INMARSAT GROUP LIMITED

ANNUAL FINANCIAL INFORMATION DISCLOSURE

FOR THE YEAR ENDED 31 DECEMBER 2015

Contents

CHAIRMAN'S REVIEW 1
CHIEF EXECUTIVE'S REVIEW 2
OUR KEY PERFORMANCE INDICATORS 6
OUR MARKETS 7
OUR BUSINESS MODEL 10
OUR STRATEGY 11
RESOURCES AND RELATIONSHIPS 13
BUSINESS OVERVIEW 18
FINANCIAL REVIEW 23
BOARD OF DIRECTORS 27
GLOSSARY OF TERMS 30
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS 33

APPENDIX A – 2015 CONSOLIDATED FINANCIAL STATEMENTS OF INMARSAT GROUP LIMITED

CHAIRMAN'S REVIEW

2015 Overview

This, our tenth year as a listed company, has been a year of transition, preparation and investment in what we firmly believe will be the next phase of growth in the global mobile satellite sector. While we were disappointed in the delays in the final deployment of our new Global Xpress constellation and in the continued spending constraints that our government, oil and gas and maritime customers have experienced in 2015, we were, at the same time, quite pleased with the resilience of our diversified business and the progress that we've made in moving our customers to higher bandwidth data services overall. In our Aviation business, segments of our Government business and with our first customers using our new Global Xpress service we did well.

Underpinning all of this is a progression to higher bandwidth services which we believe is inevitable. It is clear that customers in areas not fully served by terrestrial wireless networks still demand the same need for broadband connectivity. Our focus remains on serving customers in those remote environments with uniform global mobile or portable connectivity that is highly reliable. The mission-critical applications our services are used for have a broad range of connectivity requirements, but more and more it is for higher bandwidth, lower and more predictable prices, smaller and lower cost terminals and high levels of reliability.

Reflecting on our tenth year as a listed company, we are proud to note for our investors that since our IPO in 2005 to the end of December 2015, our share price has increased 364%, our dividend has had a healthy increase each and every year and our total shareholder return (TSR) during this period was 584%. This compares with a TSR for the FTSE 250 of 217% and 81% for the FTSE 100; and is also strongly favourable to our industry indices.

While we are pleased with the returns we've been able to deliver to our shareholders, we have done this alongside both maintaining the quality of services that we deliver and investing in the future. In the next section Rupert Pearce, our CEO, will highlight our performance more broadly in 2015, and our plans for 2016 and beyond. He and the senior management team continue to innovate around their identified business unit needs. The most fundamental illustrations of that are our new satellite constellations, both Global Xpress and the newly announced Inmarsat-6 programme. However, a breakthrough in offering enhanced European aviation connectivity, at significantly increased data speeds, was also announced in the form of our new European Aviation Network partnership with the leading European telecoms firm, Deutsche Telekom. This is an example of an extension of our satellite services through a hybrid system to more effectively serve our aviation customers. We expect to invest more in this rapidly growing aviation segment in the years ahead.

Of course safety services in both maritime and aviation remain core to what we do. In both of these services we are investing in the next generation and enhancements to ensure that seafarers and aircraft, flying over oceans and remote areas globally, have the benefit of the latest technologies to keep them safe.

Board activities

During the course of 2015, we also evolved our Board membership by bringing on new independent members and by the retirement of one of our long-time valued members of the Board. This process will result in the continued independence of our Board and allow for a continuity of work along the way. This year we were pleased to welcome two new members to our Board: Robert Ruijter, who is our new Audit Committee Chairman and Dr Hamadoun Touré, former Secretary General of the ITU (see their biographies on pages 52-54). In addition, we have formed a new Committee of the Board, the Telecoms Regulatory Committee, which will allow us to focus on vital telecoms regulation globally with our Directors who have a wealth of experience in this highly specialised and relevant geopolitical arena for us.

John Rennocks, our Deputy Chairman, decided to retire from the Board in November 2015. We thank John for his invaluable contributions over the years to the success of Inmarsat as a business. Dr Abe Peled has stepped into the role of Senior Independent Director. In addition, at the start of 2015 I stepped into the role of Non-Executive Chairman. The Corporate governance report on pages 58 to 71 summarises the changes that we have made to the Board over the course of the year and notes our intentions for succession planning before the 2017 AGM. A summary of the external Board evaluation we recently completed is also included in this Report.

In October we were honoured to host a visit by the Chinese President, Xi Jinping, to our Inmarsat headquarters in London. This was in conjunction with his State visit to the UK. After 35 years of working closely with our Chinese partners in the delivery of emergency services, maritime safety services and more commercial services to Chinese users, we were pleased to be recognised in this way.

Performance

In 2015, our Aviation business unit performed very strongly and within our government market sector, the US Government business also showed improvement in the underlying trends. Our Maritime business was flat overall and underlying revenues in our Enterprise business increased. These four market sectors contributed to overall Mobile Satellite Services and other revenues of $1,185.5m, with the balance of our revenues made up of payments received from a collaboration agreement with a US operator, LightSquared, now called Ligado Networks. With prudent cost management and despite a year of significant investment in the business in terms of both infrastructure and employee training, our level of EBITDA was favourable against last year.

This performance has allowed us to continue increasing our dividend payments with a 5% increase on the final dividend on last year to 31.78 cents which gave a total dividend for 2015 of 51.39 cents. This is a 5% increase for the full year dividend compared to 2014. We have increased our dividends every year since our IPO in 2005.

Rupert and the senior management team have managed the Company well through a year of transition and significant investment. The Company is well positioned in markets on land, at sea and in the air – business sectors the market analysts expect to grow over the long term. It is not without operational and competitive challenges, but we think our market-focused approach, along with the assets we continue to put in place, will allow us to continue to grow profitably in the years ahead.

Thank you to our customers for continuing to rely on us, we do not take this for granted. Thank you to our entire global workforce for continuing to work tirelessly to deliver reliable services. And of course, thank you also to our shareholders for your continued support for Inmarsat.

CHIEF EXECUTIVE'S REVIEW

Executive Management board

RUPERT PEARCE
CHIEF EXECUTIVE OFFICER

TONY BATES CHIEF FINANCIAL OFFICER	**ALISON HORROCKS** CHIEF CORPORATE AFFAIRS OFFICER	**LEO MONDALE** PRESIDENT, AVIATION BUSINESS UNIT
GREG EWERT PRESIDENT, ENTERPRISE BUSINESS UNIT	**DEBBIE JONES** CHIEF PEOPLE OFFICER	**RUY PINTO** CHIEF OPERATIONS OFFICER
MICHELE FRANCI CHIEF TECHNOLOGY OFFICER	**PAT MCDOUGAL** CHIEF STRATEGY OFFICER	**RONALD SPITHOUT** PRESIDENT, MARITIME BUSINESS UNIT
PETER HADINGER PRESIDENT, US GOVERNMENT BUSINESS	**CHRIS MCLAUGHLIN** CHIEF MARKETING OFFICER	**ANDY START** PRESIDENT, GLOBAL GOVERNMENT

Q. WHAT WOULD YOU DESCRIBE AS THE MOST IMPORTANT ACCOMPLISHMENTS AT INMARSAT IN 2015?
A. Undoubtedly the highlight of 2015 was the successful launch of our Inmarsat-5 satellite constellation to provide global coverage, which we brought into commercial service at the end of the year. We encountered delays to our launch plans in 2015, caused by successive Proton launch failures prior to our planned launch dates, but we eventually launched our second and third Inmarsat-5 satellites in February and August 2015, respectively. These launches set the stage for us to deliver meaningful Global Xpress (GX) service revenues in 2016, as we move from a transition period into the beginning of what we hope will be a substantial transformation in our growth through the diversification of our business and the introduction of exciting new products and services.

We also delivered good progress in our plans to deploy our European Aviation Network (EAN), a hybrid, integrated satellite/air-to-ground (ATG) network operating in the S-band. This will bring high-speed broadband to the European commercial and business aviation markets.

In September 2015, we announced a partnership with Deutsche Telekom to deliver a pan-European ATG network, which will be fully integrated with the S-band satellite being built for us by Thales Alenia Space. During the year we completed development contracts with other core suppliers for the EAN's satellite antenna, ATG antenna and satellite ground network. The EAN will operate on an integrated basis with our global GX aviation services, to provide our customers with the world's broadest, most capable aviation connectivity network. We are very encouraged that customer interest in these future aviation services remains strong and we were delighted that in October 2015 the Deutsche Lufthansa Group committed their European short-haul fleet (Europe's largest) to our GX services and announced that it intended to be the first airline to trial the EAN service when it becomes available, expected in 2017.

In November last year, Singapore Airlines also confirmed GX as its preferred service on its global A380, A350 and B777 fleets. In 2016, we will move into installation of GX for these new customers.

Finally, in late December, we entered into a contract with Airbus Defence and Space for the manufacture of two Inmarsat-6 spacecraft. These new satellites will be launched into orbit in the early 2020s to begin the replacement of the ageing Inmarsat-4 satellites. While the principal role of the first two Inmarsat-6s therefore will be to maintain our existing L-band service revenues, we have also taken the opportunity both to modernise and develop the Inmarsat-6 L-band payloads, which will allow us to upgrade and develop our future L-band services, and to add a Ka-band payload on each satellite, to provide rich, new GX services to keep our GX service offerings in the vanguard of our industry during the 2020s.

There were many other operational achievements during the year, but these three network-related activities in 2015 undoubtedly set us up well to increase our profitable growth rates in the years to come and so are particularly important. Of course, we can't talk about achievements in 2015 without mentioning the visit of the Chinese President, Xi Jinping, to our London headquarters in October. We were greatly honoured by the visit of President Xi and his welcoming and attending parties, which included HRH The Duke of York and senior British and Chinese Government ministers. This was a chance to reflect on Inmarsat's more than 35 years of trusted engagement with China across many sectors, and indeed, we believe that our new GX services will continue to build on that close cooperation. This was evidenced by us signing a MoU with the Chinese organisation CTTIC to explore the delivery of GX services together in China and the strategic 'One Belt One Road' region.

Q. HOW DID THE BUSINESS PERFORM AGAINST ITS KEY PERFORMANCE INDICATORS FOR THE YEAR?
A. Tony Bates, our CFO, covers the detail of the financials and there are financial summaries provided for each of the business segments as well. I will therefore focus on some key overall comments.

Total Group revenues were flat against last year excluding disposals. We were pleased to see growth in revenues from our Aviation and Enterprise businesses (after adjusting for disposals made in 2014). Maritime revenues were little changed, with strong growth in our two key products – FleetBroadband (FB) and XpressLink, continuing to be offset by the expected ongoing decline in the non-core legacy maritime product suite.

Looking at each of the business sectors, Maritime has delivered on many of its core ambitions with continued strong growth in FB subscribers, revenues and average revenue per user (ARPU). Subscriber growth slowed over the year, due to the increased scrappage of older ships and lay-ups of younger ships which impacted on growth in new installations and accelerated the decline in our legacy services on older vessels. We are confident of launching new FB services in the near future that will begin the process of broadening the maritime markets we serve. Similarly, we saw continued excellent progress in our XpressLink service (our bridging product to GX) serving the maritime VSAT markets, and we have now grown a base of over 2,400 installed ships and an installation backlog of ships, which we will begin to migrate to the maritime version of our GX service, called Fleet Xpress, in 2016. We also continue to operate in difficult market conditions, with global trade stagnant and the merchant maritime sector and Oil and Gas market mired in recession.

Our Government activities continue to decline year-on-year as a result of materially lower troop deployment among our core traditional customers and a reduction in government commercial satellite expenditure generally. Despite this pronounced market slowdown, our Government business has outperformed almost all of its competitors this year and the fact that our business only declined 10% year-over-year actually represents a solid performance in attritional conditions. Our relative success has been founded on a three-pronged strategy to diversify our government customer base into new verticals, to internationalise by entering some eight new geographies in the year and to bring new government-centric product and service innovation to market. We have also been helped by strong early endorsement of our new commercial and military GX services by thought-leading government customers, which augurs well for the future.

Underlying Enterprise revenues grew if you remove the effect of the retail energy assets we sold in 2014. We continue to build momentum for new evolutions of our BGAN portable data service and our voice service performed well, despite a manufacturing issue for our IsatPhone 2 voice service which led to a temporary suspension of sales in Q3. There is strong growth potential for our machine-to-machine (M2M) services, and we had an installed base across all M2M product lines of 326,000 terminals at the year end. We will continue to innovate in this area in the future. We remain confident that our strategic partnership with RigNet in the energy and resources sector will flourish on the back of the launch of GX services into this sector in 2016.

Aviation made excellent progress in 2015 alongside the excitement of early GX customer interest for passenger connectivity and the strong progress in the EAN that I referred to earlier, delivering excellent year-on-year revenue growth, with especially strong growth in the business aviation services (BAS) sector. Our core Inmarsat-4 data service, SwiftBroadband, now represents two-thirds of aviation revenues and has become a very successful product in the business and general aviation sectors, as well as a forerunner of GX passenger connectivity services in the commercial air transport sector. We also made good progress in aviation safety services in 2015, trialling our new service platform, SwiftBroadband Safety, on several commercial platforms (preparatory to commercial service introduction in 2016) and announcing new service offerings including free tracking, enhanced tracking and 'black box in the cloud', which we believe will make a major contribution to enhanced global aviation safety in the future. Finally, we also progressed our potential involvement in future European air traffic management (ATM) systems, via the IRIS programme in partnership with the European Space Agency.

We are entitled to receive payments from LightSquared (a US company) in accordance with a Cooperation Agreement with them regarding spectrum use over North America. This arrangement has been ongoing for some time, even while LightSquared was in Chapter 11 bankruptcy protection; it emerged successfully from this process at the end of 2015. During 2015 we accounted for five payments from LightSquared (which we accounted for as 'other income'). We look forward to the end of Q1 2016, when LightSquared will decide the amount of spectrum it will opt for under the current Agreement. We are preparing to support that outcome so that we continue to derive financial value from the Agreement which exists between us, and will deliver revenues and EBITDA contributions for many years, while also ensuring that our own services can grow in North America alongside the LightSquared business.

Q. WHAT WERE THE CHALLENGES THIS YEAR AND HOW DID THE BUSINESS RESPOND?

A. As a pioneer of new technology in the satellite industry, we don't shy away from difficult technological challenges, as they can present us with great business opportunities.

The biggest challenge we faced this year has been the completion of the Inmarsat-5/Global Xpress programme, an immensely complex challenge that we initiated in 2010 when we went under contract with Boeing for three Inmarsat-5 satellites. Five years later, the programme is nearing completion but remains enormously demanding in many different areas. GX is the world's first global superfast mobile broadband network and associated with such a service revolution are immense technological, logistical and operational challenges. Many Inmarsat-5 programme deliverables remain out of our sole control, which means that success demands strong collaboration skills, patience and agility from us. I've already mentioned in another answer the impact of the launch delay for two of our Inmarsat-5 satellites which pushed back the launch of global commercial services for GX cumulatively by some nine months. Fortunately, we had previously put in place bridging capabilities in the maritime and government sectors and so throughout the delay we were able to sell regional GX government services as well as XpressLink services to the maritime sector, maintaining momentum towards the rollout of GX services on a global basis.

Similarly, it has been highly challenging to establish the EAN, the world's first integrated satellite/ATG network. The challenges are principally technological and regulatory. From a regulatory perspective, we need (with the support of national authorities and the European Commission) to develop a coherent and supportive regulatory framework for a hybrid satellite ATG network across the 28 member states of the European Union. And from a technological perspective we need to integrate cutting-edge satellite and ATG networks to develop powerful, agile, capable and complementary service offerings that can deliver high value-added aviation passenger connectivity and other aviation services seamlessly across the entire European landmass and coastal regions. We are meeting these challenges by working very closely with the European Commission and European telecommunication regulators, and by establishing a unique coalition of leading European innovators and industry in key geographies.

Q. WHAT ARE YOUR KEY PRIORITIES OVER THE NEXT 12 MONTHS?

A. 2016 is a year in which we aim to complete several important infrastructure programmes, and commence others, and begin an operational transformation that begins to positively impact our financial performance. We see it as 'a year of transformation' because the Inmarsat at the end of 2016 will have evolved significantly from the Inmarsat of today. Let's look at what is driving this transformation:

INFRASTRUCTURE PROGRAMMES

In 2016 we plan to:

> Complete the initial phase of the global launch of GX services by launching the many different varieties of GX services. We must bed down the global end-to-end network and the products and services running across it, as well as the global service delivery and channel to market capabilities that we have put in place in recent years. By the end of 2016, our intention is that GX is well-established in the marketplace as a highly reliable, cutting-edge service with high relevance to a diverse range of customers.

> Launch Inmarsat-5 F4, a satellite initially manufactured as a launch spare (to insure against a launch failure of one of the first three Inmarsat-5s) but which can now be launched to provide in-orbit redundancy as well as incremental global Ka-band capacity.

> Complete the manufacture of our S-band satellite (to be launched in 2017) and maintain the pace of development of the EAN technology programmes (and associated European regulatory environment) to be on track for full service availability of the hybrid, integrated satellite/ATG services across Europe by mid 2017.

> Establish the Inmarsat-6 programme with Airbus for our next-generation L-band services platform and GX evolution pathway.

> Operationalise our application and service collaboration and delivery platform, Inmarsat Gateway, to support our certified application partner initiative.

> Deliver on a number of important product and service development initiatives, to maintain Inmarsat services at the cutting edge in the markets that we serve.

> Ensure an even greater focus in 2016 on cyber security, with an intention to make further strides towards being best-in-class in cyber resilience and develop cyber-as-a-service capabilities.

OPERATIONAL PROGRESS:

> Maritime: commence the transition of XpressLink to Fleet Xpress (the GX maritime service) and execute a fast start to the launch of GX services to the global maritime segment, while maintaining FB growth and the global launch of new maritime services such as Fleet One and Fleet Media.

> Aviation: implement the Deutsche Lufthansa and Singapore Airlines programmes and secure a number of further launch customers for GX aviation services and the EAN, while growing our global BAS services and introducing SB Safety.

> Government: deliver a fast start to global GX sales to the US and international government customers, while continuing to diversify, internationalise and innovate.

> Enterprise: launch GX services into the energy and resources segment on the back of our strategic partnership with RigNet, while driving our services into the transportation, agriculture, M2M, smart cities, e-commerce and new media segments.

> Ensure successful 2016 Inmarsat Developer and Global Partner Conferences, extending and enriching the 'Inmarsat ecosystem'

> Reorganise our business to make us faster, easier and simpler to do business with, including the introduction of improved business processes.

> Ensure our staff are motivated and empowered to deliver the Company's objectives, and supported to achieve this through learning and development training opportunities, improved processes and systems to be more efficient and effective, allowing them to work with our partners to achieve success.

The successful execution of these plans will transform our business and ensure we are well positioned for the future.

Q. WHAT ARE THE KEY RISKS TO ACHIEVING INMARSAT'S STRATEGY?

A. Risk comes hand-in-hand with business opportunity. As such we do not regard risk as something to be driven out of our business but rather as something to be identified and intelligently assessed and managed. As such, we operate a sophisticated, organisation-wide risk management process which is fully integrated into Executive Management, Board and Audit Committee meetings and discussions.

Business risk exists throughout our activities and ranges from classical 'black swan' events such as major network outages caused by terrorism or another dramatic event, through to systemic technology-related risks such as a major cyber intrusion or unilateral technology failure (leading for example to a total satellite loss), to the normal financial, competitive, operational and market risks borne by any company operating in the technology sector. We have contingency plans in place for such events.

Looking ahead to 2016, our key strategy execution risks are as follows:

> We are in the middle of implementing a number of major global technology platforms, including GX, the EAN and the Inmarsat Gateway. Delivering those platforms on time, to budget and to commercial expectations is crucial for our future growth and diversification strategy; we have established our planning and procedures to deliver these platforms.

> As global mobile broadband trends continue to position mobile satellite broadband as an important enabler, not only in markets we have served in the past but also for new emerging opportunities, we see competition intensifying to serve those commercial opportunities. This makes it important that we can compete powerfully for market share and customer loyalty through core network and product innovation, through the provision of value-added services and solutions, and through intimate, agile and committed channels to market.

Q. WHAT ARE THE SIGNIFICANT OPPORTUNITIES FOR 2016?

A. We believe that our very significant investment in recent years in new, highly innovative communications platforms (such as GX, Inmarsat Gateway and the EAN) positions us powerfully for future profitable growth. We will continue to invest in completing these projects, in ensuring all our services continue to be in the vanguard of innovation and capabilities for the markets that they serve, and in making the most of our technology leadership to capture maximum market share in certain emerging high growth markets (for example the aviation passenger connectivity and M2M markets).

2016 offers specific opportunities:

> GX services provide the opportunity to offer new services to our existing customer base, as well as to diversify our business into new markets that were hitherto unavailable to us.

> The EAN offers the opportunity to establish a new business proposition to serve the European short-haul aviation segment, and the EU element of long-haul traffic, with highly innovative and unique aviation passenger connectivity and other services.

> Inmarsat Gateway offers the potential for us to develop a high-powered ecosystem of certified applications partners delivering innovative, tailored and value-added services and solutions to our channel partners and end customers over our diverse global mobile broadband networks.

Q. WHERE WILL YOU FIND OPPORTUNITIES FOR MEDIUM AND LONG-TERM GROWTH?

A. When we made the investment decision in our GX Ka-band high-speed broadband programme, we did so because we saw a market opportunity to expand our business into complementary, adjacent markets. We have identified new market opportunities to use these higher speed satellite services in maritime, government, aviation, media and other markets where transferring large data volume is part of a customer's business requirements. Our stated ambition is to grow GX revenues to an annual run-rate of $500m by the end of 2020, five years after we started to provide GX services on a global basis.

We are also focusing on how we can increase our L-band revenues and were delighted to be able to announce an order we placed at the end of 2015 to buy two Inmarsat-6 satellites which will offer both L-band and Ka-band services. This announcement allows our existing L-band users to know that we are planning for continuity of service, which will include our maritime and aviation safety services, well into the 2030s. We are also focused on working with key countries, such as Russia, India and China, to introduce new infrastructure locally as a condition to full market access for our services in those countries.

Q. HOW DOES CSR INFLUENCE INMARSAT'S BUSINESS MODEL?

A. Inmarsat was born with a CSR mandate for maritime safety services and such activities remain a natural part of what we do today. Our heritage and public service commitment to maritime and also aviation safety remain key priorities for us and we are making enhancements in how we provide safety services to these two core areas of our business. Our handheld IsatPhone 2 was updated in 2015 to include a feature which allows users across any spectrum of business to make a safety call. Further information and examples of our attitude and approach to our responsibility for corporate, social and environmental matters can be found on our website. Additionally, in the resources and relationship section of this document, on pages 25 and 26, we've also highlighted some key areas which give us great pride to support and be involved with.

Aviation safety programmes include working closely with other EU partners as part of a programme to promote safety enhancements and additionally we have been trialling our SwiftBroadband Safety service to very positive results ahead of its launch service in 2016.

We are the only authorised Global Maritime Distress and Safety System (GMDSS) provider. In 2016, we are focused on how we can further develop our maritime safety capabilities. We are proud to serve seafarers with reliable safety systems which are used by them to save lives; our Inmarsat C service safety service celebrates its 25th anniversary in 2016 and remains a vital safety service.

A specific example of where we have spent time is working with organisations in Nigeria (e-health) and Kenya (e-banking) to support local communities to become connected to the digital age by utilising our BGAN technology to connect them with the broader environment.

Q. ANY FINAL OBSERVATIONS?

A. 2015 was a transitional year for us as we made significant operational and strategic progress towards delivering the technology platforms which we believe will be the springboard for our planned future business growth. As we operate our business, we are scanning the horizon for risks which we may encounter and regularly reviewing our mitigating activities so that the business can operate efficiently and effectively as we seek to increase shareholder value.

We look forward to 2016 as a year of transformation, delivering top line growth thanks to the first year of revenues from our global GX services, alongside continued progress in the positioning of our L-band services for complementary revenue growth. Underpinning these opportunities we will continue our ongoing investment in innovation to deliver services and products which meet our partners' needs.

Our current and future success relies on the unfailing commitment of our staff and support of our partners to deliver first-class reliable services to our customers to meet their mission critical communication needs whenever and wherever required. I'd therefore like to finish by thanking these key stakeholders, our staff and our partners, for their terrific skills, efforts and professionalism in 2015.

OUR KEY PERFORMANCE INDICATORS

FINANCIAL KEY PERFORMANCE INDICATORS

MSS REVENUE GROWTH Definition: Growth in the top line demonstrates our ability to grow our customer base and increase ARPU. It also helps to maintain margins.	MSS REVENUE GROWTH ($M) [CHART REMOVED]	Comments: We had growth in FleetBroadband and SwiftBroadband services which are key offerings.
EBITDA Definition: Growth in our EBITDA magnifies the impact of revenue growth on the profitability of our business.	EBITDA ($M) [CHART REMOVED]	Comments: The mix in our products influences our results and we expect this to improve as we add revenue from our GX services to our owned networks and migrate XpressLink services to our network.
DIVIDEND PER SHARE Definition: The ordinary dividend remains the primary method of shareholder return. Our target is to continue to grow dividends each year.	DIVIDEND PER SHARE (¢ ($)) [CHART REMOVED]	Comments: We have increased our dividend every year since our IPO in 2005. We have an outstanding record of growth.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

SATELLITE NETWORK AVAILABILITY Definition: Ensuring our network is available and reliable is essential.	INMARSAT-4 SATELLITE AND NETWORK AVAILABILITY [CHART REMOVED]	Comments: Our network service availability is critical and we must ensure this level remains high as this affects our brand and reputation if we cannot offer a reliable service to our customers.
EMPLOYEE ENGAGEMENT Definition: We want our staff to be empowered and engaged. We undertake staff surveys and a key measure of employee engagement is how employees feel proud to work at Inmarsat. Our goal here is to be in the top quartile position.	BEING PROUD TO WORK AT INMARSAT [CHART REMOVED]	Comments: Our employee engagement scoring reflects high participation and strong engagement by staff.

OUR MARKETS

Overall market, competitive environment and trends

THE COMMERCIAL SATELLITE SERVICES INDUSTRY
Inmarsat operates in the global commercial satellite communication services industry, with a core positioning as a satellite operator.

Satellite communication operators typically own a fleet of satellites, operate them as a communications network, and commercialise it, mainly to satellite communication service providers worldwide.

There are essentially two main categories of satellite operators:

> Mobile satellite services (MSS) operators, Inmarsat being one of them, which typically operate in L or S frequency bands, and focus on data and voice communications for mobility, corporate and governmental markets.
> Fixed satellite services (FSS) operators, which typically operate in Ku- and C-bands, and focus on video and data communications for media, telecoms, corporate and governmental markets.

There is an increasing overlap between MSS and FSS providers through the progressive adoption by both types of operator of high throughput satellite (HTS) technology, particularly suited for broadband data communications across markets. Inmarsat has adopted this technology for its Ka-band Global Xpress constellation.

The fast-growing demand for communications globally, especially for broadband applications, is a key driver of commercial satellite services revenue growth.

According to Euroconsult (www.euroconsult.eu.com), satellite operators generated $13.2bn wholesale revenues globally in 2014, expected to grow by over 3% pa over the next 10 years. North America and Europe each represent a quarter of the global industry's revenues.

COMPETITIVE ENVIRONMENT
Inmarsat is one of the world's leading satellite operators.

According to Euroconsult, in 2014 around 50% of the industry's revenues are made up by the three leading fixed satellite services (FSS) operators: SES, Intelsat and Eutelsat.

Inmarsat is estimated to hold a 6% share of the global operators' market. With a history of providing safety services at sea, our key differentiators are our focus on global coverage and mobile applications. Our ability to deliver seamless, reliable, resilient and secure communications on the move remain crucial to our customers. Inmarsat also has a fully integrated operating and business model, see page 18, with both ownership and control of dedicated infrastructure assets: mainly satellites, but also ground infrastructure and a hybrid terrestrial/satellite European Aviation Network (S-band), and also significant services and distribution capabilities.

35% of the industry's revenues are held by an increasing number of regional or national operators, focusing on specific geographies or vertical markets.

MARKET TRENDS
Solid growth drivers of demand for mobile communication services globally
The number of mobile internet connections continues to rise globally: personal devices and machine-to-machine (M2M) connections are expected to exceed 11.5 billion by 2019 and be 1.5 times greater than the world's population (source: Cisco VNI Mobile Report, 2015).

These devices are being served by an exponentially-growing number of solutions, services and capabilities, increasingly hosted remotely, often in the cloud.

Both devices and applications are driving tremendous growth in mobile data traffic, estimated by Cisco to be an increase of 57% pa by 2019.

Materialisation of this demand growth across mobile satellite communication services markets
Maritime: The 67,000 vessels in the global merchant maritime fleet are fast becoming floating nodes on corporate networks and the 2.5 million crew members serving on those ships are increasingly demanding to be connected with satellite broadband.

Aviation: The 25,000 commercial aircraft currently flying are entering a new era of safety and greener operations via satellite broadband connectivity and the hundreds of millions of passengers who fly on them each year are increasingly demanding to be connected while they travel.

Enterprise: The 'Internet of Everything' is demanding to become the 'Internet of Everywhere', and the energy, resources, media, aid, transport and logistics sectors are increasingly adopting richer, greener and more efficient working practices via broadband connectivity.

Government: Government and military users are at the forefront of all these trends, requiring highly reliable and secure, ubiquitous global connectivity wherever they go. Even when governments may decide to launch their own satellites, they will often want to use the services of a global operator. This is not just for their strategic and tactical activities, but also for the morale, welfare and recreation of their personnel, who have grown up in a fully-connected environment, and expect that to be supported in their workplace.

Increasing integration with terrestrial networks and ecosystems
In a world increasingly reliant on coverage and connectivity to perform mission-critical tasks via applications and solutions in the cloud or a VPN, mobile satellite communication services can offer a powerful complementary capability to terrestrial networks, delivering a complete package to end users, and providing high levels of resilience. Although the reach of terrestrial networks has extended geographically, working seamlessly with a global satellite operator provides them with the end-to-end services they need. In this context, cybersecurity is a key priority of the industry at all levels of its operations and in the services provided to customers.

The closer integration of satellite with broader information and communication ecosystems will also lead to an increasing importance of value-added services and new business models in the industry.

Increasing HTS technology adoption and material impacts expected on the industry
Leading satellite operators are progressively adopting high throughput satellite (HTS) technology.

HTS technology changes the cost structure of satellite connectivity, by considerably increasing the capacity available, and lowering the average cost per bit. This is creating new business opportunities, and having a significant impact on the economics of satellite operators.

A significant number of HTS programmes are being launched or announced by operators, and this could lead to an unprecedented step-change in the volume of capacity available in many geographies over the coming years. This is expected to create many new market opportunities, but may also alter the balance between supply and demand.

In mobile satellite communication services markets, HTS technology adoption may also lead to increasing competition, especially from FSS operators increasingly leveraging this technology to address mobility segments of the market.

Market verticals

MARITIME

PROVISION OF VOICE, BROADBAND DATA AND SAFETY COMMUNICATIONS FOR ALL VESSEL SIZES

MAIN ADDRESSABLE MARKET SEGMENTS[(1)]:

> Merchant shipping: 67,000 vessels
> Large fishing: 46,000 vessels
> Offshore supply: 10,900 vessels
> Small fishing: 324,000 vessels
> Leisure: 233,000 vessels

MARKET GROWTH DYNAMICS AND DRIVERS:

Steady market growth driven by:

> Increasing need for data for operations and crew welfare
> Increasing regulatory requirements
> Demand for new products and applications

OUTLOOK:

> Optimise value (FleetBroadband, XpressLink, Fleet Xpress)
> Develop volume (Fleet One, FleetPhone)
> Develop new streams of revenue with applications (Inmarsat Gateway, Fleet Media)

PERFORMANCE INDICATORS:

> 42,000 vessels using FleetBroadband
> 18% growth in FleetBroadband revenue in 2015
> 2,500 vessels using XpressLink

ENTERPRISE

PROVISION OF LOW DATA-RATE, VOICE AND BROADBAND COMMUNICATIONS FOR A RANGE OF CORPORATE VERTICAL MARKETS

MAIN ADDRESSABLE MARKET SEGMENTS:

> Resources: Energy, mining and utilities companies
> Transportation and logistics: Mostly for M2M communications
> Media and aid: Specific, occasional, limited-duration communications

MARKET GROWTH DYNAMICS AND DRIVERS:

Market growth driven by:

> Increasing penetration, especially of sensors for M2M communications
> Increasing data rates, for broadband applications

OUTLOOK:

> Expand into new markets and verticals with key distributors
> Build profitable growth through product innovation, leveraging refocused L-band network and new GX network

PERFORMANCE INDICATORS:

> M2M revenues increased by 14% over 2014-15
> Enterprise FleetBroadband revenues increased by 49% over 2014-15

AVIATION

PROVISION OF DATA, VOICE, SAFETY AND BROADBAND COMMUNICATIONS FOR ALL AIRCRAFT TYPES

MAIN ADDRESSABLE MARKET SEGMENTS:

> Business jets: 20,000 aircraft
> Commercial aviation transport: 25,000 aircraft
> Safety and operations: Commercial aircraft mainly, for air-to-ground cockpit communications

MARKET GROWTH DYNAMICS AND DRIVERS:

High market growth driven by:

> Strong increase of penetration, especially for commercial aircraft cabin communications
> Demand for higher data rates, especially for internet access on board
> Increasing aircraft fleets and volume of passengers
> Increasing regulatory requirements, particularly for safety services

OUTLOOK:

> Maintain leadership position in Safety and operations (SwiftBroadband and Classic Aero)
> Strong growth from broadband services business for commercial aircraft and business jets (GX and European Aviation Network)

PERFORMANCE INDICATORS:

> Aviation revenues increased by 25% over 2014-15
> 7,700 Classic Aero SIMs for cockpit communications, growing by over 9% over 2014-15
> 7,200 SwiftBroadband SIMs for cabin connectivity
> 10-year contract signed with Lufthansa to provide high-speed connectivity

GOVERNMENT

PROVISION OF COMMUNICATIONS SERVICES FOR GOVERNMENTAL, MILITARY AND CIVIL APPLICATIONS

MAIN ADDRESSABLE MARKET SEGMENTS:

> Military applications of the US Government (still the single largest driver of global demand) and other governments worldwide
> Civil government applications: Inter-governmental organisations, emergency services, coast guard, border security, state-owned utilities, election delivery and monitoring

MARKET GROWTH DYNAMICS AND DRIVERS:

Fluctuating market growth driven by:

> Governments' budgets, programmes and commercial spend
> Increasing demand from bandwidth-hungry applications, eg intelligence, surveillance, reconnaissance (ISR), special forces

OUTLOOK:

> Grow L-band business through expansion into new countries and adjacent markets, and product innovation
> Build strong Ka-band business with GX products, and with Milsatcom augmentation strategy, leveraging GX compatibility with government-owned systems (eg US Government's WGS)

PERFORMANCE INDICATORS:

> Inmarsat remains the largest provider of mobile satellite services to the US Government
> Inmarsat providing services to over 70 countries for government and military applications

OUR BUSINESS MODEL

Our business model operates to ensure we maximise the impact of our resources and relationships and add value to create benefits for all our stakeholders, with a focus on capital growth and increasing dividend returns to our shareholders.

CREATING VALUE FOR OUR STAKEHOLDERS

Shareholders and bondholders: We have increased the dividend in each of the last 10 years and have delivered material capital growth for our shareholders in 10 years as a public company. We also have a strong track record of continued delivery on our commitments with bondholders.

Partners and customers: We focus on the key drivers of value for our partners and customers such as security, reliability and seamless delivery with truly global coverage and mobility.

Communities: Our maritime heritage is a key reminder to us of how we have supported mariners and the wider maritime community for over 36 years and we remain focused on doing so in the future. In addition we also promote safety services to the aviation industry. We have a strong public service responsibility which has been part of our heritage and which we remain proud to continue to pursue.

Employees: We are committed to ensuring diversity among our employees. We have well established values and qualities which operate throughout the business and we have a policy of promoting employees internally where possible.

USING OUR MULTIPLE RESOURCES

Our partners: We have strong relationships with all our partners, from suppliers to distributors, to strengthen our service offering.

Our technology: We continue to invest in innovation to deliver market-winning solutions to our customers, and we offer much more than capacity and connectivity. We continue to invest to differentiate our propositions from those of our peers.

Our satellite and ground networks: We have the world’s first truly global mobile broadband network in the form of our Global Xpress constellation and are developing a unique European Aviation Network to deliver the world’s best passenger broadband experience in Europe. These new networks supplement our market-leading position in the highly resilient lower bandwidth global mobile satellite communication services.

Our people and values: We continue to ensure we have the right people with the individual skills, competencies and experience who can create value and deliver our business objectives. Our corporate values are embedded such that all our employees understand that much of our success as a business depends on how they interpret these values. They are being passionate, open, enterprising and market-driven.

Our financial resources: Inmarsat’s balance sheet strength and debt capacity allow us to support the necessary organic and inorganic investment to deliver our strategy.

DELIVERED THROUGH EXCELLENCE

Our business unit structure ensures we remain focused on the needs of our maritime, government enterprise and aviation customers and continue to innovate to deliver communications products, services and solutions that meet their evolving remote and mobile connectivity needs.

Knowing what our customers want is important for us to ensure we innovate to produce services and products which are required and will be fit for purpose, as defined by our users.

OUR ACTIVITIES SUPPORT OUR STRATEGIC PRIORITIES

We must build upon our leading market position in the highly resilient, lower bandwidth global mobile satellite communication services that many customers require.

In particular we have significant opportunities in global mobile broadband. We are the first and the only truly global mobile broadband network offered by a single operator. We have a unique play on the explosive growth in broadband demand. And in airline passenger connectivity, we are uniquely positioned through our single operator capability to deliver reliable broadband globally; while our European Aviation Network (under construction) will be able to deliver the world’s most consistent and powerful passenger broadband experience.

We are developing a solutions ecosystem through our Inmarsat Gateway, a way of leveraging the developer community to deliver end-to-end applications and services for our customers that move them beyond a simple capacity and connectivity-based solution to unleash the value our capability brings to their businesses.

Finally, we will constantly focus on improving our operational efficiency to deliver profitable revenue growth and associated value creation for the business.

OUR STRATEGY

A FOCUSED STRATEGY DELIVERING RESULTS

CONTINUED PURSUIT OF OUR STRATEGY

Inmarsat provides global mobile connectivity on land, at sea and in the air. Our vision is to meet the remote and mobile connectivity needs of our customers, giving them what they need to connect – reliably, securely and globally.

In support of this vision, Inmarsat continues to pursue a clear and consistent strategy to deliver sustained profitable growth through maximising the significant opportunities that exist in all our markets.

Each key market community has a critical need for our range of services across multiple applications:

- Maritime: from safety services to smart shipping;
- Enterprise: from M2M to smart energy;
- Aviation: from safety services to passenger connectivity;
- Government: from intelligence, surveillance and reconnaissance (ISR) to government augmentation.

And demand is increasing in all of our markets, driven by three major factors:

- dramatic growth in applications and solutions (many of them now in the cloud);
- dramatic growth in connected devices and sensors to support those applications in a mobile environment; and
- exponential growth in global mobile data traffic fuelled by the first two trends.

We are able to compete effectively in this environment due to several key differentiators that distinguish our proposition from those of our peers:

- global coverage to meet the needs for ubiquity;
- mobility for an untethered user base;
- high-speed services to meet end-user expectations;
- high levels of network capacity to deliver low-cost communications services;
- high reliability and security to support mission-critical applications; and
- solution-friendliness and simplicity to facilitate integration and applications compatibility.

These differentiators enable us to address the significant growth opportunities within existing and new communities.

Our strategy is built around the complementarity of our four platforms:

1. L-band growth
Our L-band platform (using the Inmarsat-4 satellites) delivers agile, global mobile broadband capabilities to small form-factor, low-cost highly portable devices.

2. Growth and diversity via GX
Our Ka-band platform (using the Inmarsat-5 satellites to deliver GX services) complements the L-band platform by delivering ultra-high throughput and capacity, global mobile broadband to larger and more complex product platforms.

3. Growth and diversity via S-band
Our European Aviation Network enlarges our connectivity platform for aviation passengers to deliver the world's most consistent and powerful passenger broadband experience via a compelling and complementary technology.

4. Creation of a solutions ecosystem
To support and extend the delivery of these service platforms, Inmarsat Gateway will provide a powerful applications enabler to ensure a high-quality and seamless customer solutions experience.

These four platforms are complementary and can be combined to create unique and sustainable competitive advantages. These factors will help Inmarsat to deliver sustained profitable growth and deliver benefits to all its stakeholders.

	STRATEGY OBJECTIVES	PROGRESS	FUTURE PRIORITIES
1	**L-BAND GROWTH** > Grow the value of our core markets > Innovate to expand beyond our core markets > Extend our geographical footprint	> Strong growth of FleetBroadband: 18% revenue growth in 2015 > Market expansion through product-specific initiatives, innovation and new value propositions, eg Fleet One (leisure and fishing), IsatPhone (handheld voice), IDP and BGAN M2M > New L-band ground infrastructure in China, Russia and India, giving access to very sizeable markets	Innovate to expand beyond our core markets > Refocus L-band offering on markets and service areas providing a sustainable competitive advantage > Extend Government and Enterprise businesses into identified new countries and verticals > Prepare Inmarsat-6, with the first satellite expected to be launched in 2020, to enable L-band (and Ka-band) growth
2	**GROWTH AND DIVERSITY VIA GX** > Grow new superfast broadband MSS services > Diversify into large and growing adjacent markets	> GX global commercial service introduction in December 2015 > Value-added reseller agreements for GX signed with key distribution partners	> Focus GX offering on broadband and VSAT demand across maritime, aviation, government and enterprise markets > Launch arrangement for our fourth GX satellite (Inmarsat-5 F4)
3	**GROWTH AND DIVERSITY VIA S-BAND** > Create a major business growth opportunity, geographically-focused, and in line with our global aviation sector strategy > Provide a powerful complement to our Global Xpress capabilities	> S-band network's core infrastructure elements all under contract, including a partnership with Deutsche Telekom to supply and manage the ground network component > Significant progress made on retiring regulatory risk through licensing agreements; we now have 28 satellite and 18 ground licenses	> Complete construction of the S-band satellite, to be launched in 2017 > Complete regulatory programme for CGC licenses
4	**CREATION OF A SOLUTIONS ECOSYSTEM** > Tightly integrate our network with the applications and solutions that deliver value to our customers and partners > Create new revenue streams and business models	> Inmarsat Gateway offers value-added services via a network-agnostic platform developed in partnership with Cisco > Launched certified applications partner (CAP) programme > Attracted 20 third-party companies in 2015 to offer innovative, tailor-made communications solutions that bring genuine business benefits for customers	> Inmarsat Gateway commercial launch planned for H1 2016 > Continue to develop a large and diverse community of certified applications partners > Offer applications, solutions and services across our network platforms > Strengthen cybersecurity capabilities

RESOURCES AND RELATIONSHIPS

OUR PEOPLE

Building our culture at Inmarsat continues to be a priority and each year we focus on different aspects of that: 2014 was our Year of Engagement, 2015 was our Year of Enablement and 2016 will be our Year of Effectiveness. These themes have driven how we review our learning and development planning for all employees and have contributed to how we consider our overall employee environment. This includes a focus on alignment across our global business for how we operate as colleagues, a renewal of the Inmarsat qualities which relate to our behaviours at work and we have also put in place a roadmap to ensure consistency across the Group for job levels and compensation.

The following sections cover some key areas of focus in building our culture.

STAFF SURVEY

We regularly poll our global staff members to ensure they have the opportunity to share their views and feedback to the management team as to where we are doing well and any areas of concern. The last in-depth survey was conducted in 2014, garnering a 94% response rate, which our advisers, Hay Group, said exceeded the average they would generally see for similar workforces (82%). We followed-up in 2015 with a 'Pulse Survey' to assess the response to progress made on the areas raised for review. Again, we had a very strong response rate of over 75%, from our highly-engaged global workforce.

Positive scores were achieved on many important fronts. Inmarsat is well above the telecommunications' sector benchmark norm for employees feeling proud to work at Inmarsat and they feel supported in achieving a work-life balance. Positive scores were also received in areas of pay and benefits and confidence in the leadership of the business. Areas highlighted for continued focus are the need to:

- find additional ways to communicate across a global business;
- seek opportunities to recognise and reward good performance or manage it appropriately;
- encourage greater discussion about career development; and
- put in place improved work processes and work flows to help deliver objectives.

The activities identified following the 2014 staff survey have had considerable focus during 2015 as noted below:

- Communications: Investment in a new intranet that is scheduled to go live in 2016 will improve the opportunities for our global staff to share information more easily and deepen their understanding about our entire business.
- Performance and reward: Our benchmarking process continued to improve during 2015. We put in place an updated annual bonus plan whereby all employees in the plan have some element of bonus linked to Inmarsat Group Limited results, to encourage teamwork and collaboration.
- Staff learning and development: A significant investment was made to an ongoing, Group-wide training programme for managers, equipping them with leadership and coaching skills. We called these employee workshops 'Lead the Way' and believe they will empower managers in their daily roles and help them develop their teams to fulfil their potential. Phase two is now underway as 'Lead the Way Mastery'.
- Leadership: There has been a dedicated programme of leadership skills training for the Executive Management Team and the Global Leadership Team.
- Systems and processes: We now have a OneIT project which is responsible for reviewing, streamlining and improving all systems and processes across the business for the benefit of all stakeholders.
- Resources: We have seen a considerable number of staff join Inmarsat in 2015 to support growth plans for the business – 337 in total. Additionally, we promoted internally for 92 positions.

CODE OF CONDUCT

Our Code of Ethics (our Code) requires that Directors, officers and employees conduct business in accordance with the highest standards of personal and professional integrity. A copy of our Code 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 UK 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.

We have a worldwide anonymous telephone service for employees to use if they have any concerns. In the last year, the external provider received one enquiry call.

VALUES

We have Inmarsat values and qualities which operate throughout the business. These are part of the induction process for our employees and are covered too as part of our induction process for Directors, including our Non-Executive Directors. Our values drive how we operate in the business and are Passion, Openness, being Enterprising and Market-driven. Our focus is how people reflect these values in dealing with each other as colleagues and any third party. We have Inmarsat qualities that are the behaviours by which we demonstrate our core values, and are one of the ways in which individual performance is assessed. These behaviours are grouped into: Efficiency, Customer Excellence, Enterprise Spirit, Open Communication, Values-based Leadership and Innovation. The ways we demonstrate the Inmarsat qualities contribute to reward generally, whether through bonus awards or promotion opportunities.

DIVERSITY OF EMPLOYEE BASE AND NON-DISCRIMINATION

We do not tolerate discrimination in any form – race, gender, age, culture, disability – against our employees, either from other employees or third parties. There are anonymous helplines and email addresses an employee can use if they experience or see such activity, and employees are also encouraged to speak directly to their manager. When recruiting, we value diversity in its broadest definition and work to provide opportunities for all, including for disabled employees reviewing 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 Group.

We are very proud that we have continued to have 65 different nationalities within the Inmarsat Group. This breadth of employee culture and experience supports our Global Reach, Global Impact theme as everyone is a contributor to our business operations.

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 (including contingency workers) as at February 2016 is illustrated in the table below:

	FEMALE		MALE	
Inmarsat Group Limited	NO.	%	NO.	%
Board	2	17%	10	83%
Executive Management Board	2	18%	9	82%
Senior managers	28	15%	164	85%
All employees (including contingency workers)	559	30%	1,305	70%

The percentage of females on the Executive Management Board and wider number of senior managers represent the definition as set out in the Department for Business, Innovation and Skills (BIS) requirements. The percentages set out in the table are in line with those disclosed last year.

STAFF FORUMS

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. During 2015 we held international staff forum meetings which included our elected UK Staff Reps plus HR representatives from our global operations discussing comments and questions from their colleagues. These groups extend two-way open 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 other countries, these bodies are constituted according to local requirements.

LEARNING AND DEVELOPMENT

We have a policy of promoting employees internally where possible. Where it makes sense for the business and the individual's personal development and career enhancement, we will consider moving employees to different office locations. 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 supported in their career development through an annual appraisal scheme, and training is provided to support this. During 2015, we provided many different levels of training. Around 300 managers (80% of managers) benefited from manager training, whilst three Global Leadership Team meetings, attended by approximately 50 global senior managers, focused on leadership skills. Individual job-related training continued to be provided to meet the needs of the business.

HEALTH AND SAFETY

The Inmarsat Group Limited Board receives an annual update on health and safety activity across the Group. Rupert Pearce, CEO, has been identified as having responsibility for health and safety issues within the Group. We have a dedicated Health and Safety Manager who is located in our headquarters office and our subsidiary operations have identified managers 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 key operating sites. Across the Group, we had 13 (2014: 15) accidents or near misses reported, and again we had no fatalities.

During the year we undertook the following occupational health activities:

> Cancer awareness programme across many of our offices.
> A 'Backs2015' initiative to encourage staff to check their posture.
> We extended our Annual Health and Wellbeing Day to become a week of activities across our global offices.
> We introduced an online management software tool for reporting and recording incidents.

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

> Musculoskeletal disorders and display screen equipment related ill health.
> Working at height.
> Manual handling.
> Lone working.

Specific training and awareness materials are provided to staff who are affected by these identified areas of work.

At the start of 2015, we received an International Safety Award from the British Safety Council which demonstrates Inmarsat's commitment to health, safety and wellbeing in the workplace.

As part of our business of running a global satellite network, 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.

OUR TECHNOLOGY AND INNOVATIONS

We have identified technology as one of our key resources supporting our business model. While investment in innovation is clearly important, having talented and experienced teams who understand how technology and innovation can work together is essential. Our teams watch what happens in the macro environment and see how this affects how we innovate for the future to produce services our customers want to use.

OUR PARTNERS

Our partners are critical to our business success. Our definition of partners encompasses all those we work with – manufacturers, suppliers, distributors, service providers and end users. We rely on their excellence to support the achievement of our business objectives and strengthen our service offering.

Our partners can provide local and global expertise which supplement our own capabilities – their activities support our Annual Report theme of Global Reach, Global Impact.

We need to ensure that we understand what they want from us as a partner so that we meet their expectations for working with us. We are reviewing how we partner going forwards to make us simpler and easier to do business with in respect of our contracts, pricing and other ways we interact with them. It is important for our partner relationships that we are operating fairly in our business dealings and ongoing relationships.

Our Group-led category management approach to procurement and supply management is maturing and has delivered significant financial contribution to the Group both during 2015 and through the contract life, delivering multi-million dollar savings. Another key priority for the Global Procurement team this year has been to better understand our current vendor base. We undertake a robust due diligence process for new vendors through a pre-qualification process. This includes reviewing financial stability, compliance with relevant current legislation and customer references for similar goods and services. Additionally, we reviewed the number of vendors we trade with to allow us to establish better relationships and to enable greater leverage of our global spend in 2016. We will do this through a well-managed preferred supplier list including Group wide corporate arrangements.

We will focus further in 2016 on building the foundations of a solid procurement function including process simplification initiatives such as invoice consolidation, increased use of purchasing cards and standard contractual frameworks – this all contributes to making us easier to do business with. This 'procurement as a service' model will help improve efficiency and reduce our overall cost of doing business which makes us more effective as a business.

We will progressively work to ensure that all our suppliers adhere to our standards of ethical behaviour, environmental, health and safety and other relevant working practises. We have been starting to review our due diligence procedures to ensure we ask for, collect and review supplier information provided to us to ensure they are organisations we want to do business with. It is important for us to work with companies who acknowledge they have a responsibility for these good working practices, especially on the environmental impact their work may have if they produce satellites, procure launches and manufacture terminals for us.

We will be including a statement in our 2016 Annual Report on the Transparency in Supply Chain clause of the Modern Slavery Act 2015 regarding slavery and human trafficking.

MEETING OUR PUBLIC RESPONSIBILITY

Our website provides considerable information about how we connect with organisations, individuals and our different partners to extend the reach of our services to support those who may need assistance either for humanitarian needs or charitable endeavours. You can find out more on www.inmarsat.com and review case studies and updates in our CSR section.

Our maritime heritage is a key reminder to us of how we have supported mariners and the wider maritime community for over 35 years and remain focused on doing so in the future. We remain the only approved provider of satellite communications services for the GMDSS and we continue to invest in the development of maritime safety services. Our 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 to know which regions to avoid with high pirate activity and allowing them to re-route if necessary.

The 2014-15 Volvo Round the World Ocean Race, of which Inmarsat is the official satellite communications provider, relies on Inmarsat safety services for the crews to maintain communication at all times, wherever they are. FleetBroadband, Inmarsat C and our handheld phone are all standard equipment for each of the yachts. Our IsatPhone was used in an emergency when one of the ships ran aground with the yacht captain praising it for helping save the crew's lives.

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 Organization (ICAO) approved satellite safety services, and are expanding our safety offerings through our SwiftBroadband service. We are supportive of the announcement that has come following the resolution made in early 2015 by the ICAO, the United Nations aviation body tasked with monitoring the global aviation industry, to adopt a new aircraft tracking standard.

In 2015, we continued to support the telecommunications relief aid organisation, Télécoms Sans Frontières (TSF) ($200,000) and paid $115,000 to the World Maritime University as part of our support for the education of maritime specialists. These two amounts are our most significant charitable payments. The total charitable donation amount paid in 2015 was approximately $865,000.

Our core charitable support remains focused on the work carried out by TSF. We are very proud to have supported this wonderful charity for 15 years. 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 help these organisations respond to an emergency knowing they have the necessary training to use BGAN terminals and IsatPhone, our handheld satellite phone.

We have also continued our support for the International Telecommunications Union (ITU). This enhanced in 2015 with our signing of an MoU with ITU-D in the framework of the Smart Sustainable Development Model (SSDM) which aims to foster the use of satellite broadband services in remote or under-developed areas. We have committed to $100,000 worth of airtime over a three-year period which will start to be drawn against when the ITU identifies a project in a suitable community.

In October 2015, we, along with world-leading satellite operators under the umbrella of the EMEA Satellite Operators Association and the Global VSAT Forum, signed a Crisis Connectivity Charter at the World Humanitarian Summit Global Consultation in Geneva to enhance connectivity in the case of humanitarian emergencies.

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.

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.

This year we have leveraged Inmarsat's global reach to deliver benefits across Africa to unconnected communities through a series of scalable innovation pilots. We are working alongside maternal health partners in Nigeria to ensure that 50 remote clinics, which serve a community of 50,000 women are connected to key health resources. In Kenya, we have worked closely with Equity Bank, their Foundation and the Open University to deliver financial services and education content to 200 sites in total across the country, reaching a population of 40,000.

We have worked closely with development and digital economy experts to create a global community 'STARHub'. STARHub is hosted by the Satellite Applications Catapult and brings together satellite capabilities with those exposed to poor infrastructure in Africa, Asia and South America. Other partners from the UK include the Royal African Society, Archbishop Tutu's Global eHealth Foundation, Open University, Dalberg Group, Caribou Digital and the London Institute of Space Policy and Law.

We were delighted in December 2015 to be announced as a winner at the first annual Better Satellite World Awards, organised by the Society of Satellite Professionals International. This award recognised our role in providing satellite communications, to deliver critical data to support safety services, enable NGO and humanitarian aid in times of a disaster and provide a vital communication service wherever and whenever needed.

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.

This year's Inmarsat Summer Strategy Challenge came to a successful conclusion when students studying science, technology, engineering and mathematics (STEM) courses from City and Islington College in London presented their findings on the 'Digital Divide' to a prestigious audience of industry experts. The challenge was set using the ongoing UK Space Agency-funded Digital Frontiers project to bring internet connectivity to local communities in key growth hubs in Sub-Saharan Africa. Now in its second year the programme, with the London-based school, forms part of Inmarsat's promotion of STEM education to encourage young people to be inspired by space-enabled communications and to follow careers in the satellite world.

We are also investing in the careers of future engineers with a new Technology Development Programme, designed to provide newly qualified STEM-based graduates with a platform to develop a career in satellite communications. The graduate scheme confirms Inmarsat's commitment to supporting and enabling the next generation of world-class engineers. It includes a two-year tailored programme of continuous learning and development at Inmarsat, with the continuation of employment within a technology-focused team after this initial period.

Our website contains more information on the areas of education we support including, for example, our continued support for World Space Week, an initiative started by the United Nations in 1999.

ENVIRONMENT

In 2015 Inmarsat achieved a carbon disclosure score of 95 from the Carbon Disclosure Project (CDP) annual survey. This is our highest score and elevates us to the same level as telecommunications companies such as BT and Vodafone. Annually, Inmarsat has entered the CDP and this year's responses followed a deep dive analysis of our approach to climate change. We were delighted to receive a good rating from the CDP and in 2016 plan to undertake more analysis in the area of assurance and governance.

Although 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 12 months, we take seriously the environmental issues of running the business and this is reflected in the additional information provided to and assessed by the CDP. Some of our environmental impacts include the use of natural resources, the consumption of energy and water and the production of a variety of waste, in addition to staff and visitors travelling for business purposes around the globe. We acknowledge that we have an impact on the local and global environment and our objective is to minimise this.

We have approximately 1,700 staff who work in over 50 locations around the world. Of those offices, warehouses and earth stations, over 80% of our staff operate from eight locations.

In 2015 we continued to consolidate leased locations and reduced our locations by eight sites. In addition we developed a Logistics Strategy with an objective to consolidate warehouse operations to three locations across the globe by mid 2017. The net effect of reducing the number of offices and warehouses will be to reduce our global CO_2 emissions and energy consumption. We plan to continue our office consolidation programme in 2016 which will also reduce our impact on the environment.

Our mission is to adopt and support the following principles:

> provide first-class energy and environmental management practices;
> comply with all relevant global environmental legislation and regulatory controls;
> 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 to constantly 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 encourage all employees to be proactive in their daily activities by separating their waste into dry and wet waste receptacles;
> ensuring that printer cartridges are recycled;
> switching off lights, computers, phone chargers and any other electrical items when not in use;
> reducing business travel and using more site-based technology such as video and audio conferencing; and
> to replace inefficient building lighting with LED technology.

We continue to monitor our energy consumption and comply with our social and legal responsibilities in terms of carbon emissions. Please see our summary of carbon emissions within the Report of the Directors on page 56. Energy efficiency is one of the key considerations when replacing obsolete and inefficient machinery.

In 2015 Inmarsat achieved compliance with the Department of Energy and Climate Change Energy Savings Opportunity Scheme. Both our London and Hague offices were reviewed under the terms of the scheme and appropriate actions taken. In 2016 Inmarsat will consider a number of energy-saving initiatives to support our compliance efforts at both sites.

We continue to review new technologies and control building operational strategies. We continue to be committed to our waste management and recycling schemes. Video conferencing and other collaboration tools allowing visual connectivity are being used to reduce the dependency on air transport and are a popular means of communication with staff working in different locations and across different time zones.

COMMERCIAL WASTE

In the London office and at our major sites, we continue a progressive approach to waste management. Recycling is managed locally in the larger sites with the separation of plastics, paper and non-recyclable materials. In the head office in London, which is the single largest office for the Group, 100% of waste is diverted from landfill and this policy has been in place since 2009. We separate our waste into four streams: recyclable, non-recyclable, glass and confidential waste. Confidential waste is shredded and pulped to be reused in paper products. The non-recyclable material is incinerated and converted to electricity and all other waste is recycled. In 2015 our contractors collected 53 tonnes of recyclable waste from the London head office and a further 105 tonnes were sent for incineration and converted into electricity.

SPACE DEBRIS

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. Our final Inmarsat-2 satellite was deorbited in 2014. Its deorbit was undertaken in full compliance with the relevant ITU standards. We also deorbited a satellite we operated for an Asian partner in early 2015. We expect that during 2016 we will plan to deorbit the first of our five Inmarsat-3 satellites. We operate our satellites in geosynchronous orbit which is approximately 36,000km 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. Along with Intelsat, SES and Eutelsat we aim to improve the satellite safety of flight and make operations in space safer and more reliable.

BUSINESS OVERVIEW

Maritime

The Maritime business remains Inmarsat's largest single market segment, representing approximately 50% of the Company's annual MSS revenues. Though revenue was relatively flat in 2015 significant progress has been made in setting the foundations for a return to growth in 2016.

In 2015 we successfully positioned ourselves as the industry driver of innovation in maritime communications. We further expanded the Inmarsat ecosystem, with the addition of new partners (including Ericsson) and application developers and we became a technology partner in the autonomous vessel project with Rolls-Royce.

In addition, we embarked on the Certified Application Partner (CAP) programme, as a structured approach to driving the development, delivery and monetisation of premium business applications for the global maritime market. This CAP programme is focused on Inmarsat's Global Xpress broadband satellite network and gateway infrastructure. As part of this, we are actively engaging with partners to drive operational efficiency (planned maintenance, engine monitoring, chart updates, weather routing); safety and compliance (pollution monitoring, anti-piracy, telemedicine, remote surveillance); IT and security (remote IT support, cyber security, corporate e-mail); and crew welfare (internet access, news, sports, movies, TV and radio).

Despite the overall result for the maritime sector, 2015 has been a successful year for the two core products in our portfolio, FleetBroadband and XpressLink. Both these products delivered strong growth and together now account for 76% of revenue. This growth was driven by a combination of an increased number of vessels in billing and the consistent execution of our pricing policy; this promoted higher levels of usage through flat fee packages rather than 'pay as you go' services, so offering increased value to the customer and revenue growth to the business.

The strategy of migrating customers away from our legacy services continued to deliver net benefits to the business. Whilst revenue from our legacy Fleet service declined during the year, FleetBroadband delivered revenue growth of 18% and by the end of the year, we had seen a subscriber growth of 3.6% to almost 42,000 ships at higher average revenue per user.

XpressLink is our managed service based on Ku-band and L-band technologies, and is positioned as a precursor to Fleet Xpress, which is the name for the maritime Global Xpress Ka-band service. We accelerated our installation rate over the year, reducing installation lead times by a month, taking the installed base to almost 2,500 vessels by the year end (a mix of XpressLink and legacy VSAT), with a healthy backlog of over six months' installations by the end of 2015, all representing 'stock for migration' to Fleet Xpress.

For the migration itself we have developed a 'light vessel touch' hardware platform that enables us to migrate vessels in a more economical way and in a shorter timeframe. The platform will also be capable of hosting future versions of our Network Services Device software, which will form the heart of our maritime managed service capabilities.

The Maritime business continues to benefit from its focus on innovation and development of new products and services, which has helped to expand its leadership position in the maritime market and open up new revenue opportunities.

In 2015 we made an entry into the small vessel market (leisure and small fishing vessels) with Fleet One and FleetPhone. Although this is still early days for Fleet One, we made good early headway with five distribution partners, including KVH, adopting the Fleet One service as part of their portfolio on a pooled price basis highlighting their confidence in the product. We also made progress with FleetPhone, with over 10,000 units being activated by the Chinese Fujian fishing fleet during the year.
Furthermore, we managed to install the first Fleet Media services in the second quarter of the year, signing up two distributors for the service and securing Maersk Tankers as the first customer. Feedback has been positive, and integration into the Fleet Xpress standard installation set up will accelerate the further adoption of this service.

Overall, 2015 has been an encouraging year for the Maritime business with continued growth in FleetBroadband and VSAT services and solid foundations established for the introduction of Fleet Xpress in 2016. This positions our Maritime business well for a return to growth in 2016.

FINANCIAL PERFORMANCE

Maritime revenue in the year decreased by $2.4m (-0.4%) to $593.2m (2014: $595.6m) as continued strong growth in FleetBroadband and VSAT was more than offset by the much faster decline in Fleet and other mainly legacy services. The merchant maritime industry continues to face severe commercial headwinds, and this is reflected in reduced new ship orders, increasing scrappage of older ships and lay-ups of younger ships (especially in the Oil and Gas segment), impacting on growth in new installations and accelerating the decline in our legacy services on older vessels. However, we continue to defend and grow our market share in this important sector, through product and service innovation and the delivery of value-added solutions that enable a more efficient 'smart ship' operating environment globally.

During 2015, FleetBroadband continued to grow strongly, rising by $53.8m (+17.6%) despite slowing markets. At the end of the year there were 41,942 active ships with this service, around 4% higher than the installed base of 40,469 ships at the end of 2014. The rate of growth of installations continued to slow through the year as we completed the transition of legacy Maritime services onto FleetBroadband (and this growth starts to reflect more closely intrinsic maritime sector growth dynamics) and as negative market pressures increased. Wholesale ARPU increased by 10% to an average of over $700 for the year, mainly reflecting price increases at the start of the year.

VSAT revenue increased by $10.3m (+12.6%) driven by a 20% increase in the installed base to almost 2,500 ships, mainly comprising XpressLink customers. VSAT ARPU was little changed over the year. The net installation run-rate increased steadily over 2015 with the underlying levels of installations and terminations both increasing. The backlog of installation orders continued to rise across the year, ending the year at over six months of installations.

Revenues from Fleet fell by 52.5% (2014: 18.6% decline). Revenues from our other mainly legacy services fell by 20.6% (2014: 10.0% growth). Together these services declined by $66.5m during the year. These services, which often have a higher third-party component cost and hence lower margin, now represent 24% of total Maritime revenues, compared to 35% at the end of 2014.

Maritime costs fell by $11.4m (7.9%), with the volume driven impact of VSAT cost increases being more than offset by a reduction in indirect costs and the change in mix from lower margin/higher cost mainly legacy products towards higher margin/lower cost FleetBroadband.

Maritime EBITDA increased by $9.0m (+2.0%) and Maritime EBITDA margin increased by 1.8% to 77.4% (2014: 75.6%) with the impact of slightly lower revenues being more than offset by the favourable cost impact of improved revenue mix and lower indirect costs.

EUKOR ADOPTS GX SERVICES

EUKOR Car Carriers, one of the world's largest shipping companies specialising in the transportation of cars and other rolling cargo, selected Global Xpress for its fleet of 27 vessels, for connectivity across the Indian Ocean region. With plans to roll-out full global coverage in 2016, EUKOR believes that having Inmarsat on board will help it improve business operations across its global fleet which connects 220 ports; meet its customers' needs; optimise operational efficiency and monitor and improve safety and environmental performance.

Enterprise

Our underlying Enterprise business, adjusted for the disposal of our retail energy-related assets, continued to grow in 2015 despite the impact of a strong US dollar and headwinds in the BGAN market over the final quarter of the year. The increase was driven by growth in machine-to-machine (M2M) and Enterprise FleetBroadband (FB) revenue.

Innovation, to both strengthen existing propositions and to open up new opportunities to provide Inmarsat services to entirely new groups of users, was the focus of the business in 2015.

Enterprise, in close coordination with our business partners, drove further innovation around Global Xpress (GX) focusing on the needs of the most demanding customers who required a globally available, high-reliability managed network.

In anticipation of the commercial launch of GX, the Enterprise business spent much of 2015 strengthening the distribution channel with four new GX Value Added Resellers (VARs) appointed, serving a number of different market verticals including the energy, aid/NGO and media markets. Also during the year extensive GX field trials took place around the globe and GX services were deployed commercially by the media in Nepal, following the devastating April 2015 earthquake. GX has been extensively tested by commercial partners which will drive accelerated adoption during 2016. Early interest in GX has been strong, particularly from customers in the energy, mining and media sectors.

In 2015 we continued to focus on developing a long-term M2M connectivity business. Under the banner of the 'Internet of Everywhere' the business created a team focused on exploiting the rapidly growing M2M and Internet of Things markets. M2M connectivity allows devices to communicate with each other and share information via the internet. Satellite communications play an increasingly important role in M2M enablement in specific vertical markets, enabling a host of applications ranging from asset tracking and remote surveillance to Smart Grids and environmental monitoring.

The growth of the M2M business was supported by the sale of our shareholding in SkyWave to our new partner ORBCOMM which was completed at the beginning of 2015. As well as adding ORBCOMM as a powerful and highly innovative VAR for M2M services, as part of this deal, Inmarsat acquired the intellectual property in the IsatData Pro (IDP) technology and the IDP satellite network assets. Inmarsat commenced work on developing its own commercial IDP Gateway in 2015 which we expect to bring to commercial service during 2016. The commercialisation of the IDP technology enables Inmarsat to enhance its portfolio of M2M connectivity services to both existing distribution channels as well as enabling new customers and vertical markets to build its partner ecosystem. M2M saw an increase in subscribers of 11.6% and an increase in average revenue per user driven by product mix driving overall revenue up by 13.7%.

Despite the global downturn in the energy sector, we saw meaningful growth from our energy business, particularly from FleetBroadband, which continued to demonstrate its relevance to a sector with the highest needs for reliable communications. The growth in FB was in contrast to BGAN revenue which declined by 6.0% year-on-year. This reflected in part competition from low-cost solutions but also the downturn in the resources sector and lower event-driven revenue, particularly in the latter part of the year. 2015 was a year of ongoing innovation for BGAN to adapt and improve existing services to meet the evolving needs of our users. Our Enterprise business continued to leverage the well-established BGAN service to deliver new and enhanced capabilities to users in the media (BGAN HDR), the aid and development sector (BGAN Link) and the Internet of Everywhere (BGAN M2M).

Despite a challenging year in the global market for handheld satphones, IsatPhone 2 continues to meet a key need for users around the world. IsatPhone 2 offers dependable, high-quality voice calls, text and email messaging outside cellular and fixed network coverage. Commercial sales of IsatPhone 2 were temporarily impacted by a manufacturing quality issue with a third-party vendor. As a result, satphone sales were lower year-over-year though sales returned to normal levels by the end of the year. Despite this setback the IsatPhone installed base grew over 21.2%, taking the number of IsatPhone terminals to over 140,000 with growth in both prepay and postpay offerings.

We are proud of our partnership with the UK Space Agency and its Digital Frontiers initiatives. The Enterprise business plays a central role in this £32m International Partnerships Space Programme which seeks to uncover projects where Inmarsat's robust satellite communications will be pivotal in enabling economic growth in areas which lack appropriate communications infrastructure. The year saw the launch of two pilot projects – firstly in partnership with the Equity Bank Group in Kenya to bring financial and welfare content access to remote communities and secondly in Nigeria to provide telemedicine services for pregnant women and new mothers.

FINANCIAL PERFORMANCE

Underlying revenues (ie excluding the impact of the sale of our retail energy-related assets in 2014) grew by $3.6m (+2.3%). Reported revenue fell by $7.2m (-4.3%) to $159.5m (2015: $166.7m).

The increase in underlying revenues was driven by strong growth in FB (+48.7%) and M2M revenues (+13.7%) and a one-off service upgrade supplied to a major customer in Q3. These results were offset by IsatPhone handset sales (-25.7%) and lower BGAN revenues (-6.0%).

Enterprise FB revenues grew by 48.7% in 2015, despite the downturn in the energy sector, mainly as a result of increased traffic and tariff changes, including a price increase in the fixed-to-mobile interconnect termination rates.

M2M revenues continued to grow well despite the slow-down in the energy sector as customers continued to demand connectivity to drive efficiency. By the end of the year, the total M2M installed base was over 326,000 terminals.

IsatPhone revenues were adversely impacted by a manufacturing problem experienced in Q3, which drove a 25% reduction in handset revenues for the year. IsatPhone airtime revenues were unchanged year-on-year.

BGAN revenues were down by 6.0% year-on-year, mainly driven by fewer events and lower use in the media and resources sectors than last year.

Operating costs decreased by $18.2m (-28.2%) compared to 2014, reflecting the disposal of our retail energy-related assets in 2015, higher product margins and lower indirect costs.

Enterprise EBITDA increased by $11.0m (+10.8%) to $113.1m (2014: $102.1) primarily due to growth in higher margin on-network services. This also resulted in the Enterprise EBITDA margin increasing to 70.9%, from 61.2% in 2014.

ERGON ENERGY USES BGAN M2M FOR EFFICIENT GRID MONITORING AND CONTROL
Ergon Energy maintains and manages the electric distribution network across Queensland, providing energy for over 720,000 homes and businesses, across some of the most rural parts of Australia, requiring 160,000km of power lines and more than a million power poles. The Inmarsat BGAN M2M service has given Ergon Energy access to parts of its distribution network that had previously been out of bounds, by providing cost-effective, remote monitoring and control of the power grid with a constant and reliable flow of information.

Aviation

Inmarsat's Aviation business enjoyed another strong year in 2015, both financially and strategically, recording a revenue increase of 25.4% for the full year. Aviation's revenue growth was driven by both a higher number of connections and a higher Average Revenue Per User (ARPU). The growth was primarily driven by the continuing strength of our SwiftBroadband (SB) service in both the business and general aviation markets and air transport; SB revenues now represent two-thirds of total Aviation revenues, with approximately 7,200 active SIMs by the end of the year. Classic Aero active terminals also grew, by 9% for the year.

During the year, successful trials of GX Aviation equipment and network capabilities were conducted, including streaming videos and live radio, online conference calls, and downloading files. Successful helicopter flights were also conducted by Boeing. These have all validated the ability of GX to deliver high-speed, global, broadband connectivity in the air.

We are in advanced stages of negotiation with major airlines around the world to provide connectivity solutions for their passengers and during 2015 confirmed that Singapore Airlines will procure GX from Inmarsat's partner SITAONAIR, with the first installation scheduled for the second half of 2016.

During 2015, we also signed a 10-year contract with Lufthansa to provide high-speed connectivity services on board more than 150 of Lufthansa's European fleet from mid-2016. The agreement also provides a contractual framework to extend the agreement to other airlines within the wider Lufthansa Group. Lufthansa has also committed to trial the European Aviation Network (EAN) when it becomes commercially available. This development, alongside Inmarsat forming a strategic partnership with Deutsche Telekom to develop the ground component of EAN, represented two major steps forward for our EAN in 2015.

The strategic partnership with Deutsche Telekom will seamlessly combine satellite connectivity from Inmarsat's new S-band satellite with a LTE-based ground network to be developed and operated by Deutsche Telekom. The S-band satellite is currently being built and is planned to be launched on a SpaceX Falcon Heavy vehicle as soon as practicable after construction is completed. The ground network will comprise approximately 300 LTE sites across Europe, each with a range of some 80km, which Deutsche Telekom will build and manage. The satellite and ground networks will be integrated such that switching between them will be managed automatically by on-board cabin systems, with no impact on service delivery.

Deutsche Telekom will take a share of the wholesale airtime revenues generated by the complementary ground network. Inmarsat will supply and manage the satellite service component of the network, and will lead the marketing and sales of the integrated connectivity service to European airlines. Inmarsat and Deutsche Telekom are aiming to have the EAN ready for full service availability by mid-2017.

Connections and data traffic in the business aviation market are still growing strongly. During the year, Inmarsat started work with Honeywell Aerospace and an antennae development company, Kymeta, to develop a lighter flat panel high-speed Ka-band wireless antenna, suitable to bring higher capacity and speeds to large commercial aircraft as well as offering standard GX services to much smaller aircraft in the business aviation market.

Aviation safety services continue to be in the industry spotlight, with a range of new services being trialled in a number of jurisdictions. During the year Inmarsat announced that Hawaiian Airlines was the first commercial airline to fly with our SwiftBroadband Safety service on its Boeing 767-300 fleet. The first flight took place in June 2015, after the Supplemental Type Certificate for the service was awarded. SwiftBroadband Safety will provide an enhanced version of Inmarsat's Classic Aero service, enabling Air Navigation Service Providers and Air Traffic Management organisations to receive and transmit data and messages faster and more efficiently. The SwiftBroadband Safety service is expected to be commercially available from Q2 2016.

In 2015, we also launched a partnership with Airservices Australia and other aviation industry stakeholders to trial improved flight tracking services on commercial airlines on flights to and from Australia. This followed the International Civil Aviation Authority resolution in February 2015, supported by Inmarsat, to adopt a new 15-minute tracking standard for commercial aircraft. Based on the results of the trial, Airservices Australia has now adopted the 14-minute reporting requirement as its standard operating procedure in oceanic airspace. In addition, other Air Navigation Service Providers have commenced evaluations as a result of the successful Australian trial.

Europe's ambitious programme to create the world's most advanced and secure air traffic management system also took a step forward in 2015, with the announcement by Inmarsat and the European Space Agency (ESA) of the successful completion of Phase 1 of ESA's IRIS Precursor; the 'Final Design Review' to validate the architecture and system design, and the safety and security of ESA's IRIS programme. ESA's IRIS programme is part of the European Union's Single European Skies Air Traffic Management Joint Undertaking, which aims to address the €4bn cost resulting from the shortcomings of the current European Air Traffic Management system.

Aviation remains a major growth market, with connectivity into the cockpit and the cabin, in both large commercial aircraft and smaller business jets, expected to see strong growth over the coming years. Growth in connectivity will be driven by the increasing number of aircraft in the sky, the need for more capable and sophisticated operational and safety services in the cockpit, and the increasing demand from passengers that they be online when they are on board an aircraft.

FINANCIAL PERFORMANCE

Aviation revenue for the year grew by $25.7m (+25.4%) to $126.8m (2014: $101.1m), with SB now accounting for two-thirds of total Aviation revenues in the year. Aviation's revenue growth was driven by both higher connections and a higher ARPU, both in our SB service, in the business and general aviation markets and air transport markets, and in our legacy Classic Aero service.

SB revenue growth continued to benefit from the impact of the 'take-or-pay' contracts signed with several key distribution partners in mid-2014. These contracts applied pricing discounts retrospectively to the start of 2014 in return for minimum revenue commitments in the full years 2014 and 2015.

SB revenue increased by 43.7%, with active SIMs growing by 31.9% to c. 7,200. SB ARPU grew by 8.6% to just under $1,100 per month. Classic Aero revenue increased by 9.7%, with active SIMs growing by 8.6% to c. 7,700. Classic Aero ARPU grew by 0.9% to just over $320 per month.

Operating costs increased by $9.2m (-66.2%) to $23.1m (2014: $13.9m) due to increased headcount and other costs associated with the pursuit and delivery of the major growth opportunities in cabin connectivity. We will invest further in these areas over the coming years to maximise the longer-term opportunities for growth.

Aviation EBITDA increased by $16.5m (+18.9%) to $103.7m (2014: $87.2m). However, the EBITDA margin decreased to 81.8% (2014: 86.3%) reflecting the additional costs noted above.

INMARSAT AND LUFTHANSA GROUP PARTNERSHIP

Inmarsat's 10-year strategic partnership with Lufthansa Group to provide next-generation connectivity services was formalised in October 2015. Inmarsat GX Aviation will power connectivity services on board more than 150 Lufthansa aircraft, enabling passengers to make the most of broadband internet access on their own mobile devices via a wireless network on board. Lufthansa will also trial Inmarsat's EAN, which combines an S-band satellite with a complementary LTE ground network being provided by Deutsche Telekom, in 2017.

Government

Inmarsat saw promising signs in government SATCOM markets as 2015 drew to a close, having weathered the storms of shrinking and volatile worldwide government spending in recent years. US and coalition nations reached the lowest levels of deployed land forces in many years, resulting in historically low MSS revenue early in the year. However, with increased concerns for global security as 2015 progressed, we saw slower declines by the close of the year. Inmarsat's focus on programmes to augment military systems, diversify into new verticals and geographies and launch innovative, unique products has been key to improving the resilience of our Government revenue in this difficult market. Inmarsat's alignment with growth opportunities, specifically, airborne intelligence, surveillance and reconnaissance (AISR) and special forces' missions, has established a platform for future growth.

In addition to the troop deployments, industry consolidation has led to increased competitive intensity and continued downward pressure on government pricing and margins in 2015. Despite this, Inmarsat's Ku FSS retail VSAT business in the US showed signs of stabilisation with a number of key programme wins.

As the US Government's demand shifted to rapid, highly mobile communication capabilities in support of AISR-driven missions, Inmarsat's wholesale government revenue shifted in 2015 to reflect growing enthusiasm for Global Xpress (GX).

Global rollout of GX on the Inmarsat-5 satellites has been a strong driver in re-orienting the business towards a return to growth. US Government customers have been the first users on each of the three deployed Inmarsat-5 satellites. Inmarsat's strategy of seamlessly augmenting existing fleets of government spacecraft has enabled existing military SATCOM terminal users to quickly and easily access additional capacity and coverage where needed. At the same time, our introduction of GX managed services have provided cost-effective global mobility to users worldwide who are currently unserved or underserved by military SATCOM. Six nations have now contracted for GX services, and many more have the system under evaluation.

Inmarsat has continued to work with its technology partners to deliver additional innovative GX products and services to government users. These have included the launch of a lower-cost maritime terminal capable of operating on Inmarsat's military and commercial Ka-band services as well as on government military Ka-band satellites; the demonstration of a GX military helicopter service capable of delivering super-fast wideband (10Mbps) through the rotor blades; and the launch of a roof-mounted terminal for rapid deployment and emergency response vehicles. Furthermore, Inmarsat together with its partners, achieved a significant milestone in successfully demonstrating the largest bandwidth Protected Tactical Waveform test over a satellite to date. This critical capability will bolster the US Government's ability to offer protected communications using Inmarsat's commercial satellites.

Innovation has also been maintained in the high mobility government L-band market. Through the year, users have continued to migrate from legacy Inmarsat-3 services to better value and more efficient Inmarsat-4 services. Inmarsat has seized this opportunity to leverage the resulting release of capacity to deliver more dynamic lease-based services. These innovations include the L-band Tactical Satellite (L-TAC) service, which enables existing secure government radios to extend their range many-fold by accessing Inmarsat's satellites using a simple additional antenna unit. In 2015, the L-TAC service has been extended to include aircraft, and a civilian variant has been launched for police and emergency services. L-TAC customers have grown to nine nations, and the service has been widely applauded for its life-saving capability.

In response to governments' ever-increasing demand for reliable, higher throughput SATCOM, Inmarsat, together with its partners, have launched a number of innovative products into this growing market. Examples include the airborne ISR service, LAISR, which has been operational in both the Americas and EMEA regions; the L-band Advanced Communications Element (LACE) terminal prototype, which demonstrated record-setting bi-directional links at 10Mbps from a miniature terminal; and further enhancements to BGAN, which allowed Inmarsat to deliver High Data Rate (HDR) and Low Profile BGAN services.

In the US Government market, the industry saw awards for major US Navy and Air Force SATCOM contracts delayed by competitor protest actions; we expect the outcome to be known in 2016. The extension of large framework contracts in Australia, France, UK, Canada, Germany and New Zealand demonstrate Inmarsat's continued competitiveness in the major global defence markets. Meanwhile, the strategy of increasing diversification into new geographies and less volatile non-defence verticals has continued to succeed. Wins have ranged from fire-brigade solutions in Australia, border security in the Middle East, disaster response in China, presidential protection in Africa, government helicopters in Mexico and telemedicine in Brazil.

Inmarsat is staying the course, with unique trusted capabilities well matched to governments' evolving needs: optimal reliability with ubiquitous global coverage and diversity of assets; availability to transfer high-speed data without degradation; compatibility with Milsatcom; and flexibility, which frees commanders from estimating and pre-ordering bandwidth before missions.

FINANCIAL PERFORMANCE

Government revenues in the year continued to decrease, falling by $33.3m (-10.4%) to $286.6m (2014: $319.9m). This decline reflects the continued impact of troop withdrawals and the reduction in government commercial satellite expenditure generally. Government revenues are to some degree event and project driven, and in 2015, we won a material new short-term contract in the US but saw a major reduction in the expenditure by one other government. The combination of all of these factors meant that the rate of decline in government revenues slowed to 10.4% compared to a decline of 21.7% in 2014.

In the US, government revenues fell by 12.7% (2014: 31.7%) reflecting one significant short-term contract win, the end of one major contract, the introduction of GX and encouraging revenue growth for new L-band products including Assured Access, L-TAC and LAISR. Outside the US, revenues declined by 7.1% (2014: 0.7% growth) due to the renewal of one major contract in Q1 2015 with a lower value and a different usage profile. Our other non-US markets grew in aggregate, with the markets that we have entered more recently – eight in 2015 – generally providing growth and the more established government markets continuing to see lower expenditure.

Operating costs in the year fell by $7.9m (-7.6%) to $95.6m (2014: $103.5m) mainly reflecting the mix and volume impact of the reduction in revenue.

Total Government EBITDA in the year fell by $25.4m (-11.7%) to $191.0m (2014: $216.4m) and the EBITDA margin of 66.6% remained consistent with 2014 (2014: 67.6%) reflecting the issues noted above.

L-BAND TACTICAL SATELLITE

US and allied military forces rely on Inmarsat's worldwide L-band Tactical Satellite (L-TAC) service to augment and extend their UHF and VHF capabilities, allowing them to use existing tactical radios over Inmarsat's L-band satellites – saving money and saving lives. When it became necessary to move a satellite with active L-TAC users over 28,000km from its original location over Africa to the Indian Ocean region, Inmarsat created 120 customised beams and switched their positions on a daily basis to maintain coverage over critical areas for troops. On the ground, the user experience was 'service as usual' with no unexpected interruptions or degradation of service.

FINANCIAL REVIEW

GROUP RESULTS

These results give the consolidated operating results and financial condition of Inmarsat Group Limited for the year ended 31 December 2015.

($ in millions)	2015	2014	Change
Revenues	**1,274.1**	**1,285.9**	(0.9%)
Employee benefit costs	(260.4)	(237.3)	9.7%
Network and satellite operations costs	(180.0)	(205.7)	(12.5%)
Other operating costs	(147.2)	(174.1)	(15.5%)
Own work capitalised	39.5	32.2	22.7%
Total operating costs	**(548.1)**	**(584.9)**	(6.3%)
EBITDA	**726.0**	**701.0**	3.6%
Depreciation and amortisation	(311.2)	(291.8)	6.6%
Gain/(loss) on disposal of assets	9.3	(1.2)	(875.0%)
Impairment loss	(0.2)	(1.3)	(84.6%)
Share of profit of associates	2.5	2.6	(3.8%)
Operating profit	**426.4**	**409.3**	4.2%
Financing income	2.3	8.0	(71.3%)
Financing costs	(63.6)	(95.6)	(33.5%)
Net financing costs	(61.3)	(87.6)	(30.0%)
Profit before tax	**365.1**	**321.7**	(13.5%)
Taxation charge	(61.7)	10.9	(666.1%)
Profit for the year	**303.4**	**332.6**	(8.8%)

REVENUES – BY REPORTING SEGMENT

	2015					
($ in millions)	Maritime	Government	Enterprise	Aviation	Central Services	Total
Revenue						
MSS and other	593.2	286.6	159.5	126.8	19.4	1,185.5
LightSquared	–	–	–	–	88.6	88.6
Total revenue	593.2	286.6	159.5	126.8	108.0	1,274.1

	2014					
($ in millions)	Maritime	Government	Enterprise	Aviation	Central Services	Total
Revenue						
MSS and other	595.6	319.9	166.7	101.1	27.2	1,210.5
LightSquared	–	–	–	–	75.4	75.4
Total revenue	595.6	319.9	166.7	101.1	102.6	1,285.9

During the year ended 31 December 2015, total reported Group revenue decreased by $11.8m (-0.9%) to $1,274.1m (2014: $1,285.9m). After excluding the impact of the sale of retail energy-related assets by Enterprise in 2014 (-$10.8m), total Group revenue fell by $1.1m.

The virtually unchanged underlying revenue year-over-year reflects continuing growth in Aviation (+$25.7m), Enterprise (+$3.6m) and LightSquared revenue (+$13.2m) but a market driven decrease in Government (-$33.3m) and a small decline in Maritime revenues (-$2.4m).

Total Group revenue in the year included wholesale Mobile Satellite Services (MSS) revenue of $832.8m, 5.2% higher than in 2014 ($791.4m), with higher wholesale MSS revenue in Maritime and Aviation more than offsetting the decline in Government wholesale MSS revenue.

Operating costs in the year fell by $36.8m (-6.3%) to $548.1m (2014: $584.9m). $9.2m of the reduction was related to the sale of retail energy-related assets by Enterprise in 2014. The remaining $27.7m reduction was due to improved product mix, which more than offset the additional growth investment in Aviation and the additional costs of the new Global Xpress (GX) infrastructure as it enters commercial operations.

EBITDA in the full year increased by $25.0m (+3.6%) to $726.0m (2014: $701.0m) and the Group's EBITDA margin increased to 57.0%, from 54.5% in 2014, reflecting the issues above.

Depreciation and amortisation increased by $19.4m to $311.2m (2014: $291.8m) reflecting the entry into service of the Inmarsat-5 (I-5) satellites, with depreciation commencing in December 2014 for I-5 F1 and December 2015 for I-5 F2 and I-5 F3. There was a gain of $9.4m from the disposal of the SkyWave investment in the first quarter of 2015 and the Group operating profit increased by $17.1m to $426.4m (2014: $409.3m).

Profit before tax in the year was $365.1m (2014: $321.7m).

The tax charge for the year was $61.7m, an increase of $72.6m (2014: $10.9m). This increase was primarily due to the non-recurrence of the 2014 release of a $53.1m provision made in 2013 for a potential tax liability, which was successfully settled by the Company in 2014. The underlying effective tax rate was 20.8% compared to 21.3% in 2014, with the reduction being mainly driven by the UK tax rate reduction from 21% to 20%.

LIGHTSQUARED COOPERATION AGREEMENT

In December 2007, we entered into a Cooperation Agreement with LightSquared designed to enable ancillary terrestrial component (ATC) services in North America, while protecting the continued deployment and growth of our own MSS business. In May 2012, LightSquared filed for a reorganisation under Chapter 11 of the US Bankruptcy Code. For the majority of 2015, payments from LightSquared were subject to significant uncertainty and so Inmarsat only recognised revenue from LightSquared when it was received in cash. In December 2015 LightSquared emerged from bankruptcy protection and raised new capital so from the fourth quarter Inmarsat has returned to accruals-based accounting. This has resulted in the recognition of a further $17.9m of revenue and EBITDA in the fourth quarter and in the full year 2015. This accrued revenue was received from LightSquared in January 2016.

At 31 December 2015, deferred income remaining in relation to the Cooperation Agreement of $208.8m was recorded on the balance sheet. Although the cash has been received, the timing of the recognition of this deferred income, together with any related future costs and taxes, continues to be uncertain.

By the end of March 2016 LightSquared must decide the amount of spectrum it wishes to opt for under the current Cooperation Agreement. That in turn will determine the revenue that will result for Inmarsat and the costs and timing of the resulting spectrum reorganisation.

CENTRAL SERVICES BUSINESS UNIT RESULTS

	YEAR ENDED 31 DECEMBER		
($ in millions)	2015	2014	Change
REVENUE			
LightSquared	88.6	75.4	17.5%
Other	19.4	27.2	(28.7%)
Total revenue	108.0	102.6	5.3%
Operating costs	(249.2)	(257.7)	(3.3%)
EBITDA	(141.2)	(155.1)	9.0%
CAPITAL EXPENDITURE	393.5	332.2	18.5%

Central Services revenue for the year increased by $5.4m to $108.0m (2014: $102.6m) and the EBITDA net cost for the year decreased by $13.9m to $141.2m (2014: $155.1m). This was primarily due to increased LightSquared revenue, which rose by $13.2m (+17.5%) to $88.6m (2014: $75.4m) including the impact of a change from cash to accrual revenue recognition as LightSquared emerged from bankruptcy and obtained new funding.

In Development and Engineering, management of the highly intensive GX project brought I-5 F2 to successful launch on 1 February 2015 and I-5 F3 on 28 August 2015. The construction of I-5 F4 and of our S-band satellite for European aviation both remain on schedule for completion in 2016. In December, we signed a contract with Airbus for the delivery of two new Inmarsat-6 (I-6) satellites. Service availability levels remained high across all our networks and all GX regions integrated into the operational network.

Despite the high levels of activity experienced across all of the Central Services functions, operating costs in the full year decreased by $8.5m (-3.3%) to $249.2m (2014: $257.7m), with foreign exchange gains in 2015 and one-off inventory write downs in 2014 offsetting underlying cost increases required to support for the new GX infrastructure.

RECONCILIATION OF EBITDA TO PROFIT AFTER TAX

	YEAR ENDED 31 DECEMBER		
($ in millions)	2015	2014	Change
EBITDA	726.0	701.0	3.6%
Depreciation and amortisation	(311.2)	(291.8)	6.6%
Impairment loss	(0.2)	(1.3)	(84.6%)
Other	11.8	1.4	742.9%
OPERATING PROFIT	426.4	409.3	4.2%
Net financing costs	(61.3)	(87.6)	30.0%
Taxation charge	(61.7)	10.9	666.1%
PROFIT FOR THE PERIOD	303.4	332.6	(8.8%)

OPERATING PROFIT

Depreciation and amortisation increased by $19.4m to $311.2m (2014: $291.8m) as the I-5 satellites entered commercial service in December 2015. Other balances refer to the gain on disposal of the SkyWave investment and the share of profit of associates for the year.

As a result of the factors discussed above, operating profit for the year was $426.4m, an increase of $17.1m (4.2%), compared with 2014.

NET FINANCING COST

The net finance charge in the year decreased by $26.3 to $61.3m (2014: $87.6m). The underlying interest charge reduced compared to the prior year due to two main factors. The new Senior Notes issued in June 2014 incur a lower rate of interest and capitalised interest was lower as a result of the lower interest rate and the delay to I-5 F3.

TAXATION

The tax charge for 2015 was $61.7m, an increase of $72.6m compared with 2014, which resulted in an effective tax rate for 2015 of 16.9% compared to 3.4% for 2014. This increase was primarily due to the 2014 release of a $53.1m provision made in 2013 for a potential tax liability which had arisen in relation to the Inmarsat-4 satellites.

The underlying effective tax rate is 20.8% for 2015 and 21.3% for 2014. This is calculated after excluding the impact of non-recurring items, being the revaluation of UK deferred tax balances in 2015 for the substantively enacted reduction of the UK rate of corporation tax to 18% which will take place in future periods, and adjustments in respect of prior periods (which include the impact of the release of the provision for potential tax liabilities for 2014 referred to above).

The remaining difference in the underlying effective tax rate between 2014 and 2015 arises primarily from the reduction in the UK rate of corporation tax from 21% to 20%. With the reduction becoming effective on 1 April 2015, this had the effect of lowering the average UK statutory rate applicable to current year taxable profits to 20.25% (2014: 21.5%).

The tax charge for 2015 was in excess of the cash tax paid in the year ($12.9m). This arose principally due to a refund of UK corporation tax overpaid in prior years which was received during 2015.

DISPOSALS

In January 2015, the Group completed the sale of its 19% holding in SkyWave Mobile Communications to ORBCOMM Inc. for total proceeds of $32.9m and recognised an after-tax gain of $8.1m. The share sale was one part of a suite of agreements with ORBCOMM, covering the joint ownership and future development and commercialisation of the IsatData Pro technology. As part of these agreements the Group acquired SkyWave's satellite network assets, hosted at three Inmarsat Satellite Access Stations, for $7.5m.

PROFIT AFTER TAX

Profit after tax was $303.4m, compared to $332.6m in 2014.

DIVIDENDS

The Company paid dividends during the year ended 31 December 2015 of $88.1m and $136.0m for the 2015 interim dividend and the 2014 final dividend, respectively (year ended 31 December 2014: $35.0m and $122.8m for the 2014 interim dividend and the 2013 final dividend, respectively).

GROUP CASH FLOW

During the year, free cash flow was $132.9m (2014: $149.5m). The decrease over 2014 is primarily due to higher capital expenditure (see next page) partially offset by more cash generated from operations. The prior year change in working capital included the release of $43.8m of LightSquared deferred income (nothing released in 2015). Overdue receivables in 2015 were also reduced by around $25m through improved collections.

GROUP CASH FLOW

	YEAR ENDED 31 DECEMBER	
($ in millions)	2015	2014
EBITDA	726.0	701.0
Non-cash items	13.8	17.2
Change in working capital	(27.4)	(70.4)
Cash generated from operations	712.4	647.8
Capital expenditure	(493.6)	(405.7)
Net interest paid	(73.0)	(83.0)
Tax paid	(12.9)	(9.6)
Free cash flow	132.9	149.5
Acquisition of subsidiaries and other investments	–	(46.2)
Proceeds on disposal of assets	32.9	27.5
Dividends paid	(224.1)	(226.1)
Intercompany funding	–	13.0
Other movement including foreign exchange	2.2	0.8
Net cash flow	(56.1)	(81.5)
Increase in cash from borrowings	26.3	144.7
Net (decrease)/increase in cash and cash equivalents	(29.8)	63.6

Opening net borrowings	1,598.0	1,486.8
Net cash flow	56.1	81.5
Non-cash movements(1)	81.3	29.7
Closing net borrowings	1,735.4	1,598.0

(1) Includes the impact of deferred financing costs

CAPITAL EXPENDITURE

In order to assist investors' further understanding of capital expenditure we report capital expenditure broken down into three main categories of investment, shown in the table below.

	YEAR ENDED 31 DECEMBER	
($ in millions)	2015	2014
Major infrastructure projects(1)	354.1	256.9
Success-based capex(1)	29.1	25.8
Other (eg maintenance, product development, R&D)(1)	78.6	100.1
Cash flow timing(2)	31.8	22.9
TOTAL CASH CAPITAL EXPENDITURE	493.6	405.7

(1) Capital expenditure is shown on an accruals basis, excluding capitalised interest.
(2) Cash flow timing represents the difference between accrued capex and the actual cash flows.

'Major infrastructure projects' capex consists of satellite design, build and launch costs and ground network infrastructure costs. 2015 expenditure in this category included expenditure on the I-5 and S-band satellites and an initial investment in two I-6 satellites.

'Success-based capex' consists of capital equipment installed on ships, aircraft and other customer platforms. This expenditure ties closely to near term new revenues. In 2015 this principally relates to expenditure on fitting out ships with maritime customer equipment, but going forward will also include an increasing amount of aircraft fit-out costs.

'Other' capex investments consists primarily of maintenance, IT and capitalised R&D costs. In 2015 this investment was spread across a number of projects, the most material of which pertained to the development of RFIC technology, costs associated with creating a fourth full service L-band region, and enhancements to the Group's billing and accounting systems.

GROUP LIQUIDITY AND CAPITAL RESOURCES

At 31 December 2015, the Group had cash and cash equivalents of $175.5m and available but undrawn borrowing facilities of $578.9m under our Senior Credit Facility and the 2014 Ex-Im Bank Facility.

The Group maintains tax provisions in respect of ongoing enquiries with tax authorities. In the event all such enquiries were settled as currently provided for, we estimate that the Group would incur a cash tax outflow of approximately $80.0m in 2016 or 2017. The enquiries remain ongoing at this time.

GROUP BALANCE SHEET

The table below shows the condensed consolidated Group balance sheet:

	AT 31 DECEMBER	
($ in millions)	2015	2014
Non-current assets	3,712.3	3,510.9
Current assets	549.6	591.0
TOTAL ASSETS	4,261.9	4,101.9
Current liabilities	(719.5)	(749.3)
Non-current liabilities	(2,025.2)	(1,921.8)
TOTAL LIABILITIES	(2,744.7)	(2,671.1)
NET ASSETS	1,517.2	1,430.8

The increase in the Group's non-current assets of $201.4m is largely due to our ongoing investment in the GX infrastructure and the development of our new S-band programme, less depreciation. Over $340m was invested in these two programmes during 2015.

The net decrease in current assets of $41.4m is due to a number of factors including a decrease in cash and cash equivalents of $27.2m to $175.5m, and a decrease in assets held for sale to nil at December 2015 (2014: $32.9m). The prior year balance related to the SkyWave disposal that had been remeasured to fair value. Partially offsetting these was an increase in trade and other receivables by $25.2m to $342.3m (2014: $317.1m), primarily attributable to the accrual of LightSquared revenue due on 31 December 2015.

The decrease in current liabilities of $29.8m to $719.5m (2014: $749.3m) is mainly due to three issues. The current tax liability increased by $51.1m, representing a current tax charge in excess of payments made in the year, principally due to a refund of corporation tax overpaid in prior years. Current borrowings increased by $89.1m due to the reclassification of amount due to parent undertaking of $77.8m from trade and other payables and $11.3m drawdowns on the 2011 Ex-Im Bank Facility which has commenced its repayment period of equal semi-annual instalments. Partially offsetting these increases was an $11.4m reduction in trade and other payables.

The increase in non-current liabilities of $103.4m is primarily due to an increase in non-current borrowings of $21.1m to $1,703.7m (2014: $1,682.6m) at 31 December 2015. There were two main components of this increase; a net increase in drawdowns on the Ex-Im Bank Facilities of $77.2m (a portion of which is sitting in current borrowings and discussed above) offset by a $44.0m repayment and reduction in the EIB Facility.

BOARD OF DIRECTORS

Management of Inmarsat Finance plc and Inmarsat Group Limited

Board of Directors
The Directors of Inmarsat Finance plc and Inmarsat Group Limited are Andrew Sukawaty, Rupert Pearce, Tony Bates, and Alison Horrocks.

Audit Committees
The Audit Committees of both Inmarsat Finance plc and Inmarsat Group Limited are comprised of Andrew Sukawaty,
Rupert Pearce, Tony Bates, and Alison Horrocks, none of whom is considered independent. We believe that the members of each Audit Committee of Inmarsat Finance plc and Inmarsat Group Limited have sufficient experience to perform their responsibilities.

Management of Inmarsat plc

Board of Directors
Inmarsat plc is the ultimate parent company of Inmarsat Finance plc and Inmarsat Group Limited. The address for each director is c/o Inmarsat plc, 99 City Road, London EC1Y 1AX, United Kingdom.

1. ANDREW SUKAWATY
NON-EXECUTIVE CHAIRMAN
Date of Appointment:
Non-Executive Chairman – January 2015
Executive Chairman – January 2012 to December 2014
Executive Chairman and Chief Executive Officer – March 2004 to December 2011
Chairman – December 2003
Committee Membership: Chairman of the Telecoms Regulatory Committee and member of the Nominations Committee
Background and relevant experience: Andy served as Non-Executive Chairman of Ziggo N.V. until November 2014. He has previously been President and Chief Executive Officer of Sprint PCS, a NYSE listed global national wireless carrier and Chief Executive Officer of NTL Limited. He also held various management positions with US West and AT&T and been a Non-Executive Director on various listed companies. Andy holds a BBA and MBA respectively from the University of Wisconsin and Minnesota.
External Appointments:
Executive in Residence for Warburg Pincus.
Senior Independent Director of Sky Plc.

2. RUPERT PEARCE
CHIEF EXECUTIVE OFFICER
Date of Appointment:
Executive Director – July 2011
Chief Executive Officer – January 2012
Background and relevant experience: Rupert has been Inmarsat's Chief Executive Officer since January 2012. He joined Inmarsat in January 2005 as Group General Counsel and from January 2009, additionally held the position of Senior Vice President, Inmarsat Enterprises. Previously, Rupert worked for Atlas Venture, where he was a partner working with the firm's European and US investment teams. Before Atlas Venture, he was also a partner at the international law firm Linklaters, where he spent 13 years specialising in corporate finance, mergers and acquisitions and private equity transactions. Rupert received an MA (First Class) in Modern History from Oxford University and won the 1995 Fullbright Fellowship in US 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. TONY BATES
CHIEF FINANCIAL OFFICER
Date of Appointment: June 2014
Background and relevant experience: Tony was previously the Group CFO of hibu plc (previously Yell Group Plc) where he played a leading role in the multi-billion pound refinancing of the Group and in the delivery of a much lower cost operating model. Prior to hibu, Tony was Chief Operating Officer of Colt Group S.A., the pan-European business telecoms operator. His previous senior management experience was mainly with EMI Group Plc, latterly as Group Finance Director. Tony holds a First Class Honours degree in Management Sciences from the University of Manchester Institute of Science and Technology. He is a Fellow of the Institute of Chartered Accountants in England and Wales.
External Appointments: None.

4. SIMON BAX
INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: June 2013
Committee Membership: Chairman 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. Simon holds an Honours degree in History from Cambridge University and is a chartered accountant.
External Appointments:
Chairman of WiSpire Limited.
Chairman of Archant Limited.
Director of Archant Employee Benefit Trustee Company Limited.
Non-Executive Director of SVG Capital Plc.
Director of the British Bobsleigh and Skeleton Association.
Member of the Gonville and Caius Development Campaign Board.
Member of the Academy of Motion Pictures Arts and Sciences.
Member of the British Academy of Film and Television Arts.

5. SIR BRYAN CARSBERG
INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: June 2005

Committee Membership: Member of the Audit, Remuneration and Telecoms Regulatory Committees
Background and relevant experience: Sir Bryan is a Chartered Accountant. He served eight years as Director General of 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 Non-Executive Chairman of MLL Telecom Limited. He was knighted in January 1989. Sir Bryan is an Honorary Fellow of the Institute of Actuaries and holds an MSc (Econ) from the University of London.
External Appointments:
Non-Executive Director of Actual Experience plc.

6. STEPHEN DAVIDSON
INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: June 2005
Committee Membership: Member of the Audit, Remuneration and Nominations Committees
Background and relevant experience: Stephen held various positions in Investment Banking, finally at WestLB Panmure where he was Global Head of Media and Telecoms and Vice Chairman of Investment Banking. From 1993 to 1998 Stephen was Finance Director, then Chief Executive Officer of Telewest Communications plc. He was Chairman of the Cable Communications Association from 1996 to 1998. Stephen holds a First Class Honours degree in Mathematics and Statistics from the University of Aberdeen.
External Appointments:
Non-Executive Chairman of Datatec Ltd.
Non-Executive Chairman of Actual Experience plc.
Non-Executive Chairman of PRS for Music.
Non-Executive Director of Restore Plc.
Deputy Chairman of Jaywing Group plc.
Director of Informa plc.

7. 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 emeritus of the McCormick Advisory
Board and its executive committee of Northwestern University.

8. GENERAL C. ROBERT KEHLER (RTD)
INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: May 2014
Committee Membership: Member of the Remuneration Committee
Background and relevant experience: General Kehler retired from the US Air Force in January 2014 with over 38 years' service. He oversaw a global network of satellite command and control, communications, missile warning and launch facilities, and ensured the combat readiness of America's intercontinental ballistic missile force. Over his career, he served in a variety of important operational and staff assignments, and successfully led large organisations with global responsibilities.
External Appointments:
Proxy board of directors of BEI Precision Systems and Space Company.
Trustee of the Mitre Corporation.
Member of the Advisory Board for Outreach and Online Education of the
Pennsylvania State University.
Senior advisor to McKinsey and Company.
Special advisor to Northrop Grumman Corporation.

9. 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:
President of Freedom Technologies Inc.
Non-Executive Director of Orbital ATK.
Non-Executive Director of CSG Systems, Inc.

10. DR ABRAHAM PELED
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: June 2013
Committee Membership: Chairman of the Nominations Committee
Background and relevant experience: In November 2015 Abe was appointed our Senior Independent Director. Abe was Chief Executive Officer of NDS Group plc from 1995 to 2012, a digital pay-TV technology company, and served as Chairman and Chief Executive Officer 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. Abe has a BSc and MSc in Electrical Engineering and a PhD in Digital Signal Processing. In March 2013, Abe was awarded the Lifetime Achievement Award by Digital TV Europe.
External Appointments:
Partner of CyberCloud Ventures.
Senior advisor on technology businesses to Permira.
Chairman of TeamViewer GmbH.
Member of the Operating Committee of Metalogix Inc.

11. ROBERT RUIJTER
INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: February 2015
Committee Membership: Chairman of the Audit Committee
Background and relevant experience: Rob served as Chief Financial Officer of VNU N.V., a publicly listed marketing and publishing company (now the Nielsen company) between 2004 and 2007. He previously served as the Chief Finance Officer of KLM Royal Dutch Airlines from 2001 until its merger with Air France in 2004, and as Chief Finance Officer of ASM International N.V., a publicly listed manufacturer of electronic components. Rob is a Certified Public Accountant in the United States and in The Netherlands and a member of the ACT in the UK.
External Appointments:
Member of the Supervisory Board of Wavin N.V.
Member of the Supervisory Board of Ziggo N.V.
Non-Executive Director of Interxion N.V.
Chairman of the Supervisory Board of Delta Lloyd N.V.

12. DR HAMADOUN TOURE
INDEPENDENT NON-EXECUTIVE DIRECTOR
Date of Appointment: March 2015
Committee Membership: Member of the Nominations and Telecoms Regulatory Committees
Background and relevant experience: Hamadoun was Secretary General of the International Telecommunication Union (ITU), the specialised agency of the United Nations dedicated to information and communication technologies from 2007 to 2014. As such he was a Member of the UN Chief Executive Board (CEB) and served as Chairman of the UN ICT Network. He was the founding member of the Broadband Commission for Digital Development and served as co-vice chair until his retirement from the ITU. In October 2015 Hamadoun was appointed as Founding Executive Director of SMART Africa Alliance. He was a Member of the Advisory Board of the International Multilateral Partnership Against Cyber Threats (IMPACT) until December 2014. He has also had a distinguished career in the satellite industry. Hamadoun holds a Master's Degree in Electrical Engineering from the Telecommunications Institute of St-Petersburg (Russian Federation) and a PhD in Electrical Engineering from the University of Informatics and Telecoms of Moscow (Russian Federation).
External Appointments:
Founding Executive Director of SMART Africa Alliance.
Founder of 7Star Holding.

13. ALISON HORROCKS
CHIEF CORPORATE AFFAIRS OFFICER 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 a member of the Executive Management Board and Chairman of the Trustee Company responsible for the Inmarsat UK pension plans. Alison is a Fellow of the Chartered Secretaries and Administrators. She was Group Company Secretary of International Public Relations plc, a worldwide public relations company, for 11 years prior to joining Inmarsat.
External Appointments: None.

GLOSSARY OF TERMS

Due to the technical nature of satellite communications and financial reporting we use a number of terms and abbreviations in this Annual Report and Accounts that are widely used within those industries but are less commonly used by our broader community of stakeholders. The principal ones are summarised below.

A

ACARS
Aircraft Communications Addressing and Reporting System is a digital datalink system for transmission of short messages between aircraft and ground stations via airband radio or satellites.

ACTIVE TERMINAL
A terminal that has been used to access commercial services at any time during the preceding 12 months and is registered with one of our services at the period end. It includes the average number of certain handheld terminals active on a daily basis during the final month of a period and excludes M2M terminals.

ADS-C
Automatic Dependent Surveillance – Contact provides an automated two-way surveillance technology through which periodic reporting rates can be specified between air traffic control systems and aircraft avionics systems.

ALPHASAT
A satellite developed with the European Space Agency and launched in 2013. It supplements our I4 satellite constellation.

ATC (ALSO ACGC OR CTC)
'Ancillary Terrestrial Components' provide communications services from ground stations either as stand-alone services or to complement satellite services.

B

BAND
The radio spectrum is divided into different bands which each cover a section of frequencies that are usually used for a similar purpose. Bands are allocated to specific uses at international level by the ITU and regulated at a national level by domestic organisations and governments.

BGAN
'Broadband Global Area Network' is a high-speed data satellite network that spans the globe.

C

COMMISSIONED TERMINAL
A terminal that is registered with one of our services at the period end.

CAGR
The Compound Annual Rate of Growth measures average annual growth over a period of time and is a key performance indicator for our MSS wholesale revenues.

CGU
A cash generating unit is the smallest group of assets that generates cash inflows largely independently from the other parts of the business and which represents the lowest level at which goodwill is monitored within the business.

THE COMPANY
Where we refer to the Company we are referring to Inmarsat Group.

D

DEFINED BENEFIT AND DEFINED CONTRIBUTION SCHEMES
Defined benefit pensions schemes provide post-employment benefits based on an employee's final salary. Defined contribution pension schemes are schemes into which Inmarsat makes fixed contributions based on a percentage of an employee's salary.

E

EBITDA
'Earnings before interest, tax, depreciation and amortisation' is a key performance indicator used in the commercial and financial management of the business. It is a non-GAAP measure under IFRS.

F

FANS
Future Air Navigation System. FANS-I/A design is a range of FANS products. FANS is an avionics system which provides direct data link communication between the pilot and Air Traffic Controller.

FLEETBROADBAND
Our flagship maritime service providing voice and broadband data services across the world's oceans.

G

GAAP
Generally Accepted Accounting Principles is the standard financial reporting framework as defined by a body of accounting standards and other guidance used in a given jurisdiction (see IFRS).

GEOSTATIONARY ORBIT
A circular geosynchronous orbit directly above the Earth's equator. Satellites in geosynchronous orbit match their orbit to the orbit of the earth and so remain permanently in the same area of the sky.

GLOBAL XPRESS (GX)
The first high-speed broadband satellite network to span the globe, from a single operator. It uses powerful beams able to reach small antennas on earth providing digital connections for aviation, land and maritime use.

GMDSS
Global Maritime Distress and Safety Service. Inmarsat is the only approved provider of this Maritime Safety Service by the International Maritime Organization (IMO).

GROUND STATIONS
Our Ground Stations connect Inmarsat satellites to terrestrial networks and the internet. They are manned 24/7 in locations across the globe and continuously monitored from our network operations centre in London.

THE GROUP
The Group refers to Inmarsat Group Limited and all of its subsidiaries. We may also use 'we' and 'our' in reference to the Group, depending on the context.

GSPS
Global Satellite Phone Services are our handheld products and services including IsatPhone Pro and IsatPhone 2.

I

IAS OR IFRS
International Accounting Standards or International Financial Reporting Standards are the accounting standards issued by the International Accounting Standards Board. IFRS is also used to refer to international GAAP as a whole.

ICAO
International Civil Aviation Organisation.

INMARSAT-2 (I-2), INMARSAT-3 (I-3), INMARSAT-4 (I-4), INMARSAT-5 (I-5), INMARSAT-6 (I-6)
The second, third, fourth, fifth and sixth generations of Inmarsat satellites. Individual satellites in each constellation are numbered F1, F2, F3, etc, so I-5 F2 refers to the second satellite launched in the fifth generation of Inmarsat satellites.

ITU
International Telecommunications Union.

K

KA-BAND
The frequency band used by our GX satellites, it has higher bandwidth than other bands allowing more data to be transmitted over the same satellite capacity.

KU-BAND
A frequency band used by a number of our products and services that we procure from other satellite network operators to complement our own spectrum.

L

L-BAND
The frequency band used by our I-3 and I-4 satellites.

LIGHTSQUARED
A cooperation agreement between Inmarsat, LightSquared LP, Skyterra Inc and LightSquared Inc for the use of L-band in North America.

M

M2M
Machine-to-machine services and products.

MSS
Mobile Satellite Services.

MBPS
Megabits per second are the units used to measure data transfer rates in the satellite communications industry.

N

NETWORK AND SATELLITE OPERATIONS COSTS
The costs of operating our ground stations.

O

OWN WORK CAPITALISED
Employee-related costs including salary and travel costs incurred in bringing property, plant and equipment into use. Own work capitalised is capitalised as part of the total cost of an asset.

R

RIGNET INC
A distribution partner and the company that acquired the retail energy business that we disposed of in 2014.

S

SAS
Satellite Access Station is another term for a Ground Station.

S-BAND
The band width we are using for a high-speed broadband service under development for the EU aviation industry. The programme will see an Inmarsat S-band satellite fully integrated with a ground network being developed with our technology partner Alcatel-Lucent. We also use the term S-band to refer to the S-band programme in general.

SCOPE 1, 2 AND 3 EMISSIONS
Carbon emissions as defined by the greenhouse gas protocol.
Scope 1: All direct greenhouse gas emissions.
Scope 2: Indirect emissions from purchased electricity, heat or steam.
Scope 3: Other indirect emissions including travel.

SEP/INMARSAT GATEWAY
Our Service Enablement Platform for GX delivering customer support, network services and an app store, it also opens up our networks to innovators through a developer portal. This is also now referred to as the Inmarsat Gateway.

SWIFTBROADBAND
A global service providing voice and high-speed data simultaneously through a single installation on an aircraft.

T

TELECOMS SANS FRONTIERES (TSF)
The telecommunications relief aid organisation, it is a core beneficiary of our charitable support.

TERMINALS
The consumer hardware used to receive and transmit voice and data from earth across our satellite network. It includes antenna enabled hardware such as satellite phones and on-board antennas.

V

VSAT
Very Small Aperture Terminals are small mobile two-way satellite antennas able to receive and transmit voice and broadband data to a satellite. VSAT services are typically charged using a fixed monthly fee.

X

XPRESSLINK (XL)
Xpresslink is a fully-integrated Ku-band and L-band service with VSAT and FleetBroadband terminals.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

By their nature, forward-looking statements involve risks and uncertainties because they relate to events that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that the Group’s actual financial condition, results of operations and cash flows, and the development of the industry in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Group’s financial condition, results of operations and cash flows, and the development of the industry in which we operate are consistent with the forward-looking statements in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important facts that could cause the Group’s actual results of operations, financial condition or cash flows, or the development of the industry in which we operate, to differ from current expectations include those risk factors disclosed in the sections entitled “Business”, “Operating and Financial Review” and “Risk Factors”.

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

APPENDIX A

2015 CONSOLIDATED FINANCIAL STATEMENTS OF INMARSAT GROUP LIMITED

Inmarsat Group Limited

(Registered Number: 4886115)

Annual Report and Financial Statements

For the year ended 31 December 2015

Inmarsat Group Limited
Strategic Report
For the year ended 31 December 2015

Principal activities

Inmarsat Group Limited (the 'Company' or together with its subsidiaries, the 'Group') is the leading provider of global mobile satellite communications services ("MSS"), providing data and voice connectivity to end-users worldwide, with over 30 years of experience in designing, launching and operating satellite-based networks. We have an in-orbit fleet of eleven owned and operated satellites in geostationary orbit. This includes eleven satellites on our L-band platform and three satellites on our Ka-band platform. In February and August 2015 we launched our second and third Inmarsat-5 Ka-band satellites to provide a global constellation to offer Global Xpress ('GX') services.

In addition to our established L-band satellite services business, in December 2015 we brought GX into commercial service. GX offers seamless global coverage and delivers Ka-band satellite services with broadband speeds of up to 50 Mbps for users in the government, maritime, enterprise and aviation sectors. There is currently a fourth GX satellite under construction.

Key financial and other performance indicators

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

($ in millions)	2015	2014	Change
Revenue	1,274.0	1,285.9	(1%)
Operating profit	426.4	409.3	4%
Profit after tax	303.4	332.6	(9%)
Net assets	1,517.2	1,430.8	6%
Average number of employees	1,687	1,592	6%

Revenue decreased by $11.9m (1%) year-on-year to $1,274m (2014: $1,285.9m). After excluding the impact of the sale of retail energy-related assets by the Enterprise business in 2014 (-$10.8m), total Group revenue fell by $1.1m. The virtually unchanged underlying revenue year over year reflects continuing growth in Aviation (+$25.7m), Enterprise (+$3.6m) and LightSquared revenue (+$13.2m) but a market driven decrease in Government (-$33.3m) and a small decline in Maritime revenues (-$2.4m).

Operating profit increased year-on-year due to a reduction in operating costs of $36.9m. $9.2m of the reduction was related to the sale of retail energy-related assets by the Enterprise business in 2014. The remaining $27.7m reduction was due to improved product mix, which more than offset the additional growth investment in Aviation and the additional costs of the new GX infrastructure as it enters commercial operations.

Profit before tax in the year was $365.1m (2014: $321.7m).

The tax charge for the year was $61.7m, an increase of $72.6m (2014: $10.9m). This increase was primarily due to the non-recurrence of the 2014 release of a $53.1m provision made in 2013 for a potential tax liability, which was successfully settled by the company in 2014. The underlying effective tax rate was 20.8% compared to 21.3% in 2014, with the reduction being mainly driven by the UK tax rate reduction from 21% to 20%.

Profit after tax was $303.4m, compared to $332.6m in 2014.

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. At the end of 2015, we reviewed our key risks and this has led to a more streamlined set of principal risks from the prior year; this has led to a number of risks being characterised as secondary risks. These include legal, regulatory and compliance: the relationship with LightSquared; taxation and capital funding; the effectiveness of core business systems and processes; and the retention and motivation of management and employees.

Satellites and our network

We face risks when we launch our satellites and while they are in operation. There are only a few companies who provide service to build and launch satellites and if they encounter problems, our launch may be delayed or fail. Our network may not be able to cope with the demand from users.

Next generation services

We may fail to critically assess our market, technological changes, customer requirements and competitors' strategy and to exploit market opportunities. We may develop next generation services that will not meet these market opportunities, or these developments could have delays or cost overruns impacting on our market position, revenue or returns on investment.

Spectrum

We rely on radio spectrum, which has historically been allocated without charge, to provide our services. We must agree how it is used in coordination with other satellite operators. We may not be able to coordinate usage in the future and/or may be charged for the spectrum which could affect our ability to provide services.

Cyber security

Our satellites, networks, systems and processes may be vulnerable to security risks from unauthorised access, computer viruses, denial of services and other security attacks. Our customers may not use our services if we could not demonstrate that our services are reliable and meet certain cyber security requirements.

Critical customers

We rely on our distribution channel for part of our revenue and they might not sell our services effectively or competitively. We provide our services to many government organisations around the world which may have conflicting requirements, and our revenue may be affected by governments' reduction in spending and their other political priorities.

Critical suppliers

We rely on a limited number of third party suppliers and partners in the production of our satellites, systems, terminals and products and we may have limited control over availability, quality and delivery.

By order of the Board
Alison Horrocks FCIS
Company Secretary
27 April 2016

Directors' report for the year ended 31 December

The Directors submit their report and the audited financial statements for the year ended 31 December 2015.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

- Tony Bates
- Alison Horrocks
- Rupert Pearce
- Andrew Sukawaty

No Directors had during the year or at the end of the year any material interested in any contract of significance to the Company's business.

Principal activities

Inmarsat Group Limited (the 'Company' or together with its subsidiaries, the 'Group') is a member of the Inmarsat Group providing services to other companies in the Inmarsat Group.

The Directors do not envisage any change to the nature of the business in the foreseeable future.

Results and Dividends

The Company's results for the financial year are shown in the Profit and Loss account on page 6.

The Company paid dividends during the year ended 31 December 2015 of $88.1m and $136.0m for the 2015 interim dividend and the 2014 final dividend, respectively (year ended 31 December 2014: $83.7m and $121.9m for the 2014 interim dividend and the 2013 final interim dividend, respectively).

No final dividend for the year ended 31 December 2015 has been declared or paid.

Directors' indemnity

Each of the Directors benefit from an indemnity given by the Company under its Articles of Association. This indemnity is in respect of liabilities incurred by the Director in the execution and discharge of his or its duties.

In addition, each of the Directors who is an individual benefits from an indemnity given by another Group undertaking, Inmarsat plc. This indemnity is in respect of liabilities arising out of third party proceedings to which the Director is a party by reason of his engagement in the business of the Company.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statement for each financial year. Under that law the Directors have prepared the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements 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, IAS 1 required the Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies in a manner that provided relevant, reliable and comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

As far as each of the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Deloitte LLP are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

The Company is not required to hold Annual General Meetings. Subject to the receipt of any objections as provided under section 485 Companies Act 2006 Deloitte are deemed re-appointed in accordance with section 485 Companies Act 2006.

This report has been prepared taking advantage of the small companies' exemption in accordance with section 415A of the Companies Act 2006.

By order of the Board

Alison Horrocks FCIS
Company Secretary
27 April 2016

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

We have audited the financial statements of Inmarsat Group Limited for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 35, and the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement and the related notes A to H. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

David Griffin, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
April 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

($ in millions)	Note	**2015**	2014
Revenue		**1,274.1**	1,285.9
Employee benefit costs	7	**(260.4)**	(237.3)
Network and satellite operations costs		**(180.0)**	(205.7)
Other operating costs		**(147.2)**	(174.1)
Own work capitalised		**39.5**	32.2
Total net operating costs		**(548.1)**	(584.9)
EBITDA		**726.0**	701.0
Depreciation and amortisation	6	**(311.2)**	(291.8)
Gain/(Loss) on disposal of assets		**9.3**	(1.2)
Impairment loss	6	**(0.2)**	(1.3)
Share of profit of associates	15	**2.5**	2.6
Operating profit		**426.4**	409.3
Financing income	9	**2.3**	8.0
Financing costs	9	**(63.6)**	(95.6)
Net financing costs	9	**(61.3)**	(87.6)
Profit before tax		**365.1**	321.7
Tax (charge)/credit	10	**(61.7)**	10.9
Profit for the year		**303.4**	332.6
Attributable to:			
Equity holders		**302.8**	332.0
Non-controlling interest		**0.6**	0.6
		303.4	332.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

($ in millions)	Note	**2015**	2014
Profit for the year		**303.4**	332.6
Other comprehensive income/(loss)			
Items that may be classified subsequently to the Income Statement:			
Gain on remeasurement of available-for-sale financial asset		–	9.4
Transfer to income statement on disposal of available-for-sale financial asset		**(9.4)**	–
Foreign exchange translation differences		**(0.7)**	(0.6)
Net gain/(loss) on cash flow hedges	26	**2.9**	(12.7)
Tax credited directly to equity	10	**1.0**	1.1
Items that will not be reclassified subsequently to the Income Statement:			
Remeasurement gains from pension and post-employment benefits	27	**3.0**	3.4
Tax charged directly to equity	10	**(0.6)**	(0.6)
Total other comprehensive loss		**(3.8)**	–
Total comprehensive income		**299.6**	332.6
Attributable to:			
Equity holders		**299.0**	332.0
Non-controlling interest		**0.6**	0.6

CONSOLIDATED BALANCE SHEET

At 31 December 2015

($ in millions)	Note	**2015**	2014
Assets			
Non-current assets			
Property, plant and equipment	13	**2,860.2**	2,649.4
Intangible assets	14	**772.0**	799.6
Investments	15	**12.1**	10.8
Other receivables	17	**23.4**	24.4
Deferred tax assets	22	**44.6**	26.7
		3,712.3	3,510.9
Current assets			
Cash and cash equivalents	16	**175.5**	202.7
Trade and other receivables	17	**342.3**	317.1
Inventories	18	**25.0**	28.4
Current tax assets	22	**3.8**	8.5
Derivative financial instruments	30	**-**	1.4
Restricted cash	16	**3.0**	-
Assets held for sale	32	**-**	32.9
		549.6	591.0
Total assets		**4,261.9**	4,101.9
Liabilities			
Current liabilities			
Borrowings	19	**207.2**	118.1
Trade and other payables	20	**459.7**	545.6
Provisions	21	**1.8**	3.4
Current tax liabilities	22	**128.3**	77.2
Derivative financial instruments	30	**0.3**	5.0
		719.5	749.3
Non-current liabilities			
Borrowings	19	**1,703.7**	1,682.6
Other payables	20	**42.9**	45.6
Provisions	21	**2.5**	7.2
Deferred tax liabilities	22	**198.3**	186.4
		2,025.2	1,921.8
Total liabilities		**2,744.7**	2,671.1
Net assets		**1,517.2**	1,430.8
Shareholders' equity			
Ordinary shares	24	**0.4**	0.4
Share premium		**677.4**	677.4
Other reserves		**409.8**	406.2
Retained earnings		**429.0**	346.3
Equity attributable to shareholders		**1,516.6**	1,430.3
Non-controlling interest		**0.6**	0.5
Total equity		**1,517.2**	1,430.8

The consolidated financial statements of Inmarsat Group Limited, registered number 4886115 on pages 6 to 50 were approved by the Board of Directors on 27 April 2016 and were signed on its behalf by:

RUPERT PEARCE
DIRECTOR

TONY BATES
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

($ in millions)	Ordinary share capital	Share premium account	Share option reserve	Cash flow hedge reserve	Revaluation reserve	Currency reserve	Capital contribution reserve	Retained earnings	Non-controlling interest	Total
Balance at 1 January 2014	0.4	677.4	63.4	8.6	0.6	0.2	327.8	236.3	0.3	1,315.0
Share options charge	–	–	8.4	–	–	–	–	1.0	–	9.4
Dividends paid	–	–	–	–	–	–	–	(225.8)	(0.3)	(226.1)
Transfer to liabilities directly associated with assets held for sale	–	–	–	–	–	–	–	–	(0.1)	(0.1)
Comprehensive Income:										
Profit for the period	–	–	–	–	–	–	–	332.0	0.6	332.6
Other comprehensive income – before tax	–	–	–	(12.7)	9.4	(0.6)	–	3.4	–	(0.5)
Other comprehensive income – tax	–	–	–	2.5	(1.4)	–	–	(0.6)	–	0.5
Balance at 31 December 2014	0.4	677.4	71.8	(1.6)	8.6	(0.4)	327.8	346.3	0.5	1,430.8
Share options charge	**–**	**–**	**9.8**	**–**	**–**	**–**	**–**	**–**	**–**	**9.8**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(224.1)**	**(0.5)**	**(224.6)**
Comprehensive Income:										
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**302.8**	**0.6**	**303.4**
Other comprehensive income – before tax	**–**	**–**	**–**	**2.9**	**(9.4)**	**(0.7)**	**–**	**3.0**	**–**	**(4.2)**
Other comprehensive income – tax	**–**	**–**	**–**	**(0.4)**	**1.4**	**–**	**–**	**1.0**	**–**	**2.0**
Balance at 31 December 2015	**0.4**	**677.4**	**81.6**	**0.9**	**0.6**	**(1.1)**	**327.8**	**429.0**	**0.6**	**1,517.2**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2015

($ in millions)	Note	**2015**	2014
Cash flows from operating activities			
Cash generated from operations	23	**712.4**	647.8
Interest received		**1.4**	0.9
Tax paid		**(12.9)**	(9.6)
Net cash inflow from operating activities		**700.9**	639.1
Cash flows from investing activities			
Purchase of property, plant and equipment		**(433.5)**	(345.9)
Additions to capitalised development costs and other intangibles		**(20.8)**	(29.0)
Own work capitalised		**(39.3)**	(30.8)
Acquisition of subsidiaries and other investments	28	**–**	(46.2)
Proceeds on disposal of assets	32	**32.9**	27.5
Net cash used in investing activities		**(460.7)**	(424.4)
Cash flows from financing activities			
Dividends paid to Parent Company	12	**(224.1)**	(225.8)
Repayment of EIB Facility	19	**(44.1)**	(44.1)
Drawdown of Ex-Im Bank Facilities	19	**136.7**	106.9
Repayment of Ex-Im Bank Facilities	19	**(59.5)**	(13.4)
Redemption of Senior Notes due 2017		**–**	(882.8)
Gross issuance proceeds of Senior Notes due 2022		**–**	991.9
Interest paid		**(74.4)**	(83.9)
Arrangement costs of financing		**(6.9)**	(13.8)
Intercompany funding		**–**	13.0
Other financing activities		**1.8**	1.2
Net cash used in financing activities		**(270.5)**	(150.8)
Foreign exchange adjustment		**0.5**	(0.4)
Net (decrease)/increase in cash and cash equivalents		**(29.8)**	63.5
Cash and cash equivalents			
At the beginning of the year		**202.7**	139.2
Net decrease/(increase) in cash and cash equivalents		**(29.8)**	63.5
At the end of the year	16	**172.9**	202.7
Comprising:			
Cash at bank and in hand	16	**51.8**	39.0
Short-term deposits with original maturity of less than three months	16	**123.7**	163.7
Bank overdrafts	16	**(2.6)**	–
Cash and cash equivalents at the end of the year		**172.9**	202.7

1. GENERAL INFORMATION

Inmarsat Group Limited (the 'Company' or, together with its subsidiaries, the 'Group') is a company incorporated in the United Kingdom and domiciled in England and Wales. The address of its registered office is 99 City Road, London EC1Y 1AX, United Kingdom.

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

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented unless otherwise stated.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, the Companies Act 2006 and Article 4 of the EU IAS Regulation. The financial statements have been prepared under the historical cost convention except for certain financial instruments that have been measured at fair value, as described later in these accounting policies.

GOING CONCERN

The Group has a robust and resilient business model, strong free cash flow generation and is compliant with all banking covenants. Because of this and the relatively stable overall 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, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

Further discussion of the Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors' Report on pages 1 to 4.

BASIS OF ACCOUNTING

The consolidated financial statements are presented in US dollars, the functional currency of the company and most of the Group's subsidiaries. The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best estimate of the amount, event or actions, the actual results ultimately may differ from these estimates. Further discussion on these estimates and assumptions are disclosed in note 4.

Accounting policy changes

New and amended accounting standards adopted by the Group

There are no new IFRS or IFRIC Interpretations that are effective for this financial year that have had a material impact on the Group.

New and amended accounting standards that have been issued but not yet effective and have not been early adopted.

IFRS 15 'Revenue from contracts with customers' will be effective for periods beginning on or after 1 January 2018, subject to endorsement by the EU. The standard sets out the requirements for recognising revenue form contracts with customers, and will supersede the current revenue recognition guidance including IAS 18 'Revenue', IAS 11 'Construction Contracts' and the related interpretations.

IFRS 15 will require the Group to apportion revenue earned from contracts to each deliverable that qualifies as a 'performance obligation'. The transaction price receivable from customers must be allocated to each performance obligation on a relative stand-alone selling price basis, based on a five step model. The Group is currently assessing the impact of this standard on the financial statements.

IFRS 16 'Leases' will be effective for periods beginning on or after 1 January 2019, subject to endorsement by the EU. The standard sets out requirements for recognising assets and liabilities in respect of leases, and will supersede the existing accounting guidance in IAS 17 'Leases' and the related interpretations.

IFRS 16 will require the Group, where it is the lessee, to recognise assets and liabilities for most leases however there is little change to IAS 17 where the Group is the lessor. The Group is currently assessing the impact of this standard on the financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IFRS 9 'Financial Instruments' will be effective for periods beginning on or after 1 January 2018, subject to endorsement by the EU. The standard will impact the classification and measurement of financial instruments and will supersede IAS 39 'Financial

Instruments: Recognition and Measurement'. While the Group has not finalised its assessment of this standard, it does not expect the changes to have a material impact on the financial statements.

There are no other IFRS or IFRIC Interpretation that are not yet effective that would be expected to have a material impact on the Group.

BASIS OF CONSOLIDATION
The consolidated financial statements include the financial statements of the Company and all its subsidiaries, and incorporate the share of the results of associates using the equity method of accounting.

The results of subsidiary undertakings established or acquired during the period are included in the Consolidated Income Statement 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.

Non-controlling interests in the net assets of consolidated subsidiaries which consist of the amounts 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 combination, are not material to the Group's financial statements.

BUSINESS COMBINATIONS
Business combinations are accounted for using the acquisition method. When the Group acquires a business, it identifies the assets and liabilities of the acquiree at the date of acquisition and measures them at fair value. Only separately identifiable intangible assets are recognised. Any assets or disposal groups held for sale at the acquisition date are measured at fair value less costs to sell.

Consideration is the fair value at the acquisition date of the assets transferred and liabilities incurred in acquiring the business and includes the fair value of any contingent consideration. Changes in fair value of contingent consideration after the acquisition date are recognised in the Income Statement. Acquisition-related costs are expensed as incurred and included in operating costs.

Goodwill is initially measured at cost as the difference between the fair value of the consideration for the acquisition and fair value of the net identifiable assets acquired, including any intangible assets other than goodwill. If the assessment of goodwill results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Income Statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

FOREIGN CURRENCY TRANSLATION
The functional currency of the Company and most of the Group's subsidiaries and the presentation currency of the Group is US dollar, as the majority of operational transactions are denominated in US dollars.

The hedged rate between US Dollar and Pound Sterling for 2015 for the Group's Sterling operating expenditures was US$1.59/£1.00 (2014: US$1.54/£1.00).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of transactions and the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the Income Statement line which most appropriately reflects the nature of the item or transactions.

REVENUE
Mobile satellite communications services revenue results from utilisation charges that are recognised as revenue in the period during which the services are provided. Deferred income attributable to mobile satellite communications services or subscription fees represents the unearned balances remaining from amounts received from customers pursuant to prepaid contracts. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires. The Group also enters into minimum spend contracts with customers, known as 'take-or-pay' contracts, whereby customers agree to purchase a minimum amount of mobile satellite communications services over a fixed period. Any unused portion of the prepaid contracts or the take-or-pay contracts ('breakage') is recognised in revenue in line with service provision when reasonable assurance as to the breakage amount exists, or otherwise when the contract expires. Mobile satellite communications services lease revenues are recorded on a straight-line basis over the term of the contract concerned, which is typically between one and 12 months, unless another systematic basis is deemed more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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. Revenue from service contracts is recognised as the service is provided. Sales of terminals and other communication equipment are recognised when the risks and rewards of ownership are transferred to the purchaser.

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

FINANCING INCOME AND FINANCING COST
Financing income comprises interest receivable on funds invested and the net interest on the net defined benefit asset and post-employment liability.

Financing costs comprise interest payable on borrowings including the Senior Notes, amortisation of deferred financing costs and the unwind of the discount on deferred satellite liabilities.

FINANCIAL ASSETS
Trade and other receivables
Trade and other receivables, including prepaid and accrued income, are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method, subject to reduction for allowances for estimated uncollectable amounts.

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

FINANCIAL LIABILITIES AND EQUITY
Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue cost.

Trade and other payables
Trade and other payables are recorded initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings, comprising interest-bearing bank loans and overdrafts, are initially recorded at fair value which equates to the proceeds received, net of direct transaction and arrangement costs. They are subsequently held at amortised cost. Finance charges related to borrowings, including premiums payable on settlement or redemption and direct issue costs, are accounted for using the effective interest method and are added to the carrying value of the instrument. Amortisation of direct transaction costs, are charged to the Income Statement over the term of the borrowing.

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

Derivative financial instruments
The Group may use derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates and interest rates. In accordance with its Treasury policy, the Group does not hold or issue derivative financial instruments for trading or speculative purposes.

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 recognised in the Income Statement except where the derivative is designated as a cash flow hedging instrument. Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The gain or loss relating to any ineffective portion is recognised immediately in the Income Statement. Amounts deferred in equity are recognised in the Income Statement in the same period in which the hedged item affects profit or loss. Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the Income Statement.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion is recognised in finance costs.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

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.

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

CURRENT TAX

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

DEFERRED INCOME TAX

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

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

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

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

RESEARCH AND DEVELOPMENT COSTS

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 the period of expected future benefit. Amortisation is recorded in the Income Statement.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

CAPITALISED BORROWING COSTS

The Group incurs borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale and capitalises these borrowing costs as part of the cost of the asset. Capitalisation commences when the Group begins to incur the borrowing costs and related expenditures for the asset, and when it undertakes the activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs lease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete.

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.

DERECOGNITION

A fixed asset is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the Income Statement.

GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs are expensed. When the grant relates to an asset, it is deducted from the cost of the relevant asset to arrive at the carrying amount. The grant is therefore recognised as income over the life of the asset by way of a reduced depreciation charge.

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 acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recognised in profit or loss in the period in which the expenditure is incurred.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT REVIEWS

All assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is not amortised but is tested annually for impairment at 31 December each year. Indicators of impairment may include changes in technology and business performance. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable and independent cash flows, these are known as cash generating units. An impairment loss is recognised in the Income Statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

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 receivables under operating leases and income generated from terminal leases are recognised in the Income Statement on straight-line basis over the term of the lease. Rentals payable under operating leases are charged to the Income Statement on a straight-line basis over the term of the lease.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

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

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

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

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.

PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Income Statement.

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.

3. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

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

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 30). 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 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 22% (2014: 24%) of the Group's operating costs are denominated in Pounds Sterling. The Group operates internationally, resulting in approximately 2% and 43% 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.

As at 31 December 2015 it is estimated that:

– a hypothetical 1% inflation of the hedged US Dollar/Sterling exchange rate (US$1.47/£1.00 to US$1.49/£1.00) would have increased the 2015 profit before tax by approximately $0.1m (2014: $1.1m);
– 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 2015 would have decreased equity by $0.1m and $nil, respectively (2014: $1.0m and $0.1m, respectively), primarily as a result of the changes in fair value of derivative instruments designated as cash flow hedges.

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

(II) PRICE RISK
The Group is not exposed to significant equity securities price risk or commodity price risk.

(B) INTEREST RATE RISK
Given the Group has no significant interest-bearing assets (except cash and cash equivalents and non-current other receivables), income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The EIB Facility is at a variable rate whilst the Senior Notes due 2022, the Convertible Bonds and the Ex-Im Facilities are at fixed rates.

As at 31 December 2015, if interest rates on net borrowings changed by 1%, with all other variables held constant, the Group's profit after tax for the year would have been impacted by $0.9m (2014: $0.3m). This is primarily due to the Group's exposure to movements on interest rates on its variable rate borrowings and cash and cash equivalents. The sensitivity analysis has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the Balance Sheet date. For floating rate liabilities, the analysis is prepared assuming the liability outstanding at each Balance Sheet date was outstanding for the whole year. Management believes that a 1% sensitivity rate provides a reasonable basis upon which to assess expected changes in interest rates.

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

The maximum exposure to credit risk as at 31 December is:

($ in millions)	Note	**2015**	2014
Cash and cash equivalents	16	**175.5**	202.7
Trade receivables, other receivables and accrued income	17	**328.4**	253.9
Derivative financial instruments	30	**-**	1.4
Total credit risk		**503.9**	458.0

The Group's average age of trade receivables as at 31 December 2015 (excluding the impact of LightSquared) was approximately 61 days (as at 31 December 2014: 66 days). At 31 December 2015, $156.2m (2014: $174.5m) 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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks, and utilises both internal and third-party collection processes for overdue accounts. The Group maintains provisions for potential credit losses that are assessed on an ongoing basis. The provision for uncollectible trade receivables has decreased to $16.1m as at 31 December 2015 (2014: $18.4m).

For 2015, one (2014: one) distribution partner comprised approximately 11.4% (2014: 12.2%) of the Group's total revenues. This same customer comprised 16.4% (2014: 20.3%) of the Group's trade receivables balance as at 31 December 2014. No other customer accounted for 10% or more of the Group's revenue for 2015 or 2014, or for 10% of the Group's accounts receivable as at 31 December 2015 or 31 December 2014.

The ageing profile of past due but not impaired trade receivables is:

($ in millions)	Note	**2015**	2014
Between 1 and 30 days overdue		**30.2**	40.2
Between 31 and 120 days overdue		**9.0**	16.4
Over 120 days overdue		**1.4**	0.2
As at 31 December	17	**40.6**	56.8

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

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

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

($ in millions)	Note	**2015**	2014
Cash and cash equivalents	16	**175.5**	202.7
Available but undrawn borrowing facilities[1]	19	**578.9**	990.3
Total available liquidity		**754.4**	1,193.0

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

The Directors believe the Group's liquidity position is more than sufficient to meet its needs for the foreseeable future.

4. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS

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) IMPAIRMENT REVIEW

Impairment reviews of goodwill are performed at the level of the Group's cash generating units ('CGUs'). For the Group, these are considered to be the Maritime, Enterprise, Aviation, US Government and Global Government business units. The recoverable amount of each CGU has been determined based on value in use calculations. The key assumptions used by management in these calculations are the cash flow projections, long term growth rates and discount rates for each CGU.

4. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS (CONTINUED)

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

($ in millions)	Allocated Goodwill	Pre-tax Discount rate	Long-term growth rate
Maritime	215.5	8.9%	2.0%
Enterprise	54.8	8.9%	2.0%
Aviation	46.4	8.9%	2.0%
US Government	50.6	8.9%	2.0%
Global Government	54.8	8.9%	2.0%
Total Group	**422.1**		

CASH FLOW PROJECTIONS
The recoverable amount of each CGU is based on the value in use, which is determined using cash flow projections derived from the most recent financial budgets and forecasts approved by management covering a five-year period. The short and medium term cash flows reflect management's expectations of future outcomes taking into account past experience, adjusted for anticipated growth, from both existing and new and taking into consideration our assessment of the potential impact of external economic factors.

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

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

(B) INCOME TAX
The calculation of the Group's current and deferred tax balances, including potential liabilities or assets, necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority, or, as appropriate, through a formal legal process. Issues can, and often do, take a number of years to resolve. The amounts recognised or disclosed are derived from the Group's best estimation and judgement. However, the inherent uncertainty regarding the outcome of these means eventual realisation could differ from the accounting estimates and therefore impact the Group's results and cash flows. In addition, a contingent liability has been disclosed for the year ended 31 December 2015 in respect of arrangements which were entered into in prior periods (see note 33).

(C) REVENUE IN RESPECT OF THE LIGHTSQUARED COOPERATION AGREEMENT
In December 2007, Inmarsat and LightSquared LP, Skyterra (Canada) Inc. and LightSquared Inc. (together 'LightSquared[1]') 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 cash payments of $648.8m have been received under the Cooperation Agreement, including $70.8m in 2015 (2014: $31.6m). The Group has, thus far, recognised $457.8m of revenue and $23.4m of operating costs under all phases of the agreement. For the year ended 31 December 2015, the Group recognised $88.6m of revenue with no associated operating costs, in respect of all phases (year ended 31 December 2014: $75.4m and $0.2m, respectively).

In May 2012, LightSquared filed for a reorganisation under Chapter 11 of the US Bankruptcy Code. For the majority of 2015, payments from LightSquared were subject to significant uncertainty and so Inmarsat only recognised revenue from LightSquared when it was received in cash. In December 2015 LightSquared emerged from bankruptcy protection and raised new capital so from the fourth quarter Inmarsat has returned to accruals-based accounting for recognition of revenue in relation to Phase 2 of the Cooperation Agreement. This has resulted in the recognition of a further $17.9m of revenue and EBITDA in the fourth quarter and in the full year 2015. This accrued revenue was received from LightSquared in January 2016.

At 31 December 2015, deferred income remaining in respect of Phase 1 of the Cooperation Agreement of $208.8m was recorded on the Balance Sheet. Although the cash has been received, the timing of the recognition of this deferred income, together with any related future costs and taxes, is dependent upon a number of factors that continue to be uncertain. On 1 April 2016, LightSquared elected for the 30MHZ option under Phase 2 of the Cooperation Agreement. Transition to the revised plan has been delayed for two years and is dependent on LightSquared receiving its FCC license and building its network. As a result, the timing and value of costs associated with reorganising the spectrum and addressing the expected interference issues has continued to be uncertain.

[1] On 11 February 2016 LightSquared announced a name change to Ligado Networks LLC. We continue to refer to the company as LightSquared in these results, reflecting the position throughout 2015.

4. CRITICAL ACCOUNTING ESTIMATES AND KEY JUDGEMENTS (CONTINUED)

(D) 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 IAS 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

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker to allocate resources and assess the performance of the Group.

The Group's operating segments are aligned to five market-facing business units, being:

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

These five business units are supported by 'Central Services' which include satellite operations and backbone infrastructure, corporate administrative costs, and any income that is not directly attributable to a business unit. The Group has aggregated the US Government and Global Government operating segments into one reporting segment as the segments meet the criteria for aggregation under IFRS. Therefore, the Group's reportable segments are Maritime, Government, Enterprise, Aviation and Central Services.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment results are assessed at the EBITDA level without the allocation of central costs, depreciation, net financing costs and taxation.

	2015					
($ in millions)	**Maritime**	**Government**	**Enterprise**[1]	**Aviation**	**Central Services**[2]	**Total**
Revenue						
MSS and other	593.2	286.6	159.5	126.8	19.4	1,185.5
LightSquared	–	–	–	–	88.6	88.6
Total revenue	**593.2**	**286.6**	**159.5**	**126.8**	**108.0**	**1,274.1**
Net operating costs	(133.8)	(95.6)	(46.4)	(23.1)	(249.2)	(548.1)
EBITDA	**459.4**	**191.0**	**113.1**	**103.7**	**(141.2)**	**726.0**
Depreciation and amortisation	–	–	–	–	(311.2)	(311.2)
Impairment losses	–	–	–	–	(0.2)	(0.2)
Other	–	–	–	–	11.8	11.8
Operating profit	**459.4**	**191.0**	**113.1**	**103.7**	**(440.8)**	**426.4**
Net financing cost	–	–	–	–	–	(88.4)
Profit before tax	–	–	–	–	–	**338.0**
Taxation	–	–	–	–	–	(56.0)
Profit for the year	**459.4**	**191.0**	**113.1**	**103.7**	**(440.8)**	**282.0**
Capital expenditure[3]	31.0	1.5	0.4	70.7	393.5	497.1

[1] Enterprise excludes the disposals made during the first half of 2015.
[2] Central services include revenue from LightSquared of $88.6m (2014:$75.4m)
[3] Capital expenditure is stated using the accruals basis.

5. SEGMENTAL INFORMATION (CONTINUED)

	2014					
($ in millions)	Maritime[1]	Government	Enterprise	Aviation	Central Services	Total
Revenue						
MSS and other	595.6	319.9	166.7	101.1	27.2	1,210.5
LightSquared	–	–	–	–	75.4	75.4
Total revenue	595.6	319.9	166.7	101.1	102.6	1,285.9
Net operating costs	(145.2)	(103.5)	(64.6)	(13.9)	(257.7)	(584.9)
EBITDA	450.4	216.4	102.1	87.2	(155.1)	701.0
Depreciation and amortisation	–	–	–	–	(291.8)	(291.8)
Impairment losses	–	–	–	–	(1.3)	(1.3)
Other	–	–	–	–	1.4	1.4
Operating profit	450.4	216.4	102.1	87.2	(446.8)	409.3
Net financing costs						(67.0)
Profit before tax						342.3
Taxation						(1.2)
Profit for the year						341.1
Capital expenditure[2]	35.3	5.6	3.3	48.3	332.2	424.7

SEGMENTAL ANALYSIS BY GEOGRAPHY

The Group’s operations are located in the geographical regions listed below. Revenues are allocated to countries based on the billing address of the customer. For wholesale customers, this is the distribution partner who receives the invoice for the service, and for retail customers this is the billing address of the customer for whom the service is provided. Assets and capital expenditure are allocated based on the physical location of the assets.

	2015		2014	
($ in millions)	**Revenue**	**Non-current segment assets**	Revenue	Non-current segment assets
United Kingdom	**104.0**	**795.0**	82.4	799.2
Rest of Europe	**319.0**	**271.8**	476.9	619.0
North America	**541.8**	**695.5**	391.2	755.8
Asia and Pacific	**254.9**	**60.4**	282.7	68.9
Rest of the world	**54.3**	**0.1**	52.7	0.1
Unallocated[3]	**–**	**1,889.5**	–	1,267.9
	1,274.0	**3,712.3**	1,285.9	3,510.9

6. OPERATING PROFIT

Costs are presented by the nature of the expense to the Group. Network and satellite operation costs comprise costs to third parties for network service contracts, operating lease rentals and services. A breakdown of employee benefit costs is given in note 7.

[1] Includes Globe Wireless from 1 January 2014.
[2] Capital expenditure is stated using the accruals basis.
[3] Unallocated items relate to satellites which are in orbit.

6. OPERATING PROFIT (CONTINUED)

Operating profit is stated after charging the following items:

($ in millions)	Note	**2015**	2014
Depreciation of property, plant and equipment	13	**239.5**	220.1
Amortisation of intangible assets	14	**71.7**	71.7
Impairment of property, plant and equipment	13	**-**	0.4
Impairment of intangible assets	14	**0.4**	0.3
(Gain)/impairment of non-current other receivables		**(0.2)**	0.6
Operating lease rentals:			
Land and buildings		**15.4**	20.3
Services equipment, fixtures and fittings		**-**	1.7
Cost of inventories recognised as an expense		**31.9**	46.9
Write downs of inventories recognised as an expense	18	**3.9**	12.3
Research and development costs expensed		**13.6**	20.0

Remuneration payable to the Group's auditor Deloitte LLP and its associates in the year is analysed below:

($ in millions)	**2015**	2014
Audit of subsidiaries	**0.9**	1.2
Audit-related assurance services[1]	**0.1**	0.2
Total audit and audit-related fees	**1.0**	1.4
Tax advisory services	**0.6**	0.9
Other services[2]	**–**	0.1
Total non-audit fees	**0.6**	1.0
Total Auditor's remuneration	**1.6**	2.4

[1] Fees paid for audit related assurance services refer to the half year and quarterly reviews of the Group's interim condensed consolidated financial statements.
[2] Other services in 2014 related to a corporate financing transaction

7. EMPLOYEE BENEFIT COSTS

($ in millions)	Note	**2015**	2014
Wages and salaries		**215.8**	200.8
Social security costs		**19.0**	16.5
Share options charge (including employers' National Insurance contribution)		**14.2**	11.3
Defined contribution pension plan costs		**8.2**	7.0
Defined benefit pension plan costs[1]	27	**3.1**	1.4
Post-employment benefits costs[1]	27	**0.1**	0.3
Total employee benefit costs		**260.4**	237.3

[1] Defined benefit pension plan costs and post-employment benefits costs include the service cost and gain on curtailment in 2015 (see note 27).

7. EMPLOYEE BENEFIT COSTS (INCLUDING THE EXECUTIVE DIRECTORS) (CONTINUED)

EMPLOYEE NUMBERS
The average monthly number of people (including the Executive Directors) employed during the year:

	2015 Number	2014 Number
By Activity:		
Operations	**785**	784
Sales and marketing	**340**	300
Development and engineering	**213**	156
Administration	**349**	352
	1,687	1,592
By Segment:		
Maritime	**378**	356
Government	**74**	181
Enterprise	**196**	70
Aviation	**68**	28
Central Services	**971**	957
	1,687	1,592

8. KEY MANAGEMENT COMPENSATION

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

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

($ in millions)	**2015**	2014
Short-term employee benefits	**4.5**	6.0
Company contributions to defined contribution pension schemes[1]	**-**	0.2
Share-based payments[2]	**5.9**	6.7
	10.4	12.9

1 Includes the value of cash allowances taken by two Executive Directors of Inmarsat plc in lieu of pension contributions.
2 Includes employers National Insurance or other social security contributions.

9. NET FINANCING COSTS

($ in millions)	**2015**	2014
Bank interest receivable and other interest	**(1.4)**	(1.4)
Net amortisation of premium on Senior Notes due 2017	**–**	(6.0)
Pension and post-employment liability finance income	**(0.4)**	(0.6)
Intercompany interest income	**(0.5)**	-
Total financing income	**(2.3)**	(8.0)
Interest on Senior Notes and credit facilities	**74.1**	84.3
Unwinding of discount on deferred satellite liabilities	**0.9**	1.4
Amortisation of debt issue costs	**7.9**	15.0
Amortisation of discount on Senior Notes due 2022	**1.1**	0.5
Redemption premium on Senior Notes due 2017	**-**	32.8
Intercompany interest expense	**4.1**	3.3
Other interest	**10.8**	0.2
Financing costs	**98.9**	137.5
Less: Amounts capitalised in the cost of qualifying assets	**(35.3)**	(41.9)
Total financing costs	**63.6**	95.6
Net financing costs	**61.3**	87.6

Borrowing costs capitalised in the cost of qualifying assets during the year are calculated by applying a capitalisation rate to expenditures on such assets. The average interest capitalisation rate for the year was 6.0% (2014: 3.8%).

10. TAXATION

The tax charge for the year recognised in the Income Statement:

($ in millions)	**2015**	2014
Current tax		
Current year	**(42.2)**	(36.8)
Adjustments in respect of prior periods	**(24.0)**	53.4
Total current tax	**(66.2)**	16.6
Deferred tax		
Origination and reversal of temporary differences	**(34.2)**	(17.6)
Adjustments in respect of prior periods	**17.9**	9.2
Adjustments due to reduction in the UK corporation tax rate	**20.8**	2.7
Total deferred tax	**4.5**	(5.7)
Total income tax	**(61.7)**	10.9

Of the total $62.6m adjustment in respect of prior periods recognised in 2015, $53.1m relates to the release of a provision for potential tax liabilities which had been recognised in 2014 in relation to the Inmarsat-4 satellites. This provision has been released in 2015 as the HMRC review into this matter has now been concluded.

10. TAXATION (CONTINUED)

Reconciliation of effective tax rate:

($ in millions)	**2015**	2014
Profit before tax	**365.1**	321.7
Income tax at 20.25% (2014: 21.50%)	**(73.9)**	(69.2)
Differences in overseas tax rates	**(2.3)**	2.4
Adjustments in respect of prior periods	**(6.1)**	62.6
Adjustments due to reduction in the UK corporation tax rate	**20.8**	2.7
Impact of prior year losses not previously recognised	**–**	6.9
Impact of prior year temporary differences recognised (excluding losses)	**–**	8.7
Impact of current year losses not recognised	**(0.6)**	(1.7)
Non-deductible impact of goodwill impairment	**–**	–
Other non-deductible expenses/non-taxable income	**0.4**	(1.5)
Total income tax (expense)/credit	**(61.7)**	10.9

Tax credited directly to equity:

($ in millions)	**2015**	2014
Current tax credit on share options	**0.7**	0.4
Deferred tax credit on share options	**0.9**	0.6
Total tax credited directly to equity	**1.6**	1.0

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

($ in millions)	**2015**	2014
Current tax credit on cash flow hedges	**(0.2)**	0.2
Deferred tax credit/(charge) relating to gains on cash flow hedges	**(0.2)**	2.3
Deferred tax charge on actuarial gains and losses from pension and post-employment benefits	**(0.6)**	(0.6)
Deferred tax charge on remeasurement of available for sale financial asset	**1.4**	(1.4)
Total tax credited directly to other comprehensive income	**0.4**	0.5

11. NET FOREIGN EXCHANGE (GAINS)/LOSSES

($ in millions)	Note	**2015**	2014
Pension and post-retirement liability	27	**(0.4)**	(0.8)
Other operating (income)/costs		**(2.9)**	2.7
Total foreign exchange (gains)/losses		**(3.3)**	1.9

12. DIVIDENDS

The Company paid dividends during the year ended 31 December 2015 of $88.1m and $136.0m for the 2015 interim dividend and the 2014 final dividend, respectively (year ended 31 December 2014: $35.0m and $122.8m for the 2014 interim dividend and the 2013 final dividend, respectively).

13. PROPERTY, PLANT AND EQUIPMENT

($ in millions)	Freehold land and buildings	Services equipment, fixtures and fittings	Space segment	Assets in the course of construction	Total
Cost:					
31 December 2013	15.1	224.3	2,375.1	1,226.4	3,840.9
Additions	1.7	18.6	85.3	266.8	372.4
Acquisitions	0.1	2.7	–	0.4	3.2
Disposals	–	(3.5)	(141.4)	–	(144.9)
Transfers from assets in the course of construction	–	–	413.7	(413.7)	–
31 December 2014	16.9	242.1	2,732.7	1,079.9	4,071.6
Additions	**0.3**	**30.5**	**90.4**	**326.3**	**447.5**
Disposals	**–**	**(18.1)**	**(7.9)**	**(0.1)**	**(26.1)**
Transfers from assets in the course of construction and reclassification[1]	**0.1**	**73.8**	**733.3**	**(802.2)**	**5.0**
31 December 2015	**17.3**	**328.3**	**3,548.5**	**603.9**	**4,498.0**
Accumulated depreciation:					
31 December 2013	(7.1)	(181.5)	(1,156.4)	–	(1,345.0)
Charge for the year	(1.5)	(26.2)	(192.4)	–	(220.1)
Impairment losses	–	(0.4)	–	–	(0.4)
Disposals	–	2.8	140.5	–	143.3
31 December 2014	(8.6)	(205.3)	(1,208.3)	–	(1,422.2)
Charge for the year	**(1.3)**	**(20.0)**	**(218.2)**	**–**	**(239.5)**
Disposals	**–**	**16.9**	**6.9**	**–**	**23.8**
Reclassifications[1]	**–**	**(32.9)**	**33.0**	**–**	**0.1**
31 December 2015	**(9.9)**	**(241.3)**	**(1,386.6)**	**–**	**(1,637.8)**
Net book amount at 31 December 2014	8.3	36.8	1,524.4	1,079.9	2,649.4
Net book amount at 31 December 2015	**7.4**	**87.0**	**2,161.9**	**603.9**	**2,860.2**

1 Reclassifications relate to movements between tangible and intangible asset categories throughout the year to align accounting policies across the Group.

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

Freehold land is not depreciated. At 31 December 2015 and 2014, the Group was carrying certain freehold land and buildings with a net book value of nil. Had they been revalued on a market basis, their carrying amount at 31 December 2015 would have been $33.2m (2014: $12.5m). Market valuation is based on the Directors' best estimates.

In 2015 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 2015 were $1.7m (2014: $1.7m).

14. INTANGIBLE ASSETS

($ in millions)	Goodwill	Trademarks	Software	Intellectual property	Terminal development and network access costs	Customer relationships	Spectrum rights, orbital slots and licences	Total
Cost:								
31 December 2013	766.6	49.9	222.1	14.7	137.1	388.0	18.6	1,597.0
Additions	–	–	20.0	–	22.2	–	10.1	52.3
Acquisitions	14.7	0.6	7.0	–	–	16.0	–	38.3
Disposals	–	(29.6)	–	–	–	(0.2)	(1.8)	(31.6)
31 December 2014	781.3	20.9	249.1	14.7	159.3	403.8	26.9	1,656.0
Additions	**–**	**0.7**	**22.4**	**–**	**16.9**	**–**	**9.6**	**49.6**
Disposal	**–**	**–**	**(26.7)**	**–**	**–**	**–**	**–**	**(26.7)**
Reclassifications[1]	**–**	**3.7**	**(23.1)**	**–**	**4.3**	**–**	**10.1**	**(5.0)**
31 December 2015	**781.3**	**25.3**	**221.7**	**14.7**	**180.5**	**403.8**	**46.6**	**1,673.9**
Accumulated amortisation and impairment losses:								
31 December 2013	(359.2)	(39.3)	(142.2)	(14.7)	(77.7)	(176.5)	(6.3)	(815.9)
Charge for the year	–	(1.3)	(24.7)	–	(10.6)	(30.7)	(4.4)	(71.7)
Disposals	–	29.5	–	–	–	0.2	1.8	31.5
Impairment losses	–	–	–	–	–	–	(0.3)	(0.3)
31 December 2014	(359.2)	(11.1)	(166.9)	(14.7)	(88.3)	(207.0)	(9.2)	(856.4)
Charge for the year	**–**	**(1.0)**	**(24.0)**	**–**	**(12.2)**	**(32.1)**	**(2.4)**	**(71.7)**
Disposals	**–**	**–**	**26.7**	**–**	**–**	**–**	**–**	**26.7**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**–**	**(0.4)**
Reclassifications[1]	**–**	**–**	**7.8**	**–**	**(7.8)**	**–**	**(0.1)**	**(0.1)**
31 December 2015	**(359.2)**	**(12.1)**	**(156.4)**	**(14.7)**	**(108.3)**	**(239.5)**	**(11.7)**	**(901.9)**
Net book amount at 31 December 2014	422.1	9.8	82.2	–	71.0	196.8	17.7	799.6
Net book amount at 31 December 2015	**422.1**	**13.2**	**65.3**	–	**72.2**	**164.3**	**34.9**	**772.0**

1 Reclassifications relate to movements between tangible and intangible asset categories throughout the year to align accounting policies across the Group.

14. INTANGIBLE ASSETS (CONTINUED)

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.

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

The capitalised software includes the Group's BGAN billing system and other internally developed operational systems and purchased software and is being amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

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

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

Spectrum rights acquired as a result of the acquisition of Stratos were amortised over their useful lives of five years, these were fully amortised during the year.

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 commenced when the Inmarsat-5 satellites went operational in December 2015. Indefinite life assets will be tested annually for impairment.

15. INVESTMENTS

($ in millions)	**At 31 December 2015**	At 31 December 2014
Interest in associates	**12.1**	10.8

Interest in associates represents the Group's 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 2015 total $1.2m (2014: $1.1m). The Group's aggregate share of its associates' profits for the year is $2.5m (2014: $2.6m) and has been recognised in the Income Statement.

16. CASH AND CASH EQUIVALENTS

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

($ in millions)	**At 31 December 2015**	At 31 December 2014
Cash at bank and in hand	**51.8**	39.0
Short-term deposits with original maturity of less than three months	**123.7**	163.7
Cash and cash equivalents	**175.5**	202.7

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

($ in millions)	Note	**At 31 December 2015**	At 31 December 2014
Cash and cash equivalents		**175.5**	202.7
Bank overdrafts	19	**(2.6)**	–
Net cash and cash equivalents		**172.9**	202.7

AT 31 DECEMBER 2015, THE GROUP HAD $3.0M (2014: $NIL) OF RESTRICTED CASH HELD IN ESCROW IN RELATION TO THE DISPOSAL OF SKYWAVE.

17. TRADE AND OTHER RECEIVABLES

($ in millions)	**At 31 December 2015**	At 31 December 2014
Current:		
Trade receivables	**196.8**	220.4
Other receivables	**35.9**	7.3
Amounts due from Parent undertakings	**17.6**	11.7
Prepayments and accrued income	**92.0**	77.7
Total trade and other receivables	**342.3**	317.1
Non-current:		
Prepayments and accrued income	**–**	3.9
Defined benefit pension assets	**19.0**	18.0
Other receivables	**4.4**	2.5
Total other receivables	**23.4**	24.4

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

($ in millions)	**2015**	2014
1 January	**18.7**	10.5
Charged to the provision in respect of the current year	**13.3**	9.0
Utilised in the year	**(1.0)**	(0.5)
Provision released in the year	**(14.9)**	(0.3)
As at 31 December[1]	**16.1**	18.7

1 The maturity of the Group's provision for uncollectable trade receivables for the year ended 31 December 2015 is $1.6m between 1 and 30 days overdue, $4.2m between 31 and 120 days overdue and $10.3m over 120 days overdue (2014: $4.2m between 1 and 30 days overdue, $7.8m between 31 and 120 days overdue and $6.7m over 120 days).

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

18. INVENTORIES

($ in millions)	**At 31 December 2015**	At 31 December 2014
Finished goods	**24.6**	28.0
Work in progress	**0.4**	0.4
Total inventories	**25.0**	28.4

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

($ in millions)	**2015**	2014
1 January	**15.1**	3.5
Charged to the allowance in respect of the current year	**3.9**	12.3
Provision released in the year	**(1.8)**	(0.7)
As at 31 December	**17.2**	15.1

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

19. BORROWINGS

($ in millions)	At 31 December 2015 Gross amount	At 31 December 2015 Deferred finance cost	At 31 December 2015 Net balance	At 31 December 2014 Gross amount	At 31 December 2014 Deferred finance cost	At 31 December 2014 Net balance
Current:						
Bank overdrafts	**2.6**	–	**2.6**	–	–	–
Deferred satellite payments	**1.8**	–	**1.8**	5.9	–	5.9
EIB Facility	**44.1**	–	**44.1**	44.1	–	44.1
Ex-Im Bank Facilities	**80.9**	–	**80.9**	68.1	–	68.1
Intercompany Loan	**77.8**	**–**	**77.8**	–	–	–
Total current borrowings	**207.2**	–	**207.2**	118.1	–	118.1
Non-current:						
Deferred satellite payments	**14.5**	**–**	**14.5**	17.4	–	17.4
Senior Notes due 2022	**1,000.0**	**(7.3)**	**992.7**	1,000.0	(8.7)	991.3
– Net issuance discount	**(6.5)**	**–**	**(6.5)**	(7.6)	–	(7.6)
EIB Facility	**88.1**	**(0.4)**	**87.7**	132.1	(0.6)	131.5
Ex-Im Bank Facilities	**633.3**	**(18.0)**	**615.3**	568.9	(18.9)	550.0
Total non-current borrowings	**1,729.4**	**(25.7)**	**1,703.7**	1,710.8	(28.2)	1,682.6
Total borrowings	**1,936.6**	**(25.7)**	**1,910.9**	1,828.9	(28.2)	1,800.7

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

Ex-Im Bank Facilities
The Group has two direct financing agreements with the Export-Import Bank (the ‘Ex-Im Bank Facilities’) of the United States. The $700.0m facility signed in 2011 was available to be drawn down for four years and is now repayable in equal semi-annual instalments over a further 8.5 years. Drawings under this facility incur interest at a fixed rate of 3.11% for the life of the loan. In November 2014, the Group signed a seven year $185.9m facility which has a total availability period of two years and will then be repayable in equal semi-annual instalments over a further five years. Drawings under this facility incur interest at a fixed rate of 1.96% for the life of the loan.

Senior Notes due 2022
On 4 June 2014, the Group issued $1.0bn of 4.875% Senior Notes due 15 May 2022. The aggregate gross proceeds were $992.1m, net of $7.9m issuance discount.

Senior Credit Facility
On 22 May 2015, the Group signed a five-year $500.5m revolving credit facility (‘Senior Credit Facility’). Advances under the facility bear interest at a rate equal to the applicable USD LIBOR, plus a margin of between 0.70% and 1.70% determined by reference to the ratio of net debt to EBITDA. At 31 December 2015, there were no drawings under the Senior Credit Facility.

Intercompany Loan
The intercompany loan due to Inmarsat plc is repayable on demand and incurs interest at a fixed rate of 5.5%, for the life of the loan.

Maturity of borrowings
The maturity of non-current borrowings is as follows:

($ in millions)	**At 31 December 2015**	At 31 December 2014
Between one and two years	**149.9**	130.6
Between two and five years	**346.1**	384.4
After five years	**1,207.7**	1,167.6
	1,703.7	1,682.6

19. BORROWINGS (CONTINUED)

The Directors consider the carrying value of borrowings, other than the Senior Notes due 2022 and the Ex-Im 2011 Facility to approximate to their fair value (see note 30). The effective interest rates at the Balance Sheet dates were as follows:

Effective interest rate %	**2015**	2014
Bank overdrafts	**1.25**	1.25
EIB Facility	**1.667**	1.57
Senior Notes due 2022	**4.875**	4.875
Ex-Im Bank 2011 Facility	**3.11**	3.11
Ex-Im Bank 2015 Facility	**1.96**	1.96
Deferred satellite payments	**4.00**	4.70
Intercompany Loan	**5.50**	5.50

20. TRADE AND OTHER PAYABLES

($ in millions)	**At 31 December 2015**	At 31 December 2014
Current:		
Trade payables	**92.1**	136.6
Deferred consideration	**1.0**	2.0
Other taxation and social security payables	**7.9**	5.1
Other creditors	**5.0**	1.7
Amounts due to Parent undertakings[1]	**–**	74.5
Accruals and deferred income[2]	**353.7**	325.7
Total trade and other payables	**459.7**	545.6
Non-current:		
Deferred consideration	**0.5**	0.4
Other payables	**24.4**	25.2
Defined pension and post-employment liability[3]	**18.0**	20.0
Total other payables	**42.9**	45.6

1 Amounts due to Inmarsat plc in the prior year have been reclassified as a short term loan in the current year. Details of the loan are given in note 19.

2 The deferred income balance includes $208.8m relating to payments received from LightSquared. The balance has not been changed since the prior year as there were no associated costs incurred. This balance is expected to unwind over the forthcoming years.

3 The Group has reclassified its defined benefit pension and post-employment liability to other payables from provisions during the year. Prior year comparatives have been restated.

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

21. PROVISIONS

MOVEMENTS IN THE CURRENT PORTION OF THE GROUP'S PROVISIONS WERE AS FOLLOWS:

($ in millions)	Asset retirement obligations	Other provisions	Total
Current:			
At 1 January 2014	0.5	3.8	4.3
Charged in respect of current year	–	4.3	4.3
Utilised in current year	–	(5.0)	(5.0)
Revision in estimated timing of settlement	(0.2)	–	(0.2)
At 31 December 2014	0.3	3.1	3.4
Charged in respect of current year	**–**	**3.7**	**3.7**
Utilised in current year	**–**	**(5.2)**	**(5.2)**
Revision in estimated timing of settlement	**(0.1)**	**–**	**(0.1)**
At 31 December 2015	**0.2**	**1.6**	**1.8**

The Group's other provisions relate primarily to restructuring charges. The associated cash flows in respect of the restructuring provisions outstanding at 31 December 2015 are expected to occur within one year.

MOVEMENTS IN THE LONG-TERM PORTION OF THE GROUP'S PROVISIONS WERE AS FOLLOWS:

($ in millions)	Asset retirement obligations	Other provisions	Total
Non-current:			
At 1 January 2014	1.2	1.6	2.8
Charged to Income Statement in respect of current year	0.1	4.2	4.3
Utilised in current year	–	(0.1)	(0.1)
Revision in estimated timing of settlement	0.2	–	0.2
As at 31 December 2014	1.5	5.7	7.2
Utilised in current year	**–**	**(2.3)**	**(2.3)**
Transfer to property, plant and equipment	**–**	**(2.5)**	**(2.5)**
Revision in estimated timing of settlement	**0.1**	**–**	**0.1**
As at 31 December 2015	**1.6**	**0.9**	**2.5**

Asset retirement obligations relate to the expected costs of removing equipment from leased premises. Timing of the future outflow are determined by the termination of the lease premises agreement.

In the prior year, the Group's pension and post-employment liabilities were classified as provisions. At 31 December 2015, these balances have been reclassified to 'other payables' in note 20. Prior year comparatives have been restated.

22. CURRENT AND DEFERRED INCOME TAX ASSETS AND LIABILITIES

The current income tax asset of $3.8m and current income tax liability of $128.3m (2014: $8.5m and $77.2m, respectively), represent the income tax payable in respect of current and prior periods less amounts paid.

RECOGNISED DEFERRED INCOME TAX ASSETS AND LIABILITIES

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

	At 31 December 2015			At 31 December 2014		
($ in millions)	**Assets**	**Liabilities**	**Net**	Assets	Liabilities	Net
Property, plant and equipment and intangible assets	**(35.1)**	**184.3**	**149.2**	(10.5)	166.2	155.7
Borrowing costs capitalised in the cost of qualifying assets	–	**41.7**	**41.7**	–	37.7	37.7
Other	**(11.0)**	**1.3**	**(9.7)**	(7.2)	1.2	(6.0)
Pension and post-employment benefits	**(0.7)**	**1.2**	**0.5**	(1.1)	0.8	(0.3)
Share options	**(7.0)**	–	**(7.0)**	(6.8)	–	(6.8)
Loss carry forwards	**(21.0)**	–	**(21.0)**	(20.6)	–	(20.6)
Net deferred income tax liabilities	**(74.8)**	**228.5**	**153.7**	(46.2)	205.9	159.7

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

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

($ in millions)	**At 31 December 2015**	At 31 December 2014
Deferred income tax assets	**(44.6)**	(26.7)
Deferred income tax liabilities	**198.3**	186.4
Net deferred income tax liabilities	**153.7**	159.7

Movement in temporary differences during the year:

($ in millions)	**As at 1 January 2015**	**Recognised in Income**	**Recognised in equity**	**Recognised in other comprehensive income**	**As at 31 December 2015**
Property, plant and equipment and intangible assets	**155.7**	**(6.5)**	–	–	**149.2**
Borrowing costs capitalised in the cost of qualifying assets	**37.7**	**4.0**	–	–	**41.7**
Other	**(6.0)**	**(2.5)**	–	**(1.2)**	**(9.7)**
Pension and post-employment benefits	**(0.3)**	**0.2**	–	**0.6**	**0.5**
Share options	**(6.8)**	**0.7**	**(0.9)**	–	**(7.0)**
Loss carry forwards	**(20.6)**	**(0.4)**	–	–	**(21.0)**
Total	**159.7**	**(4.5)**	**(0.9)**	**(0.6)**	**153.7**

22. CURRENT AND DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

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

Total unprovided deferred tax assets:

($ in millions)	**At 31 December 2015**	At 31 December 2014
Temporary timing differences	**(0.3)**	–
Unused income tax losses	**(3.7)**	(3.1)
Unused capital losses	**(24.2)**	(25.1)
Total	**(28.2)**	(28.2)

Overseas dividends received are largely exempt from UK tax but may be subject to foreign withholding taxes. The unrecognised gross temporary difference in respect of the unremitted earnings of those overseas subsidiaries affected by such taxes is $nil (2014: $nil), resulting in a deferred tax liability of $nil (2014: $nil).

The Budget announced by the Chancellor on 16 March 2016 included changes to the main rates of corporation tax for UK companies. The standard rate of corporation tax remains 20% for the financial year commencing 1 April 2016 however there will be a further reduction to 19% with effect from 1 April 2017, and to 17% from 1 April 2020. The deferred tax assets and liabilities at the balance sheet date are calculated taking account of the forecast impact of the reduction of the corporation tax rate from 20% to the previously substantively enacted rate of 18%.

23. CASH GENERATED FROM OPERATIONS

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

($ in millions)	**2015**	2014
Profit for the year	**303.4**	332.6
Adjustments for:		
Taxation charge/(credit)	61.7	(10.9)
Financing costs	63.6	95.6
Financing income	(2.3)	(8.0)
Operating Profit	**426.4**	409.3
Depreciation and amortisation	311.2	291.8
(Gain)/loss on disposal of assets	(9.3)	1.2
Impairment loss	0.2	1.3
Share of profit of associates	(2.5)	(1.5)
EBITDA	**726.0**	702.1
Dividends received from associates	1.2	–
Non-cash employee benefit costs	12.4	11.3
Forward exchange contracts	(2.6)	2.1
Non-cash foreign exchange movements	2.8	2.7
Changes in net working capital:		
Decrease in trade and other receivables	–	16.3
Decrease in inventories	2.4	3.1
Decrease in trade and other payables	(23.9)	(59.2)
(Decrease)/increase in provisions	(5.9)	2.0
Cash generated from operations	**712.4**	647.8

24. SHARE CAPITAL

($ in millions)	**At 31 December 2015**	At 31 December 2014
Authorised:		
630,780,000 ordinary shares of €0.0005 each (2014: 630,780,000)	**0.4**	0.4
	0.4	0.4
Allotted, issued and fully paid:		
610,500,000 ordinary shares of €0.0005 each (2014: 610,500,000)	**0.4**	0.4
	0.4	0.4

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

25. EMPLOYEE SHARE OPTIONS AND AWARDS

Inmarsat plc operates a number of share plans used to award options and shares to Directors and employees as part of their remuneration packages. In 2014, the Inmarsat plc Executive Share Plan (‘ESP’) was approved by shareholders and replaced the previous Executive Share Plans. Share awards since May 2014 have been made in accordance with the new share plan rules. Under the ESP the Company can grant Bonus Share Awards (‘BSA’) and Performance Share Awards (‘PSA’), which replicate the previous Bonus Share Plan (‘BSP’) and Performance Share Plan (‘PSP’) awards. The costs of these awards are recognised in the Income Statement (see note 7) based on the fair value of the awards on the grant date. Further information on how these are calculated can be found below and under ‘Employee benefits’ in the principal accounting policies on page 13. Given that these schemes operate at an Inmarsat plc group level, the information below is for the Inmarsat plc group as a whole.

25. EMPLOYEE SHARE OPTIONS AND AWARDS (continued)

Staff Value Participation Plan

All options granted under the Staff Value Participation Plan (the '2004 Plan') have now vested and are exercisable. Whenever options are exercised under the 2004 Plan, the holder must pay a de minimis charge of €1 for each tranche of options exercised. The options expire 10 years from the date of grant. Shares are transferred to the option holders from the Inmarsat Employees' Share Ownership Plan Trust (the 'Trust') (resident in Jersey). 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 2015, is as follows:

	Shares available for grant	2004 Plan options outstanding	Weighted average exercise price per option
Balance at 1 January 2014	776,155	77,026	£3.72
Exercised - Staff Value Participation Plan	**–**	**(26,511)**	**£7.23**
Exercised - International Share Incentive Plan	**(552,027)**	**–**	
Balance at 31 December 2014	**224,128**	**50,515**	**£3.74**
Exercised - Bonus Share Plan	**(136,557)**	**–**	
Balance at 31 December 2015	**87,571**	**–**	
Exercisable at 31 December 2015	**87,571**	**50,515**	
Exercise Price per tranche		**€1.00**	

The weighted average of the remaining contractual life for the 2004 Plan at 31 December 2015 is less than one year.

Bonus Share Award

Awards have been made regularly under the BSA to Executive Directors of Inmarsat plc and certain members of senior management. Awards are made in the form of a conditional allocation of shares. The performance conditions attached to the BSA are non-market based performance conditions. Any dividends paid by the Company will accrue and be added as additional shares upon vesting.

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

As the BSA provides non-contributory share awards that have an entitlement to dividends and no market-based performance conditions attached, the fair value of the awards is the value of the grant. This is due to the fact that regardless of the market price at the time the award of shares is made, the total value of shares to be awarded (excluding shares added in lieu of dividends) will not change.

The Remuneration Committee operated a Long-Term Incentive Plan ('LTIP') for the Group's Business Unit presidents and certain members of staff. The three-year plan relates to the 2012 to 2014 financial years and awards were made according to achievements against non-market based targets. Any dividends paid by the Company will accrue and be added as additional shares upon vesting. For the 2015 financial year this plan has now been replaced and the participants of the LTIP are now included within the 2015 BSA scheme.

Performance Share Award

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

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

25. EMPLOYEE SHARE OPTIONS AND AWARDS (continued)

The performance conditions for the PSA has been based on the Group's Total Shareholder Return ('TSR') relative to constituents of the FTSE 50-150 and FTSE 350 Indices (excluding investment trusts), depending upon the year of the award, and on EBITDA measured over a three-year period. For the awards made in 2012, 2013 and 2014, the vesting schedule is structured so that 50% of the reward is linked to the performance of TSR and 50% is linked to EBITDA, as individual performance measures. The market-based performance condition has been incorporated into the fair value. For the 2015 award, the vesting schedule has been restructured so that 30% of the reward is linked to the performance of TSR for Executive Directors (for any participants below Executive Director level this is linked to revenue growth over the three-year period of the awards), 30% is linked to EBITDA and 40% is linked to strategic objectives set out prior to the grant date of the scheme.

The fair values and the assumptions used in the calculation of PSA awards vesting or due to vest in 2015 or after are as follows:

	Performance Share Awards			
Grant date	30 March 2012	19 March 2013	19 March 2014	19 March 2015
Grant price	£4.60	£7.00	£7.08	£9.34
Exercise price	nil	nil	nil	Nil
Bad leaver rate	0%	0%	0%	12%
Vesting period	3 years	3 years	3 years	3 years
Volatility	33.9%	34.1%	32.7%	22.8%
Fair value per share option	£3.61	£5.76	£5.52	£8.94

Both the BSA and PSA share awards expire 10 years after date of grant or such shorter period as the Remuneration Committee may determine before the grant of an award. For share awards outstanding at the period end the weighted average of the remaining contractual life for the BSA and PSA share awards at 31 December 2015 is 1.2 and 1.4 years, respectively.

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

The International Sharesave Plan mirrors the operation of the UK Sharesave Scheme as closely as possible. Participants are given either the opportunity to receive options in the same way as the UK Sharesave Scheme, or the spread between the share price at the date of exercise and the grant price, delivered (at the Company's discretion) in cash or shares. It is the Company's intention to satisfy the awards using shares, some of which are held by the Trust and some of which will be newly-issued. A grant made in December 2012 with an option price of £4.59 matured 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 2015 is 0.5 years for each plan.

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

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

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

25. EMPLOYEE SHARE OPTIONS AND AWARDS (continued)

UK Share Incentive Plan

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

A summary of share awards and option activity as at 31 December 2015 (excluding the 2004 Plan which is noted above) is as follows:

	SIP (UK)	BSA[1]	PSA	Sharesave (UK)	Sharesave (International)	ESPP	Total
Balance at 1 January 2015	392,077	1,822,685	1,688,080	515,734	288,192	85,999	4,792,767
Granted/Allocated	-	1,669,800	597,956	-	-	-	2,267,756
Forfeited and lapsed	-	(314,412)	(582,930)	(21,423)	(71,025)	-	(989,790)
Exercised	(134,173)	(920,815)	(394,358)	(13,230)	(3,420)	(85,999)	(1,551,995)
Balance at 31 December 2015	**257,904**	**2,257,258**	**1,308,748**	**481,081**	**213,747**	**-**	**4,518,738**
Exercisable at 31 December 2015	**257,904**	**-**	**-**	**-**	**-**	**-**	**257,904**
Exercise price per share	**n/a**	**nil**	**nil**	**£4.59**	**£4.59**	**£4.94**	

[1] Includes the Business Unit LTIP scheme

26. RESERVES

Cash flow hedge reserve:

($ in millions)	**2015**	2014
Balance as at 1 January	**(1.6)**	8.6
Gain/(loss) recognised on cash flow hedges:		
Forward exchange contracts	**–**	(3.0)
FX movement through cash flow hedge reserve	**–**	0.1
Income tax (credited)/charged directly to equity	**–**	0.2
Reclassified to the Income Statement[1]:		
Forward exchange contracts	**3.1**	(11.7)
FX movement through cash flow hedge reserve	**(0.2)**	1.9
Income tax (charged)/credited related to amounts transferred to the Income Statement	**(0.4)**	2.3
Balance as at 31 December	**0.9**	(1.6)

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

($ in millions)	**2015**	2014
Total net operating costs	**2.9**	(9.8)
Income tax (credit)/expense	**(0.4)**	2.3
Total reclassified charged/(credited) to the Income Statement in the year	**2.5**	(7.5)

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

27. PENSION ARRANGEMENTS AND POST-EMPLOYMENT BENEFITS

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

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

The Inmarsat Global defined benefit plan was valued using the projected unit credit method with the valuation undertaken by professionally qualified and independent actuaries as at 31 December 2014. 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 2015, are set out below.

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

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

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

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

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

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

	At 31 December 2015	At 31 December 2014
Weighted average actuarial assumptions used at 31 December:		
Discount rate	**3.92%**	3.74%
Future salary increases	**3.14%**	3.05%
Medical cost trend rate	**3.50%**	3.40%
Future pension increases	**3.01%**	3.39%

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

	Life expectancy 2015	Life expectancy 2014
Male current age 65	**88.5**	88.6
Female current age 65	**89.6**	90.2

27. PENSION ARRANGEMENTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

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 2015 and 2014, mortality has been assumed to follow the SAPS tables with -1 year age rating for males and CMI 2013 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%)	(31.3%)
Decrease in discount factor of 0.25%	6.2%	31.5%
Increase in inflation of 0.25%	6.1%	30.2%
Decrease in inflation of 0.25%	(5.8%)	(28.0%)
Mortality: -2 years for males and -1 year for females	2.9%	11.8%

Inmarsat Global post-retirement healthcare benefit scheme:

Change in assumption	Impact on benefit obligation increase/ (decrease)	Impact on service cost increase/ (decrease)
Increase in discount factor of 0.5%	(7.2%)	–
Increase in inflation of 0.5%	12.1%	–
Increase in healthcare cost trend rate of 1%	22.1%	22.9%
Decrease in healthcare cost trend rate of 1%	(17.2%)	(17.7%)

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

Amounts recognised in the Balance Sheet are:

($ in millions)	**At 31 December 2015**	At 31 December 2014
Present value of funded defined benefit obligations (pension)	**(109.2)**	(116.2)
Present value of unfunded defined benefit obligations (pension)	**(0.7)**	(1.0)
Present value of unfunded defined benefit obligations (post-employment benefits)	**(17.0)**	(18.4)
Fair value of defined benefit assets	**127.6**	133.6
Net defined benefit liability recognised in the Balance Sheet	**0.7**	(2.0)

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

($ in millions)	Note	**At 31 December 2015**	At 31 December 2014
Pension asset	17	**19.0**	18.0
Defined benefit liability	21	**(18.3)**	(20.0)

27. PENSION ARRANGEMENTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

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

($ in millions)	Defined benefit pension plan	Post-employment benefits
At 1 January 2014	103.1	17.4
Current service cost	2.4	0.2
Past service cost	–	0.1
Interest cost	4.4	0.8
Remeasurement losses:		
Actuarial losses arising from changes in financial assumptions	14.9	1.3
Gain on curtailment	(1.4)	–
Liabilities extinguished on settlement	(1.3)	–
Foreign exchange losses	(5.4)	(1.1)
Benefits paid	(0.8)	(0.3)
Contributions by pension participants	1.3	–
At 31 December 2014	**117.2**	**18.4**
Current service cost	**2.7**	**0.2**
Past service cost	**–**	**(0.1)**
Interest cost	**4.4**	**0.7**
Remeasurement losses:		
Actuarial gains arising from changes in demographic assumptions	**(1.5)**	**–**
Actuarial gains arising from changes in financial assumptions	**(2.5)**	**(0.7)**
Actuarial gains arising from experience adjustments	**(2.9)**	
Foreign exchange loss	**(7.4)**	**(1.1)**
Benefits paid	**(1.4)**	**(0.4)**
Contributions by pension participants	**1.3**	**–**
At 31 December 2015	**109.9**	**17.0**

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

($ in millions)	**At 31 December 2015**	At 31 December 2014
At 1 January	**133.6**	114.0
Interest income	**5.1**	5.0
Remeasurement gains/(losses):		
Experience return on plan asset (excluding interest income)	**(4.5)**	17.7
Actuarial gains arising from changes in demographic assumptions	**–**	0.3
Actuarial (loss)/gains arising from changes in financial assumptions	**(0.1)**	1.6
Contributions by employer	**1.8**	1.5
Contributions by pension participants	**1.3**	1.5
Benefits paid	**(1.1)**	(0.6)
Assets distributed on settlement	**–**	(1.3)
Expenses paid (included in service cost)	**(0.4)**	(0.4)
Foreign exchange gains	**(8.1)**	(5.7)
At 31 December	**127.6**	133.6

27. PENSION ARRANGEMENTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	2015		2014	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	Defined benefit pension plan	Post-employment benefits
Current service cost	**3.1**	**0.2**	2.8	0.2
Past service (gain)/cost	**–**	**(0.1)**	–	0.1
Gain on curtailment	**–**	**–**	(1.4)	–
Net interest (income)/expense	**(0.7)**	**0.7**	(0.6)	0.8
Foreign exchange (gain)/loss	**0.7**	**(1.1)**	0.3	(1.1)
	3.1	**(0.3)**	1.1	–

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:

	2015		2014	
($ in millions)	**Defined benefit pension plan**	**Post-employment benefits**	Defined benefit pension plan	Post-employment benefits
Actuarial (gains)/losses arising from changes in demographic assumptions	**(1.5)**	**–**	(0.3)	–
Actuarial losses/(gains) arising from changes in financial assumptions	**(2.4)**	**(0.7)**	13.3	1.3
Actuarial gains arising from changes in experience adjustment	**(2.9)**	**–**		
Return on plan asset (excluding interest income)	**4.5**	**–**	(17.7)	–
Remeasurement of the net defined benefit asset and liability	**(2.3)**	**(0.7)**	(4.7)	1.3

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

	At 31 December 2015		As at 31 December 2014	
	Value ($ in millions)	**Percentage of total plan assets (%)**	Value ($ in millions)	Percentage of total plan assets (%)
Equities	**36.6**	**32.93%**	44.0	32.93%
Cash	**0.1**	**0.07%**	0.1	0.08%
Bonds	**70.0**	**55.31%**	73.9	55.31%
Other	**20.9**	**11.68%**	15.6	11.68%
Fair value of scheme assets	**127.6**		133.6	

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 2015 are as follows:

27. PENSION ARRANGEMENTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

Fund	Legal structure	Allocation (%)
Passive Global Equity	Mercer QIF CCF	7.1
Global Small Cap Equity	MGI Funds PLC	6.1
Global Fundamental (RAFI) Equity	Mercer QIF CCF	7.1
Emerging Markets Equity	MGI Funds PLC	5.5
Global Low Volatility Equity	MGI Funds PLC	3.1
Eurozone Equity	MGI Funds PLC	1.1
Emerging Markets Debt	MGI Funds PLC	2.8
Global High Yield Bonds	MGI Funds PLC	2.6
Alternatives	Mercer QIF Fund PLC	9.0
High Lease-to-Value Property	Mercer QIF CCF	2.7
Private Debt	Mercer Private Investment Partners (Offshore) LLP	0.9
Multi Asset Credit	Mercer QIF Fund PLC	2.2
Total growth portfolio		**50.2**
Long Flexible Enhanced Matching Fixed	Mercer QIF Fund PLC	3.7
Short Flexible Enhanced Matching Real	Mercer QIF Fund PLC	1.4
Medium Flexible Enhanced Matching Real	Mercer QIF Fund PLC	9.0
Long Flexible Enhanced Matching Real	Mercer QIF Fund PLC	10.1
UK Credit	Mercer PIF Fund PLC	15.3
UK Inflation Linked Bonds	MGI Funds PLC	10.3
Total matching portfolio		**49.8**
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 or 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 24 years. The defined benefit obligation within that plan is split as follows:

Active members	51%
Deferred members	38%
Pensioner members	11%

The average age of the active, deferred and pensioner members at the date of the last statutory funding valuation for the Inmarsat Global defined benefit plan (31 December 2014) was 54 years, 55 years and 68 years, respectively.

The estimated contributions expected to be paid into the Inmarsat Global defined benefit pension plan during 2016 are $1.2m. In 2015 actual contributions under this plan were $1.0m (2014: $1.2m).

27. PENSION ARRANGEMENTS AND POST-EMPLOYMENT BENEFITS (CONTINUED)

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 2014. The current Schedule of Contributions requires the Company to pay 15% of pensionable salary in respect of the additional accrual of future benefits for members of the defined benefit tier of the Pensionbuilder section and any notional member contributions payable under the SMART arrangement. Contributions in respect of the Defined Contribution tier and the Pensionsaver section are paid in addition.

The next statutory funding valuation of the Plan will be carried out as at 31 December 2017. As part of this the Trustees and Company will be required to agree a pattern of contributions to cover any deficit revealed by the valuation, along with the rate payable for future accrual of benefits. This could lead to an increase or decrease from the current level of contributions.

28. 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:

	At 31 December 2015			At 31 December 2014		
($ in millions)	**Non-cancellable operating leases**	**Other unrecognised contractual commitments**	**Total**	Non-cancellable operating leases	Other unrecognised contractual commitments	Total
Within one year	**22.9**	**22.9**	**45.8**	16.1	13.7	29.8
Within two to five years	**45.6**	**18.7**	**64.3**	51.9	24.0	75.9
After five years	**51.1**	**0.7**	**51.8**	64.1	–	64.1
	119.6	**42.3**	**161.9**	132.1	37.7	169.8

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

The total of future sublease payments expected to be received under non-cancellable subleases at 31 December 2015 relating to the aforementioned head office lease is $0.5m over one year (at 31 December 2014: $1.1m over two years).

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

($ in millions)	**At 31 December 2015**	At 31 December 2014
Within one year	**5.2**	27.2
Within two to five years	**6.1**	15.9
	11.3	43.1

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

($ in millions)	**At 31 December 2015**	At 31 December 2014
Within one year	**29.0**	32.1
Within two to five years	**2.5**	12.0
	31.5	44.1

29. CAPITAL RISK MANAGEMENT

The following table summarises the capital of the Group:

($ in millions)	**At 31 December 2015**	At 31 December 2014
As per Balance Sheet		
Cash and cash equivalents	**(175.5)**	(202.7)
Borrowings	**1,910.9**	1,800.7
Net borrowings	**1,735.4**	1,598.0
Equity attributable to shareholders of the parent	**1,517.2**	1,430.8
Capital	**3,252.6**	3,028.8

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

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

The net borrowings (gross of deferred finance costs) to EBITDA ratio for the year ended 31 December 2015 is 2.43 (2014: 2.32).

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

No changes were made in the Group's objectives, policies or processes for managing capital during the current or preceding year.

30. FINANCIAL INSTRUMENTS

TREASURY MANAGEMENT AND STRATEGY

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

Key features of treasury management include:

- ensuring that the Group is in a position to fund its obligations in appropriate currencies as they fall due;
- maintaining adequate undrawn borrowing facilities;
- interest rate hedging; and
- maximising return on short-term investments based on counterparty limits and credit ratings.

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

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

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

30. FINANCIAL INSTRUMENTS (CONTINUED)

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

	At 31 December 2015		At 31 December 2014			
($ in millions)	**Loans and receivables**	**Total**	Loans and receivables	Derivatives used for hedging	Available-for-Sale	Total
Assets as per Balance Sheet						
Trade receivables and other[1]	**328.4**	**328.4**	253.9	–	–	253.9
Cash and cash equivalents	**175.5**	**175.5**	202.7	–	–	202.7
Derivative financial instruments	**–**	**–**	–	1.4	–	1.4
Investments	**–**	**–**	–	–	32.9	32.9
	503.9	**503.9**	456.6	1.4	32.9	490.9

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

	At 31 December 2015			At 31 December 2014		
($ in millions)	**Derivatives used for hedging**	**Other financial liabilities**	**Total**	Derivatives used for hedging	Other financial liabilities	Total
Liabilities as per Balance Sheet						
Borrowings	**–**	**1,910.9**	**1,910.9**	–	1,800.7	1,800.7
Trade payables and other[1]	**–**	**264.9**	**264.9**	–	293.6	293.6
Derivative financial instruments	**0.3**	**–**	**0.3**	5.0	–	5.0
	0.3	**2,175.8**	**2,176.1**	5.0	2,094.3	2,099.3

[1] 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.

	At 31 December 2015				
($ in millions)	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Borrowings[1]	**207.2**	**149.9**	**346.1**	**1,207.7**	**1,910.9**
Trade payables and other	**241.2**	**1.4**	**21.0**	**1.3**	**264.9**
Derivative financial instruments	**0.3**	**–**	**–**	**–**	**0.3**
	370.9	**151.3**	**367.1**	**1,286.8**	**2,176.1**

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

30. FINANCIAL INSTRUMENTS (continued)

($ in millions)	At 31 December 2014 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings[1]	118.1	130.6	384.4	1,167.6	1,800.7
Trade payables and other	268.0	1.9	22.3	1.4	293.6
Derivative financial instruments	5.0	–	–	–	5.0
	391.1	132.5	406.7	1,169.0	2,099.3

[1] Includes interest obligations on the Senior Notes due 2017, EIB Facility, and Ex-Im Bank 2011 Facility. The interest obligations do not take into account the impact of interest rate swaps and assume no changes in floating interest rates from the year end.

FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS
The Group's derivative financial instruments consist of forward foreign currency contracts, which are primarily designated as cash flow hedges.

The fair values at the Balance Sheet date were:

($ in millions)	**At 31 December 2015**	At 31 December 2014
Financial assets:		
Forward foreign currency contracts – designated cash flow hedges	**–**	1.4
Forward foreign currency contracts – undesignated	**–**	–
Total derivative financial assets	**–**	1.4
Current portion of derivative financial assets	**–**	1.4
Financial liabilities:		
Forward foreign currency contracts – designated cash flow hedges	**–**	4.5
Forward foreign currency contracts – undesignated	0.3	0.5
Total derivative financial liabilities	**0.3**	5.0
Current portion of derivative financial liabilities	**0.3**	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.

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 2015 and 2014:

Outstanding forward foreign exchange contracts (in millions)	**At 31 December 2015** **Face value**	**Maturing within 1 year**	**Maturing between 1 and 2 years**	**Fair value ($)**
GBP contracts	**£10.0**	**£10.0**	**–**	**(0.3)**

30. FINANCIAL INSTRUMENTS (continued)

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

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 2022 and the Ex-Im Bank Facilities, the fair values of all non-derivative financial instruments approximate to the carrying value in the Balance Sheet. The fair value of Senior Notes due 2022 and Ex-Im Bank Facilities are classified as level 2 in the fair value hierarchy according to IFRS 7.

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 2022 are reflected in the Balance Sheet net of unamortised arrangement costs and net issuance premium of $8.7m and $7.6m, respectively (see note 19). The fair values of the Senior Notes due 2022 are based on the market price of the bonds and are reflected in the table below;
– the EIB Facility is reflected in the Balance Sheet net of unamortised arrangement costs of $0.4m (2014: $0.6m). The fair value approximates the carrying value (see note 19); and
– the Ex-Im Bank Facilities are reflected in the Balance Sheet net of unamortised arrangement costs of $18.0m (2014: $18.9m). The fair value of the 2011 facility has been based on the implicit interest rate of the 2014 facility (see note 19)

	At 31 December 2015		At 31 December 2014	
($ in millions)	**Carrying amount**	**Fair value amount**	Carrying amount	Fair value amount
Senior Notes due 2022	**1,000.0**	**996.3**	1,000.0	992.5
Ex-Im Bank Facilities	**714.2**	**741.4**	637.0	637.0

31. CAPITAL COMMITMENTS

The Group had authorised and contracted but not provided for capital commitments as at 31 December 2015 of $1,219.9m (2014: $504.0m). These amounts primarily represent commitments in respect of the Group's GX, S-Band and I-6 satellite programmes.

32. DISPOSAL

In January 2015, the Group completed the sale of its 19% holding in SkyWave Mobile Communications to ORBCOMM Inc. for total proceeds of $32.9m and recognised an after-tax gain of $8.1m. The share sale was one part of a suite of agreements with ORBCOMM, covering the joint ownership and future development and commercialization of the IsatData Pro (IDP) technology. As part of these agreements the Group acquired SkyWave's satellite network assets, hosted at three Inmarsat Satellite Access Stations, for $7.5m.

33. CONTINGENT LIABILITY

In the ordinary course of business, the Group is subject to contingencies pursuant to requirements that it complies with relevant laws, regulations and standards. Failure to comply could result in restrictions in operations, damages, fines, increased tax, increased cost of compliance, interest charges, reputational damage and other sanctions. These matters are inherently difficult to quantify.

In cases where the Group has an obligation as a result of a past event existing at the Balance Sheet date, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated, a provision will be recognised based on best estimates and management judgement.

For the year ended 31 December 2014, the Group disclosed contingent liabilities in respect of outstanding tax issues with HMRC for which no provision had been made, totalling $18m. During the year, HMRC concluded their review relating to $12m of this amount with no adjustment to the filed position. The remaining exposure is covered within the Balance Sheet tax provision.

34. RELATED PARTY TRANSACTIONS

In the normal course of operations the Group engages in transactions with its equity-owned investees NTS Maritime Limited, Navarino UK Limited 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 2015 financial year was $34.0m, $0.1m and $22.0m, respectively (2014: $31.3m, $0.8m and $19.4m, respectively). The amount receivable from the related parties at 31 December 2015 was $14.5m, $0.8m and $2.7m, respectively (2014: $14.8m, $0.3m and $3.1m, respectively).

Amounts owing to the Executive and Non-Executive Directors of Inmarsat plc as at 31 December 2015 and 2014 were $6.2m and $3.4m, respectively, and relate to remuneration earned in the normal course of operations (see note 8).

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

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

($ in millions)	**2015**	2014
Transactions with Inmarsat plc:		
Intercompany interest income	**0.5**	–
Intercompany interest expense	**(4.1)**	(3.3)
Other net trading	**6.1**	4.2
Receipt of intercompany funding	**–**	13.0
Transactions with Inmarsat Holdings Limited:		
Other net trading	**7.1**	4.4

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

($ in millions)	**At 31 December 2015**	**At 31 December 2014**
Outstanding balances with Inmarsat plc:		
Amounts due to fellow Group companies	**(77.8)**	(74.5)
Amounts due from fellow Group companies	**17.6**	4.6
Outstanding balances with Inmarsat Holdings Limited:		
Amounts due from fellow Group companies	**–**	7.1

35. PRINCIPAL SUBSIDIARY UNDERTAKINGS

At 31 December 2015, the Company had investments in the following subsidiaries and associates:

	Principal activity	Country of incorporation and operation	**Interest in issued ordinary share capital at 31 December 2015**	Interest in issued ordinary share capital at 31 December 2014
Inmarsat Finance PLC	Finance company	England and Wales	**99.99%**	99.99%
Inmarsat Investments Limited	Holding company	England and Wales	**100%**	100%
Inmarsat Ventures Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Global Limited	Satellite telecommunications	England and Wales	**100%**	100%
ISAT Global Xpress OOO	Operating company	Russian Federation	**100%**	100%
Inmarsat Brasil Limitada	Operating company	Brazil	**100%**	100%
Inmarsat Leasing (Two) Limited	Satellite leasing	England and Wales	**100%**	100%
Inmarsat New Zealand Limited	Operating company	New Zealand	**100%**	100%
Inmarsat Services Limited	Operating company	England and Wales	**100%**	100%
PT ISAT	Operating company	Indonesia	**100%**	100%
Inmarsat Communications Company LLC	Operating company	United Arab Emirates	**49%**	49%
Inmarsat Group Holdings Inc.	Operating company	United States	**100%**	100%
ISAT US Inc.	Operating company	United States	**100%**	100%
Segovia, Inc.	Operating company	United States	**100%**	100%
Stratos Government Services Inc.	Operating company	United States	**100%**	100%
Segovia Commercial Services Inc.	Operating company	United States	**100%**	100%
Inmarsat Solutions (US) Inc.	Operating company	United States	**100%**	100%
Inmarsat Inc.	Holding company	United States	**100%**	100%
Inmarsat US Investments Limited	Holding company	England and Wales	**100%**	100%
Europasat Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Employment Company Limited	Employment company	Jersey	**100%**	100%
Inmarsat Trustee Company Limited	Dormant	England and Wales	**100%**	100%
Inmarsat Finance III Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Solutions Limited	Holding company	England and Wales	**100%**	100%
Inmarsat Canada Holdings Inc.	Holding company	Canada	**100%**	100%
Inmarsat Solutions (Canada) Inc.	Operating company	Canada	**100%**	100%
Stratos Holdings (Cyprus) Limited	Holding company	Cyprus	**100%**	100%
Stratos de Mexico S.A de C.V	Dormant	Mexico	**100%**	100%
Stratos Gesellschaft fur satelliten-kommunikation mbH.	Operating company	Germany	**100%**	100%
Stratos Global Japan KK	Holding company	Japan	**100%**	100%
Stratos Global Holdings Limited	Dormant	England and Wales	**100%**	100%
Stratos Broadband Communications	Dormant	Kazakhstan	**100%**	100%
Stratos Investments BV	Holding company	The Netherlands	**100%**	100%
Inmarsat Solutions B.V.	Operating company	The Netherlands	**100%**	100%
Inmarsat Solutions SA (PTY) Limited	Operating company	South Africa	**90%**	90%
Inmarsat Spain S.A.	Operating company	Spain	**100%**	100%
Inmarsat Hong Kong Limited	Operating company	Hong Kong	**100%**	100%
Xantic Brazil Limited	Dormant	Brazil	**100%**	100%

35. PRINCIPAL SUBSIDIARY UNDERTAKINGS (continued)

	Principal activity	Country of incorporation and operation	**Interest in issued ordinary share capital at 31 December 2015**	Interest in issued ordinary share capital at 31 December 2014
Inmarsat BV	Operating company	The Netherlands	**100%**	100%
Inmarsat (IP) Company Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Employee Share Plan Trustees Limited	Dormant	England and Wales	**100%**	100%
Inmarsat Hellas Satellite Services SA	Satellite telecommunications	Greece	**100%**	100%
Inmarsat Leasing Limited	Dormant	England and Wales	**100%**	100%
Inmarsat Navigation Ventures Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Launch Company Limited	Operating company	Isle of Man	**100%**	100%
Inmarsat Global Xpress Limited	Operating company	England and Wales	**100%**	100%
Inmarsat SA	Operating company	Switzerland	**100%**	100%
NewWave Broadband Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Solutions Global Limited	Operating company	England and Wales	**100%**	100%
Inmarsat Solutions AS	Operating company	Norway	**100%**	100%
Inmarsat Solutions Pte. Limited	Operating company	Singapore	**100%**	100%
Inmarsat Solutions ehf.	Operating company	Iceland	**51%**	51%
Inmarsat Australia Pty Limited	Operating company	Australia	**100%**	100%
Allsatphones Pty Limited	Operating company	Australia	**100%**	100%
Inmarsat KK	Operating company	Japan	**100%**	100%
Inmarsat Solutions (Shanghai) Co. Limited	Operating company	China	**100%**	100%
Inmarsat India Private Limited	Operating company	India	**100%**	100%
NTS Maritime Limited	Associate	Cyprus	**49%**	49%
Navarino Telecom SA	Associate	Cyprus	**-**	49%
Navarino UK Limited	Associate	England and Wales	**49%**	-
JSAT Mobile Communications Inc	Associate	Japan	**26.67%**	26.67%

In accordance with s479A of the Companies Act 2006, the following companies are exempt from the requirements relating to the audit of individual accounts for the year ended 31 December 2015: Inmarsat Trustee Company Limited (03688399), Stratos Global Holdings Limited (**0**4113448), Inmarsat Employee Share Plan Trustees Limited (03669306) and Inmarsat Leasing Limited (02487502).

Inmarsat Group Limited
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015

($ in millions)	At 31 December 2015	At 31 December 2014
Assets		
Non-current assets		
Investments[1]	**1,003.7**	1,003.7
Total non-current assets	**1,003.7**	1,003.7
Total assets	**1,003.7**	1,003.7
Liabilities		
Current liabilities		
Trade and other payables[2]	**–**	0.1
Total current liabilities	**–**	0.1
Total liabilities	**–**	0.1
Net assets	**1,003.7**	1,003.6
Shareholders' equity		
Ordinary shares	**0.4**	0.4
Share premium	**677.5**	677.5
Capital contribution reserve	**325.7**	325.7
Retained earnings	**0.1**	–
Total equity	**1,003.7**	1,003.6

[1] Investments consist of a $1,003.6m investment in Inmarsat Investments Limited (2014: $1,003.6m) and $0.1m investment in Inmarsat Finance plc (2014: $0.1m).
[2] Trade and other payables consists of $nil due to Group companies (2014: $0.1m).

The financial statements of the Company, registered number 4886115, on pages 51 to 53 were approved by the Board of Directors on 27 April 2016 and signed on its behalf by:

Rupert Pearce
DIRECTOR

INMARSAT GROUP LIMITED
COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

($ in millions)	**2015**	2014
Net cash used in operating activities	**–**	–
Cash flow from investing activities		
Dividends received from Group companies	**224.1**	225.8
Net cash from investing activities	**224.1**	225.8
Cash flow from financing activities		
Dividends paid to Parent Company	**(224.1)**	(225.8)
Net cash used in financing activities	**(224.1)**	(225.8)
Net increase in cash and cash equivalents	**–**	–
Movement in cash and cash equivalents		
At 31 December	**–**	–

INMARSAT GROUP LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR END 31 DECEMBER 2015

($ in millions)	Ordinary share capital	Share premium account	Capital contribution reserve	Retained earnings	Total
Balance at 1 January 2014	0.4	677.5	325.7	–	1,003.6
Profit for the year	–	–	–	225.8	225.8
Dividends paid	–	–	–	(225.8)	(225.8)
Balance at 31 December 2014	0.4	677.5	325.7	–	1,003.6
Profit for the year	**–**	**–**	**–**	**224.2**	**224.2**
Dividends paid	**–**	**–**	**–**	**(224.1)**	**(224.1)**
Balance at 31 December 2015	**0.4**	**677.5**	**325.7**	**0.1**	**1,003.7**

INMARSAT GROUP LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

A) BASIS OF ACCOUNTING

The financial statements of the Company have been prepared in accordance with 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.

B) 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 2015 was $224.2m (2014: $225.8m).

C) AUDITOR'S REMUNERATION

The audit fee of $2,000 was paid by a company with the Inmarsat Group in both the current and preceding year (2014: $2,000). There were no non audit services provided in either years.

D) EMPLOYEE COSTS AND DIRECTORS' REMUNERATION

THE COMPANY DOES NOT HAVE ANY DIRECTLY EMPLOYED EMPLOYEES.

E) 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 statements.

F) SHARE CAPITAL

The share capital of the Company is disclosed in note 24 to the Group's consolidated financial statements.

G) 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 30 to the consolidated financial statements.

The differences between the Group and the Company in relation to intercompany balances are $77.8m (2014: $74.5m) amounts due from Group companies and $17.6m (2014: $4.6m) 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.

H) CASH USED IN OPERATIONS

Reconciliation of profit for the year to net cash outflow from operating activities.

($ in millions)	**2015**	2014
Profit for the year	**224.2**	225.8
Adjustments for:		
Dividend receivable	**(224.1)**	(225.8)
Cash inflow from operations	**0.1**	–