

Showtime UK Holdings Limited

(Registered number: 3038061)

Directors' Report and Financial Statements Year Ended 31 December 2007

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Showtime UK Holdings Limited

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Showtime UK Holdings Limited

Directors' Report For the Year Ended 31 December 2007

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2007.

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 and currently holds no other investments.

Results and Dividends

The Company's profit for the financial year amounted to \$216,198 (2006 profit \$3,476,921). The directors do not recommend the payment of a dividend (2006 nil).

Directors

The directors listed below held office during the whole of the period from 1 January 2007 to the date of this report, unless stated below.

R Jones

C Hyde (resigned 25 May 2007)

B McPherson (appointed 25 May 2007, resigned 13 March 2008)

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 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 2007 (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 in order 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



R Jones
Director

Mitre House
160 Aldersgate Street
London
EC1A 4DD

11 November 2008

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 2007 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 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 2007 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
11 November 2008

Showtime UK Holdings Limited

Profit and Loss Account For the Year Ended 31 December 2007

		2007 \$	2006 \$
	Note		
Administrative expenses		(148)	-
Profit on sale of investment		-	3,480,000
(Loss)/profit on ordinary activities before interest and taxation		(148)	3,480,000
Interest receivable		309,557	-
Interest payable		(555)	(3,079)
Profit on ordinary activities before taxation	2	308,854	3,476,921
Taxation	4	(92,656)	-
Profit on ordinary activities after taxation		216,198	3,476,921
Profit for the financial year	7,8	216,198	3,476,921

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

There were no recognised gains or losses in the year other than the profit for the financial 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 continuing activities.

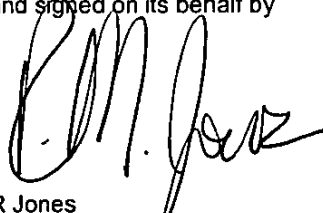
Showtime UK Holdings Limited

Balance Sheet As At 31 December 2007

	Note	2007 \$	2006 \$
Current Assets			
Debtors amounts falling due within one year	5	102,394	4,390,993
Cash at bank and in hand		4,597,453	-
		<u>4,699,847</u>	<u>4,390,993</u>
Taxation creditor	4	(92,656)	-
Net Assets		<u>4,607,191</u>	<u>4,390,993</u>
Capital and Reserves			
Called up share capital	6,7	3	3
Profit and loss account	7	4,607,188	4,390,990
Total Shareholders' Funds	8	<u>4,607,191</u>	<u>4,390,993</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 11 November 2008 and signed on its behalf by



R Jones
Director

Notes to the Financial Statements For The Year Ended 31 December 2007

1 Principal Accounting Policies

a) Basis of Preparation

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

The company has taken advantage of the exemption under Section 228 of the Companies Act 1985 not to prepare consolidated financial statements as it was a wholly owned subsidiary of CBS Corporation Inc at 31 December 2007 and is included in the consolidated financial statements of CBS Corporation Inc

The functional currency of the company is US Dollars

b) Cash Flow Statement and Related Party Disclosures

The company is a wholly owned subsidiary of CBS Corporation and is included in the consolidated financial statements of CBS Corporation which are publicly available. The CBS Corporation consolidated financial statements for the year ended 31 December 2007 contain a consolidated statement of cash flows. Consequently, the Company has taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 (revised 1996) 'Cash Flow Statements' not to present its own cash flow statement

The Company has taken advantage of the exemption in FRS 8 'Related Party Transactions' not to disclose transactions with other members of the CBS Group

c) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

The current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date

Tax deferred or accelerated by the effect of timing differences is accounted for to the extent that a transaction or an event that has occurred at the balance sheet date gives rise to an obligation to pay more tax in the future or a right to pay less tax in the future

However, deferred tax assets are only recognised to the extent that, based on all available evidence, it is more likely than not that suitable taxable profits will arise from which the reversal of the underlying timing differences can be deducted

Deferred tax is recognised on an undiscounted basis

d) Interest

Interest receivable and payable are recorded in the profit and loss account as they accrue

**Notes to the Financial Statements
For The Year Ended 31 December 2007**

2 Profit on Ordinary Activities Before Taxation

	2007 \$	2006 \$
This is stated after (charging)/crediting		
Bank interest receivable	76,975	-
Intercompany interest receivable	232,582	-
Intercompany interest payable	(555)	(3,079)
Profit on sale of investment	-	3,480,000

Auditors' remuneration of US\$6,100 is borne by Showtime Networks Inc, a fellow subsidiary of the Company

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

3 Directors Remuneration and Employee Information

No directors received any remuneration for any qualifying services provided to the Company (2006 \$nil) The directors did not receive or exercise any share options from any group companies during the year (2006 Nil) Neither did the directors receive shares nor have any shares receivable under long term incentive schemes in respect of qualifying services (2006 Nil)

No staff were employed by the Company during the year and therefore no staff costs were incurred (2006 \$nil)

**Notes to the Financial Statements
For The Year Ended 31 December 2007**

4 Taxation

The total tax charge should be \$92,656 and can be analysed as follows

	<u>2007</u>	<u>2006</u>
	\$	\$
UK Corporation tax on profits for the financial period	92,656	-

The effective rate reconciliation should read

	<u>2007</u>	<u>2006</u>
	\$	\$
Profit before taxation	308,854	3,476,921
Profit before taxation - UK standard rate 30% (2006 30%)	92,656	1,043,076
Effect of		
Claimed for group relief	-	924
Income not chargeable	-	(1,044,000)
Current tax charge for the period	92,656	-

Current Tax

The taxation creditor as at 31 December 2007 was \$92,656 (2006 \$nil)

Deferred tax

The Chancellor of the Exchequer announced a reduction in the standard rate of UK corporation tax from 30 per cent to 28 per cent with effect from 1 April 2008. This change became substantively enacted upon the third reading and approval of the Finance Bill 2007, which took place in the House of Commons on 26 June 2007. This legislation change has no effect on this company in the year.

There are no deferred tax assets or liabilities

5 Debtors: amounts falling due within one year

	<u>2007</u>	<u>2006</u>
	\$	\$
Bank interest receivable	15,733	-
Amounts owed from group company	86,661	4,390,933
	102,394	4,390,933

On the amount owed from group company, interest is calculated at USD Libor + 0.50%. It is unsecured and repayable on demand.

Notes to the Financial Statements
For The Year Ended 31 December 2007

6 Share Capital

	2007 US\$	2006 US\$
Authorised		
1,100 ordinary shares of £1 each (converted at £1=US\$1.50)	1,650	1,650
Issued and fully paid		
2 ordinary shares of £1 each (converted at £1=US\$1.50)	3	3

7 Share Capital and Reserves

	Ordinary Share Capital \$	Profit and Loss Account \$
At 1 January 2007	3	4,390,990
Profit for the year	-	216,198
At 31 December 2007	3	4,607,188

8 Reconciliation of Movement in Equity Shareholders' Funds

	2007 \$	2006 \$
Profit for the financial year	216,198	3,476,921
Net increase in Shareholders' Funds	216,198	3,476,921
Opening Shareholders' Funds	4,390,993	914,072
Closing Shareholders' Funds	4,607,191	4,390,993

9 Ultimate Parent Undertaking

The Company's immediate parent is CBS UK. 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.