

Showtime UK Holdings Limited

(Registered number: 3038061)

Directors' Report and Financial Statements Year Ended 31 December 2006

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Showtime UK Holdings Limited

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Showtime UK Holdings Limited

Directors' Report For the Year Ended 31 December 2006

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

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.

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

Results and Dividends

The Company's profit for the financial year amounted to \$3,476,921 (2005 loss \$3,361). The directors do not recommend the payment of a dividend (2005 nil).

Directors

The directors listed below held office during the whole of the period from 1 January 2006 to the date of this report, unless stated below.

| | |
|-------------|---|
| J Petito | (appointed 17 February 2006, resigned 26 June 2006) |
| R Jones | (appointed 26 June 2006) |
| C Hyde | (resigned 25 May 2007) |
| B McPherson | (appointed 25 May 2007) |

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.

Statement of Directors' Responsibilities

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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, in which case there should be supporting assumptions or qualifications as necessary.

Showtime UK Holdings Limited

Directors' Report

For the Year Ended 31 December 2006 (Continued)

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

Auditors and disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report is approved

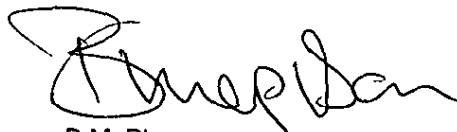
- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

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



B McPherson
Director

Mitre House
160 Aldersgate Street
London
EC1A 4DD

31 October 2007

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 2006 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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). 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 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.

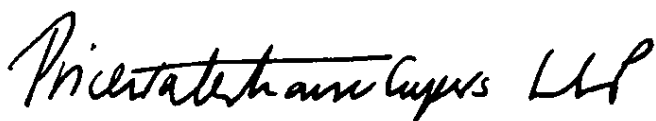
Showtime UK Holdings Limited

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

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, and
- 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



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

31 October 2007

Showtime UK Holdings Limited

Profit and Loss Account For the Year Ended 31 December 2006

| | | 2006 \$ | 2005 \$ |
|---|--------------|------------------|----------------|
| | <i>Note</i> | | |
| Interest payable | | (3,079) | (3,361) |
| Profit on sale of investment | | 3,480,000 | - |
| Profit/(loss) on ordinary activities before taxation | 2 | 3,476,921 | (3,361) |
| Taxation | | - | - |
| Profit/(loss) on ordinary activities after taxation | | 3,476,921 | (3,361) |
| Retained profit/(loss) for the financial year | 9, 10 | 3,476,921 | (3,361) |

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 profit on ordinary activities for the year relates solely to discontinued activities

Showtime UK Holdings Limited

Balance Sheet As At 31 December 2006

| | Note | 2006 \$ | 2005 \$ |
|---|------|------------------|----------------|
| Fixed Assets | | | |
| Investments | 5 | - | 1,020,000 |
| | | - | 1,020,000 |
| Debtors: amounts falling due within one year | 6 | 4,390,993 | - |
| | 7 | | |
| Creditors: amounts falling due within one year | | - | (105,928) |
| Net Assets | | 4,390,993 | 914,072 |
| Capital and Reserves | | | |
| Called up share capital | 8,9 | 3 | 3 |
| Profit and loss account | 9 | 4,390,990 | 914,069 |
| Total Shareholders' Funds | 10 | 4,390,993 | 914,072 |

The notes on pages 7 to 10 form part of these financial statements

The financial statements on pages 5 to 10 were approved by the board of directors on 31 October 2007 and signed on its behalf by



B McPherson
Director

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2006

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 Profit/(loss) on Ordinary Activities Before Taxation

| | 2006 \$ | 2005 \$ |
|---|------------|------------|
| This is stated after charging/(crediting) | | |
| Intercompany interest | (3,079) | (3,361) |
| Profit on sale of investment | 3,480,000 | - |

Auditors' remuneration is borne by Showtime Networks Inc

On 25 September 2006 the Company sold its investment in Zone Broadcasting Showtime (Turkey) Ltd resulting in a profit of \$3,480,000

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2006

3 Directors Remuneration and Employee Information

No directors received any remuneration for any qualifying services provided to the Company (2005 \$nil)

No staff were employed by the Company during the year and therefore no staff costs were incurred (2005 \$nil)

4 Taxation

The total tax charge should be \$nil and can be analysed as follows

| | <u>2006</u> | <u>2005</u> |
|--------------|-------------|-------------|
| | \$ | \$ |
| UK CT at 30% | - | - |

The effective rate reconciliation should read

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| | \$ | \$ |
| Profit/(loss) before tax | 3,476,921 | (3,361) |
| Profit/(loss) before tax - UK standard rate 30% | 1,043,076 | (1,008) |
| Effect of | | |
| Surrendered for group relief | 924 | 1,008 |
| Income not chargeable | (1,044,000) | - |
| Current tax charge for the period | - | - |

Current Tax

The tax creditor as at 31 December 2006 was \$nil (2005 \$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 2006

5 Investments - Shares in Group Undertakings

| | |
|---------------------|-------------|
| Cost | \$ |
| At 1 January 2006 | 1,020,000 |
| Disposals | (1,020,000) |
| <hr/> | |
| At 31 December 2006 | - |

6 Debtors: amounts falling due within one year

| | | |
|---------------------------------|-------------|-------------|
| | 2006 | 2005 |
| | \$ | \$ |
| Amounts owed from group company | 4,390,933 | - |

7 Creditors: amounts falling due within one year

| | | |
|--|-------------|-------------|
| | 2006 | 2005 |
| | \$ | \$ |
| Amounts owed to immediate parent company | - | 105,928 |

8 Share Capital

| | | |
|---|-------------|-------------|
| | 2006 | 2005 |
| | £ | £ |
| 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 |

Showtime UK Holdings Limited

Notes to the Financial Statements For The Year Ended 31 December 2006

9 Share Capital and Reserves

| | Ordinary Share Capital \$ | Profit and Loss Account \$ |
|----------------------------|------------------------------------|-------------------------------------|
| At 1 January 2006 | 3 | 914,069 |
| Profit for the year | - | 3,476,921 |
| At 31 December 2006 | 3 | 4,390,990 |

10 Reconciliation of Movement in Equity Shareholders' Funds

| | 2006 \$ | 2005 \$ |
|---|------------------|----------------|
| Profit/(loss) for the year | 3,476,921 | (3,361) |
| Net increase/(decrease) in Shareholders' Funds | 3,476,921 | (3,361) |
| Opening Shareholders' Funds | 914,072 | 917,433 |
| Closing Shareholders' Funds | 4,390,993 | 914,072 |

11 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 51 West 52 Street, New York, N Y, 10019-6188, USA.

12 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.