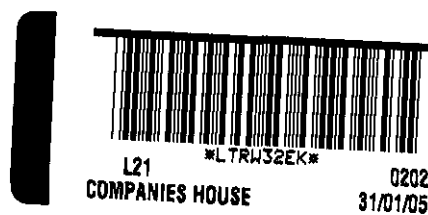


Telewest Communications Holdco Limited

Directors' report and financial statements

31 December 2003

Registered number 3761983



Telewest Communications Holdco Limited

Directors' report and financial statements

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Telewest Communications Holdco Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

Principal activity and review of business

The principal activity of the Company is, and will continue to be, that of a holding company.

Subsequent Events

In July 2004 the Company's ultimate parent, Telewest Communications plc, successfully completed its financial restructuring and Telewest Global, Inc. became the Company's ultimate holding company. Further details are set out in note 1, basis of preparation.

Results and dividends

The loss for the year was £8,414,000 (2002: £175,966,000). The directors recommend that no dividend be paid (2002: *£nil*).

Directors and their interests

The directors who served during the year, and subsequently, were as follows:

CJ Burdick	(resigned 18/02/2004)
SS Cook	
MW Luiz	(resigned 31/10/2003)
NR Smith	(appointed 15/09/2003)
AW Stenham	(appointed 18/02/2004)

None of the directors who held office at the end of the financial year had any interest in the share capital of the Company or group subsidiary undertakings.

At 31 December 2003, CJ Burdick, AWP Stenham and SS Cook were directors of Telewest Communications plc and their interest in the ordinary share capital of Telewest Communications plc at 31 December 2003 and the beginning of the year or date of appointment are disclosed in the directors' report attached to the financial statements of that company.

At 31 December 2003, NR Smith was a director of Telewest Communications Networks Limited and his interest in the ordinary share capital of Telewest Communications plc at 31 December 2003 and the date of appointment are disclosed in the directors' report attached to the financial statements of that company.

During the financial year, no rights to subscribe for shares in the Company or group subsidiary undertakings were granted to or exercised by any director who held office at the end of the financial year and to the date of this report or by any member of his immediate family.

Telewest Communications Holdco Limited

Directors' report *(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 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Auditors

Pursuant to a shareholder's resolution, the Company is not obliged to reappoint its auditors annually.

On behalf of the board



C Burns
Secretary

Export House
Cawsey Way
Woking, Surrey
GU21 6QX

27 JANUARY 2005

Telewest Communications Holdco Limited

Independent auditor's report to the members of Telewest Communications Holdco Limited

We have audited the financial statements on pages 4 to 13.

This report is made solely to the Company's members, as a body, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 transactions with the Group is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the Company's affairs as at 31 December 2003 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

PO Box 695
8 Salisbury Square
London
EC4Y 8BB
27 JAN 2004

Telewest Communications Holdco Limited

Profit and loss account

For the year ended 31 December 2003

	Note	2003 £'000	2002 as restated £'000
Administrative expenses		(1,966)	(80,851)
Operating loss	2	<u>(1,966)</u>	<u>(80,851)</u>
(Loss)/profit on disposal of investments	3	(787)	1,682
Amounts written off investments	9	(5,962)	(95,138)
		<u>(8,715)</u>	<u>(174,307)</u>
Interest receivable and similar income	4	30	-
Interest payable and similar charges	5	-	(1,661)
Dividend from associate undertaking		271	2
Loss on ordinary activities before taxation		<u>(8,414)</u>	<u>(175,966)</u>
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		<u><u>(8,414)</u></u>	<u><u>(175,966)</u></u>

All figures relate to continuing operations and there is no difference between the loss reported in the profit and loss account and the loss on an historical cost basis.

The Company had no recognised gains and losses other than those reflected in its profit and loss account and therefore no statement of recognised gains and losses has been presented.

Telewest Communications Holdco Limited

Balance sheet

At 31 December 2003

	Note	2003 £'000	2002 as restated £'000
Fixed assets			
Investments	9	-	6,957
Current assets			
Debtors: amounts due within one year	10	29,134	48,544
Creditors: amounts falling due within one year	11	(29,516)	(47,469)
Net current (liabilities)/assets		(382)	1,075
Net (liabilities)/assets		(382)	8,032
Capital and reserves			
Called up share capital	12	374,777	374,777
Profit and loss account	13	(375,159)	(366,745)
Equity shareholder's (deficit)/funds		(382)	8,032

These financial statements were approved by the board of directors on 27 JANUARY, 2005 and were signed on its behalf by:


NR Smith
Director

Telewest Communications Holdco Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate as the Company relies on support from Telewest UK Limited, an intermediate holding company.

In July 2004, Telewest Communications plc successfully completed its financial restructuring. This resulted in the reorganisation of the business and operations of Telewest Communications plc and its subsidiaries ('the Group') under Telewest Global, Inc., incorporated in the United States, which became the new ultimate holding company. The directors believe that the restructuring has left Telewest Global, Inc. and its subsidiaries ('the new Group') with sufficient liquidity to meet the new Group's funding needs and enable it to provide continued support to subsidiary companies.

Prior year adjustment

Intra-group receivables amounting to £80,851,000 have been reinstated within the Company balance sheet and fully provided against in 2002 as a prior year adjustment since there was never any legally binding agreement to release the relevant debts. This has no overall effect on the Company's distributable reserves.

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 that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date, except as otherwise required by FRS 19 Deferred Tax. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Telewest Communications Holdco Limited

Notes (continued)

1 Accounting policies (continued)

Group financial statements

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

Cash flow exemption

Under Financial Reporting Standard (FRS) 1, the Company is exempt from producing a cash flow statement on the grounds that the Company's ultimate parent company, Telewest Communications plc, includes it in its own published consolidated financial statements.

Related party transactions

As the Company was a wholly owned subsidiary of Telewest Communications plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Telewest Communications plc, within which this company is included, can be obtained from The Company Secretary, Telewest Communications plc, Export House, Cawsey Way, Woking, Surrey, GU21 6QX.

Investments

Investments in subsidiary and associated undertakings and joint ventures are stated in the Company balance sheet at cost less provision for impairment in value.

2 Operating loss

	2003	2002
	£'000	as restated £'000
Operating loss is after crediting/(charging):		
Provision against balances due from group undertakings	(1,959)	(80,851)

The Company, along with other group undertakings, has carried out a review of recoverability of inter group balances. As a result of this review, the Company has made provisions totalling £1,959,000 against intercompany debtors.

The cost of the auditor's remuneration is borne by the ultimate holding company, Telewest Communications plc.

Telewest Communications Holdco Limited

Notes (continued)

3 (Loss)/profit on disposal of investments

	2003 £'000	2002 £'000
TV Travel Group Limited	(624)	1,682
Imagine Broadband Limited	(163)	-
	<u>(787)</u>	<u>1,682</u>

In May 2002 the Company sold its 37.95% stake in TV Travel Group Limited for consideration of £21,182,000 realising a profit of £1,682,000. In January 2003 the deferred consideration was reduced by £624,000 to evenly apportion the sellers' market risk between certain sellers who received consideration in the form of stock rather than cash.

In October 2003 the Company sold its 11.10% stake in Imagine Broadband Limited preference shares for consideration of £2,504,000, realising a loss of £163,000.

4 Interest receivable and similar income

	2003 £'000	2002 £'000
Other income	<u>30</u>	<u>-</u>

5 Interest payable and similar charges

	2003 £'000	2002 £'000
Other	<u>-</u>	<u>1,661</u>

Telewest Communications Holdco Limited

Notes (continued)

6 Employees and directors

There were no employees during the year (2002: nil). No remuneration was paid to the directors during the year (2002: £nil).

7 Tax on loss on ordinary activities

Reconciliation of the Company's current tax to the UK statutory rate:

	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(8,414)	(175,966)
Tax on pre tax loss at 30%	(2,524)	(52,790)
Effects of:		
Amounts not deductible for tax purposes	588	24,255
Timing differences:		
Amounts written off investments	2,025	28,541
Dividends	(82)	-
Creation of tax losses	(7)	(6)
Current tax	-	-

There is no corporation tax liability for the current year.

8 Deferred tax

As at 31 December 2003, the Company estimates that it has, subject to Inland Revenue agreement, £1.6 million (2002: £1.7 million), of tax losses available to relieve future profits.

A deferred tax asset of £0.5million has not been recognised on carried forward losses and other timing differences. These assets can only be deducted against certain types of future income. There is currently insufficient evidence that the right type of income will be generated.

Telewest Communications Holdco Limited

Notes (continued)

9 Fixed asset investments

	Subsidiary undertakings		Participating interests	Total
	Shares	Loans		
	£'000	£'000	£'000	£'000
At 1 January 2003	5,962	995	-	6,957
Additions	-	-	2,667	2,667
Disposals	-	-	(2,667)	(2,667)
Reclassified to amounts due from subsidiary undertaking	-	(995)	-	(995)
Amounts written off investments	(5,962)	-	-	(5,962)
At 31 December 2003	-	-	-	-

In 2003 the following transactions have taken place:

The Company has written off an investment value of £5,962,000 representing its investment in Rapid Travel Solutions Limited as the company is no longer trading.

The investment in Imagine Broadband Limited was transferred to Telewest Communications Holdco Limited from Telewest Communications plc, the ultimate parent company. Subsequently this investment was disposed of for consideration of £2,504,037, realising a loss of £162,963.

In 2002, the Company carried out an impairment review of subsidiary undertakings in accordance with FRS 11 Impairment of Fixed Assets and Goodwill to ensure that investments are stated at no more than the recoverable amount being the higher of net realisable value and value in use. As a result £95,138,000 was charged to the profit and loss account in 2002.

Telewest Communications Holdco Limited

Notes (continued)

9 Fixed asset investments (continued)

At 31 December 2003, the Company directly held the following investments. The Subsidiary undertakings, Associated undertakings and Joint ventures are incorporated in Great Britain and registered in England and Wales except for the Company indicated by * which is registered in Amsterdam.

	Description of shares held	Proportion held	Nature of business
Subsidiary undertakings			
Rapid Travel Solutions Limited	1p Ordinary	100%	Software development and consultancy
Flextech Investments (Jersey) Limited	£1 Ordinary	100%	Investment holding company
Flextech Homeshopping Limited	£1 Ordinary	80%	Investment holding company
Florida Homeshopping Limited	£1 Ordinary	80%	Dormant company
Take Four BV*	1000 Dfl Ordinary	100%	Holding company
Telewest Workwise Limited	£1 Ordinary	100%	Holding company
Flextech Broadband Holdings Limited	£1 Ordinary	100%	Holding company
Telewest Directors Limited	£1 Ordinary	100%	Dormant company
Ed Stone Limited	£1 Ordinary	100%	To source and distribute programme rights
Network Gaming Consulting Limited	£1 Ordinary	100%	Software development and consultancy
Smashedatom Limited	10p A Preference shares	60%	IT and product development
Associated undertakings			
Cable Guide Limited	15,000 £1 Ordinary	15%	Publication of a monthly television listings magazine
	10,000 £1 Preference shares	20%	
ICM Interactive Limited	10p Ordinary	34%	Provision of pay per view television
Joint ventures			
Front Row Television Limited	10p Ordinary	50%	Provision of pay per view television
ISee Ventures Limited	£1 Ordinary	50%	Provision of broadband consumer services

Telewest Communications Holdco Limited

Notes (continued)

10 Debtors

	2003 £'000	2002 as restated £'000
Due within one year		
Amounts owed by group undertakings	111,944	129,395
Provision against bad and doubtful debt	(82,810)	(80,851)
	<u>29,134</u>	<u>48,544</u>

11 Creditors

	2003 £'000	2002 £'000
Due within one year		
Amounts owed to group undertakings	29,516	45,783
Accruals	-	1,686
	<u>29,516</u>	<u>47,469</u>

12 Called up share capital

	2003 £'000	2002 £'000
Authorised		
374,776,688 ordinary shares of £1 each (2002: 374,776,688 ordinary shares of £1 each)	<u>374,777</u>	<u>374,777</u>
Allotted, issued and fully paid		
At beginning and end of the year	<u>374,777</u>	<u>374,777</u>

Telewest Communications Holdco Limited

Notes (continued)

13 Reconciliation of movements in shareholder's funds and reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2003	374,777	(366,745)	8,032
Loss for the financial year	-	(8,414)	(8,414)
At 31 December 2003	374,777	(375,159)	(382)

14 Contingent Liabilities

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

15 Ultimate parent company

At 31 December 2003, the ultimate parent company was Telewest Communications plc, which is registered in England and Wales. Telewest Communications plc is the parent of the smallest and largest group for which group financial statements, including the Company, are drawn up. Copies of these group financial statements may be obtained from The Company Secretary, Telewest Communications plc, Export House, Cawsey Way, Woking, Surrey, GU21 6QX. Telewest Global, Inc. became the ultimate parent of the Company on 14 July 2004.