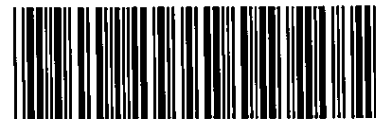


COMPANY REGISTRATION NUMBER 2994061

Theseus No. 2 Limited
Financial Statements
31 December 2006

WEDNESDAY



LD4 *LVTAV1E* 167
28/11/2007
COMPANIES HOUSE

Theseus No. 2 Limited

Financial Statements

Year ended 31 December 2006

Contents	Pages
Company information	1
The directors' report	2 to 3
Statement of directors' responsibilities	4
Independent auditor's report to the member	5 to 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 to 13

Theseus No. 2 Limited

Company Information

The board of directors	Virgin Media Directors Limited Virgin Media Secretaries Limited
Company secretary	Virgin Media Secretaries Limited
Registered office	160 Great Portland Street London W1W 5QA
Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF

Theseus No. 2 Limited

The Directors' Report

Year ended 31 December 2006

The directors present their report and the financial statements of the company for the year ended 31 December 2006

Principal activities and business review

The principal activity of the company was, and will continue to be, that of a holding company. The material investments of the company are shown in note 6.

Following the merger of the NTL and Telewest groups on 3 March 2006, the company is now a wholly owned subsidiary undertaking of Virgin Media Inc., which changed its name from NTL Incorporated on 6 February 2007. The Virgin Media group is an innovative and pioneering UK entertainment and communications business and is the first company in the United Kingdom to offer a quad-play package of television, broadband, telephone and mobile. The group is one of the UK's most popular residential broadband and pay-as-you-go mobile providers and the second largest provider in the UK of pay television and fixed line telephone services.

Results and dividends

The profit for the year amounted to £18,085,000. The directors have not recommended a dividend.

Financial risk management

The company's operations expose it to a variety of financial risks that include interest rate, foreign exchange and liquidity risks.

Liquidity risk

The Virgin Media group manages its financial risk via secure, long-dated and cost-effective funding for the group's operations in order to minimise the adverse effects of fluctuations in the financial markets on the value of its financial assets and liabilities, profitability and cash flows.

The Virgin Media group's external debt is used to satisfy the funding requirements of group undertakings via inter-company loans on terms which generally match those of the external debt. In addition, working capital is managed centrally within the Virgin Media group creating further inter-company trading balances, on terms which are generally interest free.

Interest rate and foreign exchange rate risk

The company is subject to financial risks where interest rates are not fixed or where the debt is denominated in foreign currency. The group's policy is to manage its interest cost using a mix of fixed and variable rate financial instruments denominated in sterling and foreign currencies, and to hedge all or part of the exposure to interest rate or foreign currency risk. However the group's policy is not to hedge against interest rate or foreign currency risk in respect of inter-company debt.

The company's financial instruments comprise interest free inter-company debt. The company had no foreign currency denominated financial instruments during the reporting period or prior year.

The directors will revisit the appropriateness of these policies should the company's operations change in size or nature.

Directors

The directors who served the company during the year and thereafter were as follows:

Virgin Media Directors Limited	(Appointed 12 September 2006)
Virgin Media Secretaries Limited	(Appointed 12 September 2006)
N R Smith	(Resigned 12 September 2006)
A W P Stenham	(Resigned 12 September 2006)
S S Cook	(Resigned 3 March 2006)

Theseus No. 2 Limited

The Directors' Report *(continued)*

Year ended 31 December 2006

Directors *(continued)*

On 16 February 2007, the names of ntl Directors Limited and ntl Secretaries Limited were changed to Virgin Media Directors Limited and Virgin Media Secretaries Limited respectively

The directors had no interest in the share capital of the company requiring disclosure under the Companies Act 1985. The company seeks exemption under The Companies (Disclosure of Directors Interests) (Exceptions) Regulations 1985, not to disclose the directors' interests in the common stock of Virgin Media Inc, a company registered in the state of Delaware, United States of America, and the ultimate parent undertaking of the company.

Virgin Media Inc has indemnified the directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision is in force as at the date of approving the directors' report.

Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

KPMG Audit Plc resigned as auditors on 22 August 2006, Ernst & Young LLP was appointed on 24 August 2006, and will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under Section 386 of the Companies Act 1985.

Signed on behalf of the directors



R M Mackenzie

For and on behalf of Virgin Media Secretaries Limited

Approved by the directors on 22 November 2007

Theseus No. 2 Limited

Statement of Directors' Responsibilities

Year ended 31 December 2006

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgments and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Theseus No. 2 Limited

Independent Auditor's Report to the Member of Theseus No. 2 Limited

Year ended 31 December 2006

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to it 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Theseus No. 2 Limited

Independent Auditor's Report to the Member of Theseus No. 2 Limited *(continued)*

Year ended 31 December 2006

Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

23 November 2007

Theseus No. 2 Limited

Profit and Loss Account

Year ended 31 December 2006

	Note	2006 £000	2005 £000
Administrative expenses		(99)	—
Operating loss	2	(99)	—
Income from fixed asset investments	4	18,184	(28,500)
Profit/(loss) on ordinary activities before taxation		18,085	(28,500)
Tax on profit/(loss) on ordinary activities	5	—	—
Profit/(loss) for the financial year		18,085	(28,500)

All of the activities of the company are classed as continuing

Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the profit of £18,085,000 attributable to the shareholder for the year ended 31 December 2006 (2005 - loss of £28,500,000)

The notes on pages 9 to 13 form part of these financial statements.

Theseus No. 2 Limited

Balance Sheet

31 December 2006

	Note	2006 £000	2005 £000
Fixed assets			
Investments	6	<u>26,142</u>	<u>26,142</u>
Current assets			
Debtors	7	339,666	339,765
Creditors: Amounts falling due within one year	8	<u>(6,278)</u>	<u>(6,278)</u>
Net current assets		333,388	333,487
Total assets less current liabilities		359,530	359,629
Provisions for liabilities and charges			
Other provisions	9	<u>(626,568)</u>	<u>(644,752)</u>
		(267,038)	(285,123)
Capital and reserves			
Called-up equity share capital	12	100	100
Other reserves	13	231,469	231,469
Profit and loss account	13	<u>(498,607)</u>	<u>(516,692)</u>
Deficit	13	(267,038)	(285,123)

These financial statements were approved by the directors on 21 November 2007 and are signed on their behalf by



R C Gale

For and on behalf of Virgin Media Directors Limited

The notes on pages 9 to 13 form part of these financial statements.

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2006

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

Fundamental accounting concept

The financial statements have been prepared on the going concern basis because the ultimate parent undertaking has given the necessary assurances that sufficient resources will be made available so that the company can meet its liabilities as and when they fall due, for at least the next twelve months

Investments

Investments are recorded at cost, less any provision for impairment

Cash flow statement

The company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate parent undertaking (see note 14)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- provision is made for deferred tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold, and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Trade and other receivables

Receivables are stated at recoverable amount. Provision is made when the amount receivable is not considered recoverable and the full amount is written off when the probability for recovery of a balance is assessed as being remote

2. Operating loss

Operating loss is stated after charging

	2006	2005
	£000	£000
Inter group balance waived	99	—

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2006

2. Operating loss *(continued)*

The directors' remuneration is paid by Virgin Media Limited (formerly ntl Group Limited) and disclosed in the group accounts of Virgin Media Finance PLC (formerly ntl Cable PLC)

Certain expenses are specifically attributable to the company. Where costs are incurred by other group companies on behalf of the company, expenses are allocated to the company on a basis that, in the opinion of the directors, is reasonable.

Auditor's remuneration of £1,000 (2005 - attributed cost of £5,000) represents costs attributed to the company by the fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group. Audit fees for the prior year are in respect of the company's previous auditor, KPMG Audit Plc. The company is exempt from disclosing additional information regarding non-audit services, as the disclosures required under Regulation 4 (1) (b) of Section 390B of Companies Act 1985, are made in the group accounts of Virgin Media Finance PLC on a consolidated basis.

3. Staff costs

The company does not have any directly employed staff and is not charged an allocation of staff costs by the Virgin Media group. Details of staff numbers and staff costs for the group are disclosed in the group accounts of Virgin Media Finance PLC.

4. Income from fixed asset investments

	2006 £000	2005 £000
Share of profits / (losses) of partnerships	<u>18,184</u>	<u>(28,500)</u>

5. Taxation

(a) Analysis of charge in the year

The tax charge is made up as follows

	2006 £'000	2005 £'000
Current tax charge		
Current tax on profit/(loss) for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax charge on profit/(loss) on ordinary activities	<u>-</u>	<u>-</u>

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2006

5. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2005 - 30%)

The difference between the effective statutory rate and the actual current tax charge is reconciled as follows

	2006 £000	2005 £000
Profit/(loss) on ordinary activities before taxation	18,085	(28,500)
Profit/(loss) on ordinary activities multiplied by the rate of tax	5,425	(8,550)
Expenses not deductible for tax purposes	13,541	26,603
Utilisation of tax losses	(13,511)	(15,790)
Income not taxable	(5,455)	(2,263)
Total current tax (note 5(a))	-	-

(c) Factors that may affect future tax charges

Deferred tax asset of £34.3 million (2005 - £47.8 million) in respect of tax losses has not been recognised as there is insufficient certainty as to the availability of future taxable profits

6. Investments

	Investment in partnerships £000
Cost	
At 1 January 2006 and 31 December 2006	26,142
Net book value	
At 31 December 2006	26,142
At 31 December 2005	26,142

The company has entered into various agreements with Theseus No. 1 Limited to participate in the following partnerships -

	Principal place of business
Avon Cable Limited Partnership	Bristol
Cotswold Cable Limited Partnership	Cheltenham
Edinburgh Cable Limited Partnership	Edinburgh
Estuaries Cable Limited Partnership	Basildon
Tyneside Cable Limited Partnership	Newcastle
United Cable (London South) Ltd Partnership	Croydon

Profits and losses of the above partnerships are shared equally between Theseus No. 1 Limited and the company

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2006

7. Debtors

	2006	2005
	£000	£000
Amounts owed by group undertakings	<u>339,666</u>	<u>339,765</u>

Amounts owed by group undertakings are interest free and not recoverable in full within one year

8. Creditors: Amounts falling due within one year

	2006	2005
	£000	£000
Amounts owed to group undertakings	<u>6,278</u>	<u>6,278</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand

9. Other provisions

	2006
	£000
Provision for liabilities and charges:	
Balance brought forward	644,752
Movement for year	<u>(18,184)</u>
	<u>626,568</u>

This provision represents the company's proportion of the cumulative losses of all the partnerships the company has an interest in

10. Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks under which it has guaranteed the borrowings of certain Virgin Media group companies. At 31 December 2006, the maximum contingent liability represented by outstanding borrowings by these companies amounted to approximately £5,125 million (2005 - £1,780 million). Borrowings under the facility are secured against the assets of certain members of the group including those of the company.

The company has joint and several liabilities under a group VAT registration.

11. Related party transactions

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with group undertakings as it is a subsidiary undertaking which is at least 90% controlled by the ultimate parent undertaking.

Theseus No. 2 Limited

Notes to the Financial Statements

Year ended 31 December 2006

12. Share capital

Authorised share capital:

	2006	2005
	£000	£000
1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£000	No	£000
Ordinary shares of £1 each	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

13. Reconciliation of shareholder's funds and movement on reserves

	Share capital	Capital reserve	Profit and loss account	Total share-holders' funds
	£000	£000	£000	£000
At 1 January 2005	100	231,469	(488,192)	(256,623)
Loss for the year	—	—	(28,500)	(28,500)
At 31 December 2005 and 1 January 2006	100	231,469	(516,692)	(285,123)
Profit for the year	—	—	18,085	18,085
At 31 December 2006	<u>100</u>	<u>231,469</u>	<u>(498,607)</u>	<u>(267,038)</u>

14. Parent undertaking and controlling party

The company's immediate parent undertaking is Telewest Communications Cable Limited

The company's results are included in the group accounts of Virgin Media Finance PLC

The company's ultimate parent undertaking and controlling party at 31 December 2006 was NTL Incorporated, a company incorporated in the state of Delaware, United States of America. NTL Incorporated changed its name to Virgin Media Inc on 6 February 2007.

Copies of all sets of group accounts which include the results of the company are available from the Secretary, Virgin Media, 160 Great Portland Street, London, W1W 5QA.