

Company Registration No 1508514

DTVG Europe Limited
(previously Hughes Network Systems Europe Limited)

REPORT AND FINANCIAL STATEMENTS

31 December 2003

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DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

REPORT AND FINANCIAL STATEMENTS
31 December 2003

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DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

**OFFICERS AND
PROFESSIONAL ADVISERS**

Directors	B B Churchill L D Hunter P A Jones M W Palkovic J L Williamson
Secretaries	J L Williamson Jordan Company Directors Limited
Registered office	21 St Thomas Street Bristol Avon BS1 6JS
Auditors	Deloitte & Touche LLP Chartered Accountants and Registered Auditors St Albans
Bankers	Lloyds TSB Bank plc London
Solicitors	Shoosmiths Northampton Pinsents Birmingham

DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements of DTVG Europe Limited for the year ended 31 December 2003

1 Principal activities

The Group sells satellite hub equipment and remote terminals and provides data communication services delivered by satellite

2 Company name change

The company changed its name on 25 April 2005 from Hughes Network Systems Europe Limited to Qdpopqr One Limited. On 6 May 2005 the company changed its name to DTVG Europe Limited.

3 Review of the business

On 31 December 2002 a European group re-structuring took place. Hughes Network Systems Europe Limited acquired the entire share capital of Hughes Network Systems Limited from HOT Telecommunications NV. Also, substantially all the business assets and liabilities of Hughes Network Systems Europe Limited were sold to Hughes Network Systems Limited. The company is therefore no longer a trading company.

In February 2003 Hughes Network Systems Srl joined the consolidation group when it became a 100 % owned subsidiary of Hughes Network Systems Limited.

On 21 September 2003 Hughes Network Systems Europe Limited and Hughes Network Systems Limited were re-capitalised. New share capital of £61,511,060 was issued by Hughes Network Systems Europe Limited and sold to Hughes Network Systems Inc. On the same day a new investment of £61,511,060 was made in Hughes Network Systems Limited. Within Hughes Network Systems Limited the intercompany creditor balance with Hughes Network Systems Inc was used to fund the re-capitalisation.

On 22 December 2003 General Motors Corporation sold its shareholding in Hughes Electronics Corporation, with 34% being sold to News Corporation International and the remainder being sold to other investors.

4 Events since the year end

In December 2004 an agreement to sell a 50% stake in Hughes Network Systems Inc to SkyTerra was announced and this transaction was completed on 22 April 2005. As part of the transaction this company agreed to sell certain subsidiaries, trade and assets to Hughes Network Systems Europe Limited, a new company within the SkyTerra / DirecTV joint venture, for £3,500,000. As such the group effectively ceased trading on 22 April 2005.

It is not intended that the company will recommence trading in the foreseeable future.

5 Dividends and transfer to reserves

The directors do not recommend payment of a dividend (2002: £ Nil). The loss for the year has been transferred to reserves.

6 Directors

The present membership of the board is set out on page 1. Changes since 1 January 2003 are set out below and continued on page 3.

R Campitelli	- resigned 28 February 2005
R Segal	- resigned 17 September 2004
D Manson	- appointed 11 October 2004, resigned 3 May 2005
P Congdon	- resigned 4 July 2003
M L Cook	- resigned 3 May 2005
M J Darcy	- resigned 3 May 2005
P P Kaul	- resigned 3 May 2005
P Kaul	- resigned 3 May 2005
J Lucchese	- resigned 3 May 2005
B Pourmand	- resigned 3 May 2005
W G Johnson	- appointed 4 March 2005, resigned 1 September 2005

DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

DIRECTORS' REPORT

6 Directors (continued)

Further changes to the membership of the board since 1 January 2003 are set out below

D W Baker	- appointed 4 March 2005, resigned 30 December 2005
B B Churchill	- appointed 3 May 2005
L D Hunter	- appointed 3 May 2005
P A Jones	- appointed 1 September 2005
M W Palkovic	- appointed 3 May 2005
J L Williamson	- appointed 3 May 2005

None of the directors in office at 31 December 2003 had any disclosable interest in the shares of the company nor of any other UK group company during the period

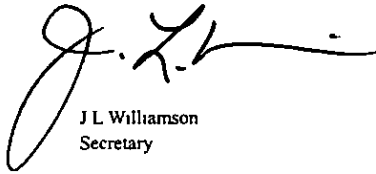
7 Fixed assets

The movements in fixed assets are set out in notes 11 and 12 to the accounts

8 Auditors

The directors have taken advantage of Section 386 of the Companies Act and passed an elective resolution to dispense with the annual appointment of auditors

By order of the board



J L Williamson
Secretary

DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 Group as at the end of the financial year and of the profit or loss of the Group 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

DTVG EUROPE LIMITED

(previously Hughes Network Systems Europe Limited)

We have audited the financial statements of DTVG Europe Limited for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses and the related notes 1 to 29. 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 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report 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 information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report and other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 December 2003 and of the loss of the group for year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans

23 April 2007

DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

31 December 2003

		2003	2002
		£	(as restated) £
Total turnover - continuing operations	2	53,432,526	46,854,694
Cost of sales		<u>(46,398,255)</u>	<u>(50,724,513)</u>
Gross profit/(loss)		7,034,271	(3,869,819)
Sales & administrative expenses		(13,176,691)	(15,240,485)
Other operating (costs)/income	4	<u>(1,373,578)</u>	<u>2,404,375</u>
Group operating loss	3	(7,515,998)	(16,705,929)
Interest receivable and similar income	5	649,250	684,951
Interest payable and similar charges	6	<u>(1,600,790)</u>	<u>(1,972,516)</u>
Loss on ordinary activities before taxation		(8,467,538)	(17,993,494)
Tax on loss on ordinary activities	9	<u>(37,016)</u>	<u>-</u>
Loss on ordinary activities after taxation			
for the financial year	24	<u><u>(8,504,554)</u></u>	<u><u>(17,993,494)</u></u>

DTVG EUROPE LIMITED
(previously Hughes Network Systems Europe Limited)

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

31 December 2003

		<i>2003</i>	<i>2002</i>
	<i>Note</i>	<i>£</i>	<i>(as restated)</i>
			<i>£</i>
Loss for the financial year		(8,504,554)	(17,993,494)
Currency translation differences on foreign currency net investments	24	(2,280,155)	(2,911,640)
Total gains and losses recognised in the year		<u>(10,784,709)</u>	<u>(20,905,134)</u>
Prior year adjustment	28	(232,467)	
Total gains and losses recognised since last annual report		<u>(11,017,176)</u>	

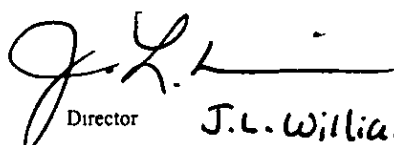
DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

CONSOLIDATED AND PARENT COMPANY BALANCE SHEET

31 December 2003

		<i>Group</i>		<i>Company</i>	
		2003	2002	2003	2002
			<i>(as restated)</i>		
	<i>Note</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Fixed assets					
Intangible assets	11	242,530	46,778	-	-
Tangible assets	12	6,510,257	7,032,746	-	-
Investments	13	-	-	-	-
		6,752,787	7,079,524	-	-
Current assets					
Stocks	14	8,816,408	12,424,894	-	-
Debtors due within one year	15	15,050,310	18,279,333	-	-
Debtors due after more than one year	15	1,918,550	3,263,058	-	-
Cash at bank and in hand		1,734,185	23,166,835	-	12,472,909
		27,519,453	57,134,120	-	12,472,909
Creditors due within one year	16	(26,242,710)	(104,412,858)	(195,018)	(12,983,755)
Net current assets/(liabilities)		1,276,743	(47,278,738)	(195,018)	(510,846)
Total assets/(liabilities) less current liabilities		8,029,530	(40,199,214)	(195,018)	(510,846)
Creditors due after more than one year	17	(3,027,216)	(5,524,823)	-	-
Net assets/(liabilities)		5,002,314	(45,724,037)	(195,018)	(510,846)
Capital and reserves					
Called up share capital	19	74,346,564	12,835,504	74,346,564	12,835,504
Profit and loss account	24	(70,454,643)	(59,669,934)	(75,651,975)	(14,456,743)
Other reserves	26	1,110,393	1,110,393	1,110,393	1,110,393
Equity shareholders' funds/(deficit)	25	5,002,314	(45,724,037)	(195,018)	(510,846)

These financial statements were approved by the Board of directors on *April 18,* 2007 and signed on its behalf by


Director *J.L. Williamson*

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention.

(b) Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2003. Intra-group sales and profits are eliminated fully on consolidation.

(c) Stocks

Stocks comprise equipment bought for resale and are stated at the lower of cost and net realisable value. Work in progress is stated at cost less foreseeable losses and progress payments claimed. The excess of cumulative turnover on long term contracts over payments on account claimed to date is included in debtors under the heading 'amounts recoverable on contracts'.

(d) Deferred taxation

Deferred taxation is provided in full on timing differences that 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 the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(e) Foreign currency transactions

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year and the results of foreign subsidiaries re-translated at the average rate of exchange for the year. Differences on exchange arising from the re-translation of the opening net investment in subsidiary companies, and from the translation of the results of those companies at average rate, are taken to reserves and are reported in the statement of total recognised gains and losses. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

(f) Depreciation

Depreciation is provided on a straight-line basis to write off the assets over their estimated useful lives. If in the opinion of the directors there has been an impairment in the carrying value of any fixed assets additional depreciation is provided. Annual depreciation rates used are as follows:

Leasehold improvements	10%
Fixtures and fittings	10% - 20%
Satellite hubs	14% - 100%
Machinery and test equipment	14% - 35%

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

1 ACCOUNTING POLICIES (continued)

(g) Amortisation

Intangible assets are amortised on a straight-line basis to write off the value of the asset over their estimated lives. The rates of amortisation used are as follows:

Know How	14%
DPC Licence and Software	20%
Goodwill	5%

(h) Pensions

The group operates three pension schemes, one funded defined benefit scheme and two defined contribution schemes. For the defined benefit pension scheme the expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged over the service lives of employees in the scheme operated in the group. This scheme was closed to new entrants in September 1998 and the group then provided the option of a defined contribution pension scheme to its employees. Contributions are charged against profit in the year to which they relate.

(i) Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of the equivalent owned assets.

The company provides a variety of lease financing services to its customers. Lease receivables primarily represent the principal balances due under sales-type and direct-financing leases under these programmes. These leases are usually collateralised by a security interest in the underlying assets.

(j) Cash flow statement

The company is a wholly owned subsidiary of DTV Network Systems Inc and it is included in the consolidated financial statements of DTV Network Systems Inc which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

(k) Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

2 TURNOVER

Turnover derives from the manufacture and distribution of telecommunications equipment and the provision of telecommunications services. It comprises sales to customers located in the following territories:

	2003	2002 <i>restated</i>
	£	£
United Kingdom	12,450,556	10,101,172
Europe	39,914,810	34,087,868
Rest of the world	1,067,160	2,665,654
	<u>53,432,526</u>	<u>46,854,694</u>

Included within the turnover balance is £1,794,707 (2002: £2,072,151) that relates to capital repayments receivable in respect of finance leases. The cost of assets acquired for the purpose of letting under finance leases is £4,152,229 (2002: £6,099,579).

3 OPERATING LOSS

The operating loss is after charging the following:

	2003	2002
	£	£
Depreciation		
Tangible owned fixed assets	2,113,498	1,418,651
Tangible fixed assets held under finance leases	145,309	158,518
Amortisation of DPC Licence	2,900	23,352
Rentals under operating leases		
Hire of plant and machinery	284,729	400,045
Hire of other assets	194,388	647,928
Exceptional bad debt provision	-	5,536,438
Auditors' remuneration for audit (company £28,000 2002: £28,000)	<u>80,000</u>	<u>75,793</u>

DTVG EUROPE LIMITED
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NOTES TO THE ACCOUNTS
31 December 2003

4 OTHER (COSTS)/ INCOME	2003	2002
	£	£
Unrealised exchange (loss)/ gain	4,788,225	2,863,821
Realised exchange loss	(6,161,803)	(459,446)
	<u>(1,373,578)</u>	<u>2,404,375</u>
5 INTEREST RECEIVABLE AND SIMILAR INCOME	2003	2002
	£	£
Interest on bank balances	117,076	301,376
Interest on finance leases	532,174	383,575
	<u>649,250</u>	<u>684,951</u>
6 INTEREST PAYABLE AND SIMILAR CHARGES	2003	2002
	£	£
Interest on bank loans and overdrafts repayable within 5 years	1,600,790	1,934,975
On finance leases	-	37,541
	<u>1,600,790</u>	<u>1,972,516</u>
7 DIRECTORS' EMOLUMENTS	2003	2002
	£	£
Salary	98,033	102,465
Other emoluments	10,714	9,938
Pension	4,714	7,920
	<u>113,461</u>	<u>120,323</u>
The number of directors to whom pension scheme benefits accrued during the year was 1 (2002: 1). These were accrued under a defined benefit contribution scheme.		
8 INFORMATION REGARDING EMPLOYEES	2003	2002
	£	£
Wages and salaries	5,580,138	6,545,778
Social security	885,690	827,410
Other pension costs (see note 27)	391,109	507,956
	<u>6,856,937</u>	<u>7,881,144</u>
Average number of employees	No	No
Management, sales and administration	57	84
Operations	59	63
	<u>116</u>	<u>147</u>

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

9 TAX ON LOSS ON ORDINARY ACTIVITIES

	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Analysis of tax charge on ordinary activities		
Foreign Tax	37,016	-
Adjustment to the estimated recoverable amounts of deferred tax assets arising in previous periods	-	3,285
Adjustment in respect of prior years	-	(3 285)
	<u>37,016</u>	<u>-</u>
Factors affecting tax charge for the current period		
Loss on ordinary activities before tax	<u>(8,467,538)</u>	<u>(18,385 319)</u>
Tax at 30% thereon	2,540,261	5,515,596
Expenses not deductible for tax purposes	(140,888)	(667 317)
Capital allowances in excess of depreciation	277,137	110,224
Utilisation of tax losses	(2,711,007)	(5,393,929)
Movement in short term timing differences	(2,519)	(280,099)
Other deferred tax movements	-	(502,053)
Group relief	-	1,231,227
Difference on NBV and TWDV of assets transferred	-	(13,649)
Current tax charge for the period	<u>(37,016)</u>	<u>-</u>

A deferred tax asset has not been recognised in respect of timing differences relating to capital allowances, revenue losses and provisions as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £21,310,848 (2002 £16,273,220). The asset would be recovered if suitable profits were to arise in future periods against which the asset could be offset.

10 PROFIT FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is as follows:

	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Holding company's (loss)/profit for the year	<u>(61,195,233)</u>	<u>1,652,906</u>

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

11 GROUP INTANGIBLE FIXED ASSETS

	<i>Goodwill on acquisition</i>	<i>DPC licence and software</i>	<i>Know How</i>	<i>Total</i>
<i>Cost</i>	£	£	£	£
Cost at 1 January 2003	3,935,000	3,028,734	181,580	7,145,314
Foreign exchange translation difference	-	304,874	-	304,874
Additions in year	-	207,031	-	207,031
At 31 December 2003	3,935,000	3,540,639	181,580	7,657,219
<i>Accumulated amortisation</i>				
Accumulated amortisation at 1 January 2003	3,935,000	2,981,956	181,580	7,098,536
Foreign exchange translation difference	-	294,158	-	294,158
Charge for the year	-	21,995	-	21,995
Accumulated amortisation at 31 December 2003	3,935,000	3,298,109	181,580	7,414,689
Net book value at 31 December 2003	-	242,530	-	242,530
Net book value at 31 December 2002	-	46,778	-	46,778

12 GROUP TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i>	<i>Fixtures and fittings</i>	<i>Satellite hubs</i>	<i>Machinery and test equipment</i>	<i>Total</i>
<i>Cost</i>	£	£	£	£	£
At 1 January 2003	466,046	630,561	10,719,251	8,252,048	20,067,906
Prior year adjustment	-	-	-	6,139,984	6,139,984
At 1 January 2003 restated	466,046	630,561	10,719,251	14,392,032	26,207,890
Foreign exchange translation difference	-	-	709,924	16,996	726,920
Additions	-	11,500	1,130,929	162,126	1,304,555
At 31 December 2003	466,046	642,061	12,560,104	14,571,154	28,239,365
<i>Accumulated depreciation</i>					
At 1 January 2003	367,636	537,172	6,047,009	7,448,127	14,399,944
Prior year adjustment	-	-	-	4,775,200	4,775,200
At 1 January 2003 restated	367,636	537,172	6,047,009	12,223,327	19,175,144
Foreign exchange translation difference	-	-	280,823	14,334	295,157
Charge for the year	14,591	25,207	924,823	1,294,186	2,258,807
At 31 December 2003	382,227	562,379	7,252,655	13,531,847	21,729,108
Net book value at 31 December 2003	83,819	79,682	5,307,449	1,039,307	6,510,257
Net book value at 31 December 2002 as restated	98,410	93,389	4,672,242	2,168,705	7,032,746

The net book value of tangible fixed assets includes an amount of £nil (2002 £ 145,309) in respect of assets held under finance leases

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

13 INVESTMENTS

	<i>2003</i>
Company	£
At 1 January 2003	4,628,576
Additions	<u>61,511,062</u>
At 31 December 2003	<u><u>66,139,638</u></u>
	<i>2003</i>
	£
At 1 January 2003	4,628,576
Provision	<u>61,511,062</u>
At 31 December 2003	<u><u>66,139,638</u></u>
Net book value as at 31 December 2003	<u>-</u>
Net book value as at 31 December 2002	<u><u>-</u></u>

The subsidiaries in which investments are held are as follows

The principal details of HOT Telecommunications NV are

Activity	Holding Company
Country of registration	Netherlands
Area of activity	Netherlands
Issued share capital in local currency	€ 3,286,276
Proportion of issued shares held	100%

The principal details of HOT srl are

Activity	Telecommunications
Country of registration	Italy
Area of activity	Italy
Issued share capital in local currency	€ 81,058
Proportion of issued shares held	100%

The principal details of DTVG UK Ltd are

Activity	Telecommunications
Country of registration	England & Wales
Area of activity	Worldwide
Issued share capital in local currency	£67,109,572
Proportion of issued shares held	100%

Subsidiaries of DTVG UK Limited are

	Hughes Network Systems	HOT Telecommunications
	(Deutschland) GmbH	(Italia) SRL
Activity	Telecommunications	Telecommunications
Country of registration	Germany	Italy
Area of activity	Europe	Europe
Issued share capital in local currency	€ 2,351,943	€ 97,133
Proportion of issued shares held	100%	99%

DTVG EUROPE LIMITED
(PREVIOUSLY HUGHES NETWORK SYSTEMS EUROPE LIMITED)

NOTES TO THE ACCOUNTS
31 December 2003

14 STOCKS

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Work in progress	4,345,668	7,368,343	-	-
Finished goods	4,470,740	5,056,551	-	-
	<u>8,816,408</u>	<u>12,424,894</u>	<u>-</u>	<u>-</u>

15 DEBTORS

Debtors due within one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	8,968,489	5,538,468	-	-
Amounts due from fellow subsidiaries	386,350	6,259,341	-	-
Net investment in finance leases	865,892	1,460,988	-	-
Amounts recoverable on contracts	2,369,660	3,234,746	-	-
VAT recoverable	713,331	854,479	-	-
Other debtors and prepayments	1,746,588	931,311	-	-
	<u>15,050,310</u>	<u>18,279,333</u>	<u>-</u>	<u>-</u>

Debtors due after more than one year

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Net investment in finance leases	591,279	1,258,877	-	-
Other debtors and prepayments	1,327,271	2,004,181	-	-
	<u>1,918,550</u>	<u>3,263,058</u>	<u>-</u>	<u>-</u>

16 CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Payments on account	1,440,006	810,712	-	-
Bank loans	-	10,893,813	-	-
Other secured loans	1,414,409	4,576,834	-	-
Overdraft	5,573,208	25,969,291	-	12,983,755
Obligations under finance leases (note 18)	756,100	155,827	-	-
Trade creditors	3,553,816	6,713,576	-	-
Amounts owed to fellow group companies	7,931,915	49,071,366	195,018	-
Taxation and social security	371,150	80,388	-	-
Other creditors	69,631	2,136	-	-
Accruals and deferred income	5,132,475	6,138,915	-	-
	<u>26,242,710</u>	<u>104,412,858</u>	<u>195,018</u>	<u>12,983,755</u>

The bank loans for both Hughes Network Systems Europe Limited and Hughes Network Systems Limited were secured by a letter of

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guarantee given by Hughes Network Systems Inc

17 CREDITORS - AMOUNTS DUE AFTER ONE YEAR

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Other secured loans				
amounts due within one to two years	2,667,070	2,862,250	-	-
amounts due within two to five years	336,514	2,638,941	-	-
amounts due in more than five years	23 632	23 632	-	-
	<u>3 027 216</u>	<u>5 524 823</u>	<u>-</u>	<u>-</u>

18 OBLIGATIONS UNDER FINANCE LEASES

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Amounts due within one year	<u>756,100</u>	<u>155,827</u>	<u>-</u>	<u>-</u>

19 CALLED UP SHARE CAPITAL

	2003	2002
	£	£
Authorised ordinary shares of £1 each	<u>80 000 000</u>	<u>12,835,504</u>
Allotted, issued and fully paid		
74,346,564 (2002 12,835,504) ordinary shares of £1 each	<u>74,346,564</u>	<u>12 835,504</u>

On 21st September 2003 61,511,060 ordinary shares were issued at par

20 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 8 paragraph 3 (c) relating to subsidiary companies

21 GUARANTEES

On 12 February 2001 Hughes Network Systems Ltd, a subsidiary company, gave an unconditional and irrevocable guarantee to Barclays Technology Finance GmbH (formerly known as Dresdner Kleinwort Benson Finance (Deutschland) GmbH) and Barclays Technology Finance Ltd (formerly known as Dresdner Kleinwort Benson Finance Ltd) for the indebtedness and obligations of its subsidiary Hughes Network Systems (Deutschland) GmbH

Total bank guarantees outstanding at the year end amounted to £1,442,042 (2002 £1,777,541)

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22 OPERATING LEASE COMMITMENTS

At 31 December 2003 the group was committed to making the following payments during the next year in respect of operating leases

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>2003</i>	<i>2003</i>	<i>2002</i>	<i>2002</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Leases which expire				
Within one year	-	94,440	-	91,712
Within two to five years	-	673,031		633,242
More than five years	742,204	-	717,807	-
	<u>742,204</u>	<u>767,471</u>	<u>717,807</u>	<u>724,954</u>

23 PARENT COMPANY

As at the end of 2003 the ultimate parent company and smallest and largest group consolidation was General Motors Corporation, a company incorporated in the state of Delaware, USA. The address from which the financial statements of the ultimate parent company can be obtained is

300 Renaissance Center
P O Box 300
Detroit, Michigan 48265-3000, USA

As described in note 29, subsequent to the year end DTV Network Systems Inc became DTVG Europe Limited's ultimate parent company

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31 December 2003

24 PROFIT AND LOSS RESERVE

Group

	<i>Profit and loss account £</i>
Balance at 1 January 2003 as previously stated	(59,437,467)
Prior Year Adjustment	<u>(232,467)</u>
Balance as at 1 January 2003 as restated	(59,669,934)
Retained loss for the year	(8,504,554)
Foreign exchange translation	<u>(2,280,155)</u>
Balance as at 31 December 2003	<u><u>(70,454,643)</u></u>

Company

	<i>Profit and loss account £</i>
Balance at 1 January 2003	(14,456,743)
Retained loss for the year	<u>(61,195,232)</u>
Balance as at 31 December 2003	<u><u>(75,651,975)</u></u>

25 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	Group		Company	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Loss for the financial year	(8,504,554)	(17,993,494)	(61,195,232)	1,652,906
Foreign exchange translation	(2,280,155)	(2,911,640)	-	-
Additional share capital allotted, issued and fully paid	61,511,060	-	-	-
Shareholders' deficit brought forward	(46,601,963)	(25,696,829)	(14,456,743)	(16,109,649)
Prior year adjustments	<u>(232,467)</u>	-	-	-
Shareholders' surplus/(deficit) carried forward	<u><u>3,891,921</u></u>	<u><u>(46,601,963)</u></u>	<u><u>(75,651,975)</u></u>	<u><u>(14,456,743)</u></u>

26 OTHER RESERVES

	<i>Group & Company</i>	<i>Group & Company</i>
	<i>2003</i>	<i>2002</i>
	<i>£</i>	<i>£</i>
Capital contribution from Hughes Aircraft Corporation	<u><u>1,110,393</u></u>	<u><u>1,110,393</u></u>

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27 PENSIONS

The group has continued to account for pensions in accordance with SSAP24. FRS17 'Retirement Benefits' was issued in November 2000, but was not mandatory for the group and the company until 2005. Prior to this, phased transitional disclosures were required which started in 2002.

The group operates three pension schemes for all qualifying employees.

Until September 1998 the group operated a funded defined benefit scheme for UK employees only. From this date this scheme was closed to new entrants and a defined contribution scheme was set up for subsequent entrants. In 2001 a defined contribution scheme was set up for employees in Germany.

Defined benefit scheme details

The last actuarial valuation was carried out using membership data as at 1 April 2002. An actuarial review was carried out for the year ending 31 December 2003 for FRS 17 reporting purposes and the results thereof are disclosed below.

The major assumptions used in valuing the liabilities are given below.

	2003	2002	2001
	£	£	£
Assumptions			
Discount Rate	5.4%	5.5%	5.8%
Inflation	2.8%	2.3%	2.6%
Salary increases	4.3%	3.8%	4.0%
Increases to deferred pension before retirement	2.8%	2.3%	2.6%

The assets in the scheme and the expected rate of return were:

	2003		2002		2001	
	Long term rate of return expected	Value of Assets £	Long term rate of return expected	Value of Assets £	Long term rate of return expected	Value of Assets £
Cash Accumulation Policy	7.0%	5,449,000	7.2%	4,567,000	7.5%	4,718,000
Secured pensions in payment	5.4%	<u>1,484,000</u>	5.5%	<u>1,492,000</u>	5.8%	<u>1,167,000</u>
Total market value of assets		<u>6,933,000</u>		<u>6,059,000</u>		<u>5,885,000</u>
Present value of scheme liabilities						
Deficit in the scheme		<u>(11,474,000)</u>		<u>(10,047,000)</u>		<u>(7,900,000)</u>
		<u>(4,541,000)</u>		<u>(3,988,000)</u>		<u>(2,015,000)</u>

During the year ending 31 December 2003, a contribution rate of 37% of pensionable salaries was paid. This contribution rate is expected to continue until February 2005, subject to the results of the scheme's normal actuarial valuations.

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27 PENSIONS (continued)

Analysis of the amount charged to operating profit

	2003	2002
	£	£
Current service cost including the cost incurred by the Employer in respect of the Additional Voluntary Contribution arrangement	<u>254,000</u>	<u>344,000</u>
Total operating charge	<u><u>254,000</u></u>	<u><u>344,000</u></u>

Analysis of the amount credited to other finance income

	2003	2002
	£	£
Expected return on assets	419,000	431,000
Interest cost	<u>(559,000)</u>	<u>(461,000)</u>
Net return	<u><u>(140,000)</u></u>	<u><u>(30,000)</u></u>

Analysis of the amount recognised in statement of total gains and losses

	2003	2002
	£	£
Actual return less expected return on assets		
Experience gains and losses arising on the scheme liabilities	307,000	(514,000)
Change in basis - financial	133,000	(22,000)
Change in basis - demographic	-	(379,000)
Actuarial loss recognised in statement of recognised gains and losses	<u>(891,000)</u>	<u>(1,186,000)</u>
Movement in deficit during the year	<u><u>(451,000)</u></u>	<u><u>(2,101,000)</u></u>

	2003	2002
	£	£
Deficit in scheme at beginning of year	(3,988,000)	(2,015,000)
Movement in year		
Current service cost	(254,000)	(344,000)
Employers' contributions	292,000	502,000
Other finance income	(140,000)	(30,000)
Actuarial gain	<u>(451,000)</u>	<u>(2,101,000)</u>
Deficit in scheme at end of year	<u><u>(4,541,000)</u></u>	<u><u>(3,988,000)</u></u>

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27 PENSIONS (continued)

History of experience gains and losses

	2003	2002
	£	£
Difference between the expected and annual return on the scheme	307,000	(514,000)
Percentage of scheme liabilities	4.4%	8.5%
Experience gains and losses on scheme liabilities	133,000	(22,000)
Percentage of scheme liabilities	1.2%	0.2%
Total amount recognised in statement of total recognised gains and losses	(451,000)	(2,101,000)
Percentage of scheme liabilities	3.9%	20.9%

The effect on the group net liabilities as at 31 December 2003 is shown below

	2003	2002
	£	£
Group net assets/(liabilities) before pension deficit	5,002,314	(45,724,037)
Net pension deficit as above	<u>(4,541,000)</u>	<u>(3,988,000)</u>
Consolidated net assets/(liabilities) after pension deficit	<u>461,314</u>	<u>(49,712,037)</u>

Contributions

The total pension cost to the group for the year ended 31 December 2003 was £391,109 (2002 £511,120). Contributions totalling £541 (2002 £6,198) were outstanding at the year end.

Contributions in the year may be broken down as follows

	2003	2002
	£	£
Defined benefit scheme	268,150	362,754
Defined contribution scheme UK	57,636	70,148
Defined contribution scheme Germany	<u>65,323</u>	<u>78,217</u>
	<u>391,109</u>	<u>511,120</u>

Contributions outstanding at the year end may be broken down as follows

	2003	2002
	£	£
Defined benefit scheme	(4,890)	-
Defined contribution scheme UK	5,431	6,198
Defined contribution scheme Germany	-	-

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	<u>541</u>	<u>6,198</u>
28 PRIOR YEAR ADJUSTMENT		

Following the release of FRS 5 Application note G giving guidance on revenue recognition, the group has changed its revenue recognition policy to spread the revenue of its sale and leaseback assets over the length of the lease rather than recognising the revenue upfront. The cost of the equipment sold has been capitalised as a fixed asset and is depreciated over the contract length

The effect of the prior year adjustment was to reduce revenue for 2002 by £1,236,058 and decrease cost of sales and administration expenses by £1,627,883

The effect on 2003 was to increase revenue by £460,940 and increase cost of sales by £382,056

29 POST BALANCE SHEET EVENTS

In December 2004 an agreement to sell a 50% stake in Hughes Network Systems Inc to SkyTerra was announced and this transaction was completed on 22 April 2005. As part of the transaction this company agreed to sell certain subsidiaries trade and assets to Hughes Network Systems Europe Limited, a new company within the SkyTerra / DirecTV joint venture, for £3,500,000. As such the group effectively ceased trading on 22 April 2005.

It is not intended that the company will recommence trading in the foreseeable future.