COMPANY REGISTRATION NUMBER 4125325

Flextech Broadcasting Limited

Financial Statements

31 December 2010

Flextech Broadcasting Limited

Financial Statements

Year ended 31 December 2010

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Flextech Broadcasting Limited

Company Information

The board of directors	R C Gale R M Mackenzie
Company secretary	G E James
Registered office	Bartley Wood Business Park Hook Hampshire RG27 9UP
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 2010

Principal activities
The principal activity of the company during the year was, and will continue to be, that of a holding company The material investments of the company are shown in note 5

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 2010, 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 2010 provided mobile telephone services to approximately 1 9 million prepay mobile customers and approximately 1 2 million contract mobile customers over third party networks As of 31 December 2010, approximately 63 0% 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 11 8% 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

In addition, the Virgin Media group provides a complete portfolio of voice, data and internet solutions to businesses, public sector organisations and service providers in the UK through Virgin Media Business (formerly ntl Telewest Business) The Virgin Media group also has an interest in the UKTV television channels through its joint ventures with BBC Worldwide

The Virgin Media group sold its television channel business known as Virgin Media TV on 12 July 2010

Results and dividends
The loss for the financial year amounted to £21,628,000 (2009 - result of £nil) The directors have not recommended an ordinary dividend (2009 - £nil)

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

R C Gale	(Appointed 30 April 2010)
R M Mackenzie	(Appointed 30 April 2010)
Virgin Media Directors Limited	(Resigned 30 April 2010)
Virgin Media Secretaries Limited	(Resigned 30 April 2010)

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

Going concern
After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing these financial statements

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

Small company provisions
The directors' 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. Mac

R M Mackenzie

Approved by the directors on 24 June 2011

Flextech Broadcasting Limited

Statement of Directors' Responsibilities

Year ended 31 December 2010

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

Independent Auditor's Report to the Member of Flextech Broadcasting Limited

Year ended 31 December 2010

We have audited the financial statements of Flextech Broadcasting Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 9 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 Directors' Responsibilities Statement 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 and express an opinion on 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 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 the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 2010 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

J I Gordon (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

24 June 2011

Flextech Broadcasting Limited

Profit and Loss Account

Year ended 31 December 2010

	Note	2010 £000	2009 £000
Administrative expenses		(21,628)	–
Operating loss	2	(21,628)	–
Attributable to			
Exceptional items	2	(21,628)	–
Loss on ordinary activities before taxation		(21,628)	–
Taxation on loss on ordinary activities	4	–	–
Loss for the financial year		(21,628)	–

The company has no other gains or losses and therefore no separate statement of total recognised gains or losses is presented

All results relate to continuing operations

The notes on pages 9 to 14 form part of these financial statements.

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Flextech Broadcasting Limited

Balance Sheet

31 December 2010

	Note	2010 £000	2009 £000
Fixed assets			
Investments	5	**66,475**	88,103
Total assets less current liabilities		**66,475**	88,103
Capital and reserves			
Called-up equity share capital	7	**1,131,810**	1,131,810
Profit and loss account	8	**(1,065,335)**	(1,043,707)
Total shareholder's funds	8	**66,475**	88,103

These financial statements were approved by the directors on 24 June 2011 and are signed on their behalf by

R C Gale

R C Gale
Director

The notes on pages 9 to 14 form part of these financial statements.

1. Accountıng policıes

A summary of the prıncıpal accountıng polıcıes ıs set out below All accountıng polıcıes have been applıed consıstently, unless noted below

Basıs of accounting
The financıal statements have been prepared under the hıstorıcal cost conventıon ın accordance wıth the Companıes Act 2006, and applıcable UK accountıng standards

Cash flow statement
The company ıs exempt from publıshıng a cash flow statement as permıtted by FRS 1 "Cash flow statements (revısed 1996)", as ıt ıs a wholly owned subsıdıary of ıts ultımate parent company, Vırgın Medıa Inc

Deferred taxation
Deferred tax ıs recognısed, as approprıate, ın respect of all tımıng dıfferences that have orıgınated but not reversed at the balance sheet date where transactıons or events have occurred at that date that wıll result ın an oblıgatıon to pay more, or a rıght to pay less or to receıve more tax, wıth the followıng exceptıons·

- provısıon ıs made for deferred tax on gaıns arısıng from the revaluatıon (and sımılar faır value adjustments) of fixed assets, and gaıns on dısposal of fixed assets that have been rolled over ınto replacement assets, only to the extent that, at the balance sheet date, there ıs a bındıng agreement to dıspose of the assets concerned However, no provısıon ıs made where, on the basıs of all avaılable evıdence at the balance sheet date, ıt ıs more lıkely than not that the taxable gaın wıll be rolled over ınto replacement assets and charged to tax only where the replacement assets are sold, and

- deferred tax assets are recognısed only to the extent that the dırectors consıder that ıt ıs more lıkely than not that there wıll be suıtable taxable profits from whıch the future reversal of the underlyıng tımıng dıfferences can be deducted

Deferred tax ıs measured on an undıscounted basıs at the tax rates that are expected to apply in the perıods ın whıch tımıng dıfferences reverse, based on tax rates and laws enacted or substantıvely enacted at the balance sheet date

Group accounts
The company has taken advantage of the exemptıon from preparıng group accounts afforded by Sectıon 400 of the Companıes Act 2006 because ıt ıs a wholly owned subsıdıary of another company ıncorporated ın the Unıted Kıngdom whıch prepares group accounts (see note 9) These financıal statements therefore present ınformatıon about the company as an ındıvıdual undertakıng and not about ıts group

Investments
Investments are recorded at cost, less any provısıon for ımpaırment The company assesses at each reportıng date whether there ıs an ındıcatıon that an ınvestment may be ımpaıred If any such ındıcatıon exısts, the company makes an estımate of the asset's recoverable amount Where the carryıng amount of an asset exceeds ıts recoverable amount, the asset ıs consıdered ımpaıred and ıs wrıtten down to ıts recoverable amount A prevıously recognısed ımpaırment loss ıs reversed only ıf there was an event not foreseen ın the orıgınal ımpaırment calculatıons, such as a change ın use of the assets or a change ın economıc condıtıons The reversal of ımpaırment loss would be to the extent of the lower of the recoverable amount and the carryıng amount that would have been determıned had no ımpaırment loss been recognısed for the asset ın prıor years

2. Operating loss

Operating loss is stated after charging

	2010 £000	2009 £000
Increase in investment impairment provision	**21,628**	-

The impairment review of investments concluded that their recoverable amount was less than their carrying value As a result the investments have been written down by £21,628,000 (2009 - £nil)

Auditor's remuneration of £1,000 (2009 - £1,000) represents costs allocated to the company by fellow group undertakings that pay all auditor's remuneration on behalf of the Virgin Media group

The company had corporate directors until 30 April 2010, which received no remuneration On 30 April 2010 new directors were appointed The directors received remuneration for the year of £333 in relation to qualifying services as directors of this company, all of which was paid by Virgin Media Limited

3. Staff costs

The company does not have any directly employed staff and is not charged an allocation of staff costs by the Virgin Media group

4. Taxation on loss on ordinary activities

(a) Analysis of charge in the year

The tax charge is made up as follows

	2010 £000	2009 £000
Current tax charge:		
Current tax on loss for the year	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total tax credit on loss on ordinary activities	-	-

4. Taxation on loss on ordinary activıtıes ***(continued)***

(b) Factors affecting current tax charge

The tax assessed on the loss on ordınary actıvıtıes for the year ıs hıgher than the standard rate of corporatıon tax ın the UK of 28% (2009 - 28%)

The dıfference between the effectıve statutory rate and the actual current tax charge ıs reconcıled as follows

	2010 £000	2009 £000
Loss on ordınary actıvıtıes before taxatıon	(21,628)	-
Loss on ordınary actıvıtıes multıplıed by rate of tax	(6,056)	-
Expenses not deductıble for tax purposes	6,056	-
Total current tax (note 4(a))	-	-

(c) Factors that may affect future tax charges

There are no factors whıch may affect the future tax charge

(d) Change in tax rate

As at 31 December 2010 the enacted UK corporatıon tax rate scheduled to take effect ın Aprıl 2011 was 27% A rate reductıon to 26% was enacted under the Provısıonal Collectıon of Taxes Act ın March 2011 wıth effect from 1 Aprıl 2011, and further rate reductıons were announced, to be ıntroduced ın annual decrements to reduce the rate to 23% These rate changes wıll affect the amount of future tax payments to be made by the company

5. Investments

	Loans to undertakings ın which the company has a participating ınterest £000
Cost	
At 1 January 2010 and 31 December 2010	1,131,810
Amounts written off	
At 1 January 2010	1,043,707
Impaırment	21,628
At 31 December 2010	1,065,335
Net book value	
At 31 December 2010	66,475
At 31 December 2009	88,103

5. Investments *(continued)*

The company assesses at each reporting date whether there is an indication that an investment may be impaired If any such indication exists, the company makes an estimate of the asset's recoverable amount When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount As a result of this review the investment in Flextech C was impaired by £21,628,000

In the opinion of the directors the value of the investments in subsidiary undertakings is not less than the amount at which they are stated in the financial statements

The material investments in which the company holds at least 20% of the nominal value of any class of share capital, all of which are unlisted, are shown below

Name of Company	*Country of Incorporation*	*Holdings*	*Proportion held*	*Nature of Business*
Flextech B Limited (Formerly Bravo TV Limited)	UK	Ordinary	59 79%	Operation of TV Channels
Flextech C (Formerly Challenge TV)	UK	Ordinary	77 89%	Operation of TV Channels
Flextech L Limited (Formerly Living TV Limited)	UK	Ordinary	100%	Operation of TV Channels
Flextech T Limited (Formerly Trouble TV Limited)	UK	Ordinary	100%	Operation of TV Channels

The company has taken advantage of the exemption under Section 400 of the Companies Act 2006 not to disclose the aggregate amount of capital and reserves, and the result for the year for each of the subsidiary undertakings on the basis that their results are included in the group accounts of Virgin Media Finance PLC (see note 9)

6. Contingent liabilities

The company, along with fellow group undertakings, is party to a senior secured credit facility with a syndicate of banks As at 31 December 2010 this comprised a term facility of £1,675 million and a revolving facility of £250 million Borrowings under the facility are secured against the assets of certain members of the group including those of the company

In addition, a fellow group undertaking has issued senior secured notes which, subject to certain exceptions, share the same guarantees and security which have been granted in favour of the senior credit facility The amount outstanding under the senior secured notes at 31 December 2010 amounted to approximately £1,495 million (2009 - £nil) Borrowings under the notes are secured against the assets of certain members of the group including those of the company

On 3 March 2011 Virgin Media Secured Finance PLC, a fellow group undertaking, issued £957 million equivalent aggregate principal amount of senior secured notes due in 2021. The notes are split into a $500 million US dollar denominated tranche and a £650 million sterling denominated tranche The notes will rank pari passu with Virgin Media's senior secured credit facility and its existing senior secured notes due in 2018 and, subject to certain exceptions, share in the same guarantees and security granted in favour of its senior secured credit facility and its existing senior secured notes due in 2018 The net proceeds from the issuance of the senior secured notes were in part used to repay £900 million of the group's obligations under its senior secured credit facility

On 20 May 2011, the senior secured credit facility was amended to reduce the margins payable, reduce the outstanding loan balance by £25 million and increase the revolving credit facility from £250 million to £450 million

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

7. Related party transactions

In accordance with the exemptions offered by FRS 8 "Related Party disclosures" there is no disclosure in these financial statements of transactions with entities that are part of Virgin Media Inc, and its subsidiaries (see note 15)

8. Share capital

Authorised share capital:

	2010	2009
	£000	£000
1,131,810,002 Ordinary shares of £1 each	**1,131,810**	1,131,810

Allotted, called up and fully paid:

	2010		2009	
	No	£000	No	£000
Ordinary shares of £1 each	**1,131,810,002**	**1,131,810**	1,131,810,002	1,131,810

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

	Share capital £000	Profit and loss account £000	Total shareholder's funds £000
At 1 January 2009 and 1 January 2010	1,131,810	(1,043,707)	88,103
Loss for the year	–	(21,628)	(21,628)
At 31 December 2010	1,131,810	(1,065,335)	66,475

10. Parent undertaking and controlling party

The company's immediate parent undertaking is Telewest Communications Networks Limited

The smallest and largest groups of which the company is a member and into which the company's accounts are consolidated are Virgin Media Finance PLC & Virgin Media Inc , respectively

The company's ultimate parent undertaking and controlling party at 31 December 2010 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 company secretary, Virgin Media, Bartley Wood Business Park, Hook, Hampshire, RG27 9UP