction in US Government Swift 64 revenues, partially offset by non-recurring revenue recognised during the year of US$4.6m in connection with the unused portion of a prepaid capacity contract.

For 2013, Inmarsat Solutions' share of Inmarsat Global's MSS revenues was 38%, compared with the 39% share for 2012.

Broadband and Other MSS

Broadband and Other MSS revenues primarily consist of sales of VSAT and microwave services, equipment sales, rental and repairs and revenues from our US Government business relating to the provision of secure IP managed solutions and services to US Government agencies. It also includes an element of revenues from our Commercial Maritime business unit relating to the provision of maritime VSAT communications services, including our XpressLink service, to the shipping, offshore energy and fishing markets. Other revenues included in this category include mobile telecommunications services sourced on a wholesale basis from other MSS providers, network services provided to certain distributors and other engineering services. The mix of revenues in our Broadband and Other MSS sector will change following the disposal of certain retail energy assets as part of the RigNet transaction.

Broadband and Other MSS revenues decreased during 2013 by US$24.7m, or 6.0%, compared with 2012. The decrease is due primarily to a reduction in revenue from IP managed solutions in our US Government business unit as a result of contract renewals at lower prices and non-renewals and lower sales of equipment across all business units. There was also a decrease in VSAT revenue in the energy market. These decreases were partially offset by increased Commercial Maritime business unit revenues as a result of growth in the number of ships served with XpressLink, as well as from growth in other business units.

Net operating costs

Net operating costs in 2013 decreased by US$24.9m, or 3.5%, compared with 2012, primarily as a result of decreased costs of goods and services as a result of the decrease in revenues, especially lower MSS revenue and lower sales of equipment, and a decrease in operating costs primarily in our US Government business as a result of a workforce reduction implemented during the year to help offset the revenue and margin pressure in this business.

(US$ in millions)	2013	2012	Increase/ (decrease)
Cost of goods and services[(a)]	**514.9**	528.8	(2.6%)
Operating costs[(a)]	**173.4**	184.4	(6.0%)
Total operating costs	**688.3**	713.2	(3.5%)
Allocated as follows:			
Employee benefit costs	**117.5**	123.6	(4.9%)
Network and satellite operations costs[(b)]	**541.3**	555.6	(2.6%)
Other operating costs	**34.9**	38.7	(9.8%)
Own work capitalised	**(5.4)**	(4.7)	14.9%
Net operating costs	**688.3**	713.2	(3.5%)

(a) There has been a change in the allocation of the costs included in cost of goods and services versus operating expenses effective from 1 January 2013, whereby all employee costs and network infrastructure operating costs are now included in operating costs instead of costs of goods and services. The comparative figures for 2012 included in the table above have been restated to reflect this change.
(b) Includes the cost of airtime from satellite operators, including intercompany purchases from Inmarsat Global.

Cost of goods and services

Cost of goods and services includes variable expenses such as the cost of airtime and satellite capacity purchased from satellite operators (predominantly from Inmarsat Global), cost of equipment, materials and services related to our repair and service activity.

Cost of goods and services during 2013 decreased by US$13.9m, or 2.6%, compared with 2012. The decrease is predominantly due to the decrease in revenues, especially lower Inmarsat MSS revenue and lower sales of equipment, partially offset by increased costs in our Commercial Maritime business unit related to the increased maritime VSAT revenue.

Operating costs

Operating costs during 2013 decreased by US$11.0m, or 6.0%, compared with 2012. The decrease is primarily due to a workforce reduction in our US Government business unit and a decrease in other operating costs, partially offset by increased professional fees related to the RigNet transaction and the acquisition of the assets of Globe Wireless.

Operating loss

(US$ in millions)	2013	2012	Increase/ (decrease)
Total revenue	**765.5**	810.3	(5.5%)
Cost of goods and services	**(514.9)**	(528.8)	(2.6%)
Gross margin	**250.6**	281.5	(11.0%)
Gross margin %	***32.7%***	*34.7%*	
Operating costs	**(173.4)**	(184.4)	6.0%
EBITDA	**77.2**	97.1	(20.5%)
EBITDA margin %	***10.1%***	*12.0%*	
Depreciation and amortisation	**(74.2)**	(97.1)	(23.6%)
Loss on the disposal of assets	**(0.1)**	(0.5)	(80.0%)
Impairment losses	**(197.4)**	(94.7)	108.4%
Share of profit of associates	**2.3**	2.1	9.5%
Operating loss	**(192.2)**	(93.1)	106.4%

Inmarsat Solutions' operating loss for 2013 was US$192.2m, an increase of US$99.1m, or 106%, compared with 2012. US$197.4m of impairment losses were recognised in 2013 (2012: US$94.7m); the majority of the Group's impairment losses (as discussed on pages 23 and 24) relate to the Inmarsat Solutions segment.

In addition, there has been a decrease in EBITDA, offset by a decrease in depreciation and amortisation. The EBITDA reduction was due primarily to the decrease in revenue and related gross margin, partially offset by the reduction in operating costs. Depreciation and amortisation decreased following certain retail energy assets being sold to RigNet being transferred to assets held for sale on the balance sheet on 1 August 2013, at which point depreciation ceased. Depreciation also reduced as a result of the adjustment to correct the prior period carrying values of certain assets relating to the former Stratos business.

Gross margin consists of revenues less direct cost of goods and services. Gross margin and gross margin percentage for 2013 have decreased by US$30.9m and 2.0%, respectively, compared with 2012. These decreases are primarily a result of a reduction in revenue and reduced gross margin percentage in our US Government business unit as a result of lower prices and margins for customer renewals and new revenues.

Inmarsat plc revenues by business unit

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

(US$ in millions)	2013	2012	Increase/ (decrease)
Commercial Maritime	**524.8**	502.6	4.4%
US Government	**281.0**	352.2	(20.2%)
Global Government	**127.3**	116.5	9.3%
Enterprise	**295.0**	280.1	5.3%
Total business unit revenue	**1,228.1**	1,251.4	(1.9%)
Other income (including LightSquared)	**33.8**	86.4	(60.9%)
Total revenue	**1,261.9**	1,337.8	(5.7%)

Commercial Maritime

Commercial Maritime revenues for 2013 increased by US$22.2m, or 4.4%, compared with 2012. The increase is due to growth in our FleetBroadband service and price initiatives implemented in May 2012 and March 2013, partially offset by a reduction in revenues from older maritime services due primarily to the migration to FleetBroadband. There was also an increase in Commercial Maritime VSAT revenue due to take-up of our XpressLink service. These increases were partially offset by lower equipment sales.

US Government

US Government revenues for 2013 decreased by US$71.2m, or 20%, compared with 2012. This decrease is primarily due to lower revenue from IP managed solutions resulting from the non-renewal of certain contracts and the renewal of other contracts at lower prices. There is also lower leasing revenue and lower BGAN and Swift 64 revenues as a result of troop withdrawals from Afghanistan, partially offset by non-recurring revenue recognised during 2013 of US$4.6m in connection with the unused portion of a prepaid capacity contract and growth in our SwiftBroadband service. As previously mentioned, we are continuing to see pressure on our US Government business unit as a result of ongoing spending controls being implemented by the US Government and by a related increase in competition. Accordingly, we have experienced a significant reduction in revenue and margins.

Global Government

Global Government revenues for 2013 increased by US$10.8m, or 9.3%, compared with 2012. The increase is primarily due to increased BGAN usage relating to events in Sub-Saharan Africa in 2013, growth in our SwiftBroadband services and increased equipment sales as well as the inclusion of revenues from the acquisition of TC Comms, partially offset by decreases in leasing and GAN revenues.

Enterprise

Enterprise revenues for 2013 increased by US$14.9m, or 5.3%, compared with 2012. This was driven by increased aviation revenues as a result of growth in both the business jet and commercial air transport business, increased IsatPhone Pro airtime revenues and increased engineering revenue in the energy market. These increases have been partially offset by lower equipment sales.

2013 Financial Review
continued

Group Liquidity and Capital Resources

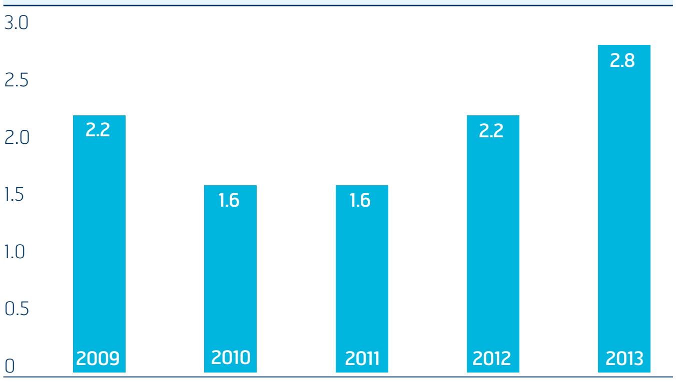
At 31 December 2013, the Group had cash and cash equivalents of US$144.3m and available but undrawn borrowing facilities of US$906.5m under our Senior Credit Facility and Ex-Im Bank Facility. We believe our liquidity position is more than sufficient to meet the Group's needs for the foreseeable future. In addition, we remain well-positioned to access the capital markets when needed, to meet new financing needs or to improve our liquidity or change the mix of our liquidity sources.

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

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

(US$ in millions)	**As at 31 December 2013**	As at 31 December 2012
EIB Facility	**220.3**	264.3
Ex-Im Bank Facility	**543.5**	397.6
Senior Notes due 2017	**850.0**	850.0
– Net issuance premium	**5.9**	7.5
Convertible Bonds	**325.6**	301.3
– Accretion of principal	**3.0**	2.9
Deferred satellite payments	**34.2**	28.7
Bank overdrafts	**3.5**	–
Total borrowings	**1,986.0**	1,852.3
Cash and cash equivalents	**(144.3)**	(332.1)
Net borrowings (gross of deferred finance costs)	**1,841.7**	1,520.2

Net borrowings (excluding deferred finance costs)/EBITDA



The table below shows the condensed consolidated cash flow for the Group for the years ended 31 December 2013 and 2012:

(US$ in millions)	**2013**	2012
Net cash from operating activities	**597.1**	659.5
Net cash used in investing activities, excluding capital expenditure	**(3.2)**	(15.1)
Capital expenditure, including own work capitalised	**(580.5)**	(484.0)
Dividends paid	**(200.5)**	(186.6)
Net cash (used in)/from financing activities, excluding dividends paid	**(4.0)**	175.5
Foreign exchange adjustment	**(0.2)**	–
Net (decrease)/increase in cash and cash equivalents	**(191.3)**	149.3

The decrease in net cash generated from operating activities in 2013, compared with 2012, of US$62.4m primarily relates to movements in working capital and decreased EBITDA in 2013, partially offset by lower cash tax paid.

The decrease in net cash used in investing activities excluding capital expenditure in 2013, compared with 2012, was US$11.9m. During 2013, we paid US$3.2m in respect of current year acquisitions and deferred consideration in relation to previous investments. During 2012 we acquired 100% of the outstanding shares of NewWave for a total cash consideration of US$7.7m (net of cash acquired) and paid US$7.4m of deferred consideration in relation to previous acquisitions.

Capital expenditure, including own work capitalised, increased by US$96.5m in 2013, compared with 2012, primarily due to expenditure on our GX and Alphasat programmes.

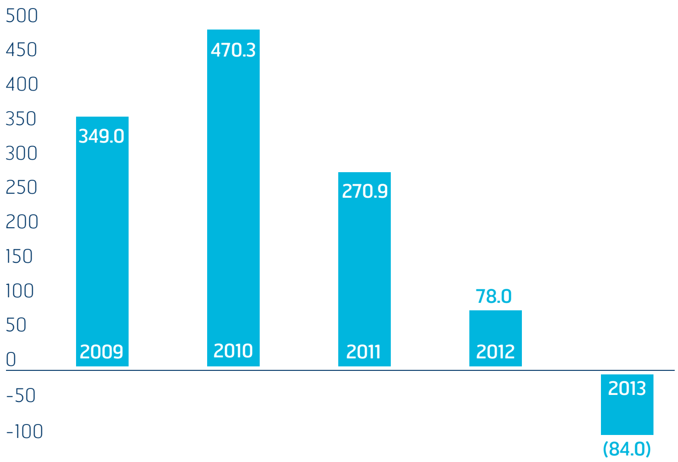
During 2013 net cash used in financing activities, excluding the payment of dividends was US$4.0m, compared with net cash from financing activities, excluding the payment of dividends of US$175.5m in 2012. During 2013, we drew down US$145.9m of our Ex-Im Bank Facility. This cash inflow was offset by the payment of US$100.6m of cash interest, a US$44.0m repayment of our EIB Facility and US$5.0m of fees paid in relation to debt drawdowns.

By comparison, during 2012, we received gross proceeds of US$212.0m on the April 2012 issue of additional Senior Notes due 2017, we drew down US$120.3m of our Ex-Im Bank Facility and we received US$3.5m from the issue of ordinary shares in connection with certain staff incentive programmes. Offsetting the cash inflow, we paid cash interest of US$97.5m, repaid US$44.1m of our EIB Facility, paid fees in relation to debt drawdowns of US$8.1m and paid US$9.9m to repurchase our own shares.

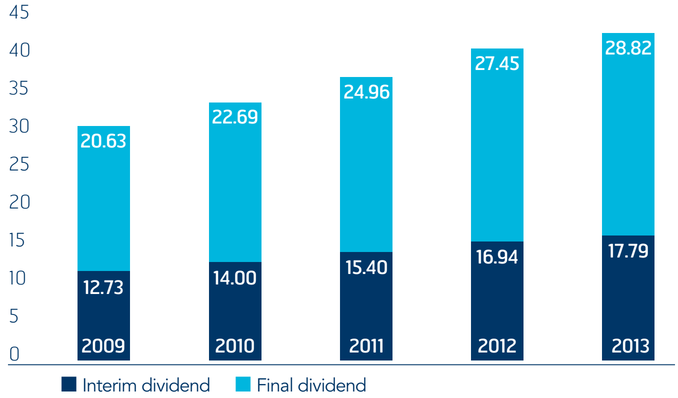
Group free cash flow

(US$ in millions)	**2013**	2012
Cash generated from operations	**614.8**	726.9
Capital expenditure, including own work capitalised	**(580.5)**	(484.0)
Net cash interest paid	**(98.0)**	(95.7)
Cash tax paid	**(20.3)**	(69.2)
Free cash flow	**(84.0)**	78.0

Free cash flow
US$ in millions



Dividends
Cents (US$) per share



In 2013, we had negative free cash flow of US$84.0m, compared with positive free cash flow of US$78.0m in 2012. The decrease is primarily due to a reduction in cash generated from operations and increased capital expenditures, partially offset by reduced cash tax paid.

Foreign exchange and treasury policy

The Board of Directors has delegated to a sub-committee, the Treasury Review Committee, the responsibility for setting the financial risk management policies applied by the Group. Details of financial instruments and policies are shown in note 32 to the consolidated financial statements.

Dividends

On 24 May 2013, the Company paid a final dividend for the year ended 31 December 2012 of 27.45 cents (US$) per ordinary share. On 25 October 2013, the Company paid an interim dividend of 17.79 cents (US$) per ordinary share in respect of the year ended 31 December 2013.

The Inmarsat plc Board of Directors intends to recommend a final dividend of 28.82 cents (US$) per ordinary share in respect of the year ended 31 December 2013 to be paid on 30 May 2014 to ordinary shareholders on the register of members at the close of business on 16 May 2014. Shareholders will be asked to approve the final dividend payment at the Annual General Meeting to be held on 7 May 2014. Dividend payments will be made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment. In accordance with IAS 10, this final dividend has not been recorded as a liability in the financial statements at 31 December 2013. The total dividend paid and proposed for the year ended 31 December 2013 equals 46.61 cents (US$) per ordinary share, a 5.0% increase over 2012, and amounts to US$208.8m.

Group Balance Sheet

The table below shows the condensed consolidated Group Balance Sheet at 31 December 2013 and 2012:

(US$ in millions)	**As at 31 December 2013**	As at 31 December 2012
Non-current assets	**3,356.2**	3,099.1
Current assets	**512.6**	653.9
Total assets	**3,868.8**	3,753.0
Current liabilities	**(1,038.8)**	(665.7)
Non-current liabilities	**(1,782.2)**	(1,961.4)
Total liabilities	**(2,821.0)**	(2,627.1)
Net assets	**1,047.8**	1,125.9

The increase in the Group's non-current assets of US$257.1m is due primarily to property, plant and equipment additions in 2013 as a result of our GX and Alphasat programmes. Additionally, the Group recognised a deferred tax asset of US$21.3m for the year ended 31 December 2013 (2012: US$nil). Offsetting the increase were US$147.0m of impairment losses recognised in relation to the impairment of goodwill and other intangible assets previously recognised when we acquired our Stratos, Segovia and Ship Equip businesses, and a US$9.4m impairment loss recognised in respect of our Stratos CGU, following a correction of prior period depreciation. In addition, our retail tangible and intangible energy assets being transferred to held for sale on the Balance Sheet were impaired by US$27.5m to write them down to their fair value less costs to sell. Following the impairment, the remaining retail non-current energy assets were transferred to assets held for sale within current assets on the Balance Sheet, further decreasing the non-current asset balance.

The decrease in current assets of US$141.3m is due predominantly to a decrease in cash and cash equivalents from US$332.1m at 31 December 2012 to US$144.3m at 31 December 2013. Offsetting the decrease in cash and cash equivalents is US$42.8m of assets classified as held for sale within current assets (in relation to our agreement to sell the majority of our retail energy assets to RigNet) on the Balance Sheet at 31 December 2013; part of this balance would have been included in non-current assets for the year ended 31 December 2012.

The increase in current liabilities of US$373.1m relates primarily to the reclassification of the liability component of the Convertible Bonds from non-current to current. Although our outstanding Convertible Bonds do not mature until November 2017, holders have the right to require the Company to redeem any or all of the bonds at their accreted principal amount on 16 November 2014. As this has been deemed the most likely maturity date, the Convertible Bonds have been reclassified to a current liability as at 31 December 2013. In addition, during 2013, current income tax liabilities increased by US$67.5m to US$100.2m at 31 December 2013. The increase has been partially offset by a US$48.0m decrease in trade and other payables to US$515.7m at 31 December 2013.

The decrease in non-current liabilities of US$179.2m relates primarily to a decrease in non-current borrowings of US$211.0m to US$1,558.0m at 31 December 2013. The decrease in non-current borrowings is due to the reclassification of the liability component of the Convertible Bonds to current liabilities and a US$44.0m repayment of our EIB Facility, partially offset by a net US$132.6m increase in our Ex-Im Bank Facility (made up of US$145.9m drawn down under the facility during 2013, offset by US$13.3m reclassified to current borrowings). Partially offsetting the decrease in non-current liabilities was a US$32.8m increase in deferred income tax liabilities to US$174.1m at 31 December 2013.

Critical accounting policies

Details of our critical accounting policies are in note 4 to the consolidated financial statements.

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 currently maintain a level of in-orbit insurance for our Inmarsat-4 satellite fleet (including Alphasat) and have obtained launch insurance for our Inmarsat-5 satellites, 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.

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.

Distribution

Although we have a retail operation, 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 three 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.

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 under the terms of the Cooperation Agreement 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.

Outlook
As our 2013 results show, our Inmarsat Global business has established growth in key L-band services across our market sectors and we believe our competitive position in our core MSS markets is strong. As a result, we expect growth in our L-band MSS services to continue in 2014. With respect to GX, following the successful launch of the first Inmarsat-5 satellite in December 2013, we expect commercial service introduction on a regional basis in the middle of 2014. We therefore expect to begin recognising GX revenues in the second half of the year.

We remain confident that the level of our existing customer commitments for GX services, coupled with strong interest from potential customers and distributors, continue to support our expectations for the commercial success of GX. We are on track to launch two further Inmarsat-5 satellites during 2014, thereby completing global coverage by the end of the year. On this basis we reiterate our three-year revenue growth target of 8% to 12% CAGR for Inmarsat Global wholesale revenues for the 2014-2016 period. However, as 2014 comprises a transitional year in which the GX network is first rolled out and commercialised, we do not expect total Inmarsat Global revenue growth reported for 2014 to be within this target range.

In 2014, like-for-like results for Inmarsat Solutions will be adversely impacted by the full-year effect of lower US Government revenues reported in 2013, but partially offset by growth in other areas, predominately by sales of XpressLink in our Commercial Maritime business unit. Two other factors influencing results will be the sale of certain of our energy VSAT assets to RigNet and the acquisition of Globe Wireless. Within our Inmarsat Solutions segment we expect the net contribution of these transactions to be a positive impact on EBITDA within the year.

We expect capital expenditure on a cash basis for 2014 to be between US$500m and US$525m. This range includes expenditure related to the fourth Inmarsat-5 satellite and fully reflects changes we expect as a result of the recent RigNet and Globe Wireless transactions. As a result of these factors, we expect leverage (as measured by our ratio of net debt to EBITDA) to peak at the end of the year at between 3.3 to 3.5 times.

Simon Ailes
Acting Chief Financial Officer
6 March 2014

The Strategic Report, as set out on pages 1 to 37, has been approved by the Board.

On behalf of the Board

Alison Horrocks
Senior Vice President – Corporate Governance and Company Secretary
6 March 2014

Corporate Social Responsibility

Rupert Pearce
Chief Executive Officer

The Board believes that corporate and social responsibility is an important part of the Group's culture and that the adoption of good practice will have a positive impact on the business. Ensuring we act in an ethical manner, taking account of our responsibilities – socially and environmentally – is important in the way we operate and interact with our stakeholders, including investors, employees, suppliers and business partners.

Our Code of Ethics policy states that Directors, officers and employees are expected to conduct business in accordance with the highest standards of personal and professional integrity. The Code of Ethics is published on our website.

We comply with local laws where we operate and across our Group, we ensure our employees comply with the UK Bribery Act and the US Foreign & Corrupt Practices Act. A summary of our anti-bribery policy can be found on our website. As part of our commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, we ask our Directors, employees and contractors to confirm annually that they understand the restrictions outlined in the policy and the implications for breaching the policy for the business and them as individuals. Our anti-bribery policy operates in line with guidance provided by the Ministry of Justice and complies with current legislation. The policy also incorporates guidelines on dealing with gifts and accepting and giving hospitality.

We have separate policies in place dealing with ethics, fraud, the use of inside information and whistleblowing. Directors, employees and contractors are asked once a year to confirm that they understand these policies and how they are applied.

Employment

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. The gender split across the Group as at 6 March 2014 is illustrated in the table below:

Description	Male	Female
Board	77%	23%
Managerial: approximately 25% of employees	76%	24%
All employees	71%	29%

We have a policy of promoting employees internally where possible. We will consider moving employees to different office locations where it makes sense for the business and the individual's personal development and career enhancement.

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.

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 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 2013 at premises in the UK, Canada and the US. Across the Group, less than 15 accidents were reported, which is lower than in 2012, 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.

> Each time TSF deploys so does Inmarsat. Through Inmarsat's cutting-edge technology and unwavering commitment, TSF has been able to provide lifelines to hundreds and thousands of people who have fallen victim to devastating natural disasters and debilitating civil conflicts.
>
> **Jean-François Cazenave –** President and Co-founder of Télécoms Sans Frontières

Community

Our maritime heritage plays a key reminder to us of how we have supported mariners and the wider maritime community for over 30 years and remain focused on doing so in the future. Our key activities are:

- We remain the only approved provider of satellite communications services for the Global Maritime Distress and Safety System ('GMDSS') and we continue to invest in the development of maritime safety services.
- Our Inmarsat C SafetyNET service continues to be used to provide vital updates on reported pirate activity. The service enables ship masters to access reports of pirate movements, giving them information on which regions to avoid with high pirate activity and allowing them to re-route if necessary.
- Our safety services supported over 1,250 calls made from vessels with safety, distress or urgency requirements, providing a very real reminder to us of the value of what we provide to those in need.
- Gerry Hughes, (gerrysmhughes.com), the first deaf person to sail single-handedly round the world relied on our FleetBroadband services to stay connected throughout his eight-month challenge.
- We supported Guo Chuan (guochuangsailing.com) in his successful record-breaking solo, non-stop circumnavigation of the world. Using FleetBroadband, FleetPhone, Inmarsat C safety services and an IsatPhone Pro satellite phone, Guo maintained contact with his support team, family and provided regular photos and videos for his website and press coverage.

In addition to maritime safety services, we also promote safety services to the aviation industry for use in the cockpit. We remain committed to the provision of International Civil Aviation Organisation ('ICAO') approved satellite safety services. We recently invested in and upgraded the ground infrastructure that supports our Aero Classic safety services, successfully transferring all traffic onto the new network progressively through the year. Maintaining our leading-edge approach to service offerings in all markets is important in this high-tech industry and so we are introducing SwiftBroadband safety services to bring priority IP connectivity to the cockpit for the first time. This service will undergo industry approval flight testing with airlines and business jet operators in the coming months. We remain committed to investing in enhanced aviation safety services through our SwiftBroadband service.

During the year, we made no political donations. In aggregate, we donated US$667,573 (2012: US$367,458) to charities worldwide. This amount included a donation of US$400,000 to the telecommunications relief aid organisation, Télécoms Sans Frontières ('TSF') and a payment of US$228,000 to the World Maritime University as part of our support for the education of maritime specialists. In addition, Inmarsat Global provides satellite telecommunications services and equipment, in conjunction with support offered by our partners and manufacturers, to service providers and customers in support of disaster relief management in affected areas of the world. Our subsidiary companies also make contributions to many local charitable causes.

Corporate Social Responsibility
continued

Our core charitable support is for TSF. TSF runs programmes on disaster relief and preparedness, training other relief organisations and regional and national disaster response agencies about the available capabilities for emergency telecommunications. TSF helps these organisations respond to an emergency knowing they have the necessary training to use BGAN terminals and IsatPhone Pro, our handheld satellite phone. We believe the work TSF does is vital in emergency situations and we are delighted to continue to support them. During 2013, TSF responded to seven emergency missions, recorded 365 days' deployment, opened five community centres and supported more than 100 NGOs. Some of the emergency missions included support when Typhoon Haiyan hit the Philippines, response when a cyclone hit Mexico, and providing communications services for refugees – many of them children – in Syria during the conflict.

Our Universal Service Obligations seek to support the use of our services, normally payphones, in rural villages in remote regions of the world, where terrestrial voice services are poor or non-existent. We maintain our support for the International Telecommunications Union ('ITU') in various ways. These include our participation in report preparation for a Smart Sustainable development project, our commitment to support a project in the Pacific Islands to warn of potential tsunamis and our continued provision of donated terminals has been maintained for use in disaster areas.

In addition to our corporate sponsorship of TSF, our business units identify specific charities and sponsorship opportunities. Examples of some of these are: our continued support of Race2Recovery, which is the first disabled team ever to complete the Dakar Rally. We provide terminals and phones so they can stay in touch while they race through some of the most remote environments on the planet, including the Atacama Desert and the Andes. We also sponsored two team cars in the World Solar Challenge, which is a biennial solar-powered electric vehicle race from Darwin to Adelaide in Australia. The challenge highlighted global efforts to harness natural sources of energy. For a third year, we have supported Bhubesi Pride with back-up communications. Bhubesi Pride is a charity aiming to unite underprivileged boys and girls across 10 countries in Africa by addressing health education and life skills as well as empowering local teaching staff by providing equipment, resources, training and knowledge.

Our global offices support local causes at a corporate and employee level and we encourage staff to get involved in local community initiatives. Employees across our offices are encouraged to support individual charities of their choice, and for employees in our principal UK office, this is encouraged through the UK Government's tax approved contributions scheme.

Environment

The activities of the Group are judged to have a low environmental impact and are not expected to give rise to any significant, inherent environmental risks over the next twelve months.

We are not a satellite modem manufacturer. We only type approve satellite terminals accessing our system by manufacturers who provide health and safety guidance as to how terminals should

Working with NGOs and aid agencies in the initial days after a disaster – Inmarsat often delivers the only possible communications link between survivors and the outside world – providing an essential and reassuring connection to friends and family.

be utilised. Controls are in place to ensure that antennae do not radiate any power at low elevation angles. We manufacture our handheld satellite phones, IsatPhone Pro and IsatPhone 2. The design and manufacturing processes have met all the relevant safety standards and disposal requirements are included in the packaging for each handset. Across our Group companies, we operate a number of ground earth stations, VSAT and telemetry and tracking facilities where there are satellite dishes which generate radiation. Access to these sites is restricted and there are regular health and safety checks to ensure that they are in protected areas away from access by the general public. Personnel who work at these sites are provided with relevant training as to health and safety issues.

As a satellite operator, we have adopted the highest industry standards in terms of space debris mitigation, including end-of-life graveyard manoeuvre plans for the disposal of satellites when they reach the end of their commercial life. We disposed of a third Inmarsat-2 satellite in 2013; the previous disposals were in 2012 and 2006. Its disposal was undertaken in full compliance with the relevant ITU standards. There are no near-term plans for decommissioning any of the remaining satellites. We operate our satellites in geosynchronous orbit which is approximately 36,000km (22,500 miles) above the earth. This orbit has significantly less debris than in a low earth orbit which is approximately 700km above the earth and where several MSS operators have their satellite constellations. We are also a founding member of the Space Data Association ('SDA') established in 2009. Along with Intelsat, SES and Eutelsat we aim to improve the satellite safety of flight and make operations in space safer and more reliable.

We have over 1,600 staff worldwide represented by more than 45 different nationalities. Due to the size and nature of these activities, we acknowledge that we have a degree of environmental impact on the local and global environment.

Some of these environmental impacts include the use of natural resources, the consumption of energy and water, the production of a variety of waste, in addition to staff and visitors travelling for business purposes around the globe. Please see details of our Environmental Performance and Strategy on pages 40 and 41.

Our objective is to ensure that the Group does not have any detrimental effect on the environment through our business operations. Our mission is to adopt and support the following principles:

- to provide first class energy and environmental management practices;
- to comply with all relevant global environmental legislation and regulatory controls;
- to identify significant environmental and social impacts and establish objectives and targets for improvement;
- in our main UK site, to recycle a minimum of 90% of generated waste and constantly to review the opportunity to use recycled products;
- to actively encourage the conservation of energy, water and natural resources through the increased efficiency and introduction of new and modern technology;
- to separate their waste into dry and wet waste receptacles (UK office);
- to ensure that printer cartridges are recycled;
- to switch off lights, computers, phone chargers and any other electrical items when not in use; and
- to reduce business travel and using more site-based technology such as video and audio conferencing.

We acknowledge that we have an impact on the local and global environment, however in terms of our size, we are low generators of carbon due to the nature of our business operations.

We continue to monitor our energy consumptions and comply with our social and legal responsibilities in terms of carbon emissions. Please see our summary of carbon emissions within the Directors' Report on page 41.

Energy efficiency is one of the key considerations when replacing obsolete and inefficient machinery. We continue to review new technologies and control building operational strategies, which may include using energy efficient lights to reduce electricity consumption.

We continue to be committed to our waste management and recycling scheme with volume at the same levels.

Video conferencing (VC) and other collaborations tools allowing visual connectivity are being used to reduce the dependency on air transport and are popular means of communication with staff working in different locations and across different time zones.

Education

We continued with our funding of the Inmarsat Chair of Maritime Education and Training at the World Maritime University which supports the education of maritime specialists. We encourage internships with schools and universities to provide students with the opportunity to experience first-hand the engineering and technical aspects of satellite operations.

We are a sponsor of the National Space Academy, created to teach space science subjects to students and their teachers. In addition, Inmarsat intends to participate in a 'Higher Apprenticeship' in space engineering programme, being organised by the National Space Academy. This is a route for students to enter into a vocational degree-type scheme, designed to promote growth in the sector.

Partnerships

The work our partners undertake with local companies and charities are examples of the wider influence of our services and we're delighted how these can have an impact socially and environmentally.

Board of Directors

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1. Andrew Sukawaty
Executive Chairman
Dates of Appointment: Chairman – December 2003
Chairman and Chief Executive Officer – March 2004 – December 2011
Executive Chairman – January 2012

Committee Membership: Chairman of the Nominations Committee

Background and relevant experience: Andy joined Inmarsat in December 2003 and held the joint role of Chairman and Chief Executive Officer until 2011. He became Executive Chairman in 2012. Andy served as President and Chief Executive Officer of Sprint PCS, a NYSE listed global national wireless carrier for four years, and previously as Chief Executive Officer of NTL Limited. His previous career has included various management positions with US West and AT&T and as a Non-Executive Director on various listed companies. Mr Sukawaty holds a BBA and MBA respectively from the University of Wisconsin and Minnesota.

External Appointments: Non-Executive Chairman of Ziggo B.V.

2. Rupert Pearce
Chief Executive Officer
Dates of Appointment: Executive Director – July 2011
Chief Executive Officer – January 2012

Background and relevant experience: Rupert joined Inmarsat in January 2005 as Group General Counsel and from January 2009, additionally held the position of Senior Vice President, Inmarsat Enterprises. He became an Executive Director in July 2011 and CEO in January 2012. Previously, Rupert worked for Atlas Venture, where he was a partner working with the firm's European and U.S. investment teams. He has also been a partner at the international law firm Linklaters, where he spent 13 years specialising in corporate finance, mergers & acquisitions and private equity transactions.

Rupert received an MA (First Class) in Modern History from Oxford University and won the 1995 Fulbright Fellowship in U.S. securities law, studying at the Georgetown Law Center. He has been a visiting fellow of the Imperial College Business School, London lecturing on the school's Entrepreneurship programme, and is the co-author of 'Raising Venture Capital' (Wiley).

External Appointments: None.

3. John Rennocks
Deputy Chairman and Senior Independent Non-Executive Director
Date of Appointment: January 2005

Committee Membership: Chairman of the Audit Committee and member of the Nominations Committee

Background and relevant experience: John has broad experience in emerging energy sources, support services and manufacturing. He served as an Executive Director – Finance of a number of public companies including British Steel plc/Corus Group plc, Powergen plc and Smith & Nephew plc.

External Appointments: Non-Executive Chairman of Diploma plc and Non-Executive Director of Greenko Group plc.

4. Stephen Davidson
Independent Non-Executive Director
Date of Appointment: June 2005

Committee Membership: Chairman of the Remuneration Committee. Member of the Audit and the Nominations Committees

Background and relevant experience: Stephen was Global Head of Media and Telecoms Investment Banking and subsequently Vice Chairman of Investment Banking at West LB Panmure. His previous career has included various senior positions in investment banking. He was Finance Director, then Chief Executive Officer of Telewest Communications plc and has been Chairman of the Cable Communications Association.

External Appointments: Chairman of Datatec Limited and Mecom Group plc (LSE) and holds several other Non-Executive Directorships.

5. Kathleen Flaherty
Independent Non-Executive Director
Date of Appointment: May 2006

Committee Membership: Member of the Remuneration Committee

Background and relevant experience: Kathleen served on the Board of a number of public companies including Marconi Corporation plc, Telent plc and CMS Energy Corporation. She was President and Chief Operating Officer of Winstar International. Her previous career has included senior roles as Chief Marketing Officer with AT&T and other senior roles with BT and MCI Communications Inc. Kathleen was a non-executive director of GenTek Inc until October 2009 and Hibu plc until March 2014. Kathleen holds a PhD in Industrial Engineering and Management Sciences from Northwestern University, Illinois.

External Appointments: A member of the McCormick Advisory Board and its executive committee of Northwestern University. Non-executive director of Hibu plc (formerly Yell Group plc).

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6. Ambassador Janice Obuchowski
Independent Non-Executive Director
Date of Appointment: May 2009

Committee Membership: Member of the Audit Committee

Background and relevant experience: Janice held several senior positions both in the US government and in the private sector. She was formerly Head of Delegation and US Ambassador to the World Radiocommunications Conference, Assistant Secretary for Communications and information at the Department of Commerce and Senior Advisor to the Chairman at the Federal Communications Commission in the US.

External Appointments: Non-Executive Director of Orbital Sciences Corporation and CSG Systems, Inc.

7. Sir Bryan Carsberg
Independent Non-Executive Director
Date of Appointment: June 2005

Committee Membership: Member of the Audit and Remuneration Committees

Background and relevant experience: Sir Bryan is a Chartered Accountant. He spent eight years as Director General of the Telecommunications (head of Oftel), and then served as Director General of Fair Trading and Secretary General of the International Accounting Standards Board. He was previously Chairman of the Council of Loughborough University, a Non-Executive Director of Cable and Wireless Communications plc, RM plc and a non-executive Chairman of MLL Telecom Limited. He was knighted in January 1989.

External Appointments: Novae Group plc.

8. Dr Abraham Peled
Independent Non-Executive Director
Date of Appointment: June 2013

Committee Membership: Member of the Nominations Committee

Background and relevant experience: Dr Peled spent from 1995 to 2012 with NDS Group plc, a digital pay-TV company, and served as Chairman and CEO from 2004 to 2012. He was Senior Vice President of Cisco from August 2012 to January 2014 and has previous senior management experience with IBM and Elron. Dr Peled has a BSc and MSc in Electrical Engineering and a PhD in Digital Signal Processing. In March 2013, Dr Peled was awarded the Lifetime Achievement Award by Digital TV Europe.

External Appointments: Principal to CyberCloud Ventures.
Senior advisor on technology businesses to Permira.

9. Simon Bax
Independent Non-Executive Director
Date of Appointment: June 2013

Committee Membership: Member of the Remuneration Committee

Background and relevant experience: Simon Bax was, from 2008 to 2013, CEO of Encompass Digital Media Inc, which provides technical services to broadcasters, cable networks and government agencies. He previously served as CFO and Executive Vice President of Pixar Animation and CFO and President of Studio Operations of Fox Filmed Entertainment. Mr Bax holds an honours degree in History from Cambridge University and is a chartered accountant.

External Appointments: Non-executive director of MobiTV. Director of the British Bobsleigh and Skeleton Association and a member of the Gonville and Caius Development Campaign Board. A member of the Academy of Motion Pictures Arts and Sciences and the British Academy of Film and Television Arts.

10. Alison Horrocks
Senior Vice President – Corporate Governance and Company Secretary
Date of Appointment: February 1999

Background and relevant experience: Alison joined Inmarsat in 1999 and provides corporate governance advice and acts as Company Secretary to the Board and its Committees. She is Chairman of the Trustee Company responsible for Inmarsat's UK pension plans. Alison is a Chartered Secretary. She was Group Company Secretary of International Public Relations plc, a worldwide public relations company, for 11 years prior to joining Inmarsat.

Tony Bates will join the Board as an Executive Director and as our Chief Financial Officer on 2 June 2014.

Report of the Directors
for the year ended 31 December 2013

Alison Horrocks
Senior Vice President – Corporate Governance and Company Secretary

The Directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2013.

Post-balance sheet events
Details of material post-balance sheet events are included in note 38 to the consolidated financial statements.

Results and dividends
The results for the year are shown in the Consolidated Income Statement on page 75.

A final dividend of 28.82 cents (US$) will be paid on 30 May 2014 to shareholders on the share register at the close of business on 16 May 2014. Dividend payments are made in Pounds Sterling based on the exchange rate prevailing in the London market four business days prior to payment.

Share capital and control
The Company's ordinary shares of Euro 0.0005 each are listed on the London Stock Exchange (LSE: ISAT.L). Details of the issued share capital of the Company, together with movements in the issued share capital during the year can be found in note 24 to the consolidated financial statements.

The Company has one class of ordinary share which carries no rights to fixed income. On a show of hands, each member present has the right to one vote at our general meetings. On a poll, each member is entitled to one vote for each share of Euro 0.0005 held. All 853,181 ordinary shares held by the Inmarsat Employee Share Ownership Trust carry voting rights.

There are no specific restrictions on the size of holding or on the transfer of shares, which are both governed by the general provisions of the articles of association and prevailing legislation. The Directors are not aware of any arrangements between shareholders that may result in restrictions on the transfer of securities or on voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Going concern
The Directors acknowledge the latest guidance on going concern. Despite the current volatility in financial markets and uncertain economic outlook, the Directors believe that the Group has a resilient business model, strong free cash flow generation and is compliant with all its financial covenants. In making their assessment of going concern, the Directors considered the Board-approved budget, the 15-month rolling forecast, the cash flow forecast and the most recent five-year long range financial plan. In addition, the Directors considered the maturity profile of existing debt facilities, other liabilities as well as actual and forecast covenant calculations. Furthermore, the forecasts and covenant calculations were stress tested by applying a set of downside scenarios. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Inmarsat continues to adopt the going concern basis in preparing the consolidated financial statements.

On-Market Purchase Authority
The Directors' authorities are determined by UK legislation and the Articles of Association. At the 2013 AGM, the Directors were authorised by shareholders to allot ordinary shares up to agreed limits and to have the ability to make market purchases of ordinary shares. Shareholders are being requested to renew these authorities at the 2014 AGM.

Indemnities and insurance
Inmarsat plc 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.

Health and safety
The Group is committed to maintaining high standards of health and safety for its employees, customers, visitors, contractors and anyone affected by its business activities. During 2013, we have worked more closely with our subsidiary companies to harmonise health & safety best practice. Rupert Pearce, our CEO, is the director designated for health & safety matters at board level.

Environmental Performance and Strategy
We operate in over 70 locations with a combined workforce of approximately 1,600 staff. Due to our diversity of activities the Company recognises it has some impacts affecting the local and global environment. However, it should be noted that the satellite industry and our own business is low on the scale of carbon generators.

Significant environmental impacts include the use of natural resources, the consumption of energy and water, the production of a variety of waste, as well as staff and visitors who travel extensively.

In previous annual reports we reported CO_2 emissions that have resulted from operating the building at 99 City Road, London.

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 we are now required to report our greenhouse gas emissions across the world.

All energy, fuel and waste management are controlled by the Business Environment team, which is based in London.

Environment Improvement in 2013

We regularly look for opportunities and initiatives to drive down consumption in the London office where the largest contingent of staff is based. The projects below summarise the work carried out in 2013.

1. Carbon reduction energy efficient controllers fitted to main air handling units which provide fresh and conditioned (hot or cold) air to the office.
2. Modifications to boilers and pipe work to improve efficiency.
3. Stagger plant on/off times.
4. Upgrade lighting to LEDs. We have initiated a rolling programme to change where practical.
5. Install movement sensors in common areas to switch lighting on/off.
6. Alterations to existing, obsolete, lighting control system to eliminate excessive on times.
7. Extensive use of our Building Management System to efficiently control the building operating times in terms of occupancy and temperature control.
8. Installation of adiabatic system to improve efficiency of air cooled condensers.

Greenhouse Gas Emission

We have adopted a policy and management system for greenhouse gas quantification and disclosure based on the ISO 14064-1:2006 methodology which has been used to calculate Scope 1 and 2 emissions for 2013, and we have followed the definitions set out in this standard. Figures were calculated using emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2013 and we have taken data from our Carbon Reduction Commitment.

In measuring the greenhouse gas emissions across our 70 or more locations around the world, certain sites were excluded from our analysis on the grounds of materiality. We have adopted a materiality threshold of 10% for GHG reporting purposes.

Our review was carried out on 23 sites where emissions could be reasonably estimated as material. Following completion of the survey a further four sites were excluded as the electricity was not both consumed and purchased by us.

As this is the first occasion that Inmarsat plc has produced a consolidated Greenhouse Report there is no comparable data.

Greenhouse Gas Emissions: Scope 1 and 2

Scope	Description	2013 usage (tonnes CO_2e)
Scope 1	Direct emissions	1,055
Scope 2	Indirect emissions	13,808
	Total emissions	14,863

Inmarsat's Broadband Global Network (BGAN) carries voice and data services across the globe and is provided by the three geostationary Inmarsat-4 satellites. The intensity ratio of tCO_2 emission as a factor of Million Megabytes of IP over our BGAN Network is 438:1.

Inmarsat's Greenhouse Gas Report has been developed following a GHG Discovery Project conducted in collaboration with Carbon Credentials Energy Services Ltd.

Next year we will ensure that third party verification will be completed prior to data publication.

Commercial Waste

Inmarsat's waste management strategy in London is to divert the maximum amount of waste away from landfill for either recycling or energy generation. Our initial initiative in 2007 saw all waste broken into two streams, recyclable and residual waste. Our target was to reach 80% of waste being diverted into the recyclable stream. Unfortunately we were unable to reach the targets as the nature of our waste was split 50/50 in terms of recyclable and non-recyclable. In 2009 it was decided to divert any landfill waste to Energy Recovery. Through incineration the waste is converted to electricity and fed into the national grid. Over 99% of the waste we produce is now diverted away from landfill into these more sustainable streams.

Going forward we are committed to adopt a similar strategy at our larger sites across the globe.

Travel

Voluntarily we are including our Scope 3 (travel) emissions in the report. Inmarsat plc is in the process of centralising all travel management activities for the Group and our agencies have agreed to supply the emission data.

Our Scope 3 emissions provided by our travel booker which accounts for the management of 40% of the business's travel.

Greenhouse Gas Emissions: Scope 3

Scope 3	Description	2013
Miles travelled	(Miles)	10,999,639
Scope 3	Other Indirect emissions (tonnes CO_2e)	2,905,227

2014 will see further centralisation of travel management which will provide greater visibility over Scope 3 emissions.

Report of the Directors

for the year ended 31 December 2013 continued

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk are given in notes 3 and 32 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.

Political donations

During the year, no political donations were made. 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 are asked annually to give authority at the Annual General Meeting for the Company to make political donations and to incur political expenditure.

Interests in voting rights

At 6 March 2014, the Company had been notified, in accordance with chapter 5 of the Financial Services Authority's Disclosure and Transparency Rules, of the following significant interests:

	Percentage of voting rights over ordinary shares of €0.0005 each
Lansdowne Partners Limited	11.07%
BlackRock Inc	5.58%
KDDI Corporation	4.85%
MassMutual Life Insurance Company	4.03%
Artemis Investment Management	3.15%

Note: Voting rights are based on the information we believe is a disclosable interest to the Company, adjusted for the issued share capital as at 6 March 2014.

Auditors

Each of the Directors has confirmed that:

i) so far as the Director is aware, there is no relevant audit information of which the Company's Auditors are 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 Company's Auditor is aware of that information.

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

A resolution to re-appoint Deloitte LLP as Auditor of the Company and to authorise the Board to determine its remuneration will be proposed at the 2014 AGM.

2014 Annual General Meeting

The Annual General Meeting will be held on 7 May 2014 at 10.00am at 99 City Road, London EC1Y 1AX. The Notice of Meeting which sets out the resolutions to be proposed at the forthcoming AGM is enclosed with this Annual Report.

By order of the Board

Alison Horrocks FCIS
Senior Vice President – Corporate Governance and Company Secretary
6 March 2014

Corporate Governance

Andrew Sukawaty
Executive Chairman

Governance: Chairman's Introduction

Your Board manages the Inmarsat business in a transparent, open and honest manner. We achieve this by maintaining high standards of corporate governance. The Board is ultimately responsible to shareholders for all our activities: for delivering our strategy and financial performance, for efficiently using our resources and for social, environmental and ethical matters.

The Board approves the Group's governance framework with the Board committees contributing their specialist focus to key areas such as remuneration policy, internal controls and risk management.

Our governance framework includes the changes introduced by the updated UK Corporate Governance Code (the 'Code') and the Large and Medium-sized Companies and Groups (Accounts and Report) (Amendment) Regulations 2013 (the 'Regulations'). Some amendments have been required, mainly to how we present some sections of the Annual Report and Accounts ('Annual Report') and more particularly the format of our Remuneration Report, now incorporating a Remuneration Policy and an Annual Report on Remuneration.

We also include a statement made by the Directors, on page 71, that they consider the Annual Report, taken as a whole, to be fair, balanced and understandable. The processes including financial controls and reporting, and risk management, which underpin and support our confidence in making this statement are long-established and embedded into our business. In addition our Internal Audit Department reviewed the narrative sections of the Annual Report. In line with its terms of reference, a subset of the Disclosure Committee also reviews the Annual Report to ensure it contains all necessary disclosures to fairly present the Company's and the Group's financial condition and results of operations. Our external auditors review the narrative sections of the Annual Report to identify any material inconsistencies with the financial statements. Our Board members receive drafts of the Annual Report in sufficient time to facilitate their review and input.

The information in this section of the Annual Report will help you to understand how your Board has run the Company, managed risks, monitored control, and how decisions have been taken.

Andrew Sukawaty
Executive Chairman
6 March 2014

The Board

Composition

Our Board comprises Directors drawn from a wide range of professional backgrounds. All our Directors bring strong judgement to the Board's deliberations. As reported last year, with several of the originally appointed Non-Executive Directors reaching a nine year term with the Company at the 2014 Annual General Meeting ('AGM'), the Board was conscious of the need to manage a smooth transition of changes in Non-Executive Directors so as not to lose key knowledge during any handover periods. With this in mind, the Board was delighted to announce the appointments of Simon Bax and Dr Abe Peled as independent Non-Executive Directors on 19 June 2013. The Board also noted that Retired Admiral James Ellis Jnr will not put himself forward for re-election at the AGM and retired from the board at its meeting on 4 March. We thank Jim for his significant contributions during his nine years on the Board. On 3 January 2014, Rick Medlock left the Company as an Executive Director and Chief Financial Officer. The Board would like to thank him for his valuable contributions throughout his nine years with the Company.

As at 6 March 2014, the composition of the Board is two Executive Directors and seven Non-Executive Directors. With the exception of the two new appointees, all Directors served throughout the year.

The names of the Directors on our Board, their relevant skills and experience are set out in their biographical details and can be found on pages 38 and 39.

The composition of the Board and its various Committees is regularly reviewed and evaluated so as to reflect the balance of skills, knowledge, diversity (of which gender is one component), experience and the ability of Directors to provide sufficient time to fulfil their Board responsibilities.

In succession planning for the Board and within the Group, the Board takes into account the need for diversity generally, and is in support of the principle as outlined in Lord Davies's report 'Women on boards'. The Board currently has two female Non-Executive Directors, representing, as a percentage, 22% of the Board as at 6 March 2014. Across our business of approximately 1,600 employees, female employees represent approximately 29%, with around 24% performing managerial roles.

Corporate Governance
continued

How the Board operates
To ensure effective corporate governance, the Board has structured its governance framework as set out below.

The Board has established Committees to assist it in exercising its authority. The permanent Committees of the Board are the Audit, Remuneration and Nominations Committees. Each Committee has Terms of Reference under which authority is delegated by the Board. A copy can be found on our website at www.inmarsat.com. Reports of the committees can be found on pages 50 to 70.

Board Committees

Chairman
Inmarsat plc Board

AUDIT COMMITTEE

Oversight and review of financial, risk management, audit and internal control issues.

Read more on page 50

REMUNERATION COMMITTEE

Oversight and review of remuneration, bonus and share plan issues.

Read more on page 54

NOMINATIONS COMMITTEE

Oversight and review of Board and senior management appointments and succession planning.

Read more on page 53

Role of the Board
Our Board is responsible for the overall conduct of the Inmarsat Group's (the 'Group') business. It is the primary decision-making body for all material matters affecting the Group. It provides leadership and guidance, and sets our strategic direction.

Our Board is ultimately accountable to the shareholders for the performance and proper conduct of the business. Responsibility for implementing strategy within the Group's operations and for day-to-day management of the business is delegated to the Chief Executive Officer who, as part of the Executive Staff team, cascades this responsibility through the Group. Details of the team are listed on page 12.

A formal schedule of matters specifically reserved for decision or consideration by the Board as a whole has been agreed by the Directors. This schedule covers areas such as the Group's business strategy and long term plans; major capital projects; investments; and acquisitions and divestments. The Board has an annual rolling plan of items for discussion which is reviewed and adapted regularly to ensure all matters reserved to the Board, with other items as appropriate, are discussed. There is an established procedure for the preparation in advance of each Board or Committee meeting which normally includes a detailed report on current trading and full papers on matters where the Board will be required to make a decision or give approval. Where appropriate, specific responsibilities are delegated to Board Committees or to committees convened for special purposes.

Specific annual items for review include an update on the Company's policies for compliance with the Bribery Act, and the US Foreign & Corrupt Practices Act ('FCPA') requirements and health & safety. As part of our commitment to preventing bribery and establishing a culture that does not tolerate corruption wherever and in whatever form it may be encountered, a formal anti-corruption policy was approved by the Board in 2011. Appropriate procedures have been put in place, in line with guidance provided by the Ministry of Justice to ensure compliance with current legislation and the Company's anti-bribery policy and related procedures.

Directors' and Officers' insurance cover has been established for all Directors and Officers to provide cover against their reasonable actions on behalf of the Company. Each Director has a deed providing indemnification as a supplement to the insurance cover.

The Company has in place procedures for managing conflicts of interest. The Company's Articles of Association also contain provisions to allow the Directors to authorise potential conflicts of interest so that a Director is not in breach of his/her duty under company law. Should a Director become aware that they have an interest, directly or indirectly, in an existing or proposed transaction with the Company, they should notify the Company Secretary in line with the Company's Articles of Association. Directors have a continuing duty to update any changes to their conflicts of interest.

Key roles and responsibilities
We have an Executive Chairman who will remain in an executive capacity until the end of 2014. Having executive roles for both the Chairman and Chief Executive Officer ('CEO') has been a purposeful decision by the Board to manage a period in the business where we had an internal employee promoted to be our new CEO in 2012 and were part way through the largest single capital expenditure programme for the Company. The responsibilities of each role are in writing and agreed by the Board.

The Chairman
Andrew Sukawaty

As Executive Chairman, Mr Sukawaty is employed in a full-time position and undertakes executive responsibilities as summarised here. In addition to chairing the Board and ensuring that the Company meets its fiduciary responsibilities and is accountable for those to shareholders, he oversees the evaluation process to ensure the Board's effective operation. Mr Sukawaty continues to mentor Mr Pearce as he continues his development in his role as CEO and this has been very successful as noted by the Board's comments in its 2013 Board evaluation review. Mr Sukawaty acts as the Company's representative with key governmental and industry trade bodies where his previous telecoms experience, combined with his knowledge of Inmarsat, are beneficial to our representation and influence at these meetings. In the business, Mr Sukawaty is responsible for driving new business opportunities in key geographic markets – Brazil, Russia, India and China. In addition, he drives the decision-making on the future development of our handheld satellite phone. Mr Sukawaty has also assumed responsibility for being the Company's nominated individual dealing with the proxy board of our US Government subsidiary company. The Board remains unanimously of the opinion that retaining Mr Sukawaty in a full-time executive capacity until the end of 2014 significantly benefits the business as it goes through major changes in the lead up to the launch of a new complementary revenue stream from the Inmarsat 5 Ka-band Global Xpress programme.

The Chief Executive Officer
Rupert Pearce

As Chief Executive Officer, Mr Pearce is responsible for the day-to-day running of Inmarsat's operations and its financial results. Mr Pearce is responsible for recommending the strategic objectives for the Inmarsat Group, for debate, challenge and approval by the Board. He has been instrumental in restructuring the operations to ensure that we are closer to the markets and partners we serve, efficient in how we manage our business activities and agile in how we make decisions. Mr Pearce has ultimate responsibility for ensuring we meet the milestones for our key programmes, particularly the Global Xpress programme covering delivery of satellites, ground network, new distribution channels and development of application technology opportunities. He will also look to maximise the opportunities from our existing L-band business. These priorities will target revenue growth and deliver enhanced returns to shareholders. The Board continues to be extremely pleased with Mr Pearce's progress in the role as CEO and believes his expanding experience is contributing to the long term success of the Company.

Mr Pearce is the Board sponsor for environmental and social governance, community investment, and other corporate social responsibility matters.

Independent Non-Executive Directors
The diverse experience and backgrounds of the Non-Executive Directors ensures that they can provide a strong independent element on the Board, debate, and constructively challenge management both in relation to the development of strategy and review of the Group's operational and financial performance.

To determine their independence, all Non-Executive Directors are reviewed by the Board annually against any circumstances relevant to their current or ongoing independence as set out in the Code. Following such review, the Board considers all the Non-Executive Directors to be independent and free of any circumstances that could materially interfere with their ability to provide a strong and valuable contribution to the Board's deliberations, or which could interfere with the individual Director's ability to also act in the best interests of the Group.

John Rennocks, in his capacity as the Senior Independent Director, is available to discuss issues or concerns from our shareholders where they have been unable to resolve them through existing channels for investor communications. Mr Rennocks acts as Deputy Chairman and we continue to value his contribution.

Governance
Our Board meets as often as necessary to effectively conduct its business. During the year, the Board met eight times, with one of those meetings being held in Washington DC. The rest of the meetings were held in the UK. Key management are invited to attend all Board meetings to present on specific business issues. Unscheduled supplementary meetings also take place as and when necessary.

In instances where a Director is unable to attend Board or Committee meeting, any comments which he or she may have arising out of the papers to be considered at the meeting are relayed in advance to the relevant Chairman or the Company Secretary who would then report to the Board or Committee thereon.

At the start of 2013, there was a focus on how Directors received and accessed board papers to optimise time and effectiveness, and we introduced the use of an electronic portal for the Board. There has been unanimous support for this new service from all Directors. At each meeting, the Chief Executive Officer and Chief Financial Officer provide reports to the Board and several senior executives, by invitation, present updates on strategy and the Group's operations. This way the Board is given exposure to the next layer of management at the Executive Staff level and often from their direct reports. This is helpful to the Board as it assists with planning for management succession. All Committee Chairmen report verbally on the proceedings of their Committees at the following Board meeting. Meeting proceedings and any unresolved concerns expressed by any Director are minuted by the Company Secretary.

The Non-Executive Directors meet annually and on an ad-hoc basis, without the Chairman and other Executive Directors in attendance, to assess the Chairman's performance, discuss Board balance, monitor the powers of individual Executive Directors and raise any issues between themselves as appropriate.

As part of its regular Board meeting schedule, the Board also holds a two-day strategy meeting each year at which it considers the future direction of the business. Strategy sessions are attended by several senior executives who present on specific agenda items. Strategy is also reviewed at each regular Board meeting.

The Company recognises the importance of electronic information, systems and network security ('cyber security'). We are increasingly required to be compliant with, or align to, various legal, contractual and regulatory standards and codes of practice relative to information security governance and the preservation of the confidentiality, integrity and availability of customer or internal data and services. To ensure we can meet these business and geopolitical requirements, a multi-standards compliance programme is underway ensuring compliance with, among others, UK, US and international cyber security standards that include CESG CAS(T), NIST-800-53 and ISO27001/2 (2013). This is part of a broader programme supported by a dedicated cyber security team whose primary role is to safeguard the company to meet its legal and regulatory obligations, maintain business continuity and limit damage to business interests by preventing and reducing the occurrence of security incidents and their impact upon business operations.

Board meeting attendance

The attendance of the Directors at the Board meetings held in 2013 is shown in the table below. Attendance at Committee meetings is shown in the relevant Committee reports.

Number of scheduled Board meetings held and meeting attendance in 2013

	Meetings	Percentage attendance
Andrew Sukawaty (Chairman)	8/8	100%
Rupert Pearce	8/8	100%
Rick Medlock[a]	8/8	100%
Simon Bax[b]	4/4	100%
Sir Bryan Carsberg	8/8	100%
Stephen Davidson	8/8	100%
Admiral James Ellis Jr (Rtd)[c]	7/8	88%
Kathleen Flaherty	8/8	100%
Abe Peled[b]	4/4	100%
Janice Obuchowski	8/8	100%
John Rennocks	8/8	100%

a Resigned on 3 January 2014
b Appointed on 19 June 2013
c Resigned on 4 March 2014

Induction and ongoing developments

To ensure that each Director receives appropriate support on joining the Board, they are given a comprehensive, formal and tailored induction programme organised through the Company Secretary, including the provision of background material on the Company and briefings with senior management. Each Director's individual experience and background is taken into account in developing a programme tailored to his or her own requirements. The induction programme was reviewed and updated in June 2013 to refresh its content for the new Directors who joined the Board.

For professional ongoing developments, the Board receives presentations relevant to the Company's business and updates on any changes in legislation which may affect the Company's operations. The Company Secretary supplies all Directors with information on relevant legal and best practice.

Board effectiveness

The Board undertook a formal evaluation of its own performance and that of its committees and individual Directors during the year. The 2013 evaluation process was undertaken by the Company Secretary at the Chairman's request. The Code requires that the Company conduct an externally facilitated evaluation every three years and the 2012 Board performance evaluation was facilitated by Duncan Reed of Condign Board Consulting Ltd.

The evaluation process consisted of a questionnaire sent out in advance to each Director and a meeting between the Company Secretary and each Non-Executive Director to review the questionnaire and discuss any other comments. The outcome of the review was first discussed with the Chairman and then shared with the full Board as an agenda item at the Board meetings in January and March 2014. The full output from the evaluation was presented in a report to all of the Directors, with collective and individual feedback being provided.

The review concluded that Board meetings had good debate and discussion with the right level of query leading up to a decision being made. The directors all felt that the addition of the two new Non-Executive Directors had augmented the Board discussion and provided additional insights. There remained full support for how the Chairman facilitated a culture of openness, honesty and collegiality and that there was a good rapport between him and the CEO which was considered an important aspect of how the relationship between the two worked well for the benefit of the Company. Continuing to receive presentations from senior management aside from the Executive Directors remained an important element to assist the Board to know how the business was operating. Other key areas which also received strong support from the Board were the Company's risk management systems, investment analysis, and feedback from investors on their interaction with executive management.

During the year, the Non-Executive Directors, led by the Senior Independent Non-Executive Director, evaluated the performance of the Chairman and gave feedback on his performance as Chairman which was also reflected in the evaluation review. The Chairman did the same in relation to the Directors. The Chairman also meets the Non-Executive Directors on an individual basis at least once a year.

The following recommendations from the 2012 evaluation review and progress made during 2013 are summarised below:

- More time to discuss the forward agenda planner
  - the Board review this every half year.
- The scheduling of further meetings for the Non-Executive Directors to be chaired by the Deputy Chairman
  - These continue to be undertaken as and when called by the Deputy Chairman or at the request of another Director
- Two additional Non-Executive Directors were added to the Board during the year:
  - Further ongoing discussion regarding future Board structure.
  - Ongoing emphasis – at the Nominations Committee level and then at the Board level – on formal succession planning concerning the replenishment of the Non-Executive contingent of the Board.

Key elements arising from the 2013 Board evaluation review are as follows:

- Provide a more formal mechanism to follow up with any Director who may need to be absent from a Board/Committee meeting.
- Ensure agenda timings allow sufficient time for relevant discussion of items.
- Review Board Committee composition and whether rotation of committee membership should occur.
- Ongoing review of Non-Executive Director replenishment to provide for an orderly transfer of knowledge.
- A desire for additional information on succession planning at the level below the executive management.

The Non-Executive Directors continue to be highly supportive of all the Executive management team and the opportunities to meet senior management in informal occasions helps foster such an environment.

External directorships

The Board believes, in principle, in the benefit of Executive Directors accepting Non-Executive Directorships of other companies in order to widen their skills and knowledge for the benefit of the Company. All such appointments require the prior approval of the Board. Details of these directorships can be found in their biographies on pages 38 and 39 and details of the fees paid to them can be found on page 66 of the Remuneration Report.

Appointment and reappointment

The Directors may appoint additional members to join the Board during the year. Directors appointed in this way will, upon the recommendation of the Board, offer themselves for election by shareholders at the first AGM after their appointment.

The reappointment of Directors is subject to their ongoing commitment to Board activities and satisfactory performance. All Directors will stand for reappointment annually in accordance with the provision of the Code. The Nominations Committee confirmed to the Board that the contributions made by the Directors offering themselves for reappointment at the 2014 AGM continues to benefit the Board and the Company should support their reappointment. Non-Executive Directors are appointed initially for three years and all Non-Executive Directors may not, unless agreed by the Board, remain in office for a period longer than six years, or two terms in office, whichever is the shorter.

Three of our Non-Executive Directors, John Rennocks, Stephen Davidson and Sir Bryan Carsberg were appointed for the first time at the 2006 AGM and therefore reached their six-year term at the 2012 AGM. They were reappointed by shareholders at the 2013 AGM and the Nominations Committee has reaffirmed that it believes the Directors continue to be independent and, subject to these Directors being reappointed by the shareholders at the 2014 AGM, they should remain in office thus providing continuity of experience and knowledge of the business. Our two new Non-Executive Directors are being put forward for election at the 2014 AGM. Retired Admiral James Ellis Jnr retired from the Board in March 2014 after almost nine years and will therefore not be seeking re-election at the AGM.

We have announced that we will be appointing an additional Executive Director to the board on 2 June 2014, when Mr Bates joins as our Chief Financial Officer. Mr Bates will be put forward for election by shareholders at the 2015 AGM. The appointment followed an external search undertaken by Russell Reynolds Associates, which was led by the CEO reporting to the Chairman of the Nominations Committee.

Directors' remuneration

Details of the Company's Remuneration Policy and Directors' remuneration are contained in the Directors' Remuneration Report on pages 54 to 70.

Company Secretary

The Company Secretary is responsible for developing and maintaining the information systems and processes that enable the Board to fulfil its role. She is also responsible to the Board for ensuring that Board procedures are complied with and advising the Board on all governance matters.

All Directors have access to the advice and services of the Company Secretary and are able to take independent advice in the furtherance of their duties if necessary. No requests for external professional advice were received during the year.

The Company Secretary is Secretary to the Board Committees and the office of the Company Secretary provides support services for each of the Committees.

Relations with shareholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood and that it remains accountable to shareholders. The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place, whilst the Chairman, Chief Executive Officer and Chief Financial Officer ensure that the views of shareholders are communicated to the Board as a whole. The Board ensures that the Company's strategic plans have been carefully reviewed in terms of their ability to deliver long-term shareholder value. This audited 2013 Annual Report will be made available to shareholders and all results are posted on the Company's website, as are presentations made in respect of the full-year results.

The Company has undertaken regular investor roadshows in the UK and overseas and presentations were also made after publication of the Preliminary Results in March 2013. Investor and analyst conference calls took place after the announcement of each set of quarterly financial results. There is an ongoing programme of dialogue and meetings between the Executive Directors and institutional investors, fund managers and analysts. At these meetings, a wide range of relevant issues including strategy, performance, management and governance, are discussed within the constraints of information which has already been made public. The Board is aware that institutional shareholders may be in more regular contact with the Company than other shareholders, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time in accordance with the Financial Conduct Authority requirements.

The Senior Independent Director, John Rennocks, is available to shareholders if they have concerns which cannot be raised through the normal channels or if such concerns have not been resolved. Arrangements can be made to meet with him through the Company Secretary.

During 2013, there continued to be ongoing communications through a combination of face to face meetings, phone calls and email correspondence with many investors regarding remuneration issues. The Remuneration Committee Chairman shared a forward vision of the key elements of the remuneration policy with many of the Company's significant and influential shareholders, as well as several proxy agencies. Further information is contained in the covering letter from the Remuneration Committee Chairman, in the Remuneration Policy and Annual Report on Remuneration on pages 54 to 70.

The Board obtains feedback from its joint corporate brokers, J.P. Morgan Cazenove and Credit Suisse, on the views of institutional investors on a non-attributed and attributed basis. Any concerns of major shareholders would be communicated to the Board by the Executive Directors. As a matter of routine, the Board receives regular reports on issues relating to share price and trading activity, and details of movements in institutional investor shareholdings. The Board is also provided with current analyst opinions and forecasts.

Annual General Meeting

Shareholders are welcome at the Company's AGM where they will have an opportunity to meet the Board. The notice of the AGM is sent to all shareholders at least 20 working days before the meeting. The Chairmen of the Audit and the Remuneration Committees, together with as many Directors as possible, will attend the 2014 AGM and be available to answer shareholders' questions. Voting may be by form of proxy, by poll, by a show of hands or a combination of all three. Facilities are provided for shareholders to vote electronically either through Electronic Proxy Voting or through CREST. The voting results will be notified to the UK Listing Authority through a Regulatory Information Service immediately after the meeting and will be published on our website.

Internal controls

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Audit Committee reviews the system of internal controls through reports received from management, along with those from both internal and external auditors. Management continues to focus on how internal control and risk management can be further embedded into the operations of the business and to deal with areas of improvement which come to management's and the Board's attention.

The Company has an established Disclosure Committee with responsibility for reviewing and approving controls and procedures over the public disclosure of financial and related information and other procedures necessary to enable the Chairman, Chief Executive Officer and the Chief Financial Officer to provide their certifications in relation to publicly disclosed information.

The Board and the Audit Committee have carried out a review of the effectiveness of the system of internal controls during the year ended 31 December 2013 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board confirms that the actions it considers necessary have been, or are being taken to remedy any significant failings or weaknesses identified from its review of the system of internal control. This has involved considering the matters reported to it and developing plans and programmes that it considers are reasonable in the circumstances. The Board also confirms that it has not been advised of material weaknesses in the part of the internal control system that relates to financial reporting.

The key elements of the Group's system of internal controls, which have been in place throughout the year under review and up to the date of this report, include:

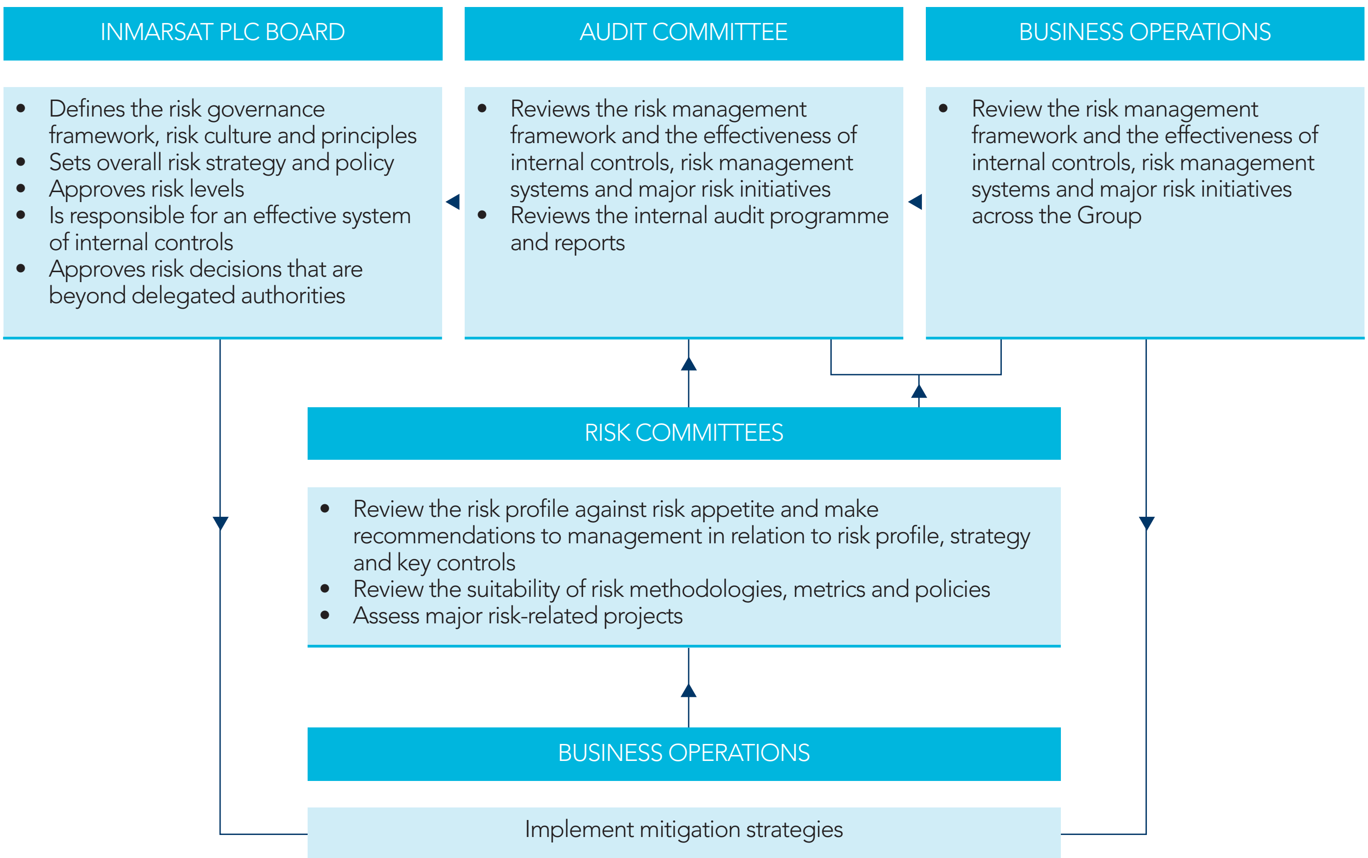
- Risk management: an overarching risk management policy is in place which sets out the tolerance for risk within the Group and how this is measured across identified macro and business risks. As required by the policy, management operates a risk management process to identify, evaluate and report significant risks within the business and to report to the Board on how those risks are being managed. Risks are highlighted through a number of different reviews and culminate in a risk register, monitored by Risk Committees across the Group, which identify the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. All the risk registers are reviewed by senior management and provided quarterly to the Board and to the Audit Committee.
- Management structure: there is a clearly defined organisational structure throughout the Group with established lines of reporting and delegation of authority based on job responsibilities and experience. Within the businesses, senior management meetings occur regularly to allow prompt discussion of relevant business issues. A process of self-certification is used where Directors and senior managers are required to detail and certify controls in operation to mitigate risk in key process areas. They also confirm annually, in writing, that risk management processes are in place and are operating effectively.
- Financial reporting: monthly management accounts provide relevant, reliable and up-to-date financial and non-financial information to management and the Board. Analysis is undertaken of differences between actual results and the annual budget on a monthly basis. Annual plans, forecasts, performance targets and long range financial plans allow management to monitor the key business and financial activities, and the progress towards achieving the financial objectives. The annual budget is approved by the Board. The Group reports half-yearly based on a standardised reporting process. In addition, in line with the Transparency Directive, the Company publishes interim management statements on a quarterly basis.
- Information systems: information systems are developed to support the Group's long-term objectives and are managed by professionally staffed teams. Appropriate policies and procedures are in place covering all significant areas of the business.

- Contractual commitments: there are clearly defined policies and procedures for entering into contractual commitments. These include detailed requirements that must be completed prior to submitting proposals and/or tenders for work, both in respect of the commercial, control and risk management aspects of the obligations being entered into.
- Monitoring of controls: the Audit Committee receives regular reports from the internal and external auditors and assures itself that the internal control environment of the Group is operating effectively. There are formal policies and procedures in place to ensure the integrity and accuracy of the accounting records and to safeguard the Group's assets. Significant capital projects and acquisitions and disposals require Board approval. There are formal procedures by which staff can, in confidence, raise concerns about possible improprieties in financial and pensions administration and other matters – often referred to as 'whistleblowing' procedures. Arrangements are in place for proportionate and independent investigation and appropriate follow-up action with the results being reported to the Audit Committee.

Overall summary statement on corporate governance
The Company is committed to the highest standards of corporate governance. The Directors consider that the Company has, throughout the year, complied with the provisions of the Code as currently in effect save as noted below.

The Executive Chairman, Andrew Sukawaty, did not meet the independence criteria on appointment. He was appointed Chairman in December 2003 and assumed the additional role of Chief Executive Officer at the Board's request in March 2004. On 1 January 2012, the roles were split and Mr Sukawaty continued as Executive Chairman. The Board believes that Mr Sukawaty's wide experience means that he remains extremely well qualified to lead the Company as its Executive Chairman and ensure that the Board continues to function effectively.

Risk management process



Reports of the Board Committees

Report of the Audit Committee

All members of the Audit Committee are independent, Non-Executive Directors and the majority have significant, recent and relevant financial experience. The Board is confident that the collective experience of the Audit Committee members enables them, as a group, to act as an effective Committee.

The table below shows who makes up the Audit Committee and their attendance at meetings during 2013:

Name	Audit Committee	Percentage Attendance
John Rennocks (Chairman)	4/4	100%
Sir Bryan Carsberg	4/4	100%
Stephen Davidson	4/4	100%
Janice Obuchowski	4/4	100%

By invitation, the meetings of the Audit Committee may be attended by the Chairman, Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit. The Deloitte LLP ('Deloitte') audit engagement partner is present at all Audit Committee meetings to ensure full communication of matters relating to the audit. The Chairman of the Audit Committee meets regularly with both the internal and external auditors.

The Audit Committee has particular responsibility for monitoring the financial reporting process, the adequacy and effectiveness of the operation of internal controls and risk management, and the integrity of the financial statements. This includes a review of significant issues and judgements, policies, and disclosures. Its duties include keeping under review the scope and results of the audit and its cost effectiveness, consideration of management's response to any major external or internal audit recommendations and the independence and objectivity of the internal and external auditors.

Following publication of the revised version of the Code, which applies to financial years commencing on or after 1 October 2012, the Board requested that the Committee advise whether it believes the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee's terms of reference have been amended to reflect this and can be found on our website.

There is a forward agenda used for the year's activities, focused around review of the annual financial statements and the results of the annual external audit and review of the external auditor's quarterly and interim review work and relevant quarterly and interim financial reporting and the external audit plan; review of risk management reports; review of internal audit plans and findings and recommendations.

The Audit Committee ensures that the external audit process and audit quality are effective. It does this by relying on the engagement between the Audit Committee Chairman and the lead audit engagement partner which will generally be through face to face meetings; on the reports which are brought to the Committee by the lead audit engagement partner and other senior members of the audit team; on the quality of the management responses to audit queries; on meetings held by the CEO and the Chairman with the lead audit engagement partner which are reported to the Audit Chairman and Committee; on a review of independence and objectivity of the audit firm and also the quality of the formal audit report given by the Auditor to shareholders. Feedback is also sought from members of the finance team, the Company Secretary, and the Head of Internal Audit. The Committee is considering the use of a formal auditor assessment tool for future review of audit effectiveness.

During the year to 31 December 2013, the Audit Committee reviewed and endorsed, prior to submission to the Board, half-year and full-year financial statements, interim management statements and results announcements. It considered internal audit reports and risk management updates, agreed external and internal audit plans, received updates on management responses to audit recommendations, and approved the review of accounting policies. Reviews by the Committee of audit plans and risk reports include all Group operations. Detailed risk reporting is used for all Group companies and business operations. One of our subsidiary companies is required to produce quarterly financial statements, as required by its loan agreements, which are reviewed and approved by the Committee. The internal audit annual plan is reviewed and approved by the Committee and all reports arising therefrom are reviewed and assessed, along with management's actions to findings and recommendations.

Audit Committee meetings generally take place just prior to a Company Board meeting to maximise effectiveness and time planning efficiency of those attending. The Committee's Chairman reports to the Board as part of a separate agenda item on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work. All members of the Board have access to Audit Committee papers and minutes of meetings, and may, on request to the Chairman, attend the meetings.

The Company Secretary, as Chairman of the Disclosure Committee (the role of which is detailed on page 48), reported on matters that affected the quality and timely disclosure of financial and other material information to the Board, to the public markets and to shareholders. This enabled the Audit Committee to review and clarify the completeness of financial reporting disclosures prior to their release by the Board.

In assessing the appropriateness of the financial statements, the Committee concentrated on the following significant audit risks, which were agreed with Deloitte in advance of the audit and were the focus of their audit, and on which the Committee received written reports from management and Deloitte as part of the audit process:

Audit Committee – significant accounting matters

During 2013, the Audit Committee considered the significant accounting matters described below. In addressing these issues the Committee considered the appropriateness of management's judgements and estimates, and, where appropriate, discussed these judgements and estimates with the external auditor. The Committee also reviews quarterly reports by the external auditor which highlight any issues with respect to the external auditor's work undertaken.

- Goodwill and other impairment tests
  The Group has significant goodwill and other intangible assets. As explained in our accounting policy, intangible assets with an indefinite life are reviewed annually for impairment and all intangible assets are reviewed for impairment whenever there is an indication that those assets may be impaired.

  The judgements in relation to impairment testing relate to the assumptions used in calculating the value in use of the cash-generating units ('CGUs') or assets being tested for impairment. The key assumptions applied in the calculation relate to the future performance expectations of the business. The starting point for the determination of the value in use workings is the last Board-approved long-range financial plan, which is updated for changes since that date. The impairment review was also an area of focus for the external auditor, who reported their findings to the Audit Committee. The Audit Committee believes the impairment charge recognised for the financial year to be appropriate.

- Pension arrangements and post-employment benefits assumptions
  The assumptions used in valuing our pension and post-employment benefit schemes are an area of key judgement. The valuation of all material pension and post-employment benefit schemes is actuarially determined at year end; the key assumptions are reviewed by the Audit Committee and have been deemed appropriate.

- Income Tax
  The calculation of the Group's potential income tax assets and liabilities, necessarily involves a degree of estimation and judgement in respect of certain items, whose tax treatment cannot be fully 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.

  A review and discussion of all material income tax assets and liabilities involving significant judgement was held with management, this included the status of any ongoing tax discussions with relevant tax authorities and external advisors. Income tax was also an area of focus for the external auditor, who reported their findings to the Audit Committee. Following review of this information, the Audit Committee deemed the income tax assets and liabilities balances for the year, as well as the Group's contingent liability disclosure in respect of income taxes, to be appropriate.

- Revenue in respect of the LightSquared Cooperation Agreement
  The Audit Committee has reviewed the various accounting methods applied for the recognition of revenue and costs in respect of the LightSquared Cooperation Agreement. Both the percentage of completion and straight-line method have been used to recognise revenue and costs relating to the different phases of the Cooperation Agreement; the Audit Committee has deemed the methods used appropriate.

- 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 Audit Committee is satisfied that the provision at the end of the year is based on management's latest available information and is therefore appropriate.

- Capitalisation of space segment assets and associated borrowing costs
  Space segment assets comprise satellite construction, launch costs and other associated costs, including ground infrastructure. In addition, borrowing costs attributable to qualifying space segment assets are added to the cost of those assets. Given the nature of the Group's business, significant capital expenditure is incurred on space segment assets. 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.

  The external auditors examined the capitalisation of development costs in the year, particularly in relation to the Alphasat satellite and first Inmarsat-5 Global Xpress satellite launched in the year and reported their findings to the Audit Committee. The Audit Committee is satisfied that space segment assets and associated borrowing costs have been capitalised correctly in the year.

- Revenue recognition
  A key area of judgement in respect of revenue recognition, especially in the telecommunications industry is in respect of the timing of recognition. The Group's internal audit team have kept revenue systems, processes and recognition as a key focus area during the year and the external auditor performed detailed audit procedures on revenue recognition, with the findings of both being reported to the Audit Committee. The Audit Committee have therefore concluded that the Group's revenue recognition policies continue to be in line with IFRS requirements.

External Auditor

The Committee notes that FTSE 350 companies should put the external audit contract out to tender at least every ten years. To avoid significant disruption, the Financial Reporting Council has provided details of transitional arrangements which would mean that as Deloitte became auditors after 2000, we would not need to undertake a tender review until 2020. Auditor objectivity and independence is safeguarded through a variety of mechanisms. To ensure the external auditor's independence, the Committee annually reviews the Company's relationship with Deloitte and receives summaries at each Audit Committee meeting from them as to their independence. The Committee concluded that it continues to have an objective and professional relationship with Deloitte and that there are sufficient controls and processes in place to ensure the required level of independence. The external auditor is required to rotate the audit partner responsible for the Group audit every five years. The current audit partner was appointed in 2011. For the year ending 31 December 2014, the Committee has provided to the Board its recommendation to the shareholders on the reappointment of Deloitte as the Group's auditor. During the year, Deloitte charged the Group US$1.6m (2012: US$1.4m) for audit and audit-related services.

Non-audit services

The Company's external auditor may also be used to provide specialist advice where, as a result of their position as auditor, they either must, or are best placed to, perform the work in question. A formal policy is in place in relation to the provision of non-audit services by the external auditor to ensure that there is adequate protection of their independence and objectivity.

Fees charged by Deloitte in respect of non-audit services require the prior approval of the Audit Committee, except where the fee does not exceed more than 5% of the total audit fees paid to the auditor in that financial year. The Audit Committee has agreed that the Company could commit to fees in relation to tax advisory and tax compliance work from the external auditor, in aggregate, of up to 20% of the total audit fee each year, with up to £50,000 for any one project, without the need to seek approval for individual projects. A breakdown of the fees paid to Deloitte during the year is set out in note 6 to the Consolidated Financial Statements.

It is the Company's practice that it will seek quotes from several firms, which may include Deloitte, before work on non-audit projects is awarded. Contracts are awarded to our suppliers based on individual merits. The Committee and the Company's management are aware that the level of fees paid to Deloitte for non-audit services compared to audit services has been significantly higher over the last few years. The increase is due to work undertaken regarding specialist tax advice on certain transactions. The Committee does not believe that asking Deloitte to undertake this work is an issue for the Company as it is satisfied with the quality of work and advice provided and, importantly, it believes the independence of the auditor is not at risk. Additionally, where non-audit work is undertaken management will have negotiated competitive rates for each piece of work.

We receive advice from other firms for specific projects and other long term projects. We used PwC to undertake due diligence for us on a recent acquisition, as well as a review of operating our business in South America. EY continue to be used on specific overseas tax work. KPMG also continue to be our advisers on some specific ongoing discussions with HMRC. We also use different firms to support us on VAT and ad hoc PAYE issues.

During the year, Deloitte charged the Group US$1.3m (2012: US$1.7m) for non-audit related services.

Taxation

Provisioning for potential current tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by a range of judgements. The Committee addresses these issues through a range of reporting from senior management and a process of challenging the appropriateness of management's views including the degree to which these are supported by professional advice from external legal and other advisory firms. This is also an area of higher audit risk and accordingly the Committee received detailed verbal and written reporting from Deloitte on these matters.

Report of the Nominations Committee

The Nominations Committee comprises a majority of independent, Non-Executive Directors. The Nominations Committee meets as and when necessary, generally at least once a year, and during the year was represented by Andrew Sukawaty, its Chairman, Admiral James Ellis Jnr (Rtd), Stephen Davidson and John Rennocks. Dr Abe Peled joined the Committee in June 2013. During 2013 the Committee met five times.

The table below shows the make up of the Nominations Committee and their attendance at meetings during 2013:

Name	Nominations Committee	Percentage Attendance
Andrew Sukawaty (Chairman)	5/5	100%
Stephen Davidson	5/5	100%
Admiral James Ellis Jnr (Rtd)	4/5	80%
Abe Peled	2/2	100%
John Rennocks	4/5	80%

The Committee has responsibility for nominating candidates for appointment as Directors to the Board, bearing in mind the need for diversity (including gender) consideration, and a broad representation of skills across the Board.

The Nominations Committee will also make recommendations to the Board concerning the reappointment of any Non-Executive Director as he or she reaches their sixth year of reappointment and separately with a view to assessing their continuing independence when they reach their ninth year of service. The Committee also considers the annual election and re-election of any Director by shareholders and changes to senior management, including Executive Directors.

Appointments to the Board are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, knowledge and experience of each Director, makes recommendations to the Board.

In appointing Non-Executive Directors, the Board's practice is to use a combination of external recruitment consultants and personal referrals. The two new Non-Executive Directors who were appointed in June 2013 both came via a personal recommendation from a Director or a recommendation made to a Director.

For the replacement of the Chief Financial Officer position, the Company engaged Russell Reynolds Associates. Russell Reynolds Associates has no other connection with the Company.

Following the announcement in September 2013 of Mr Medlock's resignation from the business, Russell Reynolds Associates was engaged. The process for the selection of a new Chief Financial Officer was led by the CEO, reporting to the Chairman of the Committee. A detailed brief of the desired candidate profile based on merit and against objective criteria was produced against which Russell Reynolds Associates conducted a search. A long list of potential candidates was reduced to a shortlisted number. The final selected candidate met the CEO, Chairman, Chairman of the Audit Committee, Senior Vice President – Corporate Development and the Company Secretary. All board members were given an opportunity to meet him before appointment. In February 2014, the Company announced that Mr Bates will join the company on 2 June 2014 as its new CFO and as an Executive Director.

In considering the skills required for new Non-Executive Directors, there was specific focus on seeking individuals who had experience in technology and software related industries, which strong operational experience. As part of the recruitment process, the individuals generally met the Chairman of the Board, the CEO, the Chairmen of the Audit and Remuneration Committees and the Company Secretary. Other members of the Board were also given the opportunity to meet them.

All currently appointed Directors will retire at the 2014 AGM and offer themselves for reappointment, or offer themselves for appointment as appropriate. The Committee further agreed that it was appropriate that although some Directors had exceeded their six-year term of office, they remain independent in their contribution, and should be invited to serve for a longer period.

The Committee, when reviewing succession planning, considers diversity in its broadest sense and takes this into account in its recommendations to the Board. Gender is one element of the considerations made in appointing senior management and Board members and as part of general recruitment practices across the Group. The Committee gives full consideration to succession planning in the course of its work and last reviewed management succession in September 2013. It takes into account the challenges and opportunities facing the Company; diversity, including gender; and what skills and expertise are needed on the Board and from senior management in the future.

Remuneration Report

Stephen Davidson
Chairman, Remuneration Committee

Annual Statement

Dear Shareholder
On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2013.

The Company delivered a satisfactory set of results for 2013 considering the impact of the significant reduction in the US government defence budget. Revenues were US$1,261.9m (2012: US$1,337.8m) with profit before tax of US$189.1m (2012: US$293.6m). We paid an increasing dividend for 2013, with a full year dividend of 46.61 cents (US$) per share (2012: 44.39 cents (US$) per share). We have increased our dividend payments every year since our IPO in 2005.

Our 2013 report reflects the new reporting regulations which have been introduced to increase the transparency of Executive remuneration arrangements. Our reporting this year has two sections: the first is the Policy Report which outlines our Remuneration Policy, setting out components of pay, how they are linked to business strategy, and the framework for assessing performance for the Executive Directors. The second section is the Annual Report on Remuneration which reviews how the policy was implemented in 2013 and includes a table showing a single figure of total remuneration for Executive Directors. It also summarises how the Remuneration Policy will be implemented in 2014. We hope the detail will provide the transparency sought by the introduction of the new regulations and welcome feedback from shareholders.

During the year, the Committee reviewed the remuneration arrangements to ensure they remain aligned with business strategy and help reinforce the Group's continued success hence providing sustained long term value to shareholders.

We also considered the feedback we had received from shareholders before and following our 2013 AGM and have reflected on the voting and comments we received. During 2013, we engaged with our top shareholders and shareholder agencies regarding the various aspects of our Remuneration Policy how we intended to implement the policy in 2014, in particular with reference to the size of Performance Share Plan ('PSP') awards to our Executive Directors. We have confirmed that the levels of share awards for our Executive Chairman will be lower than in previous years, and in line with the Remuneration Policy. Additionally, we are seeking shareholder approval for new share plans at our AGM in 2014, and to simplify the documentation for the executive plans, the executive share plans will be contained within one umbrella plan which will ensure common clauses for termination, change of control and other similar matters.

We have explained in more detail the respective roles of our Executive Chairman and our Chief Executive Officer and why we believe retaining Andy Sukawaty as Executive Chairman up to 31 December 2014 is, in the Board's strongly held view, in the interests of Inmarsat. We are undertaking the largest and most important investment in the history of the Company. During this phase the Board has no doubt that deploying the strongest and most experienced team available to deliver and capitalise on the GX programme and to ensure the continuing development and performance of our existing business is paramount.

Reflecting Mr Pearce being a newly appointed Chief Executive Officer, the Committee took the decision to increase his salary over several years to reflect his growing experience and bring him towards the appropriate remuneration level for the role, taking account also of the performance of the business, shareholder returns and remuneration decisions across the Group. In 2013, there were no salary increases awarded across the Company, reflecting the revenue dip in our US business and therefore a focus Group-wide on managing costs. The Committee will be reviewing in July 2014 what level of increase should be awarded to Mr Pearce to move him back into line with the previously intended staged increases.

The Committee has not exercised its discretion in adjusting remuneration outcomes during 2013; any instances of such during 2014 will be disclosed in the 2014 Annual Report on Remuneration.

During 2013, our Chief Financial Officer resigned and left the Company in early January 2014. There were no favourable terms for Mr Medlock's departure; in particular, no annual bonus was paid and his entitlement to share awards lapsed. A replacement Chief Financial Officer has been appointed on terms which are within the Remuneration Policy detailed on the following pages.

I am again able to report to shareholders that our Executive Directors hold in excess of 5x their salaries by way of their shareholdings in the Company. We firmly believe that significant equity ownership by management creates the strongest alignment with shareholders.

Our long term business model requires the nurturing of long-serving executives. We are fortunate to have such an executive team which understands the business cycles and has the experience to optimise Inmarsat's opportunities.

Resolutions to approve the Remuneration Policy (subject to a binding vote) and the Annual Report on Remuneration (subject to an advisory vote) will be put to shareholders at the AGM.

Stephen Davidson
Chairman, Remuneration Committee
6 March 2014

Directors' Remuneration Policy

This section of the report sets out the Remuneration Policy for Executive Directors which shareholders are asked to approve at the 2014 AGM and will become effective from 6 May 2014.

The Group's Remuneration Policy is designed to deliver rewards that enable it to attract, retain and motivate talent of the highest appropriate quality, linking rewards to the achievement of financial and strategic goals of the Group. When determining Remuneration Policy, we take into account all factors which we deem necessary, including the Group's overall business strategy, business performance in the current year and expectations for future years as incorporated into our Long Range Financial Plan ('LRFP'), pay arrangements in the wider Inmarsat workforce, and the global economic situation. Where appropriate, we will consult with shareholders in advance of major changes in the Remuneration Policy or individual remuneration arrangements. The Committee is committed to the principle that the Company should pay at the appropriate level to recruit and retain executives, and incentivise them to achieve the Company's objectives which will create value for shareholders.

Component	How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
Basic salary	Paying market-competitive base salaries, commensurate with the individual's role, responsibilities and experience allows us to recruit and retain Executive Directors of the calibre required to implement our strategy.	Salaries are reviewed annually with any increase usually made in July or following a material change in responsibilities. The Committee will determine any increases to be made. Any increase is determined by a formal appraisal by the Committee, taking into account market pay levels, a review of salaries against companies of similar size, complexity and type, Group performance, as well as the remuneration arrangements operated throughout the Group, with reference to UK based employees in particular for pay comparison levels.	Salary increases will be applied in line with the outcome of an annual salary review. The maximum annual salary increase will normally be in line with the average increase applied to the UK workforce. However larger increases may be awarded in certain circumstances including, but not limited to, an increase in scope or responsibility of the role; to apply salary progression for a newly appointed Director; where the Director's salary has fallen behind market positioning. Where increases are awarded in excess of that for the UK employee population, the Committee will provide the rationale in the relevant year's Annual Report on Remuneration. As previously disclosed to shareholders, it is anticipated that the CEO's salary will increase at a greater level than that for the general employee population as his salary was intentionally set below market rates on appointment because he was new to the role as CEO.	not applicable
Benefits in kind	We provide cost-effective benefits which support the wellbeing of employees.	Provision of death, disability and medical insurance cover (which can include spouse and dependents cover). Life assurance of 4 x salary, paid holiday and medical check-ups are also provided. If required, the company would provide access to independent financial and legal advice on a case by case basis. Cash in lieu of a company car is provided to one director although it is not anticipated this will be offered generally to Executive Directors. These benefits are non-pensionable.	The benefits provided may vary by role and levels of cover provided reflect market practice and the individual circumstances of the Executive Directors. It is not anticipated that the current cost of benefits (as set out in the Annual Report on Remuneration) would increase materially over the period for which this policy will apply. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. market increases in insurance costs).	not applicable
Pension	We provide defined contribution pension arrangements, or cash in lieu of pension.	The Executive Directors are eligible to participate in the Company's defined contribution pension plan arrangements or other similar pension plans as appropriate to the Executive Director's nationality or location. Contributions are based on a percentage of salary which is currently limited to a pensions cap. The Company also operates an auto-enrolment pension scheme which an Executive Director could participate in instead of the main pension plan.	Maximum employer contributions are currently 12.5% of the capped salary under the UK pension plan, and a capped monetary amount set by the IRS in the United States for the 401(K) US pension plan. The Committee may review pension contribution levels in the future if benchmarking reflects that the current contribution levels and method of calculation are off-market. Any increase in contributions would not result in a pension contribution in excess of 20% of the uncapped basic salary.	not applicable

Component	How does this link to strategy	What happens in practice	What amounts can be paid	How do we assess performance
Annual cash bonus	We provide an annual bonus to incentivise the achievement of annual financial and operational goals in line with Group strategy. Performance metrics are selected to support the annual business strategy which we believe also lead to enhancement of shareholder value.	Bonus payment levels are determined by the Committee annually by reference to performance against targets set at the start of the financial year. Personal objectives are set annually by the Committee. In exceptional circumstances, the Committee has the ability to exercise discretion to override the formulaic bonus outcome within the limits of the scheme where it believes the outcome is not truly reflective of performance, and to reflect the actual delivery of value to shareholders. Any discretionary adjustments will be detailed in the following year's Annual Report on Remuneration. The Committee may exercise its discretion to clawback bonuses in certain exceptional circumstances which may include (but are not limited to) gross misconduct, fraud or a significant downward revision of the financial results of the Group.	Maximum opportunity: 125% of salary. Target opportunity 75% of salary.	Bonus is based on achievement of annual financial and personal objectives. The personal element will not be weighted more than 30% of the total in any year At the end of the financial year, the Committee uses its judgment to apply a corporate multiplier to the financial element of the bonus (in the range of 1x to 1.6x) based on the achievement of the financial targets and the Committee's broad assessment of Company performance. Details of the measures and weightings applicable for the financial year under review are provided in the Annual Report on Remuneration. Currently the financial measures used are revenue, operating and capital expenditure. The Committee may change the measures used if other measures are deemed more suitable to allow delivery of the Company's strategy.
Bonus Share Plan (BSP)	We provide the opportunity to participate in the BSP as it links the delivery of short-term financial and operational performance to sustained shareholder value creation. Participation in the BSP reinforces continued delivery of the LRFP.	We make annual monetary awards which convert to a number of shares subject to achievement of agreed annual financial targets. The resulting shares vest over the subsequent three years, subject to continued employment. Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest. Unvested awards and vested awards that have not yet been transferred to the Executive Director are subject to clawback, i.e. forfeiture or reduction in exceptional circumstances. Such circumstances may include (but are not limited to) gross misconduct, fraud or a significant downward revision of the financial results of the Group.	Maximum opportunity for all Executive Directors is up to 200% of salary (300% in exceptional circumstances). Currently the Committee's intention is to make awards of up to 200% of salary for the Executive Chairman and 150% of salary for the CEO. Threshold performance results in 62.5% conversion of the monetary award into shares.	The Committee sets annual performance measures (currently based on the same financial objectives as for the annual cash bonus plan) and may change these for future awards as it considers appropriate.
Performance Share Plan (PSP)	We believe the PSP aligns executives' interests with long-term shareholder value creation through rewarding the delivery of a mix of financial measures and relative total shareholder return ('TSR'). The financial performance measures in the PSP reflect the value drivers in the LRFP.	We make annual awards of shares, which vest after at least three years subject to performance over a three-year period. Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest. Unvested awards are subject to clawback, i.e. forfeiture or reduction in exceptional circumstances. Such circumstances may include (but are not limited to) gross misconduct, fraud or a significant downward revision of the financial results of the Group.	Maximum opportunity for all Executive Directors is up to 200% of salary (300% in exceptional circumstances). Threshold performance will result in the vesting of 30%/0% of the maximum award under the TSR/EBITDA elements. The intended award levels are included in the Annual Report on Remuneration on page 67.	The performance measures and respective weightings may vary year-on-year to reflect strategic priorities, and will include a financial market measure. Currently the measures include an element for relative TSR and EBITDA. Details of the measures and weightings applicable for the financial year under review are provided in the Annual Report on Remuneration. Changes to weightings and performance targets will be retrospectively explained to shareholders.
Employee share plans	To encourage share ownership across all employees as allowed by HMRC and relevant local laws.	We operate employee share savings plans for our global workforce where, depending on location, savings periods of between 2 and 3 years operate. We will look at opportunities to offer other employee share plans in the future.	Participation levels set by HMRC or relevant local laws from time to time.	not applicable

Replacement share plans

The Inmarsat plc Executive Share Plan ('ESP'), if approved by shareholders at the AGM, will replace the BSP, the PSP and the Restricted Share Plan ('RSP') which expire in 2015. No further awards will be made under the BSP, PSP and the RSP once the ESP has been approved.

Under the ESP the Company can grant Bonus Share Awards and Performance Share Awards, which replicate the existing BSP and PSP respectively and provide the same link to the Company's strategy as those plans. The maximum opportunity for Executive Directors in respect of Bonus Share Awards and Performance Share Awards will remain the same as set out in the table above for BSP and PSP awards. The Company will also be able to grant Restricted Share Awards under the ESP. Restricted Share Awards will not be subject to performance conditions, and will not be granted to Executive Directors except on recruitment, as explained below in the approach to recruitment remuneration.

The Company is also seeking shareholder approval at the AGM for the Inmarsat plc 2014 Sharesave Plan and the Inmarsat plc 2014 Share Incentive Plan, to replace the existing Sharesave Plan and Share Incentive Plan that expire in 2015. Executive Directors will be eligible to participate in these plans.

Payments from existing variable pay awards

Executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this report. Any commitment made which is consistent with the Remuneration Policy in force at the time the commitment was made will be honoured, even when it is not consistent with the policy prevailing at the time such commitment is fulfilled.

Details of outstanding awards to Executive Directors are provided in the Annual Report on Remuneration.

Performance measurement selection

The Company's strategy is embedded in its LRFP. For each of the Company's incentive plans, stretching targets are set against the LRFP. Achievement of these targets delivers to shareholders the value inherent in the LRFP.

Our existing incentive plans and the proposed ESP (excluding restricted share awards and all-employee share plans) all have financial performance requirements. Performance targets are set to be stretching, taking into account the Company's strategic priorities and the economic environment in which the Company operates. Targets are set taking into account a range of reference points including the Group's LRFP, broker forecasts, and historical performance.

The annual cash bonus plan and BSP reflect the financial targets which the Board believes are key to driving the business. The use of revenue growth, operating expenditure and capex accruals support the annual business strategy as well as value creation for Inmarsat's shareholders. The BSP also has a requirement for an EBITDA target to be achieved, which ensures the quality of earnings.

The PSP currently has two performance requirements, i.e. EBITDA growth and the Company's share price performance against the FTSE 50-150 excluding investment trusts. These measures are linked to our long-term business strategy, and support shareholder value creation.

It is expected that similar targets to those set out above for the BSP and the PSP will apply to the first awards granted under the ESP.

The Committee retains the ability to adjust and/or set different performance measures following a corporate event (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions) which causes the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Remuneration policy for other employees

Remuneration arrangements throughout the Inmarsat Group are determined on the same principle as for remunerating Executive Directors, in that reward should support our business strategy. It should be sufficient to attract and retain high-performing individuals.

As a global business we accept that there may be different local arrangements that are appropriate to apply but overall, this principle applies across the different geographies in which we operate. Employees receive variable pay which gives them incentives appropriate to their role in the organisation and is reflective of how we deal with Executive Directors too.

In general, the remuneration policy and principles which apply to other senior executives is consistent with that set out in this report for Executive Directors. All employees participate in bonus schemes. Group senior executives are eligible to participate in executive share plans – the BSP and some also participate in the PSP – whilst some senior executives are eligible to participate in separate share plans which operate under the BSP with division-specific targets. These executives will be eligible to receive similar awards under the ESP.

All employees are eligible to participate in employee share plans which are generally the UK Sharesave Scheme or an equivalent international plan. Participation is on generally the same terms subject to local regulations.

Shareholding guidelines

The guideline for Executive Directors is that they hold 5x base salary in beneficially owned ordinary shares.

For new Executive Directors, we would expect the individual to build up a shareholding to the 5x guideline over a period of time, generally within five to seven years.

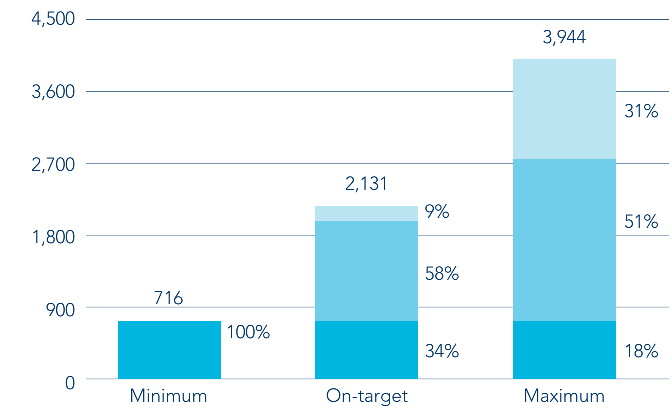
Remuneration Report
continued

Pay scenario charts
The following charts provide an estimate of the potential future reward opportunities for the two current Executive Directors, and the potential split between the different elements of pay under three different performance scenarios: 'Minimum', 'Target', and 'Maximum'. Potential reward opportunities are based on Inmarsat's current Remuneration Policy, applied to salaries as at 1 January 2014. Note that the projected values exclude the impact of any share price movement.

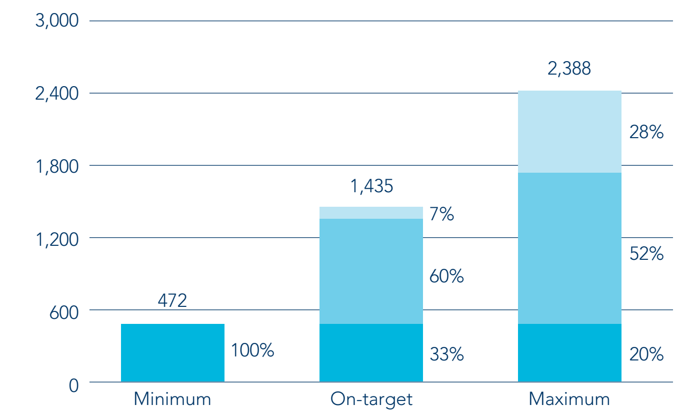
Each element of remuneration reflects the following assumptions:

- Minimum: includes fixed remuneration only, i.e. base salary, taxable benefits and pension.
- Target: includes fixed remuneration plus the amounts for on-target performance under the annual cash bonus plan (60% of maximum) and BSP (62.5% of maximum monetary value of 200% and 150% of salary for the Executive Chairman and CEO respectively), and threshold performance under the PSP (30%/0% of maximum under the TSR/EBITDA elements, based on maximum opportunities of 200% and 150% of salary for the Executive Chairman and CEO respectively).
- Maximum: includes fixed remuneration and maximum payment under all incentive plans.

Chairman: Andrew Sukawaty
£000



CEO: Rupert Pearce
£000



- Fixed remuneration
- Annual variable remuneration
- Long term remuneration

Approach to recruitment remuneration
External appointments
In the event of hiring a new Executive Director, the Committee will typically align the remuneration package with the approved Remuneration Policy.

In determining appropriate remuneration arrangements on hiring a new Executive Director, we will take into consideration all relevant factors (including but not limited to quantum, the type of remuneration arrangements for other Inmarsat executives and the jurisdiction the candidate was recruited from) to ensure that arrangements are in the best interests of both our Company and its shareholders without paying more than is necessary. The Remuneration Policy in place will apply to the new appointment unless there are variables to the appointment which are noted below and are agreed by the Committee as appropriate to offer.

The Committee may make awards on hiring an external candidate to 'buy-out' remuneration arrangements forfeited on leaving a previous employer. In doing so, we will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (for example, cash or shares), the time over which they would have vested and the share price at the time of buy-out. Generally buy-out awards will be made on a comparable basis. The Committee has the discretion to determine whether such buy-outs shall be granted as Bonus Share Awards, Performance Share Awards or Restricted Share Awards under the ESP. The Committee may also avail itself of the provision in the Listing Rules (Chapter 9.4.2) regarding long-term incentive awards in relation to the buy-out of awards forfeited on leaving a previous employer.

Component	Approach	Maximum annual value
Basic salary	To be determined by reference to relevant market pay levels, experience and skills of the individual, internal relativities and the current salary of the incumbent in the role.	
Pension and benefits	To be eligible to receive benefits in line with the current policy, and as well as any expatriation allowances and any necessary expenses relating to an Executive Director's relocation on appointment.	
Sharesave Scheme	To be entitled to participate on identical terms to other employees.	
Annual cash bonus	The scheme as described in the policy table will apply to new appointees. The Committee will determine on a case by case basis whether the executive will receive the full annual payment or a pro-rata amount.	125% of salary
Bonus Share Awards	To participate in annual awards on the same terms as other Executive Directors, as described in the policy table.	Up to 200% of salary (300% in exceptional circumstances)
Performance Share Awards	To participate in annual awards on the same terms as other Executive Directors, as described in the policy table.	Up to 200% of salary (300% in exceptional circumstances)
Restricted Share Awards	To make awards of shares which vest in accordance with a schedule which will be agreed by the Committee, subject to continued employment only. Awards will typically be made to facilitate the 'buy-out' of awards forfeited on leaving a previous employer, and the vesting schedule will typically match that of the awards forfeited. Additional shares in lieu of accrued dividends over the vesting period are awarded only on the number of shares that vest.	Up to 200% of salary (300% in exceptional circumstances)

Internal appointments

Any individual who is promoted to become an Executive Director will be treated on the same basis as if they were an external hire in respect of the elements of remuneration and benefits. Where the new appointee has an initial salary set below market, any shortfall will be managed with phased increases over a period of several years, subject to the executive's development in the role.

Such individuals are also eligible to receive payment from any award made prior to their appointment to the Board.

Non-Executive Directors

For the recruitment of a new Non-Executive Director, the individual will receive a letter of appointment which will summarise the time requirement expected of them and set out details of their fees (base fee and committee membership fee). Fees will be the same level as for other Non-Executive Directors, except where the Nominations Committee determines that a different level is appropriate based on individual contribution. Reasonable expenses will also be paid and cover will be provided to all Directors, Executive and Non-Executive, under the Company's Directors' & Officers' insurance policy.

Element	Purpose and link to strategy	Operation	Maximum
Non-Executive Director fees and Committee fees	To attract and retain high-calibre Non-Executive Directors by offering a market competitive fee level.	The Non-Executives are paid a basic fee. The Committee Chairman and other members of the Board Committees (Audit, Remuneration, Nominations) and the Senior Independent Director/ Deputy Chairman are paid supplements to reflect their additional responsibilities. The Board Chairman will be paid a single fee for all his responsibilities. NED fee levels are reviewed periodically by the Chairman and Executive Directors with reference to market levels in comparably sized FTSE companies and a recommendation is then made to the Board. The Chairman's fee will be reviewed by the Committee taking into account fee levels at the same set of companies, and will be approved by the Board. If any changes are to be made, they are usually effective in July.	To avoid setting expectations, there is no maximum fee level. Aggregate fees are currently limited to £750,000 by the Company's Articles of Association, and will be increased to £1m subject to approval by shareholders at the 2014 AGM. The fees paid to Non-Executive Directors in respect of the year under review (and for the following year) are disclosed in the Annual Report on Remuneration. As the position of non-executive Chairman will be a new position effective from 1 January 2015, there is no fee for this position currently payable.

Remuneration Report
continued

Service contracts and exit payment policy

Executive Director	Date of service contract	Term of office	Notice period
Andrew Sukawaty	17 June 2005	Indefinite until termination by either party	Twelve months' written notice by Company or Director
Rupert Pearce	18 January 2012	Indefinite until termination by either party	Twelve months' written notice by Company or Director

The Company in its absolute discretion may agree a shorter notice period with the departing director. All directors have a clause to allow a payment in lieu of notice to be made. For Mr Pearce and all new Executive Directors, the Company may make such payments monthly (up to 12 months) and these payments shall be reduced if the executive finds alternative employment.

Severance payments in relation to the service contract are limited to no more than one year's base salary plus other benefits, which may include annual bonus (subject to performance conditions being fulfilled and pro-rated for time and payable at the normal annual bonus payment date), unless the Committee believes this is unreasonable given the circumstances for departure or unless dictated by applicable law.

The Committee reserves the right to make additional exit payments where such payments are made in good faith:

- In discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or
- By way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

The Committee retains discretion to determine appropriate bonus amounts and vesting of share-based awards, as well as the timing of vesting, taking into consideration the circumstances in which an Executive Director leaves. The rationale for any discretion exercised will be provided in the following year's Annual Report on Remuneration.

Reason for leaving	Timing of vesting	Treatment of awards
Annual bonus		
Good leaver (see below for definition)	Normal payment date	Performance against targets will be assessed at the end of the year in the normal way and any resulting bonus will be pro-rated for time served during the year
All other reasons	Awards lapse	not applicable
BSP		
Good leaver (see below for definition)	Normal vesting date, although the Committee has discretion to accelerate	Any earned but not yet transferred shares will be retained. The treatment of unvested shares is at the Committee's discretion
All other reasons	Awards lapse	not applicable
PSP		
Good leaver (see below for definition)	Normal vesting date, although the Committee has discretion to accelerate	Any outstanding awards will be pro-rated for time and subject to performance conditions being met
All other reasons	Awards lapse	not applicable
RSP		
Good leaver (see below for definition)	Normal vesting date, although the Committee has discretion to accelerate	Any outstanding awards will be pro-rated for time
All other reasons	Awards lapse	not applicable
Employee Share Plans		
Good leaver (see below for definition)	Share options can be exercised for a certain period of time after departure	The individual will be entitled to exercise his share options in accordance with HMRC approved rules.
All other reasons	Awards lapse	not applicable

The treatment under the ESP of awards held by leavers will be the same as described in the table above for BSP, PSP and RSP awards.

A 'good leaver' is the departure of an Executive Director for reasons of ill-health, redundancy, retirement, death or any other reason which the Committee in its absolute discretion permits. Termination for cause is regarded as a bad leaver and no awards shall vest.

Upon a change of control of the Company, share awards may be transferred to participants within such period as the Committee may permit based on the extent to which the Committee determines that the performance conditions have been met. Alternatively, participants shall be required to give up existing share awards and receive shares in the new company being equivalent to the original award. For the annual bonus, the Committee will assess performance against targets at the point of change of control and any resulting bonus will be pro-rated for time and paid immediately. The final treatment for the annual bonus remains subject to the Committee's discretion.

In the event that the Company terminates an Executive Director's service contract other than in accordance with the terms of his contract, the Committee will act in the best interests of the Company and ensure there is no reward for failure. When determining what compensation, if any, is to be paid to the departing Executive Director, the Committee will give full consideration to the circumstances of the termination, the Executive Director's performance, the terms of the service contract relating to notice and payments in lieu of notice, and the obligation of the Executive Director (where it is in the service agreement) to mitigate any loss which he may suffer as a result.

Although the Company would seek to minimise termination costs, the Committee may in appropriate circumstances provide other elements in a leaving Executive Director's termination package, including (without limitation) compensation for the waiver of statutory rights in exchange for him executing a settlement agreement, payment of the departing Executive Director's legal fees in connection with his termination arrangements, and payment of outplacement fees. In addition, the Committee may determine that the Director should continue to be engaged by the Company on a consultancy arrangement or other terms following cessation of his directorship.

Non-Executive Directors

Name	Date of appointment letter	Date of appointment
Simon Bax	28 May 2013	18 June 2013
Sir Bryan Carsberg	18 April 2005	22 June 2005
Stephen Davidson	16 June 2005	22 June 2005
Admiral James Ellis Jr (Rtd)	18 April 2005	22 June 2005
Kathleen Flaherty	9 May 2006	9 May 2006
Janice Obuchowski	6 May 2009	5 May 2009
Abe Peled	10 May 2013	18 June 2013
John Rennocks	5 January 2005	4 January 2005

Appointments are initially for three years and unless agreed by the Board, they may not remain in office for a period longer than six years, or two terms in office, whichever is the shorter. The Corporate Governance Code has special provisions regarding determination of the independence of directors when they have served for more than nine years.

Non-Executive Directors do not have contracts of service and their appointment will normally terminate on:

- A Director choosing to resign voluntarily;
- A Director being prohibited from serving by law, bankruptcy or illness;
- If the Nominations Committee does not approve the extension of the appointment;
- A Director is found guilty of misconduct;
- A Director is not re-elected by the shareholders following retirement at an AGM.

Non-Executive Directors do not receive an annual bonus and do not participate in any of the Company's incentive plans. They receive no benefits. The Company reimburses the reasonable expenses they incur in carrying out their duties as Directors.

External appointments
Executive Directors serving as Non-Executive Directors on the board of other companies are permitted to retain all remuneration and fees earned from outside directorships subject to a maximum of two external board appointments. Directors accepting such positions shall take into account any guidelines for external directorships as contained in the Corporate Governance Code, subject at all times to pre-authorisation of the appointment by the Chairman, or in the case of the Chairman, the Deputy Chairman.

Consideration of conditions elsewhere in the Company
Although we do not consult directly with employees on executive remuneration policy, the Committee takes into consideration the remuneration arrangements for the wider employee population in making its decisions on remuneration for senior executives. This relates to philosophy around levels of base salary, operating bonus plans for all employees, pension entitlement and benefit provision also being available across the Group.

The Group consults with its employees on general employment policies in a range of ways, including formal consultation forums in some countries where it operates. Our staff are encouraged to provide feedback directly to their line managers or to the HR team or to a confidential email address.

Consideration of shareholder views
When determining remuneration, the Committee considers shareholder views and the guidelines of investor bodies. The Remuneration Committee Chairman, Deputy Chairman and Company Secretary engage pro-actively with major shareholders and shareholder representatives whenever appropriate. The Committee is always open to feedback from shareholders on Remuneration Policy or individual arrangements, and is committed to consulting shareholders in advance of major changes. Details of votes cast for and against the resolution to approve last year's remuneration report are provided in the Annual Report on Remuneration section of this report.

Annual Report on Remuneration

The following section provides details of how Inmarsat's Remuneration Policy was implemented during the financial year ending 31 December 2013 and how the Committee intends to implement the policy in 2014.

The Regulations require our external auditors to report to shareholders on the audited information within this report and to state whether, in their opinion, the relevant sections have been prepared in accordance with the Act. The external auditors opinion is set out on pages 72 to 74 and we have clearly marked the audited sections of the report.

Remuneration Committee membership in 2013

The Committee consists entirely of independent Non-Executive Directors. We had four scheduled meetings during the year to discharge our responsibilities. Committee membership and attendance are set out in the table below:

Number of scheduled meetings in 2013	Attendance
Stephen Davidson (Committee Chairman)	4/4
Sir Bryan Carsberg	4/4
Admiral James Ellis Jr (Rtd)	4/4
Kathleen Flaherty	4/4
Simon Bax	1/1

During the year, the Committee operates to a forward agenda which ensures that items are discussed at the appropriate time during the year. Such items are the review of achievement of financial targets forming part of the annual bonus awards; performance of each of the Executive Directors against their individual objectives; determination as to whether the performance conditions have been met for the Bonus Share Plan and the Performance Share Plan; consideration as to whether any salary increase should be awarded to Executive Directors and senior executives taking account of the plans for the wider workforce; review of the expenses incurred by the Directors; levels of awards under share plans to Executive Directors and senior management.

Advisers

During 2013, the Committee was advised internally by Andrew Sukawaty (Executive Chairman), Rupert Pearce (Chief Executive Officer), Rick Medlock (Chief Financial Officer), Debbie Jones (Senior Vice President, Corporate Development whose responsibilities include human resources) and Alison Horrocks (Senior Vice President, Corporate Governance and Company Secretary). John Rennocks, the Company's Deputy Chairman also attends the meetings and contributes to the discussion. No member of management is present at a Committee meeting when their own arrangements are being discussed.

Kepler Associates was appointed by the Committee after consultation with the Board in September 2012 following a tendering process, and continued to act as the Committee's independent external adviser during the year. Kepler's responsibilities include a mandate to review our remuneration principles and practices against corporate governance best practice. Kepler reports directly to the Committee Chairman and is a signatory of the Code of Conduct for Remuneration Consultants (which can be found at www.remunerationconsultantsgroup.com). Kepler provides no non-remuneration-related services to the Company and is therefore considered independent. During 2013, Kepler's fees were based on time and materials, and fees (excluding VAT and expenses) totalled £33,700 (2012: £31,300).

Summary of shareholder voting at the 2013 AGM

The following table shows the results of the advisory shareholder vote on the 2012 Remuneration Report at the 2013 AGM:

	Total number of votes	% of votes cast
For (including discretionary)	209,314,041	64.24
Against	116,507,794	35.76
Total votes cast (excluding withheld votes)	325,821,835	100%
Votes withheld	13,582,712	–

We engaged with shareholders before and after the 2013 AGM to understand their views regarding executive remuneration at Inmarsat, specifically around the level of share awards made to the Executive Chairman. We reiterated the rationale for the current Board structure where we have an Executive Chairman and CEO (as explained in the Corporate Governance Statement on page 44) and for the level of share awards made. In relation to share awards for 2014, the Committee intends to make an award to the Executive Chairman of no more than 200% of salary, which is in line with our Remuneration Policy. During the year, we also reviewed the EBITDA targets used in the Performance Share Plan and believe, in the context of current market conditions, a review of our LRFP and current performance, the EBITDA range to be used for the 2014 award will be sufficiently stretching for the three-year performance period. The Committee will continue to engage with shareholders to facilitate their understanding of the Company, the environment in which it operates and how this translates into our executive Remuneration Policy.

Single total figure of remuneration for Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2013 and the prior year:

	Andrew Sukawaty (£000)		Rupert Pearce (£000)		Rick Medlock (£000)	
	2013	2012	**2013**	2012	**2013**	2012
Basic salary	**615**	615	**451**	431	**340**	308[6]
Taxable benefits[1]	**24**	29	**7**	9	**5**	7
Pension[2]	**77**	77	**14**	14	**17**	16
Annual bonus[3]	**627**	652	**469**	514	**–**	238
Bonus share plan[4]	**1,168**	1,565	**493**	615	**–**	–
Long term incentives[5]	**–**	900	**–**	–	**–**	–
Other[7]	**–**	13	**–**	13	**–**	13
Total	**2,511**	3,851	**1,434**	1,596	**362**	582

1. The taxable benefits received by the Executive Directors include healthcare benefits, a car allowance for one Director and benefits relating to staff entertaining. The Company also reimburses the travel costs incurred by Directors for travel to board meetings where these do not take place in the country in which they are domiciled. These travel expenses are subject to a specific deduction under HMRC rules and are not taxable. The tax due in respect of the staff entertainment benefit is settled by the Company.
2. Represents the pension payment made by the employer to the pension scheme and/or to the individual Director as cash in lieu of pension (see page 66 for details).
3. Represents the annual bonus payment in relation to the financial year (see page 64 for details).
4. Represents the face value of the shares to be awarded under the Bonus Share Plan in relation to the financial year ended 31 December 2013 and awarded under the Bonus Share Plan in relation to the financial year ended 31 December 2012 (see page 65 for details).
5. Represents the value of Performance Share Plan awards based on the value at vesting of shares vesting on performance over the three-year periods ended 31 December 2013 and 31 December 2012. For both periods, there was no vesting of shares (see page 65 for details). Mr Sukawaty's figure also includes the value at vesting of a CEO Share Award made in 2007 with a performance period ending September 2012 based on a share price of £5.60 in November 2012.
6. Mr Medlock's basic salary for 2012 reflects a short period of unpaid leave.
7. 'Other' represents the value of Sharesave awards, based on the discounted share price at grant.

Single total figure of remuneration for Non-Executive Directors (audited)

The table below sets out a single figure for the total remuneration received by each Non-Executive Director for the year ended 31 December 2013 and the prior year:

	Base fee £000		Additional fees £000		Taxable benefits £000		Total £000	
Name	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Simon Bax	**26.8**	–	**2.4**	–	**–**	–	**29.2**	–
Sir Bryan Carsberg	**50.0**	50.0	**9.0**	7.0	**1.0**	–	**60.0**	57.0
Stephen Davidson	**50.0**	50.0	**19.0**	16.0	**1.0**	–	**70.0**	66.0
Admiral James Ellis Jr (Rtd)	**98.0**	100.0	**9.0**	9.0	**–**	–	**107.0**	109.0
Kathleen Flaherty	**50.0**	50.0	**4.5**	4.5	**–**	–	**54.5**	54.5
Janice Obuchowski	**50.0**	50.0	**4.5**	4.5	**–**	–	**54.5**	54.5
Abe Peled	**26.8**	–	**2.4**	–	**–**	–	**29.2**	–
John Rennocks	**94.1**	94.1	**10.0**	10.0	**–**	–	**104.1**	104.1

The fee for Admiral James Ellis Jr (Rtd) included a fee as a Non-Executive Director of Inmarsat Inc, a wholly-owned subsidiary in the US. As at 31 December 2013, this fee was US$76,905 converted from Sterling at the spot rate at each payment date.

The taxable benefits received by the Non-Executive Directors were associated with accommodation costs incurred with attendance at two-day Board meetings. The tax due in respect of these benefits is settled by the Company. The Company also reimburses the travel costs incurred by the Non-Executive Directors for travel to Board meetings where these do not take place in the country in which they are domiciled. These travel expenses are subject to a specific deduction under HMRC rules and are not tax deductible.

The fee for John Rennocks includes the work he undertakes as Senior Independent Director and Deputy Chairman

Incentive outcomes for the year ended 31 December 2013

Annual cash bonus in respect of 2013 performance

In 2013, the annual cash bonus was based on the achievement of Group financial targets and individual performance objectives.

80% of the bonus is linked to financial performance, as measured through revenue (50% of financial element), operating expenditure (35%) and capital expenditure (15%).

The remaining 20% of the bonus is linked to personal performance, as appraised against achievement of challenging objectives set by the Committee at the start of the year. Personal performance targets are clearly defined and measurable, and are linked to Group strategic and operational performance.

The outcomes under the financial and personal elements are calculated, and the Committee exercises its judgement in applying a corporate multiplier to the financial elements of the bonus based on the achievement of the financial targets, along with a broader assessment of Company performance and individual contributions over the year.

In January 2013, the Committee reviewed the above three financial performance elements in respect of the current year, and determined them to remain appropriate measures to use for the annual bonus plan for Executive Directors. The Committee will disclose the 2013 financial targets in next year's Annual Report on Remuneration. We believe the targets used are commercially sensitive if made public in the same reporting period as to which they apply.

Examples of the personal objectives for the Executive Directors for 2013 are noted below. Some have been excluded where we believe they may be commercially sensitive if published.

Executive Chairman:

- Ensure CEO success through a constructive and supportive teaming relationship.
- Assist the CEO generally in support of business success.
- Manage the Board and Board evaluation process effectively.
- Support the Inmarsat-5 satellite programme delivery.
- Maintain relationships with major shareholders and the investment community.
- Participate in Inmarsat business development efforts in China, India and Russia.

Chief Executive:

- Lead the second phase of the Group restructuring process through its 2013 milestones.
- Integrate the new joiners to the Executive Team to become an effective decision-making and support group.
- Maintain good relations and communications as CEO with the marketplace, investors and government constituencies.
- Deliver on the 2013 financial budget as to revenues and EBITDA performance.

Chief Financial Officer:

- Assume reporting responsibility for Commercial Management and Customer Services.
- Support the design, development and implementation of the second phase of an internal reorganisation.
- Play a leading role in Investor Relations activities and implement a more detailed Board update programme.
- Consider and advise on long-term distribution policy for the Group.
- Close monitoring and management of Group financial performance to budget on revenue, costs and capex.

In 2013, revenues were US$1,261.9m, which is between target and stretch performance. Operating expenses were US$613.1m which performed better than stretch; capital expenditure accruals of US$656.6m also performed better than stretch. A corporate multiplier was applied to the financial element of the bonus based on these results and the Committee's judgement of broader Company performance. The maximum and target annual bonus amounts that could be made and actual cash bonus which will be awarded to each Executive Director are set out in the next column.

Name	Target bonus (% of salary)	Maximum bonus (% of salary)	Actual bonus outcome for 2013 financial year (% of salary)	Bonus paid for the 2012 financial year (% of salary)
Andrew Sukawaty	75%	125%	102%	106%
Rupert Pearce	75%	125%	104%	114%
Rick Medlock	50%	100%	nil	76%

Mr Medlock resigned during the year and was not in office when bonus payments were to be paid. He received no bonus payment for the 2013 financial year.

BSP award in respect of 2013

An allocation of shares will be made in respect of the March 2013 monetary awards based on Company performance for the financial year ended 31 December 2013. The award will be calculated using the mid-market closing price of the Company's ordinary shares on the day following the announcement of the Preliminary Results in March 2014. The performance measures, weightings and actual performance against target were as follows:

Performance measure	Weighting (% of maximum)	Actual performance against target
Revenue	50%	Revenues were US$1,261.9m, which is between target and stretch
Operating expenditure	35%	Operating expenses were US$613.1m which performed better than stretch
Capital expenditure	15%	Capital expenditure accruals were US$656.6m which performed better than stretch

The minimum EBITDA level required before any share award could be made was exceeded. Based on performance achieved against each of the targets, 73% of the monetary award will be converted to shares.

Executive Director	Maximum monetary award	Conversion rate	BSP outcome
Andrew Sukawaty	£1,618,000	73%	£1,181,200
Rupert Pearce	£676,500		£493,845
Rick Medlock	£408,912	No conversion	

As the conversion from monetary award to shares is calculated after the preliminary results announcement is made, the exact number of shares to be awarded is not known at the date of this report. Details of shares awarded will be reported via an RNS to the London Stock Exchange. These shares will generally vest in March 2015, 2016 and 2017. Details of the shares awards including performance targets will be included in the 2014 Annual Report on Remuneration.

2011 PSP vesting

The Executive Directors received PSP share awards in 2011 which are due to vest in 2014 subject to performance over the three years to 31 December 2013. Performance targets for these awards are as follows:

		3-year EBITDA growth p.a.		
		Less than 5%	5%	8%
3-year TSR relative to FTSE350 (excluding investment trusts)	Upper quartile	No vesting	75%	100%
	Median	No vesting	30%	75%
	Below median	No vesting	No vesting	No vesting

Straight-line vesting applies between 30% and 100% vesting.

We had negative EBITDA performance for the period 1 January 2011 to 31 December 2013 of 1.7% (adjusted with Committee judgement) and TSR performance was ranked 33rd percentile relative to the FTSE350 (excluding investment trusts). As a result, no award will vest based on the performance period to 31 December 2013. There are no provisions for the re-testing of performance under the PSP.

Scheme interests awarded in 2013 (audited)

BSP award in respect of 2012

An allocation of shares was made in respect of the March 2012 BSP monetary awards based on Company performance for the year ended 31 December 2012. The share award was based on the mid-market closing price of the Company's ordinary shares following the announcement of the Preliminary Results in March 2013. The performance targets for the financial year ended 31 December 2012 were achieved in full, and the maximum monetary awards were converted to a number of shares, vesting in March 2014, 2015 and 2016.

Executive Director	Maximum monetary award	Conversion rate	Date of share award	Awards made during the year	Market price at date of award	Face value at date of award
Andrew Sukawaty	£1.56m	100%	8 March 2013	240,639	£6.50	£1.56m
Rupert Pearce	£615,000	100%	8 March 2013	94,579	£6.50	£615,000
Rick Medlock	£397,007			not applicable		

Mr Medlock resigned during 2013 and his BSP award lapsed upon his departure from the Company on 3 January 2014.

2013 PSP

In March 2013, the Directors received PSP share awards which will vest subject to performance over the three years to 31 December 2015.

Executive Director	Date of grant	Awards made during the year	Market price at date of award	Face value at date of award	Vesting Date
Andrew Sukawaty	19 March 2013	201,262	£6.8725	£1.383m	19 March 2016
Rupert Pearce	19 March 2013	98,435	£6.8725	£676,000	19 March 2016
Rick Medlock	19 March 2013	59,499	£6.8725	£409,000	–

Mr Medlock resigned during 2013 and his PSP award lapsed upon his departure from the Company on 3 January 2014.

Mr Sukawaty will remain in an executive position until 31 December 2014. He will therefore be entitled to a pro-rata PSP award of 2/3rds of the award shown above which will vest at the normal vesting date subject to performance conditions being achieved.

The PSP targets for EBITDA and TSR, which each represent 50% of the award are:

EBITDA (annualised growth):
Below 1% – no vesting occurs
Between 1-3.5% – straight line vesting occurs
At or above 3.5% – 100% vests

Relative TSR performance against the FTSE 350 (excluding investment trusts)
Below median – no vesting
At median – 30% vesting
Median to upper quartile – straight line vesting occurs
Upper quartile – 100% vests

Pension (audited)

An Executive Director can become a deferred member of the pension plan and receive a capped employer contribution paid as additional salary. The maximum which can be paid is 12.5% of capped salary. The capped salary level increases nominally each year.

The Executive Directors are eligible to participate in the Company's defined contribution pension plan arrangements. None participate in the defined benefit plan. Pensionable salary is currently limited to basic salary and subject to a UK Pension Plan Scheme Specific cap and US Internal Revenue Service earnings caps.

Messrs Pearce and Medlock are members (active and deferred, respectively) of the defined contribution pension plan for employees who will draw a UK pension; Mr Sukawaty is a member of the US 401(K) plan and has also made additional one-off employee contributions to the UK defined contribution pension plan. Mr Sukawaty is entitled to an annual salary supplement equal to 12.5% of the difference between his basic salary and the US Internal Revenue Service capped basic salary in lieu of the employer pension contribution. Mr Medlock became a deferred member of the defined contribution pension plan and instead receives an annual salary supplement which is equivalent to 12.5% of the capped salary. The normal retirement date under the UK pension plan is age 65 with an employee able to retire from age 55. In the US plan, the normal retirement date is age 59.5. There are no additional pension benefits payable if a Director retires early.

The current employer contributions (subject to the UK Pension Plan Scheme Specific cap of £141,000 for the 2013/14 tax year and US Internal Revenue Service earnings caps as appropriate) are:

Andrew Sukawaty	12.5% of capped salary was paid in 2013, which is £8,120 in employer contributions
Rupert Pearce	10.0% of capped salary was paid in 2013 which is £13,980 in employer contributions

Exit payments made in the year (audited)

Mr Medlock, who resigned as a Director and left on 3 January 2014, did not receive any exit payments in 2013. Further, the Committee has not made any exit payments to Mr Medlock in 2014.

Payments to past Directors (audited)

No payments were made to past Directors.

External appointments

Two of the Executive Directors held positions in other companies as Non-Executive Directors. The fees they received relating to the 2013 financial year were as follows:

Name	Company in which Non-Executive Directorship held	2013 Fee
Andrew Sukawaty	Ziggo B.V.	€190,000
	BSkyB	£40,000
Rick Medlock	Momondo Group Ltd (formerly Cheapflights Media Ltd)	£50,000
	Edwards Vacuum Ltd	£90,000

Implementation of Remuneration Policy for 2014

Base salary

Executive Director remuneration will be reviewed in July 2014 which is the same time for the general workforce. No salary increases were made during 2013.

Name	**Salary at 1 July 2013 £000**	% change	Salary at 1 July 2012 £000
Andrew Sukawaty	**615**	–	615
Rupert Pearce	**451**	–	451
Rick Medlock	**341**	–	341

We have already indicated to shareholders that the Committee expects to increase Mr Pearce's salary each year to reflect his demonstrated development in the Chief Executive role and the performance of the business. We previously noted that we expected the level of annual increase for Mr Pearce in July 2013 (the last salary review date) to be around 10%. However, given no salary increase was awarded to Mr Pearce in 2013, in line with the salary freeze for the wider employee population, a higher than normal increase may be awarded in 2014 and 2015 to reflect the appropriate level of base pay for him. The Committee will determine the levels of future increases considering both his individual and the Company's performance, and with reference to market pay levels. His current salary level of £451,000 is well below the median level for CEOs of FTSE 50-150 sized companies.

The Executive Chairman will not have any adjustment made to his base salary for 2014.

Pension

Pension payments or cash payments in lieu of employer pension contributions for 2014 will be made in accordance with the Remuneration Policy table set out on page 55, and will be on the same basis as those made in 2013.

Annual cash bonus

The maximum annual bonus opportunity for Executive Directors in 2014 will remain unchanged from the opportunity in 2013, and will be 125% of salary.

As in 2013, 2014 bonuses will be based 80% on financial targets including revenue, operating expenditure and capex accruals, and 20% on individual performance, with a corporate multiplier applied based on the achievement of the financial targets and the Committee's judgment of overall Company performance. The Committee has determined that performance targets will not be disclosed on a prospective basis for reasons of commercial sensitivity, but will be disclosed on a retrospective basis in due course when they are no longer considered commercially sensitive.

Share Awards:

BSP

A 2014 monetary BSP award will be made during the open period following the announcement of the Company's 2013 Preliminary Results. The level of award for Messrs Sukawaty and Pearce will not exceed the normal levels of a maximum of 200% of maximum annual bonus potential. It is expected that the level of award will be 200% and 150% of salary for Mr Sukawaty and Mr Pearce respectively.

The financial targets will be linked to the 2014 performance of Inmarsat plc, requiring achievement of targets for revenue, opex, capex accruals and EBITDA to allow conversion of the monetary award to a share award in March 2015. They are the same weightings as for the annual cash bonus. Shares would vest in March 2016, 2017 and 2018.

PSP

A PSP award will be made during the open period following the announcement of the Company's 2013 Preliminary Results in March 2014. There will be a three year vesting period. It is expected that the level of award will be 150% of salary for Mr Pearce and 200% for Mr Sukawaty.

The PSP awards for 2014 will vest after three years based on two performance conditions being met: EBITDA growth over the three year performance period and the Company's TSR relative performance. The FTSE 50-150 excluding investment trusts has been selected as the TSR benchmark to more closely match the market size of our business.

Mr Sukawaty will remain in an executive position until 31 December 2014. He will therefore be entitled to a pro-rata PSP award of 1/3rd of the award which will vest at the normal vesting date subject to performance conditions being achieved.

A new CFO will join the Company on 2 June 2014 and will be paid, receive benefits and participate in share plans in accordance with the Remuneration Policy.

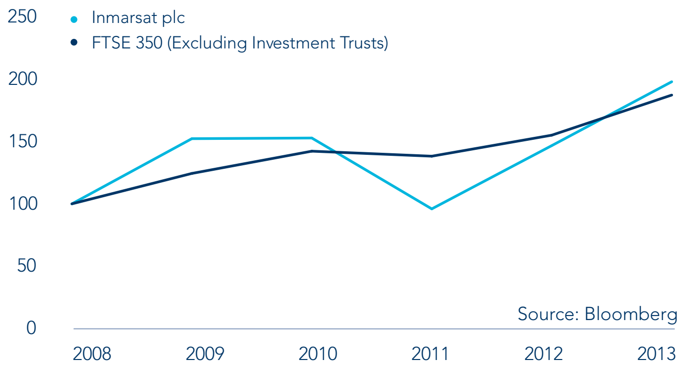
Non-Executive Director fees

Fees paid as follows for a NED:	Amount
Basic fee	£50,000
Chairman of Audit Committee	£10,000
Chairman of Remuneration Committee	£10,000
Chairman of Nominations Committee	£5,000
Committee membership (per committee)	£4,500
Deputy Chairman/SID (inclusive of all additional Committee fees)	£94,085

The Non-Executive Directors did not receive any fee increase in 2013. Fees will next be reviewed in July 2014 and any increases will be for the decision of the Board, excluding the Non-Executive Directors.

Total shareholder return

The following graph shows the Company's performance over the last five years, measured by total shareholder return on a holding in the Company's shares compared to a hypothetical holding of shares in the FTSE 350 index (excluding investment trusts). The FTSE 350 index (excluding investment trusts) has been used because the Board felt it represented the most appropriate index for comparison over this period as it provides a view of our performance against the broad equity market index. For the 2014 and future reporting periods, the Board intends to compare Inmarsat's performance against a new index, the FTSE 50-150 (excluding investment trusts) to align with the TSR comparator group used under the PSP and to more closely match the market size of our business.



Remuneration Report
continued

CEO five-year earnings history (audited)

The total remuneration of the Chief Executive for each of the previous five financial years is shown in the following table. The information shows single figure remuneration, the annual bonus outcome as a percentage of the maximum, the short term share award and the long term share award vesting outcomes as a percentage of the maximum.

For the years 2009, 2010 and 2011, the Chairman and Chief Executive was the same individual reflecting a salary for the combined role: Andrew Sukawaty ('AS'). Rupert Pearce ('RP') became Chief Executive on 1 January 2012.

Year ended		31 Dec 2009	31 Dec 2010	31 Dec 2011	31 Dec 2012	31 Dec 2013
Single remuneration figure £m[1]	AS	£2.218m	£3.661m	£2.819m	£3.850m[2]	£2.511m[2]
	RP	–	–	–	£1.596m	£1.434m
Annual bonus outcome (% of max)	AS	98%	100%	84%	–	–
	RP	–	–	–	91%	83%
BSP conversion (% of max monetary value)	AS	100%	100%	98%	–	–
	RP	–	–	–	100%	73%
PSP award vesting (% of max)	AS	100%	100%	Nil	–	–
	RP	–	–	–	Nil	Nil

1. Please refer to page 63 for detail of the single remuneration figure.
2. We are only required to show the single figure remuneration for each year for the Chief Executive but as in 2012 and 2013 Mr Sukawaty was the highest paid Director as Executive Chairman, we have also included the single figure for his remuneration.

Percentage change in CEO remuneration

The data for other employees relates to the average pay across staff based in the UK, which is deemed to be the most appropriate employee group. The data is based on all UK employees, including Executive Directors (apart from the CEO) and the senior management team.

During 2013, there was a pay freeze which was applied across the business.

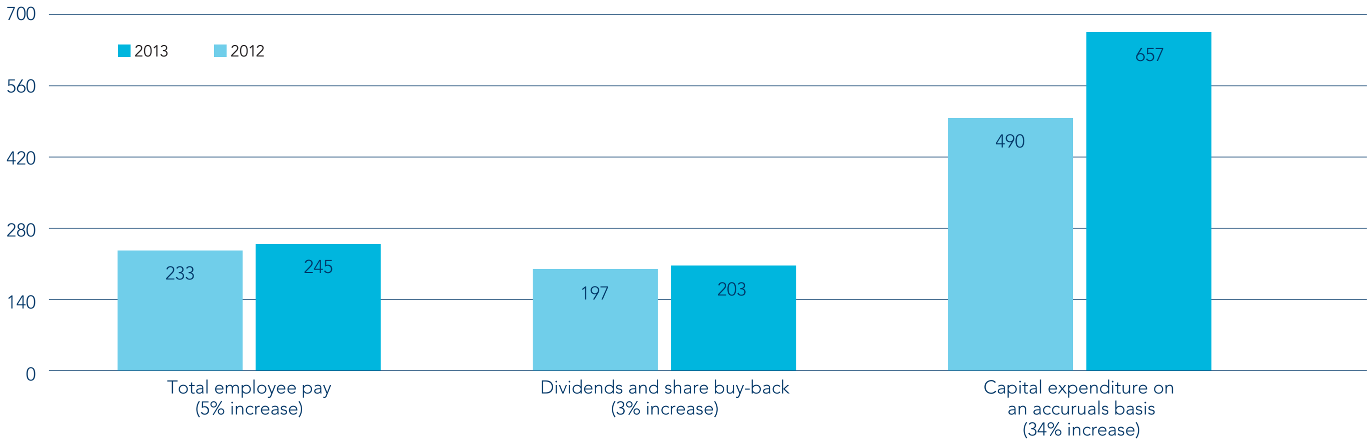
	Change in remuneration from 2012 to 2013			
	CEO			Other UK employees
	2013 (£000)	2012 (£000)	% change	% change
Salary	451.0	431.0	4.8%	3.8%[3]
Taxable benefits[1]	1.9	1.8	4.5%	6.4%
Short term incentives[2]	962.8	1,129.1	(14.7%)	2.0%
Total	**1,415.7**	**1,561.9**	**(9.36%)**	**3.3%**

1. Taxable benefits represents healthcare benefits; for the CEO it is different compared to the single remuneration figure as the amount here excludes costs for staff entertainment.
2. Represents the annual bonus payment for the financial year just ended plus the monetary value of the shares to be awarded under the Bonus Share Plan corresponding to the financial year just ended.
3. The number of employees is based on those who were in employment for the whole year.
4. The reporting periods are 1 January to 31 December 2012 and 2013.

Relative importance of spend on pay

To assist in understanding the relative importance of spend on pay, the below shows remuneration for all employees in comparison to distributions to shareholders (dividends and share buy-back) and other significant spend. Capital expenditure has been presented as a measure of significant spend as it shows the investment being made in the Company's future growth.

(US$ in millions)



Directors' shareholding (audited)

The table below shows the shareholding of each Director against their respective shareholding requirement as at 31 December 2013 based on a share price of £7.56 as at 31 December 2013:

	Shares held						
	Shares held as at 31 Dec 2012	**Shares held as at 31 Dec 2013**	Unvested and subject to deferral	Unvested and subject to performance conditions	Shareholding required (% salary)	Current[1] shareholding (% salary)	Requirement met?
Andrew Sukawaty	922,867	**812,274**	621,764	606,537	500%	1760%	Yes
Rupert Pearce	575,686	**623,376**	156,237	276,833	500%	950%	Yes
Rick Medlock	324,447	**319,447**	136,266	201,092	500%	560%	Yes
Simon Bax	–	**3,000**					
Sir Bryan Carsberg	16,327	**16,327**					
Stephen Davidson	1,500	**1,500**					
Admiral James Ellis Jr (Rtd)	21,727	**21,727**					
Kathleen Flaherty	3,073	**3,073**					
Janice Obuchowski	7,000	**7,000**					
Abe Peled	–	**–**					
John Rennocks	43,326	**43,326**					

The unvested and subject to performance conditions includes the PSP award made in 2011 which will lapse in 2014 because performance conditions have not been achieved.
1. Includes the unvested and subject to deferral shares under the BSP.

There were no changes in Directors' interests from 31 December 2013 to 6 March 2014.

The Executive Directors' current shareholdings are significantly over the guideline shareholding requirement of 500% of salary, which ensures close alignment of their long term interests with those of shareholders.

This information is accurate as at 31 December 2013. Mr Medlock left the Company on 3 January 2014 and any shares that had not vested lapsed upon his departure.

Several of our Non-Executive Directors have share interests in excess of 1x salary, although there is no formal shareholding requirement.

Directors' interests in shares in Inmarsat long-term incentive plans and all-employee plans (audited)

This information is accurate as at 31 December 2013. Mr Medlock left the Company on 3 January 2014 and any shares that had not vested lapsed upon his departure.

Inmarsat 2005 Sharesave Scheme

	Options held at 1 January 2013	Granted during the year	Exercised during the year	**Options held at 31 December 2013**	Option price per share	Date from which exercisable	Expiry Date
Andrew Sukawaty	3,137	1,960	3,137	**1,960**	£4.59	February 2016	July 2016
Rupert Pearce	3,137	1,960	3,137	**1,960**	£4.59	February 2016	July 2016
Rick Medlock	3,137	1,960	3,137	**1,960**	£4.59	February 2016	July 2016

The three Executive Directors exercised their 2008 Sharesave share option on 1 February 2012 at a price of £3.06 per share and continue to hold the shares as part of their beneficial holdings.

Remuneration Report
continued

Inmarsat 2005 Bonus Share Plan

	Share awards held at 1 January 2013	Awarded during the year	Reinvested dividends during the year[1]	Vested during the year[2]	**Share awards held at 31 December 2013**	Award Price	Vesting Date
Andrew Sukawaty							
Share award made in March 2010[3]	22,723	–	–	22,723	**–**	£7.68	Fully vested in 2013
Share award made in March 2011[4]	67,005	–	1,438	33,502	**34,941**	£6.07	May 2013 and March 2014
Share award made in March 2012[5]	338,535	–	9,692	112,845	**235,382**	£4.549	May 2013, March 2014 and March 2015
Share award made in March 2013[6]	–	240,639	10,334	–	**250,973**	£6.50	March 2014, March 2015 and March 2016
Rupert Pearce							
Share award made in March 2010[3]	12,353	–	–	12,353	**–**	£7.68	Fully vested in 2013
Share award made in March 2011[4]	30,896	–	663	15,448	**16,111**	£6.07	May 2013 and March 2014
Share award made in March 2012[5]	59,667	–	1,708	19,889	**41,486**	£4.549	May 2013, March 2014 and March 2015
Share award made in March 2013[6]	–	94,579	4,061	–	**98,640**	£6.50	March 2014, March 2015 and March 2016
Rick Medlock							
Share award made in March 2010[3]	15,903	–	–	15,903	**–**	£7.68	Fully vested in 2013
Share award made in March 2011[4]	38,994	–	837	19,497	**20,334**	£6.07	May 2013 and March 2014
Share award made in March 2012[5]	75,158	–	2,151	25,052	**52,257**	£4.549	May 2013, March 2014 and March 2015
Share award made in March 2013[6]	–	61,054	2,621	–	**63,675**	£6.50	March 2014, March 2015 and March 2016

1. The number of shares subject to the award increases by the number of shares that the Executive Director could have purchased with the value of dividends they would have received on their award, based on the share price on the ex-dividend date.
2. On 8 May 2013, Mr Sukawaty sold sufficient shares to cover tax and national insurance and retained the balance at a price of £6.66 per share, representing a monetary value of £530,555. Mr Pearce retained all the vested shares and Mr Medlock sold 60,452 vested shares at a price of £6.66 per share, representing a monetary value of £402,610.
3. The shares vest in three equal instalments and the last instalment vested in May 2013.
4. The shares vest in three equal instalments, the second instalment vested in May 2013 and the remaining instalment will vest in March 2014.
5. The shares vest in three equal instalments with the final instalment in March 2015.
6. The shares vest in three equal instalments with the final instalment in March 2016.

Inmarsat 2005 Performance Share Plan

	Share awards held at 1 January 2013	Awarded during the year	Reinvested dividends during the year[1]	Vested during the year	Lapsed during the year	**Share awards held at 31 December 2013**	Award Price	Vesting Date
Andrew Sukawaty								
Award made in 2010[2]	75,648	–	–	–	75,648	**–**	£7.91	Lapsed
Award made in 2011[3]	100,612	–	–	–	–	**100,612**	£6.11	May 2014 – will lapse
Award made in 2012[4]	304,663	–	–	–	–	**304,663**	£4.54	March 2015
Award made in 2013	–	201,262	–	–	–	**201,262**	£6.87	March 2016
Rupert Pearce								
Award made in 2010[2]	32,258	–	–	–	32,258	**–**	£7.91	Lapsed
Award made in 2011[3]	42,986	–	–	–	–	**42,986**	£6.11	May 2014 – will lapse
Award made in 2012[4]	135,462	–	–	–	–	**135,462**	£4.54	March 2015
Award made in 2013	–	98,435	–	–	–	**98,435**	£6.87	March 2016
Rick Medlock								
Award made in 2010[2]	40,712	–	–	–	41,712	**–**	£7.91	Lapsed
Award made in 2011[3]	54,147	–	–	–	–	**54,147**	£6.11	May 2014 – will lapse
Award made in 2012[4]	87,446	–	–	–	–	**87,446**	£4.54	March 2015
Award made in 2013	–	59,499	–	–	–	**59,499**	£6.87	March 2016

1. The number of shares subject to the award increases by the number of shares that the Executive Director could have purchased with the value of dividends they would have received on their award, based on the share price on the ex-dividend date.
2. Vesting for the 2010 PSP is linked to the same performance conditions as for the 2011 PSP. No amount of the 2010 PSP vested in 2013 as performance conditions were not met.
3. No amount of the 2011 PSP will vest in 2014.
4. Vesting for the 2012 PSP is linked 50% to EBITDA and 50% to TSR relative to the FTSE350 excluding investment trusts over the three years to 31 December 2014. Under the EBITDA element, 0% vests for EBITDA growth of 5% p.a. and full vesting occurs for 8% p.a. with straight line vesting between these two points. Under the TSR element, 30% vests for median TSR and full vesting occurs for upper quartile TSR with straight line vesting between these two points.

Approval

This report was approved by the Board of Directors on 6 March and signed on its behalf by:

Stephen Davidson
Chairman, Remuneration Committee
6 March 2014

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and Article 4 of the IAS Regulation 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. This statement has been given in accordance with IFRS accounting standards.

By order of the board

Rupert Pearce
Director
6 March 2014

Independent Auditor's Report to the members of Inmarsat plc

Opinion on financial statements of Inmarsat plc

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 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('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 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes In Equity and the related notes 1 to 38. The financial reporting framework that has been applied in their preparation is applicable law and 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.

Going concern

As required by the Listing Rules we have reviewed the Directors' statement on page 79 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
The assessment of the carrying amount of goodwill and intangible assets In accordance with IAS 36, management is required to carry out an annual impairment review in respect of goodwill and intangible assets with indefinite useful economic lives. Impairment reviews are complex, contain highly judgemental assumptions, and are predicated on management's assessment of future profitability. There is a risk that the assumptions used in the impairment review are inappropriate, and hence that the wrong conclusion may be drawn in respect of whether an impairment is required.	We have challenged the assumptions used by management in undertaking their impairment review (as described in note 4 to the financial statements). We considered whether management's impairment review methodology is compliant with IAS 36. Our audit work focused on the assumptions used in the impairment model, including specifically: ■ using valuation experts to determine the appropriateness of the discount rates; ■ comparison of growth rates against those achieved historically and external market data where available; ■ agreeing the underlying cash flow projections to Board approved forecasts and corroborating the trends to our other audit work to understand the drivers of impairment; and ■ ensuring that the required disclosures, specifically in respect of the goodwill impairment charges of US$144.5m in note 4 of the financial statements, have been provided.
Accounting for uncertain tax positions The Group has a number of uncertain tax positions yet to be agreed with Her Majesty's Revenue and Customs ('HMRC'). A risk exists that provisions or assets resulting from these uncertain taxation positions may be inappropriately recorded within, or, omitted from the financial statements.	In order to ensure the appropriateness of management's assumptions and judgements, we have analysed each position in turn, reviewed the most recent correspondence with HMRC, considered other cases with similar fact patterns and consulted with internal taxation specialists. We considered whether management's view of the likely outcome of these individual positions is reasonable and whether the corresponding accounting for each position is appropriate, namely if an outflow is probable, a provision is recorded, or if it is only possible, a contingent liability disclosure is provided.

Risk	How the scope of our audit responded to the risk
Accounting for the LightSquared Cooperation Agreement The Group continues to hold a material balance of deferred revenue in respect of the LightSquared Cooperation Agreement. Risks exist in relation to revenue and cost recognition for the agreement, as the accounting is reliant on management judgement, and there is a high degree of uncertainty surrounding the continued contractual relationship with LightSquared.	We have discussed the current commercial situation with respect to LightSquared with management and challenged the basis of their assumptions to ensure that the previously adopted accounting treatment continues to be appropriate, namely the continued deferral of income in respect of consideration previously received from LightSquared until there is certainty around whether the Cooperation Agreement will be restarted or the related services will be provided. Furthermore we have conducted substantive testing of the associated revenue and costs recognised in respect of this arrangement and considered whether management's estimates of the likely future costs of complying with the terms of the Cooperation Agreement are reasonable.
Capitalisation of development costs The Group capitalises significant internal labour costs, external costs and qualifying borrowing costs in respect of major on-going capital projects including the Global Xpress and Alphasat programmes. There is a risk that inappropriate costs which do not meet the criteria for capitalisation in accordance with IAS 16, IAS 38 and IAS 23 are recorded on the balance sheet rather than expensed as incurred.	We have conducted tests of controls in respect of the processes and procedures which govern the capitalisation of development costs. Furthermore, we have carried out substantive testing in relation to each element of capitalised costs including inspecting supporting evidence in respect of the capitalised costs, understanding the nature of the costs capitalised and considering whether they are consistent with the originally approved budget for the project.

The Audit Committee's consideration of these risks is set out on pages 51.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be US$16.0m, which is approximately 4% of adjusted pre-tax profit. Pre-tax profit has been adjusted to remove the impact of volatility arising from impairment charges recognised in the period.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of US$320,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, our Group audit scope focused on four operating locations, which comprise the Inmarsat Global operations headquartered in London together with the Inmarsat Solutions operations headquartered in Canada, Norway and the United States of America, all of which were subject to a full scope audit. Together with the Head Office function in London, which was also subject to a full scope audit for the year ended 31 December 2013, the audit of these locations represents 100% of the Group's net assets, revenue and profit before tax.

They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Audits of these locations are performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team follows a programme of planned visits to the Auditors of the significant components of the Group not audited by the Group audit team. The Senior Statutory Auditor or other senior members of the audit team visit the Auditors of such components at least once every two years and the most significant of them at least once a year. For all components we include the component audit partner in our team briefing, discuss their risk assessment, and review documentation of the findings from their work.

Independent Auditor's Report to the members of Inmarsat plc
continued

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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
Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement
Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

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.

We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team, strategically focused second partner reviews and independent partner reviews.

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.

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.

Stephen Griggs FCA (Senior statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
6 March 2014

Consolidated Income Statement

(US$ in millions)	Note	2013	2012
Revenues		**1,261.9**	1,337.8
Employee benefit costs	7	**(244.8)**	(233.0)
Network and satellite operations costs		**(281.6)**	(295.1)
Other operating costs		**(116.9)**	(139.1)
Own work capitalised		**30.2**	24.1
Total net operating costs		**(613.1)**	(643.1)
EBITDA		**648.8**	694.7
Depreciation and amortisation	6	**(232.0)**	(255.2)
Loss on disposal of assets		**(0.1)**	(0.5)
Acquisition-related adjustments		**4.6**	–
Impairment losses	6	**(185.2)**	(94.7)
Share of profit of associates	15	**2.3**	2.1
Operating profit		**238.4**	346.4
Interest receivable and similar income	9	**4.9**	3.2
Interest payable and similar charges	9	**(54.2)**	(56.0)
Net interest payable	9	**(49.3)**	(52.8)
Profit before income tax	6	**189.1**	293.6
Income tax expense	10	**(86.5)**	(76.2)
Profit for the year		**102.6**	217.4
Attributable to:			
Equity holders		**102.0**	217.1
Non-controlling interest		**0.6**	0.3
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US$ per share)			
– Basic	27	**0.23**	0.48
– Diluted	27	**0.23**	0.48
Adjusted earnings per share for profit attributable to the equity holders of the Company during the year (expressed in US$ per share)			
– Basic	27	**0.57**	0.61
– Diluted	27	**0.56**	0.60

Consolidated Statement of Comprehensive Income

(US$ in millions)	Note	2013	2012
Profit for the year		**102.6**	217.4
Other comprehensive income			
Amounts subsequently reclassified to the Income Statement:			
Foreign exchange translation differences		**(0.2)**	–
Net gains on cash flow hedges	26	**14.7**	11.4
Tax charged directly to equity	10	**(3.6)**	(2.5)
Amounts not subsequently reclassified to the Income Statement:			
Actuarial gains from pension and post-employment benefits	28	**2.7**	4.4
Tax charged directly to equity	10	**(0.6)**	(1.2)
Other comprehensive income for the year, net of tax		**13.0**	12.1
Total comprehensive income for the year, net of tax		**115.6**	229.5
Attributable to:			
Equity holders		**115.0**	229.2
Non-controlling interest		**0.6**	0.3

Consolidated Balance Sheet

(US$ in millions)	Note	2013	2012
Assets			
Non-current assets			
Property, plant and equipment	13	**2,495.9**	2,081.6
Intangible assets	14	**781.1**	970.5
Investments	15	**32.7**	31.6
Other receivables	17	**21.6**	15.4
Deferred income tax assets	22	**21.3**	–
Derivative financial instruments	32	**3.6**	–
		3,356.2	3,099.1
Current assets			
Cash and cash equivalents	16	**144.3**	332.1
Trade and other receivables	17	**277.0**	290.0
Inventories	18	**27.7**	25.4
Current income tax assets	22	**11.6**	–
Derivative financial instruments	32	**9.2**	6.4
Assets held for sale	33	**42.8**	–
		512.6	653.9
Total assets		**3,868.8**	3,753.0
Liabilities			
Current liabilities			
Borrowings	19	**399.1**	52.4
Trade and other payables	20	**515.7**	563.7
Provisions	21	**4.3**	5.5
Current income tax liabilities	22	**100.2**	32.7
Derivative financial instruments	32	**0.5**	11.4
Liabilities directly associated with assets held for sale	33	**19.0**	–
		1,038.8	665.7
Non-current liabilities			
Borrowings	19	**1,558.0**	1,769.0
Other payables	20	**26.2**	25.7
Provisions	21	**23.9**	25.4
Deferred income tax liabilities	22	**174.1**	141.3
		1,782.2	1,961.4
Total liabilities		**2,821.0**	2,627.1
Net assets		**1,047.8**	1,125.9
Shareholders' equity			
Ordinary shares	24	**0.3**	0.3
Share premium		**687.4**	687.4
Equity reserve		**56.9**	56.9
Other reserves		**62.9**	43.5
Retained earnings		**240.0**	336.7
Equity attributable to shareholders of the parent		**1,047.5**	1,124.8
Non-controlling interest		**0.3**	1.1
Total equity		**1,047.8**	1,125.9

The consolidated financial statements of the Group on pages 75 to 120 were approved by the Board of Directors on 6 March 2014 and were signed on its behalf by:

Rupert Pearce
Chief Executive Officer

Consolidated Statement of Changes in Equity

(US$ in millions)	Ordinary share capital	Share premium account	Equity reserve	Share option reserve	Cash flow hedge reserve	Revaluation reserve	Currency reserve	Other reserve[a]	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2012	0.3	683.9	56.9	47.7	(11.4)	0.6	0.4	(11.5)	313.3	0.9	1,081.1
Issue of share capital	–	3.5	–	–	–	–	–	–	–	–	3.5
Share options charge	–	–	–	8.8	–	–	–	–	0.4	–	9.2
Purchase of own shares	–	–	–	–	–	–	–	–	(9.9)	–	(9.9)
Dividends paid	–	–	–	–	–	–	–	–	(187.4)	(0.1)	(187.5)
Comprehensive Income:											
Profit for the period	–	–	–	–	–	–	–	–	217.1	0.3	217.4
Other comprehensive income – before tax	–	–	–	–	11.4	–	–	–	4.4	–	15.8
Other comprehensive income – tax	–	–	–	–	(2.5)	–	–	–	(1.2)	–	(3.7)
Balance at 31 December 2012	0.3	687.4	56.9	56.5	(2.5)	0.6	0.4	(11.5)	336.7	1.1	1,125.9
Share options charge	**–**	**–**	**–**	**5.0**	**–**	**–**	**–**	**3.5**	**1.6**	**–**	**10.1**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(202.4)**	**(0.2)**	**(202.6)**
Transfer to liabilities directly associated with assets held for sale	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1.2)**	**(1.2)**
Comprehensive Income:											
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**102.0**	**0.6**	**102.6**
Other comprehensive income – before tax	**–**	**–**	**–**	**–**	**14.7**	**–**	**(0.2)**	**–**	**2.7**	**–**	**17.2**
Other comprehensive income – tax	**–**	**–**	**–**	**–**	**(3.6)**	**–**	**–**	**–**	**(0.6)**	**–**	**(4.2)**
Balance at 31 December 2013	**0.3**	**687.4**	**56.9**	**61.5**	**8.6**	**0.6**	**0.2**	**(8.0)**	**240.0**	**0.3**	**1,047.8**

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

Consolidated Cash Flow Statement

(US$ in millions)	Note	2013	2012
Cash flow from operating activities			
Cash generated from operations	23	**614.8**	726.9
Interest received		**2.6**	1.8
Income taxes paid		**(20.3)**	(69.2)
Net cash inflow from operating activities		**597.1**	659.5
Cash flow from investing activities			
Purchase of property, plant and equipment		**(516.1)**	(437.2)
Additions to capitalised development costs and other intangibles		**(35.1)**	(22.9)
Own work capitalised		**(29.3)**	(23.9)
Acquisition of subsidiaries and other investments	29	**(3.2)**	(15.1)
Net cash used in investing activities		**(583.7)**	(499.1)
Cash flow from financing activities			
Dividends paid to shareholders	12	**(200.5)**	(186.6)
Repayment of EIB Facility	19	**(44.0)**	(44.1)
Drawdown of Ex-Im Bank Facility	19	**145.9**	120.3
Gross issuance proceeds of Senior Notes due 2017	19	**–**	212.0
Interest paid on borrowings		**(100.6)**	(97.5)
Arrangement costs of financing	19	**(5.0)**	(8.1)
Purchase of own shares	24	**–**	(9.9)
Net proceeds from the issue of ordinary shares	24	**–**	3.5
Other financing activities		**(0.3)**	(0.7)
Net cash used in financing activities		**(204.5)**	(11.1)
Foreign exchange adjustment		**(0.2)**	–
Net (decrease)/increase in cash and cash equivalents		**(191.3)**	149.3
Movement in cash and cash equivalents			
At beginning of year		**332.1**	182.8
Net (decrease)/increase in cash and cash equivalents		**(191.3)**	149.3
As reported on the Balance Sheet (net of bank overdrafts)	16	**140.8**	332.1
At end of year, comprising			
Cash at bank and in hand	16	**50.4**	57.0
Short-term deposits with original maturity of less than three months	16	**93.9**	275.1
Bank overdrafts	16	**(3.5)**	–
		140.8	332.1

Notes to the Consolidated Financial Statements

1. General information

Inmarsat plc (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 ticker symbol on the London Stock Exchange is ISAT.

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 2013 and 2012 (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 plc continues to adopt the going concern basis in preparing the consolidated financial statements.

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report which encompasses the Executive Chairman's Review, the Chief Executive's Review and the Financial Review on pages 1 to 37. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 22 to 33. In addition, notes 3, 31 and 32 to the financial statements include the Group's objectives, policies and processes for managing its financial risk management objectives, its capital, details of its financial instruments and hedging activities, and its exposure to credit and liquidity risks.

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 the current year the Group adopted the amendments to IAS 1 Presentation of Items of Other Comprehensive Income, which is effective for financial years beginning on or after 1 July 2012. The amendment requires that items within the statement of comprehensive income are analysed between those that will not be reclassified subsequently to profit or loss and those that will be reclassified subsequently to profit or loss in accordance with the respective IFRS standard to which the item relates. The financial statements have also been amended to analyse income tax on the same basis. The amendments have been applied retrospectively, and hence the statement of comprehensive income has been re-presented to reflect the change.

In the current year the Group has applied IAS 19 Employee Benefits (as revised in June 2011), which is effective for financial years beginning on or after 1 January 2013. The Standard changes the accounting for defined benefit schemes and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and scheme assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of scheme assets when they occur; however, this does not affect the Group's financial statements as all actuarial gains and losses have always been recognised immediately by the Group. In addition, the interest cost and expected return on scheme assets used in the previous version of the Standard are replaced with a 'net interest' amount, which is calculated by applying a discount rate to the net defined benefit liability or asset. The effect of the change on the Income Statement and Statement of Other Comprehensive Income for current or prior years is not material. The Standard also introduces requirements for more extensive disclosures which have been adopted by the Group.

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 7 (amended) – Financial Instruments – Disclosures: Offsetting Financial Assets and Financial Liabilities (effective for financial years beginning on or after 1 January 2013);
- IFRS 13 – Fair Value Measurement (effective for financial years beginning on or after 1 January 2013);
- IAS 12 (amended) – Income Taxes – Deferred Tax: Recovery of Underlying Assets (effective for financial years beginning on or after 1 January 2013;

2. Principal accounting policies continued

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

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

- IFRS 9 – Financial Instruments (2009, 2010 and 2013) (no stated effective date);
- IFRS 10 – Consolidated Financial Statements (effective for financial years beginning on or after 1 January 2014);
- IFRS 11 – Joint Arrangements (effective for financial years beginning on or after 1 January 2014);
- IFRS 12 – Disclosures of Interests in Other Entities (effective for financial years beginning on or after 1 January 2014);
- IAS 27 (revised) – Separate Financial Statements (2011) – this standard supersedes IAS 27 Consolidated and Separate Financial Statements (effective for financial years beginning on or after 1 January 2014);
- IAS 28 (revised) – Investments in Associates and Joint Ventures (2011) – this standard supersedes IAS 28 Investments in Associates (effective for financial years beginning on or after 1 January 2014);
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for financial years beginning on or after 1 January 2014);
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entitles: Transition Guidance (effective for financial years beginning on or after 1 January 2014);
- IAS 32 (amended) – Financial Instruments – Offsetting Financial Assets and Financial Liabilities (effective for financial years beginning on or after 1 January 2014);
- IAS 36 (amended) – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (effective for financial years beginning on or after 1 January 2014);
- IAS 39 (amended) – Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (effective for financial years beginning on or after 1 January 2014);
- IFRIC 21 – Levies (effective for financial years beginning on or after 1 January 2014);
- Amendments resulting from the 'Annual Improvements 2010-2012 cycle' paper issued in December 2013 (effective for financial years beginning on or after 1 July 2014); and
- Amendments resulting from the 'Annual Improvements 2011-2013 cycle' paper issued in December 2013 (effective for financial years beginning on or after 1 July 2014).

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

Basis of consolidation

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All transactions, balances, income and expenses with and between subsidiary undertakings have been eliminated on consolidation.

On the acquisition of a company or 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.

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 2013 for Inmarsat Global's Sterling operating expenditure was US$1.57/£1.00 (2012: US$1.48/£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.

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 reperformed at each period end to ensure that the hedge remains highly effective.

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

Where a hedge no longer meets the effectiveness criteria, any gains or losses deferred in equity are only transferred to the Income Statement when the committed or forecasted transaction is recognised in the Income Statement. However, where the Group has applied cash flow hedge accounting for a forecasted or committed transaction that is no longer expected to occur, 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.

2. Principal accounting policies continued

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. 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 Group's relevant revenue recognition policies are applied to them.

Employee benefits

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

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

The Group recognises liabilities relating to defined benefit pension plans and post-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.

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.

The Group 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.

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.

2. Principal accounting policies continued

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 of non-financial assets

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

Impairment testing involves a comparison of the carrying amount of the asset with its recoverable amount, which is the higher of fair value less costs to sell and value in use. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating 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 an appropriate proportion of corporate assets.

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

Investments

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

Trade receivables

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

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.

Interest and finance costs

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

The finance costs recognised in respect of the convertible borrowings includes the accretion of the liability component to the amount that will be payable on redemption.

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents, measured at fair value, 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.

Convertible Bonds

Convertible Bonds that can be converted into share capital at the option of the holder are considered and accounted for as compound financial instruments, consisting of a liability component and an equity component in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible debt instrument. The embedded call and put options, since they are closely linked to the underlying instrument, are valued and recognised as part of the liability. The total liability is recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole and represents the option for the holder to convert the bonds into equity of the company. This conversion option is recognised and included directly in equity and is not subsequently remeasured. Issue costs are apportioned between the liability and equity components based on their respective carrying amounts at the date of issue.

On conversion, the liability is reclassified to equity and no gain or loss is recognised in the Income Statement. Where the convertible borrowing is redeemed early or repurchased in a way that does not alter the original conversion privileges, the consideration paid is allocated to the liability and equity components. The consideration relating to the equity component is recognised in equity and the amount of gain or loss relating to the liability element is recognised in the Income Statement.

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

EBITDA is a non-GAAP performance measure used by analysts and investors, and is defined as profit before 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 interest rate swaps to reduce the impact of fluctuating interest rates on its floating rate long-term debt.

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 exchange risk, interest rate risk and credit risk (see note 32). 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 Inmarsat plc 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 50% (2012: 50%) of Inmarsat Global's operating costs are denominated in Pounds Sterling. Inmarsat Solutions operates internationally, resulting in approximately 8% and 16% 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 2013 it is estimated that:

- A hypothetical 1% inflation of the hedged US Dollar/Sterling exchange rate (US$1.57/£1.00 to US$1.59/£1.00) would have decreased the 2013 profit before tax by approximately US$1.0m (2012: US$0.9m);
- A hypothetical 1% inflation of the US Dollar/Sterling foreign currency spot rate at 31 December 2013 would have reduced the 2013 profit before tax by approximately US$nil (2012: US$0.2m), primarily as a result of the translation of Sterling denominated monetary assets and liabilities. This analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation of these items at the period end for a 1% change in foreign currency rates; and
- 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 2013 would have decreased equity by US$1.6m and US$0.1m, respectively (2012: US$1.0m and US$0.6m, 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 2017, the Convertible Bonds and the Ex-Im Facility are at fixed rates.

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

As at 31 December 2013, if interest rates on net borrowings changed by 1%, with all other variables held constant, the Group's profit after tax for the year would have been impacted by US$2.2m (2012: US$2.7m). 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 is:

(US$ in millions)	Note	As at 31 December 2013	As at 31 December 2012
Cash and cash equivalents	16	**144.3**	332.1
Trade receivables, other receivables and accrued income	17	**239.2**	262.6
Derivative financial instruments	32	**12.8**	6.4
Total credit risk		**396.3**	601.1

The Group's average age of trade receivables as at 31 December 2013 (excluding the impact of LightSquared) was approximately 57 days (as at 31 December 2012: 58 days). At 31 December 2013, US$127.7m (2012: US$156.5m) 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. 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.

The following table sets out the Group's provision for uncollectable trade receivables:

(US$ in millions)	2013	2012
As at 1 January:	**12.2**	6.7
Charged to the provision in respect of the current year	**0.8**	6.8
Utilised in the year	**(2.0)**	(1.1)
Provision released in the year	**(0.5)**	(0.2)
As at 31 December[(a)]	**10.5**	12.2

(a) The maturity of the Group's provision for uncollectable trade receivables for the year ended 31 December 2013 is US$0.4m current, US$1.1m between 1 and 30 days overdue, US$2.1m between 31 and 120 days overdue and US$6.9m over 120 days overdue (2012: US$0.7m, US$1.5m, US$5.2m and US$4.8m, respectively).

For 2013, one (2012: one) distribution partner, which is reported in the Inmarsat Global segment, comprised approximately 15.2% (2012: 16.2%) of the Group's total revenues. This same customer comprised 25.6% (2012: 19.7%) of the Group's trade receivables balance as at 31 December 2013. No other customer accounted for 10% or more of the Group's revenue for 2013 or 2012, or for 10% of the Group's accounts receivable as at 31 December 2013 or 31 December 2012.

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

(US$ in millions)	Note	2013	2012
Between 1 and 30 days overdue		**28.4**	30.6
Between 31 and 120 days overdue		**30.7**	12.1
Over 120 days overdue		**8.1**	2.4
As at 31 December	17	**67.2**	45.1

3. Financial risk management continued

(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 following table sets out total available liquidity of the Group:

(US$ in millions)	Note	As at 31 December 2013	As at 31 December 2012
Cash and cash equivalents	16	**144.3**	332.1
Available but undrawn borrowing facilities[a]	19	**906.5**	1,052.4
Total available liquidity		**1,050.8**	1,384.5

(a) Relates to the Senior Credit Facility and Ex-Im Bank Facility (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.

For the purpose of testing for impairment, goodwill is specifically allocated to one of four CGUs which have been identified, which are Inmarsat Global, Stratos, Segovia and Ship Equip. It has been determined that goodwill that arose on the acquisition of Inmarsat Ventures Limited represented goodwill of the Inmarsat Global CGU only. Goodwill that arose on the acquisition of Stratos, Segovia and Ship Equip has been allocated to the Stratos, Segovia and Ship Equip CGUs, respectively. As at 31 December 2013, the carrying amount of goodwill allocated to the Inmarsat Global CGU was US$407.4m (2012: US$406.2m). At 31 December 2013, goodwill previously allocated to the Stratos, Segovia and Ship Equip CGUs has been fully impaired (goodwill allocated to the CGUs as at 31 December 2012 was US$76.8m, US$34.2m and US$33.5m, respectively).

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

Recoverable amount

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

Growth rates

Long-term growth rates of between 2.5%–3.0% (2012: 2.5%–3.0%) have been applied to extrapolate the cash flows into perpetuity. The growth rates have been determined using long-term historical growth rates of the CGU and management's conservative expectation of future growth.

Discount rates

The pre-tax rates used to discount the cash flow projections in respect of the Group for 2013 were between 9.18%–12.14% (2012: 9.76%–12.72%). 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 each individual CGU.

Goodwill impairment

An impairment charge of US$144.5m in respect of goodwill was recorded in the year ended 31 December 2013 (2012: US$94.7m). This loss related to the impairment of goodwill originally recognised by the Group on the acquisition of the Stratos, Segovia and Ship Equip businesses (impairment of US$76.8m, US$34.2m and US$33.5m, respectively).

During the year, US$9.4m of goodwill impairment losses were recognised in relation to a correction made to depreciation in 2013 relating to prior periods in the Inmarsat Solutions segment. 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 US$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 33).

Following the annual impairment reviews, impairment losses of US$129.2m were recognised to write off goodwill in the Stratos, Segovia and Ship Equip CGUs. In the Segovia CGU the Group is continuing to see pressure as a result of ongoing spending controls being implemented by the US Government and by a related increase in competition. Accordingly, the Group has experienced a significant reduction in revenue and margins. In the Stratos and Ship Equip CGUs the impairment losses are due to further changes arising from the Group's vertical market reorganisation and its preparations for the introduction of Global Xpress ('GX') services. In particular, in the Stratos CGU, the promotion of certain significant customers as distribution partners of Inmarsat Global for GX has significantly reduced forecast revenues and margins in the Stratos CGU, while having no impact on the outlook for the Group as a whole. The Stratos CGU has also faced a decline in demand for certain VSAT products and MSS equipment sales during the year. This, in combination with the faster than expected migration of older services to newer services which typically have a lower price of equivalent services than on the terminal being replaced, has led to operating profit forecasts for these products being reduced. In the Ship Equip CGU, in line with the Group's strategic plan, growth in operating profits is expected to slow as Ship Equip's customer base moves from higher margin VSAT services to GX services.

A long-term growth rate of 2.5% was applied to extrapolate the Stratos, Segovia and Ship Equip CGU cash flow projections into perpetuity and a pre-tax discount rate of 12.14% was used to discount the cash flow projections.

For the year ended 31 December 2012, a goodwill impairment charge of US$94.7m was recognised in respect of the Stratos and Ship Equip CGUs. This related to the partial impairment of the goodwill that was originally recognised when the Group acquired the businesses (impairment of US$58.7m and US$36.0m, respectively). For the year ended 31 December 2012, operating profit forecasts for the Stratos and Ship Equip CGUs were adjusted downwards due to both internal and external factors. Internally, the Group had made certain business decisions during the year which were expected to affect the future profitability of each CGU, but with offsetting benefits elsewhere in the Inmarsat Group. In relation to the Stratos CGU, the Group had appointed a number of significant service providers as distribution partners of the Inmarsat Global segment for GX, therefore redirecting future revenues to the Inmarsat Global segment that would previously have been forecast as received in the Stratos CGU. In addition, certain revenue development plans for value-added services transitioned and were now expected to be progressed within the Inmarsat Global segment and therefore not contribute to the Stratos CGU. For the Ship Equip CGU, the Group had intended for Ship Equip to become a Value-Added Reseller for GX, which carries lower margins at the CGU level than its historic standalone VSAT business. Externally, management considered two further factors in its CGU forecasts. Firstly, the Group had seen delays in purchase decision-making for maritime VSAT systems, impacting the Ship Equip CGU. Management believed these delays were due to ship operators preferring to wait for the launch of the Group's GX services in order to compare GX to existing VSAT alternatives. Secondly, for the Stratos CGU there had been a decline in demand for certain products throughout 2012 resulting from reduced military activities in Afghanistan and reduced event-driven traffic and termination of some lease business. The combination of these factors was expected to result in reduced operating profits at the Inmarsat Solutions level and was therefore reflected in the revised forecasts, which gave rise to the impairment of the Stratos and Ship Equip CGUs.

For the year ended 31 December 2012, a long-term growth rate of 2.5% was applied to extrapolate the Stratos and Ship Equip CGU cash flow projections into perpetuity and a pre-tax discount rate of 12.72% was used to discount the cash flow projections.

In Group terms, for both 2013 and 2012, some of the factors that gave rise to the impairment at the Inmarsat Solutions level have an offsetting positive benefit at the Inmarsat Global level and are not expected to give rise to an equivalent gross impact at the Group level. In addition, management remains confident that, at a Group level, legacy Stratos, Segovia and Ship Equip continue to deliver material value, directly or indirectly, to the Group's core wholesale business in accordance with the Group's strategy.

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

(b) Other significant impairment losses

Following the 2013 goodwill impairment review, US$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 US$20.5m and other intangible assets (excluding goodwill) were impaired by US$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 4.72% (2012: 4.60%) (see note 28).

(d) Income tax

The Group's income tax balance is the sum of the total current and deferred tax balances. The calculation of this and of the Group's potential liabilities or assets necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Issues can, and often do, take a number of years to resolve. The amounts recognised or disclosed are derived from the Group's best estimation and judgement. However, the inherent uncertainty regarding the outcome of these means eventual realisation could differ from the accounting estimates and therefore impact the Group's results and cash flows.

A contingent liability has been disclosed for the year ended 31 December 2013 in respect of financing arrangements which were entered into in prior periods (see note 35).

(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 US$546.4m have been received under the Cooperation Agreement (during 2013 no payments were received). The Group has, thus far, recognised US$293.8m of revenue and US$23.2m of operating costs under all phases of the agreement. For the year ended 31 December 2013, the Group recognised US$12.3m of revenue and US$3.3m of operating costs, in respect of all phases (year ended 31 December 2012: US$60.2m and US$8.3m, respectively).

In April 2012, Inmarsat and LightSquared reached an agreement to suspend the Cooperation Agreement until 31 March 2014. The period of suspension was designed to allow LightSquared time to secure certain regulatory consents and, during this period, LightSquared is not required to make any payments to Inmarsat. On 1 April 2014, or any earlier date as may be required or elected by LightSquared, payments under the agreement will recommence from that date based on a restructured payment plan that will be dependent on certain future outcomes with regard to deployment of the LightSquared ATC network.

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 based on the latest available information; the Group's provision for uncollectable trade receivables at 31 December 2013 is US$10.5m (2012: US$12.2m).

(g) 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

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

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

The Group's reportable segments are therefore as follows:

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

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

Business segments:

	2013				
(US$ in millions)	Inmarsat Global	Inmarsat Solutions[a]	Unallocated	Eliminations and remeasurements	Total
Revenue					
External sales	514.3	749.3	–	(1.7)	1,261.9
Inter-segment	292.7	16.2	–	(308.9)	–
Total revenue	807.0	765.5	–	(310.6)	1,261.9
EBITDA	571.3	77.2	–	0.3	648.8
Segment result (operating profit) before operating profit from LightSquared and impairment losses	409.1	5.2	–	0.3	414.6
Operating profit from LightSquared	9.0	–	–	–	9.0
Impairment losses	(1.3)	(197.4)	–	13.5	(185.2)
Segment result (operating profit/(loss))	416.8	(192.2)	–	13.8	238.4
Net interest charged to the Income Statement	–	–	(49.3)	–	(49.3)
Profit before income tax					189.1
Income tax expense					(86.5)
Profit for the year					102.6
Capital expenditure[b]	(579.8)	(123.7)	–	46.9	(656.6)
Depreciation	(135.4)	(29.8)	–	–	(165.2)
Amortisation of intangible assets	(22.4)	(44.4)	–	–	(66.8)

(a) Includes TC Communications Pty Ltd ('TC Comms') from 8 May 2013 (see note 29).
(b) Capital expenditure stated using accruals basis. The intercompany elimination primarily relates to intersegmental asset sales.

5. Segmental information continued

(US$ in millions)	Inmarsat Global	Inmarsat Solutions[(a)]	Unallocated	Eliminations and remeasurements	Total
	2012				
Revenue					
External sales	540.7	797.1	–	–	1,337.8
Inter-segment	295.2	13.2	–	(308.4)	–
Total revenue	835.9	810.3	–	(308.4)	1,337.8
EBITDA	597.3	97.1	–	0.3	694.7
Segment result (operating profit) before operating profit from LightSquared and impairment losses	387.3	1.6	–	0.3	389.2
Operating profit from LightSquared	51.9	–	–	–	51.9
Impairment losses	–	(94.7)	–	–	(94.7)
Segment result (operating profit/(loss))	439.2	(93.1)	–	0.3	346.4
Net interest charged to the Income Statement	–	–	(52.8)	–	(52.8)
Profit before income tax					293.6
Income tax expense					(76.2)
Profit for the year					217.4
Capital expenditure[(b)]	(433.6)	(56.3)	–	0.1	(489.8)
Depreciation	(138.8)	(49.5)	–	–	(188.3)
Amortisation of intangible assets	(19.3)	(47.6)	–	–	(66.9)

(a) Includes NewWave Broadband Limited ('NewWave') from 13 January 2012 (see note 29).
(b) Capital expenditure stated using accruals basis.

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 Inmarsat Global this is the distribution partner who receives the invoice for the service, and for Inmarsat Solutions 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.

	2013		2012	
(US$ in millions)	**Revenue**	**Non-current segment assets[(a)]**	Revenue	Non-current segment assets[(a)]
United Kingdom	**94.4**	**774.5**	90.2	1,085.7
Rest of Europe	**424.3**	**266.1**	408.9	582.4
North America	**438.5**	**1,006.1**	547.5	827.0
Asia and Pacific	**254.7**	**32.9**	243.2	14.7
Rest of the world	**50.0**	**0.1**	48.0	–
Unallocated[(b)]	**–**	**1,272.9**	–	589.3
	1,261.9	**3,352.6**	1,337.8	3,099.1

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

(US$ in millions)	Note	2013	2012
Depreciation of property, plant and equipment	13	**165.2**	188.3
Amortisation of intangible assets	14	**66.8**	66.9
Impairment of goodwill	4	**144.5**	94.7
Impairment of customer relationships	14	**18.1**	–
Impairment of software	14	**0.8**	–
Impairment of services, equipment, fixtures and fittings	13	**20.5**	–
Impairment of non-current other receivables		**1.3**	–
Operating lease rentals			
– Land and buildings		**20.2**	19.2
– Services equipment, fixtures and fittings		**1.5**	1.3
Cost of inventories recognised as an expense		**67.0**	79.4
Research and development costs expensed		**14.4**	12.8

The analysis of the Auditor's remuneration is as follows:

(US$ in millions)	2013	2012
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	**0.2**	0.2
Fees payable to the Company's Auditor for other services to the Group:		
– The audit of the Company's subsidiaries, pursuant to legislation	**1.1**	1.0
Total audit fees	**1.3**	1.2
Audit-related fees payable to the Company's Auditor for other services to the Group:		
– Audit-related assurance services	**0.3**	0.2
Total audit and audit-related fees payable	**1.6**	1.4
Other fees payable to the Company's Auditor for other services to the Group:		
– Tax compliance services	**0.2**	0.2
– Tax advisory services	**0.7**	1.3
– Other services[a]	**0.4**	0.2
Total other fees payable	**1.3**	1.7
Total Auditor's remuneration	**2.9**	3.1

(a) Other services in 2013 relate to system implementation costs which have subsequently been capitalised on the Balance Sheet.

In addition to the fees disclosed above, Inmarsat Global's pension plan incurred audit fees from the Group's Auditor of US$19,626 for the 2013 financial year (2012: US$22,876).

At 31 December 2013 Inmarsat Global had contractually committed to US$0.2m of services to be completed in the 2014 financial year (31 December 2012: US$0.3m for services to be completed in the 2013 financial year).

7. Employee benefit costs (including the Executive Directors)

(US$ in millions)	Note	2013	2012
Wages and salaries		**201.1**	195.0
Social security costs		**16.6**	15.8
Share options charge (including employers' National Insurance contribution)	25	**15.7**	10.8
Defined contribution pension plan costs		**7.6**	7.9
Defined benefit pension plan costs[a]	28	**3.6**	3.1
Post-employment benefits costs[a]	28	**0.2**	0.4
Total employee benefit costs		**244.8**	233.0

(a) Defined benefit pension plan costs and post-employment benefits costs for 2013 and 2012 reflect the service cost (see note 28).

Employee numbers

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

	2013			2012		
	Inmarsat Global	**Inmarsat Solutions**	**Total**	Inmarsat Global	Inmarsat Solutions	Total
Operations	**231**	**536**	**767**	218	528	746
Sales and marketing	**126**	**197**	**323**	109	209	318
Development and engineering	**96**	**67**	**163**	94	74	168
Administration	**143**	**226**	**369**	146	238	384
	596	**1,026**	**1,622**	567	1,049	1,616

8. Executive and Non-Executive Directors' remuneration

(US$ in thousands)	2013	2012
Aggregate emoluments	**4,787**	4,800
Company contributions to defined contribution pension schemes	**169**	158
	4,956	4,958

During 2013, Rick Medlock resigned from his position as the Chief Financial Officer, and with effect from 3 January 2014, he is no longer a Director of Inmarsat plc. Tony Bates will join the Company on 2 June 2014 as an Executive Director and Chief Financial Officer.

The Annual Report on Remuneration contains full disclosure of Directors' remuneration on page 63. Two Directors (2012: two) are members of the Group's defined contribution pension plan. One Director is a member of the US 401k Plan (2012: one).

Key management

The Executive Chairman, the Executive Directors and the Chief Executive Officer's direct reports are the key management of the business (see note 36).

9. Net interest payable

(US$ in millions)	2013	2012
Interest on Senior Notes and credit facilities	84.9	81.5
Interest on Convertible Bonds[a]	29.5	(0.9)
Interest on Inmarsat Solutions borrowings	0.5	0.4
Pension and post-employment liability finance costs	–	0.5
Interest rate swaps	8.0	9.1
Unwinding of discount on deferred satellite liabilities	1.8	2.2
Amortisation of debt issue costs[b]	8.2	5.7
Other interest	0.4	0.4
Interest payable and similar charges	133.3	98.9
Less: Amounts included in the cost of qualifying assets[c]	(79.1)	(42.9)
Total interest payable and similar charges	**54.2**	56.0
Bank interest receivable and other interest	3.3	2.3
Net amortisation of premium on Senior Notes due 2017	1.5	0.9
Pension and post-employment liability finance income	0.1	–
Total interest receivable and similar income	**4.9**	3.2
Net interest payable	**49.3**	52.8

(a) 2012 includes a US$30.2m credit adjustment to interest on the Convertible Bonds following a change in the estimated maturity date (see note 19).
(b) 2012 includes an add-back of US$2.1m previously amortised issue costs in relation to the Convertible Bonds, following a change in the estimated maturity date (see note 19).
(c) Borrowing costs included in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditure on such assets. The average interest capitalisation rate for the year was 7.51% (2012: 5.87%).

10. Income tax expense

Income tax expense recognised in the Income Statement:

(US$ in millions)	2013	2012
Current tax expense:		
Current year	(30.0)	(46.9)
Adjustments in respect of prior periods:		
– Other[a]	(46.7)	(2.2)
Total current tax expense	**(76.7)**	(49.1)
Deferred tax expense:		
Origination and reversal of temporary differences:		
– Other temporary differences	(29.9)	(50.3)
Adjustments in respect of prior periods:		
– Other[a]	(3.1)	14.8
Adjustments due to reduction in the UK corporation tax rate from 23% to 20% (2012: 25% to 23%)	23.2	8.4
Total deferred tax expense	**(9.8)**	(27.1)
Total income tax expense	**(86.5)**	(76.2)

(a) Of the total US$49.8m prior period adjustment recognised in 2013, US$48.8m relates to a provision for potential tax liabilities in relation to the financing of a historic leasing transaction in respect of the Inmarsat-4 satellites. This exposure was previously disclosed as a contingent liability in the 2012 Annual Report, however, in light of developments in the year, management now believe that the potential exposure in respect of this transaction should be provided for.

10. Income tax expense continued

Reconciliation of effective tax rate:

(US$ in millions)	2013	2012
Profit before tax	**189.1**	293.6
Income tax at 23.25% (2012: 24.5%)	**(44.0)**	(71.9)
Differences in overseas tax rates	**0.6**	1.0
Adjustments in respect of prior periods:		
– Other	**(49.8)**	12.6
Adjustments due to reduction in the UK corporation tax rate from 23% to 20% (2012: 25% to 23%)	**23.2**	8.4
Impact of current and prior year losses	**2.3**	(1.8)
Non-deductible impact of goodwill impairment	**(17.0)**	(23.2)
Other non-deductible expenses/non-taxable income	**(1.8)**	(1.3)
Total income tax expense	**(86.5)**	(76.2)

Tax charged to equity:

(US$ in millions)	2013	2012
Current tax credit on share options	**–**	0.1
Deferred tax credit on share options	**1.6**	0.3
Deferred tax charge relating to gains on cash flow hedges	**(3.6)**	(2.5)
Deferred tax charge on actuarial gains and losses from pension and post-employment benefits	**(0.6)**	(1.2)
Total tax charged to equity	**(2.6)**	(3.3)

11. Net foreign exchange (gains)/losses

(US$ in millions)	Note	2013	2012
Pension and post-retirement liability	28	**(0.3)**	0.6
Other operating costs		**(1.1)**	6.0
Total foreign exchange (gains)/losses		**(1.4)**	6.6

12. Dividends

The dividends paid in 2013 were US$79.6m (17.79 cents (US$) per ordinary share) and US$122.8m (27.45 cents (US$) per ordinary share) for the 2013 interim dividend and the 2012 final dividend, respectively. The dividends paid in 2012 were US$75.7m (16.94 cents (US$) per ordinary share) and US$111.7m (24.96 cents (US$) per ordinary share) for the 2012 interim dividend and the 2011 final dividend, respectively.

A final dividend for the 2013 financial year of 28.82 cents (US$) per ordinary share, amounting to a total dividend of US$129.2m, is to be proposed at the Annual General Meeting on 7 May 2014. In accordance with IAS 10, these financial statements do not reflect this final dividend payable.

(US$ in cents)	2013	2012
Interim dividend paid per ordinary share	**17.79**	16.94
Final dividend per ordinary share	**28.82**	27.45
Total dividend per ordinary share	**46.61**	44.39

13. Property, plant and equipment

(US$ in millions)	Freehold land and buildings	Services, equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:					
1 January 2012	14.8	264.0	2,062.5	682.8	3,024.1
Additions	1.9	24.7	24.9	398.5	450.0
Acquisitions	–	0.6	–	–	0.6
Disposals	(0.3)	(2.7)	(11.6)	–	(14.6)
31 December 2012	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**
Accumulated depreciation:					
1 January 2012	(6.0)	(178.8)	(1,019.2)	–	(1,204.0)
Charge for the year	(0.9)	(41.5)	(145.9)	–	(188.3)
Disposals	0.3	2.2	11.3	–	13.8
31 December 2012	(6.6)	(218.1)	(1,153.8)	–	(1,378.5)
Charge for the year	**(1.5)**	**(17.1)**	**(146.6)**	**–**	**(165.2)**
Impairment losses[a]	**–**	**(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)**
Net book amount at 31 December 2012	9.8	68.5	922.0	1,081.3	2,081.6
Net book amount at 31 December 2013	**8.0**	**42.8**	**1,218.7**	**1,226.4**	**2,495.9**

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

The lives assigned to significant tangible fixed assets are:

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 2013 and 2012, freehold land and buildings for Inmarsat Global were carried at cost less accumulated depreciation (US$nil). Had the freehold land and buildings been revalued on a market basis, their carrying amount at 31 December 2013 would have been US$14.9m (based on the 31 December 2013 exchange rate between the US Dollar and Pounds Sterling of US$1.66/£1.00) (2012: US$14.6m). Market valuation is based on the Directors' best estimates.

In 2013 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 2013 were US$2.7m (2012: US$4.6m).

14. Intangible assets

(US$ in millions)	Goodwill	Trademarks	Software	Patents	Terminal development and network access costs	Customer relationships	Spectrum rights, orbital slots and licences	Intellectual property	Total
Cost:									
1 January 2012	762.5	49.9	167.4	14.0	124.2	379.1	9.8	0.7	1,507.6
Additions	–	–	26.9	–	5.9	–	7.0	–	39.8
Acquisitions	2.9	–	–	–	–	7.7	–	–	10.6
31 December 2012	765.4	49.9	194.3	14.0	130.1	386.8	16.8	0.7	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**	**14.0**	**137.1**	**388.0**	**18.6**	**0.7**	**1,597.0**
Accumulated amortisation and impairment losses:									
1 January 2012	(120.0)	(37.2)	(101.2)	(14.0)	(53.0)	(95.9)	(3.9)	(0.7)	(425.9)
Charge for the year	–	(1.1)	(20.5)	–	(11.9)	(31.5)	(1.9)	–	(66.9)
Impairment losses	(94.7)	–	–	–	–	–	–	–	(94.7)
31 December 2012	(214.7)	(38.3)	(121.7)	(14.0)	(64.9)	(127.4)	(5.8)	(0.7)	(587.5)
Charge for the year	**–**	**(1.0)**	**(19.7)**	**–**	**(12.8)**	**(31.0)**	**(2.3)**	**–**	**(66.8)**
Impairment losses[(a)]	**(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)**	**(14.0)**	**(77.7)**	**(176.5)**	**(6.3)**	**(0.7)**	**(815.9)**
Net book amount at 31 December 2012	550.7	11.6	72.6	–	65.2	259.4	11.0	–	970.5
Net book amount at 31 December 2013	**407.4**	**10.6**	**79.9**	**–**	**59.4**	**211.5**	**12.3**	**–**	**781.1**

(a) Includes US$7.0m relating to impairment of certain assets prior to their classification as held for sale.

Goodwill represents the excess of consideration paid on an acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to CGUs for the purpose of impairment testing. During the year, goodwill originally recognised in the Stratos, Segovia and Ship Equip CGUs has been impaired, and the Group has recorded impairment charges of US$76.8m, US$34.2m and US$33.5m in the Income Statement (2012: US$58.7m, US$nil and US$36.0m, respectively), (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 relates to the Group's BGAN billing system and other internally developed operational systems and purchased software and is being amortised on a straight-line basis over its estimated useful life of 3 to 13 years.

The Group capitalises development costs associated with the development and enhancement of user terminals and associated network access costs as intangible fixed assets. Costs directly relating to the Group's BGAN family and GSPS services are being amortised over the estimated sales life of the services which is 6 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 relate to the acquisition of ACeS and Stratos. Spectrum rights acquired as a result of the ACeS collaboration in September 2006 have been amortised on a straight-line basis and have one year of their useful economic life remaining. Spectrum rights acquired as a result of the acquisition of Stratos are being amortised over their useful lives of 3 to 10 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.

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

15. Investments

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Investments held at cost	**23.5**	23.5
Interest in associates	**9.2**	8.1
Total investments	**32.7**	31.6

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

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 2013 total US$1.2m (2012: US$1.5m). The Group's aggregate share of its associates' profits for the year is US$2.3m (2012: US$2.1m) 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.

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Cash at bank and in hand	**50.4**	57.0
Short-term deposits with original maturity of less than three months	**93.9**	275.1
Cash and cash equivalents	**144.3**	332.1

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

(US$ in millions)	Note	As at 31 December 2013	As at 31 December 2012
Cash and cash equivalents		**144.3**	332.1
Bank overdrafts	19	**(3.5)**	–
Net cash and cash equivalents		**140.8**	332.1

17. Trade and other receivables

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Current:		
Trade receivables	**194.9**	201.6
Other receivables	**20.5**	21.0
Prepayments and accrued income	**61.6**	67.4
	277.0	290.0

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Non-current:		
Prepayments and accrued income	**2.3**	3.4
Pension asset	**14.6**	12.0
Other receivables	**4.7**	–
	21.6	15.4

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

18. Inventories

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Finished goods	**27.7**	23.7
Work in progress	**–**	1.7
Total inventories	**27.7**	25.4

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

19. Borrowings

(US$ in millions)	As at 31 December 2013 Gross amount	Deferred finance cost[a]	Net balance	As at 31 December 2012 Gross amount	Deferred finance cost[a]	Net balance
Current:						
Bank overdrafts	**3.5**	**–**	**3.5**	–	–	–
Deferred satellite payments[b]	**10.6**	**–**	**10.6**	8.3	–	8.3
EIB Facility[c]	**44.1**	**–**	**44.1**	44.1	–	44.1
Ex-Im Bank Facility[d]	**13.3**	**–**	**13.3**	–	–	–
Convertible Bonds[e]	**325.6**	**(1.0)**	**324.6**	–	–	–
– Accretion of principal	**3.0**	**–**	**3.0**	–	–	–
Total current borrowings	**400.1**	**(1.0)**	**399.1**	52.4	–	52.4
Non-current:						
Deferred satellite payments[b]	**23.6**	**–**	**23.6**	20.4	–	20.4
Senior Notes due 2017[f]	**850.0**	**(8.7)**	**841.3**	850.0	(11.0)	839.0
– Net issuance premium	**5.9**	**–**	**5.9**	7.5	–	7.5
EIB Facility[c]	**176.2**	**(1.1)**	**175.1**	220.2	(1.6)	218.6
Ex-Im Bank Facility[d]	**530.2**	**(18.1)**	**512.1**	397.6	(16.3)	381.3
Convertible Bonds[e]	**–**	**–**	**–**	301.3	(2.0)	299.3
– Accretion of principal	**–**	**–**	**–**	2.9	–	2.9
Total non-current borrowings	**1,585.9**	**(27.9)**	**1,558.0**	1,799.9	(30.9)	1,769.0
Total borrowings[g]	**1,986.0**	**(28.9)**	**1,957.1**	1,852.3	(30.9)	1,821.4

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

(b) Deferred satellite payments represent amounts payable to satellite manufacturers which become payable annually depending on the continued successful performance of the satellite. The gross amounts of the deferred satellite payments have been discounted to net present value using a weighted average rate of 5.1% (2012: 7.0%).

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

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

(e) On 16 November 2007, the Group issued US$287.7m in principal amount of 1.75% Convertible Bonds due 2017 (the 'Convertible Bonds'). The bonds are convertible into ordinary shares of the Company and have a 1.75% per annum coupon payable semi-annually and a yield to maturity of 4.50%. The bonds have an initial conversion premium of 32.5% over the reference share price of £4.6193, representing approximately 5% of the Company's current issued share capital. The initial conversion price was US$12.694 and the total number of common shares to be issued if all bonds are converted was 22.7 million shares. The conversion price is subject to periodic adjustment if dividends paid on ordinary shares exceed defined levels. In 2012, the conversion price was adjusted to US$12.490 and the total number of shares to be issued if all bonds are converted to 23.0 million shares. The Company will have an option to call the bonds after seven years at their accreted principal amount under certain circumstances. In addition, the holder of each bond had the right to require the Company to redeem the bonds at the accreted principal amount on 16 November 2012 and will have the right again on 16 November 2014. None of the bonds were redeemed on 16 November 2012; as a result management have revised the estimated maturity date to November 2014. The amortised cost was adjusted in 2012 and as at 31 December 2012 the Convertible Bonds were recorded as a long-term liability. As at 31 December 2013, the Convertible Bonds have been recorded as a current liability. The net proceeds received from the issue of the Convertible Bonds were initially split into a liability component of US$224.3m and an equity component of US$56.9m. The equity component represents the fair value of the option to convert the liability into equity of the Group as follows:

(US$ in millions)	
Fair value of Convertible Bonds issued	287.7
Cost of issue	(6.5)
Net proceeds	281.2
Equity component[1]	(56.9)
Liability component at date of issue[2]	224.3
Cumulative interest charged to 31 December 2012	100.4
Cumulative amortisation of debt issue costs to 31 December 2012	3.1
Cumulative coupon interest to 31 December 2012	(25.6)
Liability component at 31 December 2012	302.2
Interest charged	**29.4**
Amortisation of debt issue costs	**1.0**
Coupon interest	**(5.0)**
Liability component at 31 December 2013	**327.6**

(1) Net of capitalised issue costs of US$1.3m.

(2) Net of capitalised issue costs of US$5.2m.

The interest charged for the year is calculated by applying an effective interest rate of 9.88% to the liability component. The total interest charge is split between the coupon interest charge of US$5.0m and accreted interest of US$24.4m. The coupon interest is paid semi-annually in May and November each year until maturity. Similarly, the bonds accrete semi-annually in May and November each year until maturity.

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

(g) On 30 June 2011, the Group signed a five-year US$750.0m revolving credit facility ('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 2013 and 2012, there were no drawings on the Senior Credit Facility.

The maturity of non-current borrowings is as follows:

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Between one and two years	**103.6**	360.3
Between two and five years	**1,173.5**	1,116.7
After five years	**280.9**	292.0
	1,558.0	1,769.0

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

The Directors consider the carrying value of borrowings, other than the Senior Notes due 2017 and Convertible Bonds to approximate to their fair value (see note 32). The effective interest rates, excluding the impact of the Group's interest rate hedging policy, at the balance sheet dates were as follows:

Effective interest rate %	2013	2012
Bank overdrafts	**1.50**	2.05
EIB Facility	**1.52**	1.65
Senior Notes due 2017	**7.375**	7.375
Ex-Im Bank Facility	**3.11**	3.11
Deferred satellite payments	**5.1**	7.0
Convertible Bonds	**9.88**	9.88

20. Trade and other payables

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Current:		
Trade payables	**132.4**	169.0
Deferred consideration[a]	**3.1**	2.1
Other taxation and social security payables	**5.2**	4.0
Other creditors	**2.5**	2.2
Accruals and deferred income[b]	**372.5**	386.4
	515.7	563.7

(a) Deferred consideration includes US$1.1m SkyWave deferred consideration (2012: US$1.1m) (see note 15) and US$2.0m other short-term deferred consideration (2012: US$1.0m).
(b) As at 31 December 2013, includes US$252.6m (2012: US$264.9m) of deferred income relating to payments received from LightSquared. During 2013, US$12.3m was released to the Income Statement to reflect revenue earned, based on the percentage of completion method (2012: US$60.2m).

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Non-current:		
Deferred consideration[a]	**0.7**	1.9
Other payables	**25.5**	23.8
	26.2	25.7

(a) In 2012, deferred consideration included US$1.1m SkyWave deferred consideration (2013: US$nil) (see note 15).

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

21. Provisions

(US$ in millions)	Other provision	Asset retirement obligations	Total
Current:			
As at 1 January 2012	2.7	0.2	2.9
Charged in respect of current year[a]	6.5	–	6.5
Utilised in current year	(3.8)	(0.1)	(3.9)
As at 31 December 2012	5.4	0.1	5.5
Charged in respect of current year[b]	**4.3**	**–**	**4.3**
Utilised in current year	**(5.9)**	**(0.2)**	**(6.1)**
Transferred from non-current liabilities	**–**	**0.6**	**0.6**
As at 31 December 2013	**3.8**	**0.5**	**4.3**

(a) During the year ended 31 December 2012, US$6.5m was charged to the restructuring provision, of which US$1.1m was utilised during the year. The restructuring provision at 31 December 2012 was US$5.4m, all of which was utilised during 2013.
(b) During the year ended 31 December 2013, a further US$4.3m was charged to the restructuring provision, of which US$0.5m was utilised during the year. Management expects to utilise the US$3.8m restructuring provision that remains as at 31 December 2013 during 2014.

(US$ in millions)	Post-employment benefits	Pension	Asset retirement obligations	Other provisions	Total
Non-current:					
As at 1 January 2012	15.3	6.9	3.8	0.7	26.7
Charged to Income Statement in respect of current year	2.0	2.0	0.3	–	4.3
Credited directly to Comprehensive Income in respect of current year	(0.5)	(3.9)	–	–	(4.4)
Contributions paid	–	(11.9)	–	–	(11.9)
Utilised in current year	(0.3)	(0.9)	–	(0.1)	(1.3)
Transferred to non-current assets[a]	–	12.0	–	–	12.0
As at 31 December 2012	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[a]	**–**	**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**

(a) At 31 December 2012 the Inmarsat Global defined benefit pension plan ('the plan') was in an asset position, and this balance was therefore transferred to non-current trade and other receivables. As at 31 December 2013 the plan remains in an asset position (see note 17).

During 2012, the Group made an additional cash contribution to the Inmarsat Global pension plan of £6.0m or US$9.6m. As a result of the additional contributions made to the Inmarsat Global pension plan in previous years, it is no longer in a deficit position and therefore no further additional cash contributions were made in 2013, or are expected in 2014.

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

22. Current and deferred income tax assets and liabilities

The current income tax asset of US$11.6m and current income tax liability of US$100.2m (2012: US$nil and US$32.7m, respectively), represent the income tax payable in respect of current and prior periods less amounts paid.

Recognised deferred income tax assets and liabilities

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

	As at 31 December 2013			As at 31 December 2012		
(US$ in millions)	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	**(0.3)**	**144.0**	**143.7**	–	138.9	138.9
Other[a]	**(7.2)**	**34.5**	**27.3**	(7.4)	23.0	15.6
Pension and post-employment benefits	**(1.1)**	**0.3**	**(0.8)**	(1.4)	–	(1.4)
Share options	**(6.6)**	**–**	**(6.6)**	(3.9)	–	(3.9)
Loss carry forwards	**(10.8)**	**–**	**(10.8)**	(7.9)	–	(7.9)
Net deferred income tax liabilities	**(26.0)**	**178.8**	**152.8**	(20.6)	161.9	141.3

(a) The majority of the other balance relates to the Group's capitalised borrowing costs.

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 above balance is recognised on the Balance Sheet as follows:

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Deferred income tax assets	**(21.3)**	–
Deferred income tax liabilities	**174.1**	141.3
Net deferred income tax liabilities	**152.8**	141.3

Movement in temporary differences during the year:

(US$ in millions)	As at 1 January 2013	TC Comms acquisition	Transferred to held for sale	Recognised in Income Statement	Recognised in equity	As at 31 December 2013
Property, plant and equipment and intangible assets	**138.9**	**–**	**(1.0)**	**5.8**	**–**	**143.7**
Other	**15.6**	**–**	**–**	**8.1**	**3.6**	**27.3**
Pension and post-employment benefits	**(1.4)**	**–**	**–**	**–**	**0.6**	**(0.8)**
Share options	**(3.9)**	**–**	**–**	**(1.1)**	**(1.6)**	**(6.6)**
Loss carry forwards	**(7.9)**	**0.1**	**–**	**(3.0)**	**–**	**(10.8)**
Total	**141.3**	**0.1**	**(1.0)**	**9.8**	**2.6**	**(152.8)**

(US$ in millions)	As at 1 January 2012	NewWave acquisition	Recognised in Income Statement	Recognised in equity	As at 31 December 2012
Property, plant and equipment and intangible assets	120.2	1.9	16.8	–	138.9
Other	1.1	–	12.0	2.5	15.6
Pension and post-employment benefits	(4.0)	–	1.4	1.2	(1.4)
Share options	(3.1)	–	(0.5)	(0.3)	(3.9)
Loss carry forwards	(5.3)	–	(2.6)	–	(7.9)
Total	108.9	1.9	27.1	3.4	141.3

Total unprovided deferred tax assets:

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Temporary timing differences	**(9.6)**	(8.9)
Unused income tax losses	**(6.9)**	(13.9)
Unused capital losses	**(25.3)**	(29.1)
Total	**(41.8)**	(51.9)

22. Current and deferred income tax assets and liabilities continued

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is US$9.1m (2012: US$104.0m), resulting in a deferred tax liability of US$0.5m (2012: US$5.2m). No deferred tax liability is recognised on these temporary differences as the Group is able to control the timing of reversal and it is probable that this will not take place in the foreseeable future.

The 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 will be reduced from 23% to 21% from 1 April 2014 and there will be a further reduction to 20% with effect from 1 April 2015. The Finance Act 2013 received Royal Assent on 17 July 2013, with these rate reductions being substantively enacted from 2 July 2013. 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 net cash inflow from operating activities:

(US$ in millions)	2013	2012
Profit for the year	**102.6**	217.4
Adjustments for:		
Depreciation and amortisation	**232.0**	255.2
Income tax charge	**86.5**	76.2
Interest payable	**54.2**	56.0
Interest receivable	**(4.9)**	(3.2)
Non-cash employee benefit costs	**15.7**	10.8
Forward exchange contracts	**(2.3)**	1.1
Share of profit of associates, net of dividends received	**(1.1)**	(0.6)
Loss on disposal of fixed assets	**0.1**	0.5
Acquisition-related adjustments	**(4.6)**	–
Impairment losses	**185.2**	94.7
Non-cash foreign exchange movements	**1.3**	1.0
Changes in net working capital:		
Increase in trade and other receivables	**(10.9)**	(26.8)
Increase in inventories	**(6.5)**	(1.9)
(Decrease)/increase in trade and other payables	**(35.0)**	41.4
Increase in provisions	**2.5**	5.1
Cash generated from operations	**614.8**	726.9

24. Share capital

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Authorised:		
1,166,610,560 ordinary shares of €0.0005 each (2012: 1,166,610,560)	**0.7**	0.7
	0.7	0.7
Allotted, issued and fully paid:		
448,301,122 ordinary shares of €0.0005 each (2012: 447,861,846)	**0.3**	0.3
	0.3	0.3

During the year ended 31 December 2013, a total of 439,276 (2012: 1,349,910) ordinary shares of €0.0005 each were allotted and issued by the Company under its employee share schemes.

In the year ended 31 December 2012, the Company repurchased 1.3m ordinary shares at a total cost of US$9.9m, all of which were cancelled immediately. During the year ended 31 December 2013, no shares were repurchased.

25. Employee share options and awards

In line with IFRS 2, 'Share-based Payment', the Group recognised US$15.7m (2012: US$10.8m) in total share compensation costs across all of its share plans for the 2013 financial year. Total share-based compensation costs are recognised over the vesting period of the options and share awards ranging from one to four years.

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 optionholders from the Inmarsat Employees' Share Ownership Plan Trust (the 'Trust') (resident in Guernsey). No new shares have been issued to satisfy the exercise of these options.

A summary of all share activity within the Trust, which reflects the options outstanding under the 2004 Plan as at 31 December 2013, is as follows:

	Shares available for grant	2004 Plan options outstanding	Weighted average exercise price per option
Balance at 1 January 2012	1,169,359	95,783	£3.72
Exercised re 2004 Plan	–	(18,757)	£5.00
Exercise re International Sharesave Plan	(47,998)	–	
Exercise re International Share Incentive Plan	(3,365)	–	
Exercise re CEO Share Plans	(303,308)	–	£5.73
Balance at 31 December 2012	814,688	77,026	£3.72
Exercise re International Share Incentive Plan	**(38,533)**	**–**	
Balance at 31 December 2013	**776,155**	**77,026**	**£3.72**
Exercisable at 31 December 2013		**77,026**	
Exercise Price per tranche		**€1.00**	

The weighted average of the remaining contractual life for the 2004 Plan at 31 December 2013 is one year.

The Company also operates a Bonus Share Plan ('BSP'). Awards have been made regularly under the BSP to the Executive Directors and certain members of senior management and details of the awards made to the Executive Directors in 2013 are provided in the Annual Report on Remuneration.

Awards are made in the form of a conditional allocation of shares. The performance conditions attached to the BSP are non-market based performance conditions. Any dividends paid by the Company will accrue and be added as additional shares upon vesting. Details of the operation of the BSP can be found in the Annual Report on Remuneration.

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

The Remuneration Committee has approved a Long-Term Incentive Plan ('LTIP'), for the Group's business unit presidents and certain members of staff. The LTIP sits within the existing rules of the BSP and is a three-year plan with annual targets set in advance. 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 and are used to buy shares in the Company. Any dividends paid by the Company will accrue and be added as additional shares upon vesting.

The Company also operates a Performance Share Plan ('PSP'), and regular annual awards are made to the Executive Directors and certain members of senior management. Details of awards made to the Executive Directors under the PSP in 2013 are provided in the Annual Report on Remuneration. Participants are entitled to receive the value of any dividends that are paid between the date of award to 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 PSP shares will not normally be transferred to participants until the third anniversary of the award date. The transfer of shares is dependent upon the performance conditions being satisfied over the three consecutive financial years starting in the financial year the award date falls. The rules of the PSP provide that the Remuneration Committee has the discretion to satisfy the awards using cash instead of shares. It is, 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 PSP are based on the Group's Total Shareholder Return ('TSR') relative to constituents of the FTSE 350 Index (excluding investment trusts) and a non-market based condition, based on EBITDA measured over a three-year period. The vesting schedule for PSP awards up to and including the award made in 2011 is determined by a combination of TSR and EBITDA performance. For the awards made in March 2012 and March 2013, 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.

25. Employee share options and awards continued

The fair value of the allocation and the assumptions used in the calculation for PSP schemes which vested in 2013 or are due to vest in 2014 or after are as follows:

	Performance Share Plan			
Grant date	26 March 2010	18 May 2011	30 March 2012	19 March 2013
Grant price	£7.905	£6.07	£4.603	£7.00
Exercise price	nil	nil	nil	nil
Bad leaver rate	0%	0%	0%	0%
Vesting period	3 years	3 years	3 years	3 years
Volatility	35.7%	32.1%	33.9%	34.1%
Fair value per share option	£5.62	£3.17	£3.61	£5.76

Both the BSP and PSP 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 BSP and PSP share awards at 31 December 2013 is 1.5 and 1.4 years respectively.

In addition, the Company operates a HM Revenue & Customs approved UK Sharesave Scheme. The grant made in December 2008 with an option price of £3.06 per ordinary share (reflecting the maximum discount permitted of 20%) matured in February 2012. A new grant was made in December 2012 with an option price of £4.59 (reflecting the maximum discount permitted of 20%) which will mature in February 2016.

The Company also operates an International Sharesave Plan which mirrors the operation of the UK Sharesave Scheme as closely as possible. Participants receive either the opportunity to receive options in the same way as the UK Sharesave Scheme, or receive the spread between the share price at the date of exercise and the grant price, delivered (at the Company's discretion) in cash or shares. It is the Company's intention to satisfy the awards using shares, some of which are held by the Trust and some of which will be newly-issued. The grant under the International Sharesave Plan made in December 2008 with an option price of £3.06 per ordinary share matured in February 2012. A new grant was made in December 2012 with an option price of £4.59 which 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 2013 is 2.5 years for each plan.

In 2012, the Company introduced a new Employee Stock Purchase Plan ('ESPP'), 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. This plan was approved at the Company's Annual General Meeting in May 2013. A grant was made under the scheme in November 2012 with an option price of £4.94 (reflecting the maximum discount permitted of 15%) which will mature 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 2013 is 1.2 years.

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

Grant date	Sharesave Scheme (UK and International) 15 December 2008	Sharesave Scheme (UK and International) 18 December 2012	Employee Stock Purchase Plan 26 November 2012
Market price at date of grant	£4.44	£5.93	£5.93
Exercise price	£3.06	£4.59	£4.94
Bad leaver rate	3% pa	3% pa	3% pa
Vesting period	3 years	3 years	2 years
Volatility	33.2%	33.1%	36.5%
Dividend yield assumption	3.36%	4.53%	4.53%
Risk free interest rate	2.46%	0.46%	0.36%
Fair value per option	£1.50	£1.45	£1.34

Several awards have been made under a HM Revenue & Customs approved UK Share Incentive Plan ('SIP'). Arrangements were put in place for eligible overseas employees to replicate the awards made under the SIP as closely as possible. The same market values per ordinary share were used as for the SIP for each award.

In 2007 (and subsequently amended in 2009), the Remuneration Committee made the Chief Executive Officer (now Executive Chairman) an exceptional award of up to 1.7m incentive shares conditional upon the delivery of significant share price growth (the 'CEO Award'). The CEO Award reached its maturity date on 30 September 2012 and vested in November 2012. The share price for assessing the performance of the CEO Award was £5.7299. Of the total 1.7m shares potentially available under the award, 160,631 shares, including shares in lieu of accrued dividends, vested and were issued to the former Chief Executive Officer (now Executive Chairman) in November 2012.

In addition, a deferred share bonus award of 125,000 shares (share price of £6.59 per share) was made to the former Chief Executive Officer (now Executive Chairman) in December 2009, which reached its maturity date on 30 September 2012. The performance condition of EBITDA growth relating to the 2010 financial year was satisfied, therefore 142,677 shares, including shares issued in lieu of accrued dividends, vested and were issued to the former Chief Executive Office (now Executive Chairman) in November 2012.

	CEO Award	CEO Deferred Share Bonus Award
Grant date	28 September 2007	16 December 2009
Grant price	£4.49	£6.59
Exercise price	nil	nil
Bad leaver rate	0%	0%
Vesting period	5 years	3 years
Expected correlation between any pair of shares in PSP comparator group	n/a	n/a
Volatility	28%	n/a
Fair value per share option	£2.65	£6.59

A summary of share awards and option activity as at 31 December 2013 (excluding the 2004 Plan which is noted above) is as follows:

	SIP (UK)	SIP (International)	BSP[a]	PSP	Sharesave (UK)	Sharesave (International)	ESPP	Total
Balance at 31 December 2012	572,471	38,533	1,648,567	1,219,470	626,904	315,827	126,402	4,548,174
Granted/Allocated	–	–	1,074,323	495,307	–	–	–	1,569,630
Forfeited and lapsed	–	–	(33,165)	(240,499)	(53,223)	(2,510)	(11,709)	(341,106)
Exercised	–	–	–	–	(2,754)	–	–	(2,754)
Transferred/Sold	(108,914)	(38,533)	(865,590)	–	–	–	–	(1,013,037)
Balance at 31 December 2013	**463,557**	**–**	**1,824,135**	**1,474,278**	**570,927**	**313,317**	**114,693**	**4,760,907**
Exercisable at 31 December 2013	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Exercise Price per share	**n/a**	**n/a**	**nil**	**nil**	**£4.59**	**£4.59**	**£4.94**	

(a) Includes the LTIP scheme, which sits within the existing rules of the BSP.

26. Reserves

Cash flow hedge reserve:

(US$ in millions)	**2013**	2012
Balance as at 1 January	**(2.5)**	(11.4)
Gain/(loss) recognised on cash flow hedges:		
Forward exchange contracts	**11.6**	4.6
Interest rate swaps	**–**	7.8
FX movement through cash flow hedge reserve	**(1.5)**	–
Income tax charged directly to equity	**(2.1)**	(2.9)
Reclassified to the Income Statement[a]		
Forward exchange contracts	**(3.4)**	(0.6)
Interest rate swaps	**9.4**	–
FX movement through cash flow hedge reserve	**0.2**	(0.2)
Income tax (charged)/credited related to amounts transferred to the Income Statement[a]	**(1.5)**	0.4
Reclassified and capitalised on the Balance Sheet[b]		
Forward exchange contracts	**(0.8)**	(0.2)
Forward exchange contracts previously derecognised as ineffective[c]	**(0.9)**	–
FX movement through cash flow hedge reserve	**0.1**	–
Balance as at 31 December	**8.6**	(2.5)

26. Reserves continued

The cash flow hedge reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in the Income Statement or capitalised on the Balance Sheet when the underlying hedged transaction impacts the Income Statement/Balance Sheet. The outstanding balance as at 31 December 2013 relates to expenditure which is expected to take place in 2014 and 2015. Any capital items are subsequently depreciated in line with the underlying asset.

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

(US$ in millions)	2013	2012
Total net operating costs	(3.2)	(0.8)
Interest payable and similar charges	9.4	–
Income tax expense	(1.5)	0.4
Total reclassified (charged/(credited)) to the Income Statement in the year	4.7	(0.4)

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

(US$ in millions)	2013	2012
Property, plant and equipment	(1.6)	(0.2)
Total reclassified (credited) and capitalised on the Balance Sheet in the year	(1.6)	(0.2)

(c) 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.

27. Earnings per share and adjusted earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held in the employee share trust, which are treated as cancelled, and after taking account of the restructuring of the existing share capital.

	2013	2012
Profit attributable to equity holders of the Company (US$ in millions)	102.0	217.1
Weighted average number of ordinary shares in issue (number)	448,167,216	447,721,218
Basic earnings per share (US$ per share)	0.23	0.48

Diluted earnings per share

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Currently the underlying shares in relation to the share options and awards in relation to employee share plans are the only categories of dilutive potential ordinary shares. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and awards and value of related future employee services.

	2013	2012
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	102.0	217.1
Weighted average number of ordinary shares in issue (number)	448,167,216	447,721,218
Adjustments for:		
– Share options (number)	4,588,215	3,176,105
Weighted average number of ordinary shares for diluted earnings per share (number)	452,755,431	450,897,323
Diluted earnings per share (US$ per share)	0.23	0.48

Adjusted earnings per share

The basic and diluted earnings per share for the year ended 31 December 2013 were adjusted to exclude the US$9.0m (US$6.9m net of tax) contribution in relation to the LightSquared Cooperation Agreement and the impairment losses of US$185.2m (US$159.2m net of tax).

The basic and diluted earnings per share for the year ended 31 December 2012 were adjusted to exclude the US$51.9m (US$39.2m net of tax) contribution in relation to the LightSquared Cooperation Agreement and the impairment losses of US$94.7m.

	2013	2012
Profit attributable to equity holders of the Company (US$ in millions)	**102.0**	217.1
Adjustments for:		
– LightSquared Cooperation Agreement (net of tax)	**(6.9)**	(39.2)
– Impairment losses (net of tax)	**159.2**	94.7
Profit attributable to equity holders of the Company for diluted earnings	**254.3**	272.6
Weighted average number of ordinary shares in issue (number)	**448,167,216**	447,721,218
Adjusted basic earnings per share (US$ per share)	**0.57**	0.61

	2013	2012
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	**102.0**	217.1
Adjustments for:		
– LightSquared Cooperation Agreement (net of tax)	**(6.9)**	(39.2)
– Impairment losses (net of tax)	**159.2**	94.7
Profit attributable to equity holders of the Company for diluted earnings per share number (US$ in millions)	**254.3**	272.6
Weighted average number of ordinary shares in issue (number)	**448,167,216**	447,721,218
Adjustments for:		
– Share options (number)	**4,588,215**	3,176,105
Weighted average number of ordinary shares for diluted earnings per share (number)	**452,755,431**	450,897,323
Adjusted diluted earnings per share (US$ per share)	**0.56**	0.60

The Convertible Bonds could potentially dilute earnings per share in the future; however, they have not been included in the calculation of diluted earnings per share as they are antidilutive for both the periods presented.

28. 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 scheme is the UK scheme for Inmarsat Global, which is a funded scheme with assets held in a separate fund administered by a corporate trustee; the scheme is closed to new employees.

The Inmarsat Global defined benefit plan was valued using the projected unit credit method with the valuation undertaken by professionally qualified and independent actuaries as at 31 December 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 2013, are set out below.

The Group also provides post-employment benefits for some of its employees. The Group's principal scheme is Inmarsat Global's 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.

28. Pension arrangements and post-employment benefits continued

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.

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

	As at 31 December 2013	As at 31 December 2012
Weighted average actuarial assumptions used at 31 December:		
Discount rate	**4.72%**	4.60%
Future salary increases	**3.43%**	3.05%
Medical cost trend rate[(a)]	**4.00%**	3.60%
Future pension increases	**3.32%**	2.93%

(a) 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:

	2013 Number of years	2012 Number of years
Male current age 65	**88.2**	88.0
Female current age 65	**90.2**	89.9

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 2013 and 2012, 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%	(5.7%)	(30.4%)
Decrease in discount factor of 0.25%	6.1%	31.0%
Increase in inflation of 0.25%	6.2%	30.1%
Decrease in inflation of 0.25%	(5.7%)	(28.0%)
Mortality: -2 years for males and -1 year for females	2.4%	11.2%

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%	21.8%	5.4%
Decrease in healthcare cost trend rate of 1%	(17.0%)	(4.2%)

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:

(US$ in millions)	**As at 31 December 2013**	As at 31 December 2012
Present value of funded defined benefit obligations (pension)	**(101.9)**	(86.5)
Present value of unfunded defined benefit obligations (pension)	**(1.2)**	(1.8)
Present value of unfunded defined benefit obligations (post-employment benefits)	**(17.4)**	(16.5)
Fair value of defined benefit assets	**114.0**	96.1
Net defined benefit liability recognised in the Balance Sheet	**(6.5)**	(8.7)

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

(US$ in millions)	Note	**As at 31 December 2013**	As at 31 December 2012
Pension asset	17	**14.6**	12.0
Defined benefit liability	21	**(21.1)**	(20.7)

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

(US$ in millions)	Defined benefit pension plan	Post-employment benefits
At 1 January 2012	78.0	15.3
Current service cost	3.1	0.4
Interest cost	3.5	0.9
Remeasurement losses/(gains):		
Actuarial losses arising from changes in demographic assumptions	4.7	0.3
Actuarial gains arising from changes in financial assumptions	(5.3)	–
Experience losses/(gains)	0.5	(0.8)
Foreign exchange losses	4.2	0.7
Benefits paid	(1.7)	(0.3)
Contributions by pension participants	1.3	–
At 31 December 2012	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**

28. 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:

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
At 1 January	**96.1**	71.1
Interest income	**4.5**	4.5
Remeasurement gains:		
Experience return on plan asset (excluding interest income)	**7.4**	3.1
Actuarial gains arising from changes in demographic assumptions	**0.2**	–
Actuarial gains arising from changes in financial assumptions	**0.3**	0.7
Contributions by employer	**2.1**	11.9
Contributions by pension participants	**1.4**	1.3
Benefits paid	**(0.8)**	(0.8)
Expenses paid (included in service cost)	**(0.6)**	–
Foreign exchange gains	**3.4**	4.3
At 31 December	**114.0**	96.1

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

	2013		2012	
(US$ in millions)	Defined benefit pension plan	Post-employment benefits	Defined benefit pension plan	Post-employment benefits
Current service cost	**3.6**	**0.2**	3.1	0.4
Net interest (income)/expense	**(0.6)**	**0.8**	(1.0)	0.9
Foreign exchange (gain)/loss	**(0.6)**	**0.3**	(0.1)	0.7
	2.4	**1.3**	2.0	2.0

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:

	2013		2012	
(US$ in millions)	Defined benefit pension plan	Post-employment benefits	Defined benefit pension plan	Post-employment benefits
Actuarial losses arising from changes in demographic assumptions	**0.2**	**–**	4.7	0.3
Actuarial losses/(gains) arising from changes in financial assumptions	**4.6**	**(0.1)**	(6.0)	–
Return on plan asset (excluding interest income)	**(7.4)**	**–**	(3.1)	–
Experience losses/(gains)	**–**	**–**	0.5	(0.8)
Remeasurement of the net defined benefit asset and liability	**(2.6)**	**(0.1)**	(3.9)	(0.5)

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

	As at 31 December 2013		As at 31 December 2012	
	Value (US$ in millions)	Percentage of total plan assets %	Value (US$ in millions)	Percentage of total plan assets %
Equities	**39.0**	**34.21%**	69.1	71.90%
Cash	**0.2**	**0.17%**	9.4	9.78%
Bonds	**60.2**	**52.81%**	15.4	16.03%
Other	**14.6**	**12.81%**	2.2	2.29%
Fair value of scheme assets	**114.0**		96.1	

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 2013 are as follows:

Fund	Legal structure	Allocation (%)
Passive Global Equity	PIF Fund PLC	14.1
Global Small Cap Equity	MGI Funds PLC	6.3
Emerging Markets Equity	MGI Funds PLC	5.2
Global Low Volatility Equity	MGI Funds PLC	3.5
Emerging Markets Debt	MGI Funds PLC	3.1
Global High Yield Bonds	MGI Funds PLC	2.2
Alternatives	Mercer QIF Fund PLC	7.5
High Lease-to-Value Property	QIF CCF	2.9
Dynamic Asset Allocation Overlay	Mercer QIF Fund PLC	4.8
Total Growth Portfolio		49.6
Inflation-Linked LDI Bonds	Mercer QIF Fund PLC	3.5
Flexible Enhanced Matching Fixed	Mercer QIF Fund PLC	3.6
Flexible Enhanced Matching Real	Mercer QIF Fund PLC	30.9
UK Credit	PIF Fund PLC	12.4
Total Matching Portfolio		50.4
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.

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	67%
Deferred members	27%
Pensioner members	6%

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 2014 are US$1.2m (2013: actual US$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. Contribution 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.

29. 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 Inmarsat Solutions business and contribute to the Global Government and Enterprise business units.

Acquisition of NewWave Broadband Limited

On 13 January 2012, the Group acquired all of the outstanding and issued common shares of NewWave Broadband Limited ('NewWave') for a total consideration of US$7.7m (net of cash acquired). The operations of NewWave have been integrated within the Inmarsat Solutions business.

Both acquisitions have been accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combinations'. The Group has not presented full acquisition notes in line with IFRS 3 as the acquisitions are not considered to be material.

30. 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:

	As at 31 December 2013			As at 31 December 2012		
(US$ in millions)	**Non-cancellable operating leases**	**Other unrecognised contractual commitments**	**Total**	Non-cancellable operating leases	Other unrecognised contractual commitments	Total
Within one year	**18.0**	**21.8**	**39.8**	17.5	11.7	29.2
Within two to five years	**55.8**	**27.6**	**83.4**	54.2	14.8	69.0
After five years	**74.5**	**–**	**74.5**	87.4	0.2	87.6
	148.3	**49.4**	**197.7**	159.1	26.7	185.8

Operating lease commitments relate to primarily 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.

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

(US$ in millions)	**As at 31 December 2013**	As at 31 December 2012
Within one year	**43.6**	40.1
Within two to five years	**28.8**	42.9
	72.4	83.0

The total of future sublease payments expected to be received under non-cancellable subleases at 31 December 2013 relating to the above head office lease is US$2.6m over two years (as at 31 December 2012: US$3.7m over three years).

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

(US$ in millions)	**As at 31 December 2013**	As at 31 December 2012
Within one year	**40.7**	67.5
Within two to five years	**–**	5.4
After five years	**–**	2.3
	40.7	75.2

31. Capital risk management

The following table summarises the capital of the Group:

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
As per Balance Sheet		
Cash and cash equivalents	**(144.3)**	(332.1)
Borrowings	**1,957.1**	1,821.4
Net debt	**1,812.8**	1,489.3
Equity attributable to shareholders of the parent	**1,047.5**	1,124.8
Capital	**2,860.3**	2,614.1

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

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

The net borrowing (gross of deferred finance costs) to EBITDA ratio for the year ended 31 December 2013 is 2.84 (2012: 2.19).

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 in the years ended 31 December 2013 and 2012.

32. 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.

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

Having arranged the purchase of foreign currency in line with the anticipated requirement for that currency over each financial year, an average rate of exchange is calculated from the agreed currency 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.

32. Financial instruments continued

Financial instruments by category

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

(US$ in millions)	As at 31 December 2013 Loans and receivables	As at 31 December 2013 Derivatives used for hedging	As at 31 December 2013 Total	As at 31 December 2012 Loans and receivables	As at 31 December 2012 Derivatives used for hedging	As at 31 December 2012 Total
Assets as per Balance Sheet						
Trade receivables, other receivables and accrued income[a]	239.2	–	239.2	262.6	–	262.6
Cash and cash equivalents	144.3	–	144.3	332.1	–	332.1
Derivative financial instruments	–	12.8	12.8	–	6.4	6.4
	383.5	12.8	396.3	594.7	6.4	601.1

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

(US$ in millions)	As at 31 December 2013 Derivatives used for hedging	As at 31 December 2013 Other financial liabilities	As at 31 December 2013 Total	As at 31 December 2012 Derivatives used for hedging	As at 31 December 2012 Other financial liabilities	As at 31 December 2012 Total
Liabilities as per Balance Sheet						
Borrowings	–	1,957.1	1,957.1	–	1,821.4	1,821.4
Trade payables, other payables and accruals[a]	–	219.3	219.3	–	233.3	233.3
Derivative financial instruments	0.5	–	0.5	11.4	–	11.4
	0.5	2,176.4	2,176.9	11.4	2,054.7	2,066.1

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

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

(US$ in millions)	As at 31 December 2013 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[a]	487.0	189.4	1,343.7	303.4	2,323.5
Trade payables, other payables and accruals	193.1	1.3	23.3	1.6	219.3
Derivative financial instruments	0.5	–	–	–	0.5
	680.6	190.7	1,367.0	305.0	2,543.3

(a) Includes interest obligations on the Senior Notes due 2017, EIB Facility, Ex-Im Bank Facility and Convertible Bonds. The interest obligations assume no changes in floating interest rates from the year end.

(US$ in millions)	As at 31 December 2012 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[a]	136.5	450.8	1,354.2	380.1	2,321.6
Trade and other payables	207.6	1.6	1.8	22.3	233.3
Derivative financial instruments	11.4	–	–	–	11.4
	355.5	452.4	1,356.0	402.4	2,566.3

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

Net fair values of derivative financial instruments

The Group's derivative financial instruments as at 31 December 2013 consist of forward foreign currency contracts, of which approximately 95% (2012: 90%) are designated cash flow hedges.

The net fair values at the Balance Sheet date were:

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Contracts with positive fair values:		
Forward foreign currency contracts – designated cash flow hedges	**12.1**	6.2
Forward foreign currency contracts – undesignated	**0.7**	0.2
Contracts with negative fair values:		
Forward foreign currency contracts – designated cash flow hedges	**(0.5)**	(2.0)
Total forward exchange currency contracts	**12.3**	4.4
Interest rate swaps – designated cash flow hedge	**–**	(9.4)
Total net fair value	**12.3**	(5.0)
Less non-current portion		
Forward foreign currency contracts – designated cash flow hedges	**3.6**	–
Current portion	**8.7**	(5.0)

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 upon the difference between the contract amount at the current forward rate at each period end and the contract amount at the contract rate, discounted at a variable risk-free rate at the period end.

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

Forward foreign exchange

The following table sets out the face value and fair value of forward foreign exchange contracts outstanding for the Group as at 31 December 2013 and 2012:

	As at 31 December 2013			
Outstanding forward foreign exchange contracts (in millions)	**Face value**	**Maturing within 1 year**	**Maturing between 1 and 2 years**	**Fair value (US$)**
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

	As at 31 December 2012			
Outstanding forward foreign exchange contracts (in millions)	Face value	Maturing within 1 year	Maturing between 1 and 2 years	Fair value (US$)
GBP contracts	£63.5	£63.5	–	3.3
Euro contracts	€45.6	€45.6	–	0.9
Canadian Dollar contracts	$12.0	$12.0	–	0.2
				4.4

32. Financial instruments continued

Interest rate swap

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding for the Group as at 31 December 2013 and 2012:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding floating for fixed contracts	**2013 %**	2012 %	**2013 (US$ in millions)**	2012 (US$ in millions)	**2013 (US$ in millions)**	2012 (US$ in millions)
Less than one year	**–**	4.93%	**–**	200.0	**–**	(9.4)
			–	200.0	**–**	(9.4)

Under the interest rate swaps held at 31 December 2012, the Group received quarterly floating interest (three-month USD LIBOR) to offset floating interest payable. Gains or losses were reversed in the Income Statement when the swaps expired.

At 31 December 2013, the Group had no interest rate swaps outstanding.

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.

Fair value of non-derivative financial assets and financial liabilities

With the exception of the Senior Notes due 2017 and Convertible Bonds, 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);
- 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 2017 are reflected in the Balance Sheet as at 31 December 2013 net of unamortised arrangement costs and net issuance premium of US$8.7m and US$5.9m (2012: US$11.0m and US$7.5m), respectively (see note 19). The fair values of the Senior Notes due 2017 are based on the market price of the bonds as at 31 December 2013 and are reflected in the table below;
- The EIB Facility is reflected in the Balance Sheet as at 31 December 2013 net of unamortised arrangement costs of US$1.1m (2012: US$1.6m). The fair value approximates the carrying value (see note 19);
- The Ex-Im Bank Facility is reflected in the Balance Sheet as at 31 December 2013 net of unamortised arrangement costs of US$18.1m (2012: US$16.3m). The fair value approximates the carrying value (see note 19); and
- The liability component of the Convertible Bonds is reflected in the Balance Sheet as at 31 December 2013 on an amortised cost basis, net of unamortised arrangement costs of US$1.0m (2012: US$2.0m) (see note 19). The fair value of the Convertible Bonds is based on the market price of the bonds as at 31 December 2013 and is reflected in the table below.

	As at 31 December 2013		As at 31 December 2012	
(US$ in millions)	**Carrying amount**	**Fair value amount**	Carrying amount	Fair value amount
Senior Notes due 2017	**850.0**	**885.6**	850.0	912.7
Convertible Bonds	**325.6**	**392.0**	301.3	374.8

33. Disposal groups held for sale

On 1 August 2013, the Group announced a strategic partnership with RigNet, Inc. ('RigNet'), a global provider of managed remote telecommunications solutions to the oil and gas industry, to offer GX and L-band services to the energy sector. Under the terms of the agreement, RigNet became a GX distribution partner and entered into a five-year GX capacity pre-purchase agreement. In connection with the agreement, the Group has agreed to sell the majority of its retail energy business to RigNet. On 3 February 2014, following regulatory and other approvals, the Group announced completion of the sale. 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.

The assets and liabilities being transferred to RigNet as part of the transaction are presented at fair value as part of assets held for sale and liabilities directly associated with assets held for sale on the face of the Balance Sheet. The major classes of assets and liabilities comprising the disposal group held for sale at 31 December 2013 are as follows:

(US$ in millions)	Note	As at 31 December 2013
Intangible assets	14	**1.3**
Fixed assets	13	**16.6**
Inventories		**4.8**
Trade and other receivables		**20.1**
Total assets classified as held for sale		**42.8**
Trade and other payables		**(14.3)**
Provisions	21	**(2.5)**
Deferred income tax liabilities	22	**(1.0)**
Non-controlling interest		**(1.2)**
Total liabilities directly associated with assets held for sale		**(19.0)**
Net assets of disposal group		**23.8**

34. Capital commitments

The Group had authorised and contracted but not provided for capital commitments as at 31 December 2013 of US$713.3m (2012: US$740.3m). These amounts primarily represent commitments in respect of the Group's GX programme.

35. Contingent liability

The Group has received enquiries from Her Majesty's Revenue and Customs ('HMRC') in respect of financing 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 US$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.

36. Related party transactions

In the normal course of operations Inmarsat Solutions 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 2013 financial year was US$31.3m, US$0.8m and US$19.4m, respectively (2012: US$22.7m, US$2.0m and US$18.5m, respectively). The amount receivable from the related parties at 31 December 2013 was US$14.8m, $0.3m and US$3.1m, respectively (2012: US$14.2m, US$1.3m and US$3.3m, respectively).

Aggregate remuneration for key management personnel, being the Executive Staff (including Executive Directors) of the Company, during the year is as follows:

(US$ in millions)	2013	2012
Short-term employee benefits[a]	**10.4**	9.7
Post-employment benefits	**0.2**	0.3
Termination benefits	**–**	0.5
Share-based payment[a]	**10.3**	7.5
Total remuneration	**20.9**	18.0

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

The amount owing to the Executive Staff (including Executive Directors) as at 31 December 2013 and 2012 was US$3.4m and US$3.5m, respectively.

The post-employment benefits and defined benefit pension plans are related parties (see note 28).

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

37. Principal subsidiary undertakings

At 31 December 2013, the Company had investments in the following principal subsidiaries that have a significant impact on the consolidated results and total assets of the Group. To avoid a statement of excessive length, details of subsidiaries and associates which are not significant have been omitted from this list. A full list of subsidiaries and associates will be annexed to the Company's next annual return to be filed with the Registrar of Companies.

	Principal activity	Country of incorporation and operation	**Interest in issued ordinary share capital at 31 December 2013**	Interest in issued ordinary share capital at 31 December 2012
Inmarsat Finance plc	Finance company	England and Wales	**100%**	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales	**100%**	100%
Inmarsat Group Limited	Holding company	England and Wales	**100%**	100%
Inmarsat Investments Limited	Holding company	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 Hawaii Inc.	Satellite telecommunications	USA	**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%
Stratos Government Services Inc.	Operating company	USA	**100%**	100%
Inmarsat Solutions AS	Operating company	Norway	**100%**	100%
Inmarsat Mobile Networks Inc.[(a)]	Operating company	USA	**100%**	100%
Inmarsat New Zealand Limited	Operating company	New Zealand	**100%**	100%
Stratos Offshore Services Company	Operating company	USA	**100%**	100%
Inmarsat Solutions (Canada) Inc	Operating company	Canada	**100%**	100%
Moskovsky Teleport	Operating company	Russia	**80%**	80%
Inmarsat Solutions Global Limited	Operating company	England and Wales	**100%**	100%
TC Communications Pty Ltd	Operating company	Australia	**100%**	–

(a) Stratos Mobile Networks Inc. was renamed Inmarsat Mobile Networks Inc. on 25 October 2013.

38. Events after the Balance Sheet date

On 17 December 2013, the Group announced an agreement to acquire the mobile satellite communications business and substantially all of the related assets of Globe Wireless LLC ('Globe Wireless') for a total consideration of US$45m. Globe Wireless is a leading provider of value-added maritime communications services to the shipping market. In the 12 months ended 30 June 2013, Globe Wireless reported revenues of US$91m and currently has an installed customer base of over 6,000 ships. The acquisition of Globe Wireless will benefit Inmarsat's Commercial Maritime business unit, with operating synergies and revenue growth expected from the acquisition.

The transaction closed on 2 January 2014 and therefore does not impact the 2013 financial results. The acquisition will be accounted for using the purchase method of accounting in accordance with IFRS 3, 'Business Combinations'. The allocation of the purchase consideration has not been finalised and is expected to be completed in 2014. In 2014, the operations of Globe Wireless will be integrated within the Group's Inmarsat Solutions business and Commercial Maritime business unit.

On 3 February 2014, the Group announced that, following regulatory and other approvals, the sale of the majority of the retail energy business to RigNet, Inc. has now been completed.

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

Company Balance Sheet

(US$ in millions)	As at 31 December 2013	As at 31 December 2012
Assets		
Non-current assets		
Investments[a]	**1,071.1**	1,062.5
Other receivables[b]	**56.3**	103.0
Deferred income tax asset	**1.0**	–
	1,128.4	1,165.5
Current assets		
Cash and cash equivalents	**1.6**	1.6
Trade and other receivables[c]	**1.2**	1.2
Current income tax asset	**8.4**	6.3
	11.2	9.1
Total assets	**1,139.6**	1,174.6
Liabilities		
Current liabilities		
Trade and other payables[d]	**5.9**	4.8
Borrowings[e]	**327.6**	–
	333.5	4.8
Non-current liabilities		
Borrowings[e]	**–**	302.2
Deferred income tax liability	**–**	1.1
	–	303.3
Total liabilities	**333.5**	308.1
Net assets	**806.1**	866.5
Shareholders' equity		
Ordinary shares	**0.3**	0.3
Share premium	**687.4**	687.4
Convertible Bonds reserve	**56.9**	56.9
Other reserves	**53.0**	44.5
Retained earnings	**8.5**	77.4
Total equity	**806.1**	866.5

(a) Investments consist of a US$1,007.8m investment in Inmarsat Holdings Limited (2012: US$1,007.8m) and US$63.3m of capital contributions to Group companies in respect of share-based payments (2012: US$54.7m).
(b) Other receivables consist of US$56.3m amounts due from Group companies (2012: US$103.0m).
(c) Trade and other receivables consist of US$1.2m amounts due from Group companies (2012: US$1.2m).
(d) Trade and other payables consists of US$1.4m due to shareholders in respect of dividends paid during 2013 (2012: US$1.2m), accruals of US$3.1m (2012: US$2.2m) and amounts due to Group companies of US$1.4m (2012: US$1.3m). In addition, 2012 included US$0.1m of tax and social security creditors (2013: nil).
(e) Borrowings comprise the Convertible Bonds discussed in note 19 to the consolidated financial statements.

The financial statements of the Company, registered number 4886072, on pages 121 to 123 were approved by the Board of Directors on 6 March 2014 and signed on its behalf by:

Rupert Pearce
Chief Executive Officer

Company Cash Flow Statement

(US$ in millions)	2013	2012
Cash flow from operating activities		
Cash used in operations	**(1.8)**	(3.6)
Interest received	**0.3**	0.4
Net cash used in operating activities	**(1.5)**	(3.2)
Cash flow from investing activities		
Dividends received from Group companies	**157.8**	225.7
Net cash from investing activities	**157.8**	225.7
Cash flow from financing activities		
Dividends paid to shareholders	**(200.5)**	(186.6)
Interest paid on Convertible Bonds	**(5.0)**	(5.1)
Net proceeds from issue of ordinary shares	**–**	3.5
Purchase of own shares, including costs	**–**	(9.9)
Intercompany funding	**49.2**	(41.0)
Net cash used in financing activities	**(156.3)**	(239.1)
Net decrease in cash and cash equivalents	**–**	(16.6)
Movement in cash and cash equivalents		
At beginning of year	**1.6**	18.2
Net decrease in cash and cash equivalents	**–**	(16.6)
As reported on the Balance Sheet (net of bank overdrafts)	**1.6**	1.6
At end of year, comprising		
Cash at bank and in hand	**1.6**	1.6
	1.6	1.6

Company Statement of Changes in Equity

(US$ in millions)	Ordinary share capital	Share premium account	Convertible Bonds reserve	Share option reserve	Other reserve[(a)]	Accumulated profit	Total
Balance at 1 January 2012	0.3	683.9	56.9	47.7	(12.0)	145.5	922.3
Issue of share capital	–	3.5	–	–	–	–	3.5
Profit for the year	–	–	–	–	–	129.2	129.2
Dividends paid	–	–	–	–	–	(187.4)	(187.4)
Share options charge	–	–	–	8.8	–	–	8.8
Purchase of own shares	–	–	–	–	–	(9.9)	(9.9)
Balance at 31 December 2012	0.3	687.4	56.9	56.5	(12.0)	77.4	866.5
Profit for the year	**–**	**–**	**–**	**–**	**–**	**133.2**	**133.2**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(202.4)**	**(202.4)**
Share options charge	**–**	**–**	**–**	**5.0**	**3.5**	**0.3**	**8.8**
Balance at 31 December 2013	**0.3**	**687.4**	**56.9**	**61.5**	**(8.5)**	**8.5**	**806.1**

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

Notes to the Financial Statements

Basis of accounting
In the 2013 and 2012 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 accounts.

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 for the year ended 31 December 2013 was US$133.2m (2012: US$129.2m).

Auditor's remuneration
During the year, the Company paid its external Auditor US$0.2m for statutory audit services (2012: US$0.2m).

Employee costs and Directors' remuneration
The average monthly number of people employed during the year was one (2012: one). Total staff costs for 2013 were US$3.0m (2012: US$2.4m). Full details of Directors' remuneration and Directors' share options and share awards are given in the Annual Report on Remuneration.

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.

Share capital
The share capital for the Company is disclosed in note 24 to the Group's consolidated financial statements.

Financial Instruments
The IFRS 7, 'Financial Instruments' disclosures, where relevant to the Company, are consistent with that of the Group as set out in note 32 to the consolidated financial statements.

The differences between the Group and the Company in relation to intercompany balances are US$57.5m (2012: US$104.2m) amounts due from Group companies and US$1.4m (2012: US1.3m) amounts due to group companies, which eliminate on consolidation. The Directors consider the carrying value of the intercompany balances to approximate to their fair value.

Cash used in operations
Reconciliation of profit for the year to net cash outflow from operating activities.

(US$ in millions)	**2013**	2012
Profit for the year	**133.2**	129.2
Adjustments for:		
Income tax (credit)/expense	**(2.6)**	1.9
Interest payable	**30.6**	(1.6)
Interest receivable	**(3.2)**	(3.7)
Dividend receivable	**(157.8)**	(125.7)
Non-cash employee benefit costs	**1.2**	0.9
Changes in net working capital:		
Decrease/(increase) in trade and other receivables	**0.6**	(4.4)
Decrease in trade and other payables	**(3.8)**	(0.2)
Cash used in operations	**(1.8)**	(3.6)

Additional Information

Five-Year Summary

(US$ in millions)	**2013**	2012	2011	2010	2009
Revenues	**1,261.9**	1,337.8	1,408.5	1,171.6	1,038.1
EBITDA	**648.8**	694.7	854.4	696.1	594.2
EBITDA %	**51.4%**	51.9%	60.7%	59.4%	57.2%
Profit before income tax	**189.1**	293.6	366.9	333.5	196.9
Profit for year	**102.6**	217.4	249.5	261.1	152.8
Net cash inflow from operating activities	**597.1**	659.5	881.6	744.3	622.1
Net cash used in investing activities	**(583.7)**	(499.1)	(702.0)	(295.5)	(173.7)
Net cash used in financing activities	**(204.5)**	(11.1)	(340.5)	(331.5)	(376.3)
Total assets	**3,868.8**	3,753.0	3,409.1	3,158.0	2,905.6
Total liabilities	**(2,821.0)**	(2,627.1)	(2,328.0)	(2,069.3)	(1,935.6)
Shareholders' equity	**1,047.8**	1,125.9	1,081.1	1,088.7	970.0

Notes:
Results for 2013, 2012 and 2011 include Segovia for the full year. Results for 2010 include Segovia from 12 January 2010.
Results for 2013 and 2012 include Ship Equip for the full year. Results for 2011 include Ship Equip from 28 April 2011.
Results for 2013 include NewWave for the full year. Results for 2012 include NewWave from 13 January 2012.
Results for 2013 include TC Comms from 8 May 2013.

Financial calendar 2014

7 May	Annual General Meeting
14 May	Ex-dividend date for 2013 final dividend
16 May	Record date for 2013 final dividend
30 May	2013 final dividend payment date
August	2014 interim results
October	2014 interim dividend payment

Inmarsat corporate contacts

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Cautionary statement regarding forward-looking statements

Certain statements in this Annual Report constitute 'forward-looking statements' within the meaning of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include: general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; structural change in the satellite industry; relationships with customers; competition; and ability to attract personnel. You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this Annual Report.

Inmarsat undertakes no obligation to update or revise any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances, except where it would be required to do so under applicable law.

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