COMPANY REGISTRATION NUMBER 3184754

Flextech Interactive Limited

Financial Statements

31 December 2009

Flextech Interactive Limited

Financial Statements

Year ended 31 December 2009

Contents

Flextech Interactive Limited

Company Information

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

The directors present their report and the financial statements of the company for the year ended 31 December 2009

Principal activities
The company's principal activity during the year was, and will continue to be, the operation of interactive services on internet and satellite television systems in the UK

The company is a wholly-owned subsidiary undertaking of Virgin Media Inc The Virgin Media group is a leading provider of entertainment and communications services in the UK, offering "quad-play" television, broadband internet, fixed line telephony and mobile telephony services

As at 31 December 2009, the Virgin Media group provided services to approximately 4 8 million residential cable customers on its network. The group is also one of the UK's largest mobile virtual network operators by number of customers and at 31 December 2009 provided mobile telephone services to 2 2 million prepay mobile customers and approximately 950,000 contract mobile customers over third party networks As of 31 December 2009, approximately 60 5% of residential customers on the group's cable network were "triple play" customers, receiving broadband internet, television and fixed line telephone services from the group and approximately 10 7% were "quad play" customers, also receiving the group's mobile telephone services

The Virgin Media group believes that its advanced, deep fibre access network enables it to offer faster and higher quality broadband services than its digital subscriber line, or DSL, competitors As a result it provides its customers with a leading next generation broadband service and one of the most advanced TV on-demand services available in the UK market

Through Virgin Media Business, the Virgin Media group provides a complete portfolio of voice, data and internet solutions to leading businesses, public sector organisations and service providers in the UK

During the year the Virgin Media group also provided a broad range of television programming through its wholly-owned channels, such as Virgin1, Living and Bravo, through Virgin Media Television (VMtv) An agreement was reached to sell the channels, but not the Virgin brand, on 4 June 2010 See post balance sheet event below

The Virgin Media group continues to provide television programming through UKTV, its joint ventures with BBC Worldwide

Results and dividends
The loss for the financial year amounted to £403,000 (2008 - profit of £391,000) The directors have not recommended an ordinary dividend (2008 - £nil)

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

Virgin Media Directors Limited
Virgin Media Secretaries Limited

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 2006 Such qualifying third party indemnity provision is in force as at the date of approving the directors' report

Post balance sheet event
On 4 June 2010, Virgin Media Inc announced that an agreement had been reached for the acquisition by British Sky Broadcasting Limited (Sky) of Virgin Media Television (VMtv) The acquisition is conditional upon receiving regulatory clearance in the Republic of Ireland The acquisition of VMtv involves Sky acquiring the Living, Challenge, Bravo and Virgin1 channels but not the Virgin brand Control of certain assets and liabilities of the company would therefore change on completion of this agreement

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

Ernst & Young LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed on behalf of the directors

R M Mackenzie
For and on behalf of Virgin Media Secretaries Limited

Approved by the directors on 22 June 2010

Statement of Directors' Responsibilities

Year ended 31 December 2009

The directors are responsible for preparing the Directors' 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) 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 those 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

We have audited the financial statements of Flextech Interactive Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's member 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 member 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 member, 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 Statement of Directors' Responsibilities set out on page 4, 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 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 (APB'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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements

Opinion on financial statements
In our opinion the financial statements

give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and

have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in 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, or returns adequate for our audit have not been received from branches not visited by us, or

the 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

Ernst + Young LLP

Michael Rudberg (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

25 June 2010

Flextech Interactive Limited

Profit and Loss Account

Year ended 31 December 2009

	Note	2009 £000	2008 £000
Turnover		–	77
Cost of sales		(303)	10
Gross (loss)/profit		(303)	87
Distribution costs		(74)	(58)
Administrative (expenses)/income		(26)	379
Operating (loss)/profit	2	(403)	408
Attributable to			
Operating loss before exceptional items		(517)	(34)
Exceptional items	2	114	442
		(403)	408
Interest payable and similar charges	4	–	(17)
(Loss)/profit on ordinary activities before taxation		(403)	391
Tax on (loss)/profit on ordinary activities	5	–	–
(Loss)/profit for the financial year		(403)	391

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 loss of £403,000 attributable to the shareholder for the year ended 31 December 2009 (2008 - profit of £391,000)

The notes on pages 9 to 15 form part of these financial statements.

Flextech Interactive Limited

Balance Sheet

31 December 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	6	–	–
Investments	7	–	–
		–	–
Current assets			
Stocks	8	128	–
Debtors due within one year	9	9,184	12,839
		9,312	12,839
Creditors. Amounts falling due within one year	10	(55,767)	(58,891)
Net current liabilities		(46,455)	(46,052)
Total assets less current liabilities		(46,455)	(46,052)
Capital and reserves			
Share capital	13	–	–
Profit and loss account	14	(46,455)	(46,052)
Deficit	14	(46,455)	(46,052)

These financial statements were approved by the directors on 22 June 2010 and are signed on their behalf by

R C Gale

R C Gale
For and on behalf of Virgin Media Directors limited

The notes on pages 9 to 15 form part of these financial statements.

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 twelve months from the date of approval of these financial statements

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 15)

Turnover
All turnover arises from sales in the United Kingdom Turnover represents the total invoice value, excluding Value Added Tax, of interactive services provided on internet and satellite television systems during the year

Tangible fixed assets
Depreciation is provided on all tangible fixed assets, other than land, so as to write off the cost of a tangible fixed asset, less its estimated residual value, on a straight line basis over the expected useful economic life of that asset as follows

Electronic Equipment - 4 years

Programming inventory
Programming inventory comprises fees paid for the film licences and programme rights purchased for re-sale Film licence fees are stated at cost less accumulated amortisation and any provision for permanent diminution in value Amortisation is provided to write off the cost of the programming inventory on a transmission basis Licences are recognised in programme inventory when the programmes are available for transmission

Programme rights purchased for re-sale are expensed on each sale in proportion to the anticipated total programme revenue, and are stated at the lower of cost and net realisable value

1 Accounting policies *(continued)*

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

Investments
Investments held as fixed assets are at cost less any provision for permanent diminution in value

Trade and other debtors
Trade and other debtors are stated at their 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)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2009	2008
	£000	£000
Release of provision against amounts due from group undertakings	**(218)**	(442)
Realisation of loss on impaired balances due from group undertakings	**104**	–

2. Operating (loss)/profit *(continued)*

The group's inter-company funding arrangements are managed centrally Recoverability of inter-company receivables is assessed annually The provision for non-recoverability may decrease or increase as a result of that review The impairment review of inter-company indebtedness as at 31 December 2009 concluded that a release of the provision against amounts due from group undertakings totalling £123,000 should be made (2008 - release of £442,000)

During the year the amounts due from a group undertaking totalling £323,000 were transferred to a different group undertaking at their fair value of £219,000 As a result of this transaction the company realised a loss on the impaired balance of £104,000, which was partially offset by a release of the impairment provision of £95,000

The company has corporate directors which receive no remuneration

Auditor's remuneration disclosed of £1,000 (2008 - £1,000) represents costs attributed to the company by the fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group Following guidance from Statutory Instrument 2008/489(6)(2)-(3), the company is not required to disclose amounts in respect of non-audit services, as it is a subsidiary of Virgin Media Finance PLC and the group accounts of Virgin Media Finance PLC are required to disclose this information on a consolidated basis

3. Staff costs

Virgin Media Television Limited, a fellow group undertaking, employs most of the employees of the content segment of the Virgin Media group Details of staff numbers and staff costs that include those of the company are disclosed in the financial statements of Virgin Media Television Limited. The company does not have any directly employed staff

4. Interest payable and similar charges

	2009 £000	2008 £000
Amounts due to group undertakings	–	17

5. Taxation

(a) Analysis of charge in the year

The tax charge is made up as follows

	2009 £000	2008 £000
Current tax charge:		
Current tax on (loss)/profit for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax (credit)/charge on (loss)/profit on ordinary activities	-	-

5 Taxation *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28 50%)

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

	2009 £000	2008 £000
(Loss)/profit on ordinary activities before taxation	(403)	391
(Loss)/profit on ordinary activities multiplied by rate of tax	(113)	111
Income not taxable	(32)	(126)
Group relief surrendered without payment	145	15
Total current tax (note 5(a))	-	-

(c) Factors that may affect future tax charges

Deferred tax assets in respect of the following amounts have not been recognised as there is currently no persuasive evidence that there will be suitable taxable profits against which these timing differences will reverse

	2009 £000	2008 £000
Tax losses	5,562	5,562
Depreciation in excess of capital allowances	1,615	1,615
	7,177	7,177

6. Tangible fixed assets

	Electronic equipment £000
Cost	
At 1 January 2009 and 31 December 2009	6,420
Depreciation	
At 1 January 2009 and 31 December 2009	6,420
Net book value	
At 31 December 2009	-
At 31 December 2008	-

7. Investments

	Investments in associated undertakings
	£000
Cost	
At 1 January 2009 and 31 December 2009	600
Value impaired	
At 1 January 2009 and 31 December 2009	600
Net book value	
At 31 December 2009 and 31 December 2008	-

The company's material investments, all of which are unlisted, are as follows

Name of Company	*Country of Incorporation*	*Holdings*	*Proportion Held*	*Nature of Business*
Credo Reference Limited	UK	Ordinary	13 13%	Operation of a website

8. Stocks

	2009	2008
	£000	£000
Programming inventory	128	–

9. Debtors

	2009	2008
	£000	£000
Amounts owed by group undertakings	9,165	12,668
Prepayments and accrued income	19	171
	9,184	12,839

Amounts owed by group undertakings are -

	2009	2008
	£000	£000
Amounts owed by group undertakings	9,338	13,059
Impairment provision	(173)	(391)
	9,165	12,668

Amounts owed by group undertakings are unsecured, interest free and are repayable on demand

10. Creditors: Amounts falling due within one year

	2009 £000	2008 £000
Amounts owed to group undertakings	**55,615**	58,854
Accruals and deferred income	**152**	37
	55,767	58,891

Amounts owed to group undertakings are unsecured and repayable on demand During the year these amounts were interest free (2008 - rates of interest charged on amounts payable ranged from 0% to 7 5%)

11. Contingent liabilities

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

12. 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 100% controlled by the ultimate parent undertaking

13. Share capital

Authorised share capital:

	2009 £000	2008 £000
1,000 Ordinary shares of £1 each	**1**	1

Allotted, called up and fully paid:

	2009 No	£000	2008 No	£000
Ordinary shares of £1 each	**2**	**-**	2	-

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

	Profit and loss account £000
At 1 January 2008	**(46,443)**
Profit for the year	**391**
At 31 December 2008 and 1 January 2009	**(46,052)**
Loss for the year	**(403)**
At 31 December 2009	**(46,455)**

15. Parent undertaking and controlling party

The company's immediate parent undertaking is Flextech Broadband Limited

The smallest and largest groups of which the company is a member and for which group accounts have been drawn up are those headed by Virgin Media Finance PLC and Virgin Media Inc , respectively

The company's ultimate parent undertaking and controlling party at 31 December 2009 was Virgin Media Inc , a company incorporated in the state of Delaware, United States of America

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

16. Post balance sheet event

On 4 June 2010, Virgin Media Inc announced that an agreement had been reached for the acquisition by British Sky Broadcasting Limited (Sky) of Virgin Media Television (VMtv) The acquisition is conditional upon receiving regulatory clearance in the Republic of Ireland The acquisition of VMtv involves Sky acquiring the Living, Challenge, Bravo and Virgin1 channels but not the Virgin brand Control of certain assets and liabilities of the company would therefore change on completion of this agreement