

Showtime UK Holdings Limited

(Registered number: 3038061)

Directors' Report and Financial Statements Year Ended 31 December 2005



Showtime UK Holdings Limited

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Showtime UK Holdings Limited

Directors' Report For the Year Ended 31 December 2005

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2005

Principal Activity, Business Review and Future Developments

The principal activity of Showtime UK Holdings Limited is that of an investment company. The directors do not foresee any change to the principal activity of the Company.

Post Balance Sheet Events

On 25 September 2006 the Company sold its investment in Zone Broadcasting Showtime (Turkey) Ltd.

Results and Dividends

The Company's loss for the financial year amounted to \$3,361 (2004 profit: \$917,430). The directors do not recommend the payment of a dividend (2004: nil).

Directors

The directors listed below held office during the whole of the period from 1 January 2005 to the date of this report, unless stated below:

T Ellis	(resigned 31 December 2005)
J Petito	(appointed 17 February 2006, resigned 26 June 2006)
R Jones	(appointed 26 June 2006)
C Hyde	

None of the directors had any interests in the shares of the Company or its fellow subsidiaries during the year, or of any other body corporate within the CBS Corporation group, which would require disclosure by the Company in accordance with Section 234 of the Companies Act 1985

Showtime UK Holdings Limited

Directors' Report For the Year Ended 31 December 2005 (Continued)

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution proposing their reappointment will be approved at the Annual General Meeting.

By Order of the Board



C Hyde
Director

Mitre House
160 Aldersgate Street
London
EC1A 4DD

8 November 2006

Showtime UK Holdings Limited

Independent Auditors' Report To The Members Of Showtime UK Holdings Limited

We have audited the financial statements of Showtime UK Holdings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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.

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 2005 and of its loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP *PricewaterhouseCoopers LLP*
Chartered Accountants and Registered Auditors
London

8 November 2006

Showtime UK Holdings Limited

Profit and Loss Account For the Year Ended 31 December 2005

		2005 \$	2004 \$
	Note		
Interest payable		(3,361)	(570)
Income from shares in subsidiaries		-	918,000
(Loss)/profit on ordinary activities before taxation	2	(3,361)	917,430
Taxation		-	-
(Loss)/profit on ordinary activities after taxation	2	(3,361)	917,430
Retained (loss)/profit for the financial year	8,9	(3,361)	917,430

There is no difference between the retained profit for the year stated above and the historical cost equivalent.

There were no recognised gains or losses in the year other than the profit for the year as noted above. Therefore no separate statement of total recognised gains and losses has been presented.

The loss on ordinary activities for the year relates solely to continuing activities.

Showtime UK Holdings Limited

Balance Sheet As At 31 December 2005

	Note	2005 \$	2004 \$
Fixed Assets			
Investments	5	1,020,000	1,020,000
		<u>1,020,000</u>	<u>1,020,000</u>
Creditors: amounts falling due within one year	6	(105,928)	(102,567)
Net Assets		<u>914,072</u>	<u>917,433</u>
Capital and Reserves			
Called up share capital	7, 8	3	3
Profit and loss account	8	914,069	917,430
Total Equity Shareholders' Funds	9	<u>914,072</u>	<u>917,433</u>

The notes on pages 6 to 9 form part of these financial statements

The financial statements on pages 4 to 9 were approved by the board of directors on 8 November 2006 and signed on its behalf by:



C Hyde
Director

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2005

1 Principal Accounting Policies

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom, adopting the accounting policies set out below.

a) Basis of Preparation of the Accounts

The financial statements have been prepared under the historical cost convention.

The company is a wholly owned subsidiary of CBS UK Limited which has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228A of the Companies Act 1985. Consolidated financial statements are prepared by the ultimate parent company CBS Corporation.

The functional currency of the company is US Dollars.

b) Cash Flow Statement

The company is a subsidiary of CBS Corporation, and is included in CBS Corporation's consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a consolidated cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

d) Current Taxation

Corporation tax is provided on taxable profits at the current rate.

e) Investments

The investment in the subsidiary undertaking is stated in the balance sheet at cost, less any provision for impairment.

2 Loss on Ordinary Activities Before Taxation

	2005 \$	2004 \$
This is stated after charging/(crediting):		
Intercompany interest	(3,361)	(570)
Income from shares in subsidiaries	-	918,000

Auditors' remuneration is borne by Showtime Networks Inc.

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2005

3 Directors Remuneration and Employee Information

No directors received any remuneration for any qualifying services provided to the Company (2004: £nil).

No staff were employed by the Company during the year and therefore no staff costs were incurred (2004: nil).

4 Taxation

The charge for the year is based on the results and is comprised of the following:

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
UK CT at 30%	-	-

The tax assessed for the year varied from the amount computed by applying the standard rate of corporation tax in the UK (30%) to the profit on ordinary activities before tax. The differences were attributed to the following factors:

	<u>2005</u>	<u>2004</u>
	<u>£</u>	<u>£</u>
(Loss)/profit before tax	(3,361)	917,430
(Loss)/profit before tax - UK standard rate 30%	(1,008)	275,229
Effect of:		
Surrendered for group relief	1,008	171
Income not taxable		(275,400)
Current tax charge for the period	-	-

Current Tax

The tax creditor as at 31 December 2005 was £nil (2004: £nil)

Deferred tax

There are no deferred tax assets or liabilities.

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2005

5 Investments - Shares in Group Undertakings

Cost	\$
At 1 January 2005	1,020,000
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At 31 December 2005	1,020,000

As at 31 December 2005, Showtime UK Holdings Limited owned 51% of Zone Broadcasting Showtime (Turkey) Limited, a company registered in the United Kingdom.

Zone Broadcasting Showtime (Turkey) Limited is involved in the operation and distribution of programming content.

6 Creditors: amounts falling due within one year

	2004 \$	2004 \$
Amounts owed to immediate parent company	105,928	102,567

7 Share Capital

	2005 £	2004 £
Authorised		
1,100 ordinary share capital of £1 each	1,100	1,100
 Issued and fully paid		
2 Ordinary shares of £1 each	2	2

8 Share Capital and Reserves

	Ordinary Share Capital \$	Profit and Loss Account \$
At 1 January 2005	3	917,430
Loss for the year	-	(3,361)
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At 31 December 2005	3	914,069

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2005

9 Reconciliation of Movement in Equity Shareholders' Funds

	2005 \$	2004 \$
(Loss)/profit for the year	(3,361)	917,430
Net (decrease)/increase in Equity Shareholders' Funds	(3,361)	917,430
Opening Equity Shareholders' Funds	917,433	3
Closing Equity Shareholders' Funds	914,072	917,433

10 Ultimate Parent Undertaking

The Company's immediate parent is CBS UK Limited. The Company's ultimate parent company is CBS Corporation, incorporated in the USA. The ultimate controlling party of Showtime UK Holdings Limited is National Amusements Inc., the beneficial owner of the majority of CBS Corporation voting shares.

The only group in which the results of Showtime UK Holdings Ltd are consolidated is CBS Corporation. The consolidated financial statements for this group are available to the public and may be obtained from 1515 Broadway, New York, N.Y., 10036, USA.

11 Related Party Transactions

The group is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the CBS Corporation group.

12 Post Balance Sheet Events

On 25 September 2006 Showtime UK Holdings Ltd sold its 51% interest in Zone Broadcasting Showtime (Turkey) Ltd to Zonemedia Enterprises Ltd for \$4,500,000.