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Company Registration No. 93260

Top Up TV 2 Limited

Report and Financial Statements

For the year ended 30 September 2007

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Top Up TV 2 Limited

Report and Financial Statements 2007

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Top Up TV 2 Limited

Report and Financial Statements 2007

Officers and professional advisers

Directors

David Chance

Jorg Mohaupt

Peter Thoren

Ian West

Nick Markham Appointed 5 February 2007

Nick Humby Appointed 5 February 2007

Timothy Bunting Appointed 16 July 2007

Secretary

Mourant & Co Secretaries Limited

Registered Office

22 Grenville Street

St Helier

Jersey

JE4 8PX

Bankers

Royal Bank of Scotland

23/25 Rosslyn Street

Kirkcaldy

KY1 3HA

Solicitors

Olswang

90 High Holborn

London

WC1V 6XX

Auditors

Deloitte & Touche LLP

Chartered Accountants

London

Top Up TV 2 Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 September 2007. The company was incorporated on 26 April 2006 and commenced trading on 23 August 2006. Accordingly the comparative figures in the financial report are for the period 26 April 2006 to 30 September 2006.

Activities

The company's principal activities are operating a pay television service on digital terrestrial television ("DTT") in the UK and the supply of infrastructure services to other companies operating on the DTT platform. The directors are not aware, at the date of this report, of any likely major changes to the Company's principal activities in the future.

On 6 August 2007, the company was 100% acquired by Top Up TV Holdings Limited, a Jersey registered company, in a similar share for share swap as part of a transaction that raised £49,497,267 from existing shareholders of Top Up TV 2 limited and a new investor, Balderton Capital III LP, formerly known as Benchmark Europe III LP. At the same time the new parent acquired Top Up TV Europe Limited, a related company, in a share for share swap. The ultimate parent company, Access Industries LLC, a Delaware limited liability company, was unchanged as a result of this transaction. The new funds will be used to develop the business in the UK and continental Europe.

Business Review

As shown in the Company's profit and loss account on page 7, the turnover for the year was £12,274,385 (2006 £901,441). Profit after taxation also increased from a loss of £103,454 in 2006 to a profit of £2,354,232 for the year. These improvements are due to growth in the provision of infrastructure services.

As shown in the company's balance sheet on page 8, the financial position of the company has moved from having net liabilities of £102,640 at September 2006 to net assets of £2,251,592 at September 2007, due to the profit for the year.

No dividends have been paid or proposed for the year. The directors do not recommend the payment of a dividend.

Financial risk management

The company's activities expose it to a number of financial risks including credit risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors. The company does not use derivative financial instruments for speculative purposes.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties.

Liquidity risk

In order to maintain liquidity the company uses financing facilities made available by the parent company, Top Up TV Holdings Limited. The company undertakes regular forecasts of its cash position and future liquidity.

Top Up TV 2 Limited

Directors' report

Charitable and political contributions

During the year, the company made charitable donations of £7,269 (2006 £nil) to local charities. The company did not make any political donations (2006 £nil)

Directors and their interests

The directors who served during the year and since the year end are shown on page 1. The directors' interests in the share capital of the company at 30 September are shown below

		Interests as at 30 September 2007	Interests as at 30 September 2006
David Chance	Chairman	nil	7,654 Ordinary shares of £0.01 each
Ian West		nil	4,306 Ordinary shares of £0.01 each
Jorg Mohaupt		nil	5,980 Preferred shares of £0.01 each
Nick Markham		nil	1,594 Ordinary shares £0.01 each

The directors' shares in Top Up TV 2 Limited were acquired by Top Up TV Holdings Limited on 6 August 2007 as part of a share for share swap as disclosed above

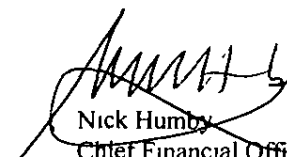
The rights pertaining to ordinary and preferred shares are disclosed in note 12

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the Board of Directors
and signed on behalf of the Board


Nick Humby
Chief Financial Officer
16 July 2008

Top Up TV 2 Limited

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 these 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, 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 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 (Jersey) Law 1991. 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 auditors' report to the members of Top Up TV 2 Limited

We have audited the financial statements of Top Up TV 2 Limited for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. 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 auditors' 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' 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).

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 (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report for the above year and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991

Deloitte + Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
16 July 2008

Top Up TV 2 Limited

Profit and loss account

For the year ended 30 September 2007

	Note	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Turnover	2	12,274,385	901,441
Cost of sales		(7,386,596)	(757,313)
Gross profit		4,887,789	144,128
Marketing and distribution costs		(341,949)	(12,589)
Administrative expenses		(2,650,338)	(236,131)
Operating profit/(loss)		1,895,502	(104,592)
Interest receivable	3	80,177	1,138
Profit/(loss) on ordinary activities before taxation	4	1,975,679	(103,454)
Tax on profit/(loss) on ordinary activities	7	378,553	-
Profit/(loss) on ordinary activities after taxation		2,354,232	(103,454)
Retained profit/(loss) carried forward	13	2,354,232	(103,454)

The above result is derived from the activities of continuing operations

There are no other recognised gains or losses in either period other than those included in the profit and loss account
Accordingly, a statement of recognised gains and losses has not been presented

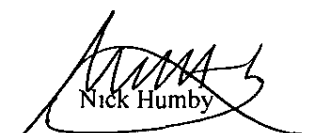
Top Up TV 2 Limited

Balance sheet 30 September 2007

	Note	30 September 2007 £	30 September 2006 £
Fixed assets			
Tangible assets	8	4,000	-
		-	-
Current assets			
Debtors	9	3,831,070	809,951
Cash at bank and in hand		468,273	102,244
		4,299,343	912,195
Creditors: amounts falling due within one year	10	(2,051,751)	(1,014,835)
Net current assets		2,247,592	(102,640)
Total assets less current liabilities		2,251,592	(102,640)
Net assets		2,251,592	(102,640)
Capital and reserves			
Called up share capital	12, 13	814	814
Profit and loss account	13	2,250,778	(103,454)
Shareholders' funds/(deficit)		2,251,592	(102,640)

These financial statements were approved by the Board of Directors on 16 July 2008

Signed on behalf of the Board of Directors


 Nick Humby
 Chief Financial Officer
 16 July 2008

Top Up TV 2 Limited

Notes to the accounts Year ended 30 September 2007

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and Company law. The particular accounting policies adopted, which have been applied consistently throughout current and prior periods, are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company is a 100% owned subsidiary and has taken advantage of the exemption granted under FRS1 (revised) whereby it is not required to publish its own statement of cash flows.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of products and services sold.

Subscriber income includes monthly subscription services, connection fees and starter pack sales. Income from subscription services is recognised as the service is provided. Connection fees are recognised when a new account is activated. Starter pack sales revenue is recognised when the sale is made to the new subscriber.

Broadcast revenues include telephone revenues, conditional access, bandwidth and transmission fees. Broadcast revenues are recognised when the relevant service has been provided.

Foreign currency

Trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign exchange contract or other hedging instrument. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, if hedged, at the appropriate hedged rate.

Fixed assets

Tangible fixed assets are recorded at cost, net of depreciation and any provision for impairment. The depreciation is calculated on a straight-line basis over the expected useful life or shorter if held as a finance lease, as follows:

Computer equipment	4 years
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As set out in note 8, a charge has been made during the year to the company for the usage of fixed assets owned by Top Up TV Europe Limited which were shared with the company. This charge has been treated as a depreciation charge by the company (note 4).

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted at the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent it is regarded more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

Operating leases

Rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight-line basis

Top Up TV 2 Limited

Notes to the accounts Year ended 30 September 2007

2. Turnover

The turnover can be analysed as follows

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Subscriber income	8,121,507	818,876
Broadcast revenue	4,152,878	82,565
	<u>12,274,385</u>	<u>901,441</u>

3. Interest receivable

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Bank interest receivable	80,177	1,138
	<u>80,177</u>	<u>1,138</u>

4. Profit or loss on ordinary activities before taxation

The profit or loss on ordinary activities before taxation is stated after charging

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Auditors' remuneration	-	-
Depreciation of tangible fixed assets (note 8)	107,778	8,434
Operating lease rentals – fixed transmission costs	1,700,516	221,580
	<u>1,808,294</u>	<u>230,014</u>

The audit fees for the year of £25,000 (2006 £25,000) were paid by Top Up TV Europe Limited

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

5 Employee information

The company did not employ any persons directly but, rather it shared resources with Top Up TV Europe Limited during the year. The average weekly number of persons (including executive directors) employed by Top Up TV Europe Limited during the year was 24 (2006: 13). All staff operated in one area of business, being the operation of a Pay Television service on digital terrestrial television in the UK.

Top Up TV 2 Limited's share of staff costs (including executive directors) incurred during the year in respect of employees was

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Wages and salaries	1,444,500	83,404
Social security costs	127,113	9,308
	<u>1,571,613</u>	<u>92,712</u>

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

6. Directors' remuneration and transactions

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Directors' remuneration		
Wages and salaries	368,554	32,258
Bonus	237,879	0
Social security costs	76,286	4,130
	<u>682,719</u>	<u>36,388</u>

The directors of the company were paid by Top Up TV Europe Limited during the year. The amounts above represent the share of directors' remuneration incurred by the company.

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Remuneration of the highest paid director		
Wages and salaries	122,833	16,129
Bonus	105,148	
Social security costs	28,886	2,065
	<u>243,408</u>	<u>18,194</u>

There were no transactions between the company and any of the directors.

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

7. Tax on profit/(loss) on ordinary activities

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Current tax		
UK corporation tax charge on profit for the year at 30%	-	-
Total current tax	-	-
Deferred tax	(378,553)	-
Tax on loss on ordinary activities	(378,553)	-

The tax charge for the year is £nil (2006 £nil). A reconciliation between this amount and the amount that would have been recorded by applying the standard rate of corporation tax in the UK (30%) (2006 30%) to the profit before tax is explained below

	Year ended 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Profit on ordinary activities before tax	1,975,679	(103,454)
Tax charge on the profit on ordinary activities at the standard rate of corporation tax in the UK of 30%	592,703	(31,036)
Effects of		
Non-deductible expenses	65,070	9,625
Capital allowances in excess of depreciation	240	-
Unutilisation of tax losses	(633,960)	-
Group relief	(24,053)	-
Unutilised tax losses carried forward	-	21,411
Current tax charge for the year	-	-

The Company has been granted exempt company status under Article 123A of the Income Tax (Jersey) Law 1961. This status is renewable annually. The Company plans to maintain this status for as long as it is available pending the introduction of a general zero rate of corporate income tax which will be introduced as from 1 January 2009. In order to hold exempt status an annual fee of £600 is payable. The fee is included as an expense in the profit and loss account as it is not dependent on the company's results.

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

8 Fixed assets

The cost and depreciation relating to the fixed assets owned by the company are shown in the table below

	Computer equipment £	Total £
Cost		
At 1 October 2006	-	-
Additions	4,800	4,800
	<hr/>	<hr/>
At 30 September 2007	4,800	4,800
Depreciation		
At 1 October 2006	-	-
Charge for the period	800	800
	<hr/>	<hr/>
At 30 September 2007	800	800
Net book value		
At 30 September 2007	4,000	4,000
	<hr/>	<hr/>
At 30 September 2006	-	-
	<hr/>	<hr/>

In addition, the company shared resources with Top Up TV Europe Limited. The assets used by the company were owned by Top Up TV Europe Limited and the company was charged £106,978 for the depreciation attributable to those assets (refer to note 4)

9. Debtors

	30 September 2007 £	30 September 2006 £
Trade debtors	1,936,182	635,957
Amounts owed by group undertakings	1,273,965	-
Prepayments	48,000	124,575
Deferred tax asset	378,553	
Accrued income	194,370	49,419
	<hr/>	<hr/>
	3,831,070	809,951
	<hr/>	<hr/>

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

10. Creditors: amounts falling due within one year

	30 September 2007 £	30 September 2006 £
Trade creditors	839,386	536,807
Accruals	405,777	462,004
Deferred revenue	698,000	2,446
Other creditors (inc corporation tax)	108,588	13,578
	<u>2,051,751</u>	<u>1,014,835</u>

Top Up TV 2 Limited

Notes to the accounts **Year ended 30 September 2007**

11. Deferred tax

	Year to 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Movement on deferred taxation balance in the year		
Opening balance	-	-
Charge/(credit) to profit and loss account	(378,553)	-
Closing balance	-	-

	Year to 30 September 2007 £	Period from 26 April 2006 to 30 September 2006 £
Analysis of deferred tax balance		
Capital allowances in excess of depreciation	224	-
Tax losses	377,329	-
Closing balance (DR)/CR	378,553	-

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

12. Called up share capital

	30 September 2007 £	30 September 2006 £
Authorised:		
32,227 ordinary shares of £0.01 each	322	322
67,773 preference shares of £0.01 each	678	678
Total authorised share capital	1,000	1,000
Allotted, called up and fully paid.		
13,594 ordinary shares of £0.01 each	136	136
67,773 ordinary shares of £0.01 each	678	678
Total allotted, called up and fully paid	814	814

On 6 August 2007, 100% of the issued share capital of the Company was acquired by Top Up TV Holdings Limited. The ordinary shares and preference shares in the company rank pari passu in all respects, with the exception that preference shareholders have a right to receive distributions in priority to ordinary shareholders in the event of liquidation, reduction of capital or winding up of the company. There were no further changes to the share capital in the year.

13. Reconciliation of movement in shareholders' funds

	Called up share capital £	Share premium £	Profit and loss account £	Total £
At 1 October 2006	814	-	(103,454)	(102,640)
Profit for the financial year	-	-	2,354,232	2,354,232
Balance at 30 September 2007	814	-	2,250,778	2,251,592

14. Financial commitments

At 30 September 2007 the company had no capital commitments (2006: £nil).

Annual commitments under non-cancellable operating leases are shown below. The commitments relate to lease charges for digital terrestrial television transmission costs that expire in 2014.

	30 September 2007 £	30 September 2006 £
Expiry date		
- within one year	-	-
- between two and five years	-	-
- after five years	1,825,254	1,700,516
	1,825,254	1,700,516

Top Up TV 2 Limited

Notes to the accounts

Year ended 30 September 2007

15. Subsequent events

The corporation tax rate reduced to 28% with effect from 1 April 2008. The expected effect on the 30 September 2007 deferred tax balances of the company would be a reduction of approximately £25,237 in the deferred tax asset. This has not been recognised in these financial statements.

16. Ultimate and immediate parent companies

The immediate parent company is Top Up TV Holdings Limited, incorporated in Jersey, which is the smallest group which includes the company and for which group financial statements are prepared. The directors regard Access Industries, LLC, a Delaware limited liability company, as the company's ultimate parent company. The largest group which includes the company and for which group financial statements are prepared is Access Industries, LLC, whose accounts are not available to the public.

17. Share-based payments

The group issues to certain employees share appreciation rights that require the company to pay the intrinsic value to the employee at the date of exercise. The rights vest over periods of 4 years and were granted in August 2006. The rights are treated as cash-settled share-based payments. There has been a charge of £nil recorded in these financial statements as the value of the share appreciation rights has not changed between the date of grant and year end.