

Arqiva Limited

Registered number 2487597
(formerly National Transcommunications Limited)

Financial Statements

For the period from 1 January 2005 to 30 June 2005



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COMPANIES HOUSE 28/04/2006

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Table of Contents

Directors' Report	1
Principal activities.....	1
Dividends, transfers to reserves and results	1
Future developments	1
Post balance sheet events	1
Creditor payment policy	1
Financial risk management	1
Health and safety	2
Employees	2
Directors and their interests	2
Issuance of share capital	3
Company Secretary	3
Auditors.....	3
Statement of Directors' Responsibilities	4
Independent Auditors' Report to the Members of Arqiva Limited	5
Respective responsibilities of Directors and auditors	5
Basis of audit opinion	5
Opinion.....	5
Profit and Loss Account.....	6
Balance Sheet	7
Statement of Total Recognised Gains and Losses.....	8
Note of Historical Cost Profits and Losses	8
Notes to the Financial Statements.....	9
1 Principal accounting policies.....	9
2 Turnover	10
3 Operating profit.....	11
4 Exceptional items	11
5 Interest receivable and similar income	12
6 Interest payable and similar charges	12
7 Staff costs.....	12
8 Taxation.....	13
9 Dividends and other appropriations	13
10 Tangible fixed assets	14
11 Investments	15
12 Debtors: amounts falling due within one year	15
13 Creditors: amounts falling due within one year	15
14 Creditors: amounts falling due after one year	16
15 Provisions for liabilities and charges.....	16
16 Share Capital.....	16
17 Profit and loss account	17
18 Reserves	17
19 Reconciliation of movement in shareholders' funds.....	17
20 Commitments for expenditure.....	17
21 Contingent liabilities.....	18
22 Pension commitments	18
23 Related party disclosures	20
24 Immediate parent company	20
25 Controlling party	20
26 Post balance sheet events.....	20

Directors' Report

The Directors of Arqiva Limited ("the Company") submit the following report, in respect of the period ended 30 June 2005. The Company changed its accounting reference date from 31 December to 30 June to be consistent with other group companies following the change in its ultimate controlling party (note 25)

The Company changed its name from National Transcommunications Limited to Arqiva Limited on 29 July 2005.

Principal activities

The principal activity of the Company is to provide digital and analogue television and radio broadcast transmission services, tower site rental, satellite and media services and radio communications to public safety organisations in the UK.

On 2 December 2004, the Company's then ultimate parent undertaking and controlling party, NTL Incorporated, entered into an agreement to sell the Company to a consortium led by the Macquarie Communications Infrastructure Group ("MCG"). This transaction duly completed on 31 January 2005, the Company being acquired by Macquarie UK Broadcast Limited ("MUKBL")

In the opinion of the Directors, there were no other significant developments that occurred during the period under review.

Dividends, transfers to reserves and results

The directors do not propose to pay a dividend for the period (year to 31 December 2004; £692,068,000). The profit for the period of £17,159,000 (year to 31 December 2004; deficit of £105,904,000) was transferred to reserves.

Future developments

It is the intention of the Company to continue investing in communications infrastructure projects.

Post balance sheet events

On 3 June 2005 the Company entered into an exclusive negotiation to purchase 100% of Inmedia Communications Group Limited. The transaction completed on 8 July 2005 for a total consideration including expenses of £72,820,000 and was funded from cash balances existing at that date. The trade and assets of the Inmedia companies were subsequently transferred to the Company effective 1 January 2006.

On 5 August 2005, the Company declared an interim dividend totalling £36,750,000.

Creditor payment policy

The Company seeks to treat all of its suppliers fairly and it is the Company's policy to agree the terms of payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

Price risk

The Company is exposed to fluctuations in prices but the potential impact of this is reduced through the majority of the Company's costs being in relation to headcount, rent and other costs where prices do not fluctuate on a day-to-day basis but are fixed for periods of time.

Credit risk

The Company is exposed to credit risk but this is managed through appropriate credit checking procedures prior to taking on new customers, higher risk customers paying in advance of services being provided, and the generally lower risk nature of the majority of the customer portfolio.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Liquidity risk

The Company is debt free and cash generating; accordingly it has no significant direct liquidity risk. Where required, funds can be advanced from other Companies within the UK group.

Cash flow interest risk

The Company is not reliant to any significant extent on interest income and currently bears no external funding costs. Accordingly, direct exposure to interest rate risk is not significant.

Health and safety

The Company is committed to complying with applicable health & safety legislation, and to continual improvement in achieving a high standard of health, safety and welfare for its operating environments and for all those in the organisation and others who may be affected by its activities.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training arranged. It is the policy of the company that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues using the intranet, briefing groups and distribution of the financial statements.

Directors and their interests

The following persons held office as Directors of the Company during the period and up to the date of this report:

— Robert Mackenzie	(resigned 31 January 2005)
— Robert Gale	(resigned 31 January 2005)
— Wayne Leamon	(appointed 31 January 2005, resigned 6 July 2005)
— Richard Howes	(appointed 31 January 2005, resigned 20 September 2005)
— Graeme Bevans	(appointed 31 January 2005, resigned 22 March 2006)
— James Craig	(appointed 31 January 2005, resigned 22 March 2006)
— Scott Davies	(appointed 31 January 2005)
— Gerald Moriarty	(appointed 31 January 2005)
— Peter Douglas	(appointed 31 January 2005)
— David Chessell	(alternate director appointed 17 June 2005)
— Graham Matthews	(alternate director appointed 17 June 2005)
— Steven Bickerton	(appointed 20 September 2005)
— Graeme Barclay	(appointed 20 September 2005)
— Christian Seymour	(appointed 22 March 2006, appointed as alternate director 17 June 2005)
— Marc Hari	(appointed 22 March 2006)

The Company has taken advantage of exemptions available not to disclose the interests of any directors in Macquarie Communications Infrastructure Group ("MCG") Stapled Securities, as MCG is based outside the United Kingdom. No director had any interest in the share capital of the Company.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Issuance of share capital

The Company issued 100 £1 ordinary shares during the period as part of the change in its parent company (note 24).

Company Secretary

Gillian James and Robert Mackenzie resigned as joint Company Secretaries on 31 January 2005. Thomas O'Connor was appointed Company Secretary on 31 January 2005.

Auditors

Ernst & Young LLP resigned as the Company's auditors on 15 June 2005. PricewaterhouseCoopers LLP were appointed in their place and have indicated their willingness to continue in office.

By order of the Board



Thomas O'Connor
Secretary

27 April 2006
Crawley Court
Winchester
Hampshire
SO21 2QA

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company as at the end of the period 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 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 keeping proper accounting records that 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 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 Arqiva Limited

We have audited the financial statements of Arqiva Limited for the period ended 30 June 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. *We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.*

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 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, 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 other transactions is not disclosed.

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

Basis of audit 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 judgments 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 June 2005 and of its profit for the period then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Southampton
27 April 2006

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Profit and Loss Account

	Note	Six months period to 30 June 2005 £000	Year to 31 December 2004 £000
Turnover			
Continuing operations		138,766	277,760
Discontinued operations	4	-	170,126
	2	138,766	447,886
 Cost of sales		 (48,910)	 (160,646)
 Gross profit		 89,856	 287,240
 Administrative expenses		 (56,681)	 (234,563)
Operating exceptional item	4	-	(9,005)
 Operating profit			
Continuing operations		33,175	38,645
Discontinued operations		-	5,027
	3	33,175	43,672
 Exceptional item; forgiveness of debt and interest obligations waived	4	 -	 579,552
		33,175	623,224
 Interest receivable and similar income	5	 1,267	 124
Interest payable and similar charges	6	-	(29,490)
Profit on ordinary activities before taxation		34,442	593,858
 Tax on profit on ordinary activities	8	 (17,283)	 (7,694)
 Profit for the financial period / year		 17,159	 586,164
 Dividends	9	 -	 (692,068)
 Retained profit / (deficit) for the financial period / year		 17,159	 (105,904)

The accounting policies and notes on pages 9 to 20 form part of these financial statements.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Balance Sheet

	Note	30 June 2005 £'000	31 December 2004 £'000
Fixed Assets			
Tangible assets	10	389,994	233,367
Investments	11	5,552	5,632
		395,546	238,999
Current Assets			
Debtors	12	85,354	38,539
Cash at bank and in hand		55,916	1,620
		141,270	40,159
Creditors: amounts falling due within one year	13	(105,797)	(46,487)
Net current assets / (liabilities)		35,473	(6,328)
Total assets less current liabilities		431,019	232,671
Creditors: amounts falling due after more than one year	14	(5,285)	(5,285)
Provisions for liabilities and charges	15	(37,685)	(7,432)
Net assets excluding pension liability		388,049	219,954
Pension liability	22	(560)	-
Net assets including pension liability		387,489	219,954
Capital and Reserves			
Called up share capital	16	30,000	30,000
Share premium account	18	90,800	90,800
Revaluation reserve	18	183,817	34,021
Capital reserve	18	13,396	13,396
Profit and loss account	17	69,476	51,737
Equity Shareholders' funds	19	387,489	219,954

The accounting policies and notes on pages 9 to 20 form part of these financial statements.

These financial statements were approved by the Board of Directors on 27 April 2006 and were signed on its behalf by:



Director

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Statement of Total Recognised Gains and Losses

	Note	Six months period to 30 June 2005 £000	Year to 31 December 2004 £000
Profit for the financial period / year	17	17,159	586,164
Unrealised surplus on revaluation of fixed assets	10	150,376	-
Total recognised gains and losses relating to the period / year		167,535	586,164

Note of Historical Cost Profits and Losses

	Six months period to 30 June 2005 £000	Year to 31 December 2004 £000
Reported profit on ordinary activities before taxation	34,442	593,858
Difference between historical cost depreciation charge and the actual depreciation charge for the period / year calculated on the revalued amount.	1,077	1,297
Historical cost profit on ordinary activities before taxation	35,519	595,155
Historical cost profit / (deficit) retained after taxation and dividends	18,236	(104,607)

The accounting policies and notes on pages 9 to 20 form part of these financial statements.

Notes to the Financial Statements

1 Principal accounting policies

The following accounting policies have been applied consistently in relation to the Company's financial statements:

(a) Basis of preparation

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 1985 and applicable UK accounting standards, under the historical cost convention, modified by the revaluation of certain tangible fixed assets.

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its immediate parent, Macquarie UK Broadcast Limited, a company registered in England and Wales.

The company has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', and FRS 25, 'Financial instruments: disclosure and presentation', in these financial statements. The adoption of these standards represents a change in accounting policy however there is no impact on the comparative figures.

(b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost (which includes costs directly attributable to bringing the assets into working condition), or revalued amount, less accumulated depreciation and any provision for impairment. Assets subject to revaluation are valued at regular intervals appropriate to maintain their carrying values at up to date amounts, and in accordance with FRS 15 Tangible Fixed Assets.

Depreciation is provided on a straight line basis at rates calculated to write off the cost, less estimated residual value, of assets over their estimated useful lives. The useful economic lives of the assets have been determined taking into account the expected rate of technological developments, market requirements and expected use of the assets. The selected depreciation rates are regularly reviewed to ensure they remain appropriate to the Company's circumstances. The rates of depreciation have been changed following the revaluations in the period (note 10), as follows:

Asset Description	Estimated Useful Life from 31 January 2005	Estimated Useful Life for 2004 and to 31 January 2005
Freehold buildings	60 years	50 years
Leasehold buildings	Length of lease	Length of lease
Plant and equipment		
- Communications network	30 - 100 years	15 years
- Computer equipment	10 years	3-5 years
- Motor vehicles	4 years	4 years

(c) Stocks

Stocks relating to construction of network assets have been included in fixed assets. Stocks are stated at the lower of cost, which includes directly attributable costs, incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials and consumables	- purchase cost
Work in progress	- cost of direct materials and direct labour

(d) Turnover

The Company's accounting policy in respect of turnover is set out in note 2.

(e) Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment in value, in accordance with FRS 11.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

(f) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account.

(g) Operating Leases

Operating lease payments for assets leased from third parties are charged to the profit and loss account on a straight line basis over the period of the lease.

(h) Taxation and deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences using the liability method for timing differences where there is an obligation to pay more tax, or a right to pay less tax, in the future. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantially enacted by the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when it is more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted. Deferred tax is not recognised on revalued fixed assets until a binding agreement is in place to sell such assets and the resulting gain or loss has been recognised in the financial statements.

(i) Post retirement benefits

Defined Contribution Schemes

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the period. Differences between contributions payable for the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined Benefit Schemes

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on high quality corporate bonds of equivalent currency and terms to the scheme liabilities.

Any defined benefit asset or liability is presented separately on the face of the balance sheet.

(j) Interest

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable and payable on bank deposits and bank borrowings respectively.

(k) Cash flow statement

The Company has taken advantage of the exemption under FRS 1 (revised) not to prepare a cash flow statement as it is a subsidiary which is at least 90% controlled by the ultimate UK parent undertaking (see note 24), which prepares a consolidated cash flow statement.

2 Turnover

The principal activity of the Company during the period was the operation of a communications infrastructure business, operating within the United Kingdom. The Company claims exemption from SSAP 25 – Segmental Reporting, on the grounds that, in the opinion of the Directors, disclosure of this information would be seriously prejudicial to the interests of the Company.

Turnover, which is stated net of value added tax, includes the value of charges made for transmission services, distribution services, products, facilities leasing, research and development contracts, external network services to

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

national and international telecommunication operations, other contracts, rents from properties, excess above cost in respect of capital works contributions from third parties and charges made under site sharing agreements.

Where contracts meet the definition of long-term contracts under SSAP 9, turnover and profit is recognised in accordance with SSAP 9. Work is undertaken either on the basis that time and materials are billed as incurred or according to the terms of fixed price contracts. For time and material contracts, turnover and profit is recognised when the right to consideration has been established according to time worked and materials expended. With respect to fixed price contracts, turnover is recognised according to the percentage of the estimated total contract value completed or the achievement of contract milestones; a proportion of profit is also recognised as the contract progresses. All losses on fixed price contracts are recognised in the first period they are incurred or foreseen. Revenue and profit is recognised from project variations when it is expected that it will be recovered from customers.

In respect of short-term contracts which do not meet the definition of the long-term contract under SSAP 9, turnover and profit is recognised once the contract is complete. Completion is defined as the point at which all contractual obligations have been satisfied and the Company has an enforceable debt.

Cash received in advance from customers is taken to deferred income and released to turnover over the life of the contract concerned.

3 Operating profit

Operating profit is stated after charging:

	Six months period to 30 June 2005	Year to 31 December 2004
	£'000	£'000
Depreciation of owned fixed assets	6,288	99,740
Auditors' remuneration for audit services	172	20
Auditors' remuneration for other non audit services	116	-
Operating lease rentals – plant and machinery	960	2,307
Operating lease rentals – land and buildings	4,978	9,323
Reorganisation expenses (note 15)	4,000	-

4 Exceptional items

	Six months period to 30 June 2005	Year to 31 December 2004
	£'000	£'000
Separation costs on transfer of assets relating to the Other Activities – Operating expense	-	(9,005)
Forgiveness of debt and interest obligations waived – Non operating credit	-	579,552

In the period to 30 November 2004, the Company had other business activities ("the Other Activities"), which involved the provision of national and international communications transport services for communications companies in the UK and the Republic of Ireland.

On 30 November 2004, the Other Activities were transferred to two subsidiaries of the Company, ntl National Networks Limited and ntl Irish Networks Limited. The Company incurred costs of £9,005,000 involving the transfer of assets relating to the Other Activities to ntl National Networks Limited.

On the same date the balance of intercompany loans outstanding and owing to its then immediate parent company, ntl (Chichester) Limited, were waived. This included loan notes of £554,091,000 and interest of £25,461,000.

The Company then transferred its investments in both ntl National Networks Limited and ntl Irish Networks Limited respectively, to ntl (Chichester) Limited through a dividend in specie.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

5 Interest receivable and similar income

	Six months period to 30 June 2005	Year to 31 December 2004
	£'000	£'000
Interest receivable from group companies	-	124
Bank interest receivable	1,267	-
	1,267	124

6 Interest payable and similar charges

	Six months period to 30 June 2005	Year to 31 December 2004
	£'000	£'000
Interest payable to group companies	-	29,490

7 Staff costs

Prior to the acquisition of the Company by Macquarie UK Broadcast Limited, ntl Group Limited employed most of the UK employees of ntl group companies. Accordingly, the Company had no employees of its own until the acquisition on 31 January 2005 and as such no comparative information can be presented. The average number of persons employed by the Company during the period from 1 February 2005 to 30 June 2005 was as follows:

	Number
Corporate Support	73
Media	96
Wireless Solutions	48
Operations	340
Field Operations	374
Public Safety	84
Engineering and Implementation	229
	1,244

The aggregate payroll costs of these persons from 1 February 2005 were as follows:

	£'000
Wages and salaries	20,044
Social security costs	2,059
Other pension costs (note 22)	2,581
Total staff costs	24,684

None of the Directors are employees of the Company and no Director received any remuneration from the Company during the period.

Directors' remuneration while the Company was part of the ntl group was paid by ntl Group Limited and not directly recharged.

Following the acquisition of the Company by Macquarie UK Broadcast Limited, there are no direct recharges made to the Company in respect of the services provided by any of the Directors, as their services as a Director are considered to be incidental to their other services in either the Macquarie Communications Infrastructure Group or their employing company.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

8 Taxation

	Six months period to 30 June 2005	Year to 31 December 2004
	£'000	£'000
Analysis of tax charge for the period / year		
Current tax		
UK corporation tax at 30%	-	-
Total current tax	-	-
Deferred tax		
Adjustments to estimated recoverable amount of deferred tax assets	3,336	-
Adjustments to estimated future capital allowances available	14,121	-
Origination and reversal of timing differences	(174)	7,694
Total deferred tax (note 15)	17,283	7,694
Tax on profit on ordinary activities	17,283	7,694
Factors affecting the current tax charge for the period are as follows:		
Profit on ordinary activities before taxation	34,442	593,858
Profit before taxation multiplied by standard rates of corporation tax in the United Kingdom of 30%	10,333	178,157
Expenses not deductible for tax purposes	486	(9,590)
Capital allowances in excess of depreciation	(1,929)	(17,507)
Other short term timing differences	2,103	20,104
Exceptional items	-	(171,164)
Group relief receivable	(10,993)	-
Total current tax	-	-

9 Dividends and other appropriations

Equity dividends on ordinary shares;

	Six months period to 30 June 2005	Year to 31 December 2004
	£'000	£'000
Interim dividend – in specie	-	692,068

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

10 Tangible fixed assets

	Network	Construction In Progress	Other	Freehold land and buildings	Short leasehold land and buildings	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 January 2005	481,245	888	102,006	-	-	-	584,139
Reclassification	(481,245)	(888)	(102,006)	64,688	26,017	493,434	-
Revaluations	-	-	-	99,270	(4,560)	8,741	103,451
Additions	-	-	-	3	-	12,538	12,541
Disposals	-	-	-	-	(2)	-	(2)
At 30 June 2005	-	-	-	163,961	21,455	514,713	700,129
Depreciation							
At 1 January 2005	302,611	-	48,161	-	-	-	350,772
Reclassification	(302,611)	-	(48,161)	22,445	14,816	313,511	-
Revaluations	-	-	-	27,060	(15,317)	(58,668)	(46,925)
Charge for the period	-	-	-	193	911	5,184	6,288
At 30 June 2005	-	-	-	49,698	410	260,027	310,135
Net book value							
At 30 June 2005	-	-	-	114,263	21,045	254,686	389,994
At 31 December 2004	178,634	888	53,845	-	-	-	233,367

Freehold land at valuation included above not depreciated

77,351

The Company's tangible fixed assets were valued effective 31 January 2005 in accordance with the guidance set out in the RICS Appraisal and Valuation Standards, by independent qualified valuers. The valuation of plant and equipment was completed by Ove Arup and Partners on a Depreciated Replacement Cost basis. The valuation of land was completed by Cluttons on a Market Value basis. As a result, adjustments have been made to both cost and depreciation above in accordance with FRS 15, and the resulting net revaluation adjustment totalling £150,376,000 has been taken to the revaluation reserve (note 18).

The valuations undertaken also included a review of the assets' remaining useful lives. Accordingly from 1 February 2005 depreciation charged is in accordance with the asset depreciation rates outlined in note 1.

The impact of the changes in fixed asset values and asset lives estimates has been to increase profit in the period by £7,818,000 over what would have been reported had those adjustments not been made.

The Company's categorisation of fixed asset categories has been adjusted in the period to be consistent with categories adopted by its new parent undertakings (note 24). No adjustments to net book values have occurred as a result.

If fixed assets were stated on a historical cost basis, the amounts would be:

	2005				2004			
	Freehold land and buildings	Short leasehold land and buildings	Plant and equipment	Total	Freehold land and buildings	Short leasehold land and buildings	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost	32,398	24,867	476,476	533,741	32,395	24,869	463,938	521,202
Accumulated depreciation	16,772	14,921	296,061	327,754	16,264	14,030	294,549	324,843
Net book value based on historical cost	15,626	9,946	180,415	205,987	16,131	10,839	169,389	196,359

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

11 Investments

	Other investments £'000	Investments in Subsidiaries £'000	Total £'000
Cost			
At 1 January 2005 and 30 June 2005	97	5,535	5,632
Provision for impairment			
At 1 January 2005	-	-	-
Amounts written off in the period	(80)	-	(80)
At 30 June 2005	(80)	-	(80)
Net book value			
At 30 June 2005	17	5,535	5,552
At 31 December 2004	97	5,535	5,632

The company holds 20% or more of the share capital of the following companies :

Company	Country of Incorporation	Principal Activities	Year End	Percentage / Class of Shares Held
Scanners (Europe) Limited	United Kingdom	Dormant Holding Company	30 June	100% ordinary
Scanners Television Outside Broadcasting Limited	United Kingdom	Dormant	30 June	100% ordinary
The Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension Fund Management	31 March	100% ordinary

12 Debtors: amounts falling due within one year

	30 June 2005 £'000	31 December 2004 £'000
Trade debtors	32,742	27,551
Amounts owed by parent undertaking	37,435	-
Other debtors	2,073	-
Prepayments and accrued income	13,104	10,988
	85,354	38,539

Amounts owed by the parent undertaking are unsecured, carry no interest, and are repayable on demand.

13 Creditors: amounts falling due within one year

	30 June 2005 £'000	31 December 2004 £'000
Trade creditors	9,179	475
Amounts owed to fellow subsidiary undertaking	8,249	-
Other taxes and social security costs	14,598	-
Other creditors	3,974	-
Accruals and deferred income	69,797	46,012
	105,797	46,487

Amounts owed to fellow subsidiary undertakings are unsecured, carry no interest, and are repayable on demand.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

14 Creditors: amounts falling due after one year

	30 June 2005 £'000	31 December 2004 £'000
Amounts due to subsidiaries	5,285	5,285

Amounts due to subsidiaries are repayable in more than five years.

15 Provisions for liabilities and charges

	Contract £'000	Reorganisation £'000	Other £'000	Deferred tax £'000	Total £'000
At 1 January 2005	-	-	-	7,432	7,432
Charged to profit and loss account	8,326	4,000	2,498	17,283	32,107
Utilised in the period	(599)	(886)	(369)	-	(1,854)
At 30 June 2005	7,727	3,114	2,129	24,715	37,685

Contract related provisions have arisen on certain supply contracts. It is anticipated that these provisions will be utilised as the contracts progress within the next five years.

Reorganisation provisions have arisen following the Company's decision to reorganise certain activities and it is anticipated that they will be utilised within the next year.

Other provisions predominantly relate to employee costs and it is anticipated that they will be utilised in the forthcoming year.

	30 June 2005 £'000	31 December 2004 £'000
Provision for deferred tax comprises:		
Accelerated capital allowances	26,954	10,904
Short term timing differences	(2,239)	(3,472)
Undiscounted provision for deferred tax	24,715	7,432

As a result of the sale of the Company to Macquarie UK Broadcast Limited, the tax written down value of qualifying assets has been reduced for the purposes of calculating deferred taxation to the minimum level guaranteed by the Tax Deed for the transaction (£100,000,000), which remains the minimum level of allowances the Company has reasonable certainty of receiving. This resulted in an increase in the deferred tax liability of £14,121,000. At the time of signing these financial statements, this amount remains the best estimate for the purposes of calculating deferred taxation.

No deferred tax has been recognised in respect of future tax on gains arising from revaluation of fixed assets, as the Company is not committed to the disposal of the assets.

The Company has de-recognised deferred tax assets in the period of £3,336,000 relating to Advance Corporation Tax paid in prior periods. This amount would only become recoverable in the future should taxable profits become available against which this amount could be offset.

16 Share Capital

	30 June 2005 £'000	31 December 2004 £'000
Authorised:		
30,000,300 (2004: 30,000,200) Ordinary shares of £1 each	30,000	30,000
Allotted, called up and fully paid:		
30,000,201 (2004: 30,000,101) Ordinary shares of £1 each	30,000	30,000

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

On 27 January 2005 the Company authorised the issue of 100 £1 ordinary shares at par in connection with the sale of the Company to Macquarie UK Broadcast Limited.

17 Profit and loss account

	£'000
At 1 January 2005	51,737
Transfer from revaluation reserve	580
Retained profit for the financial period	17,159
At 30 June 2005	69,476

During the period £580,000 was transferred from the revaluation reserve to the profit and loss account in respect of previously revalued fixed assets no longer owned by the Company.

18 Reserves

	Share Premium Account £'000	Revaluation Reserve £'000	Capital Reserve £'000	Total £'000
At 1 January 2005	90,800	34,021	13,396	138,217
Transfer to profit and loss account	-	(580)	-	(580)
Revaluations in the period	-	150,376	-	150,376
At 30 June 2005	90,800	183,817	13,396	288,013

19 Reconciliation of movement in shareholders' funds

	30 June 2005 £'000	31 December 2004 £'000
Profit for the financial period / year	17,159	586,164
Dividends	-	(692,068)
Retained profit / (deficit) for the financial period / year	17,159	(105,904)
Revaluation of fixed assets	150,376	-
Net addition to / (reduction in) shareholders' funds	167,535	(105,904)
Opening shareholders' funds	219,954	325,858
Closing shareholders' funds	387,489	219,954

20 Commitments for expenditure

Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as a liability are payable as follows:

	30 June 2005 £'000	31 December 2004 £'000
Within one year	5,182	3,810

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

Operating leases

Annual commitments in relation to non-cancellable operating leases for land, buildings and other infrastructure locations expiring:

	30 June 2005	31 December 2004
	£'000	£'000
Within one year	68	82
Later than one year but not later than five years	990	916
Later than five years	5,210	3,537
Total	6,268	4,535

Other commitments

Other annual lease commitments in relation to transmission activities expiring:

	30 June 2005	31 December 2004
	£'000	£'000
Within one year	3,286	1,541

21 Contingent liabilities

The Company is the lessee for various properties occupied by companies forming part of the ntl group, the Company's former owners. The Company is in the process of assigning these leases to ntl companies, but this process was incomplete at 30 June 2005. ntl group companies continued to occupy the buildings concerned and to bear all costs associated with the properties, which carry an annual rental of £5,785,000 in total. The total rentals remaining on the outstanding lease terms (which all expire in more than five years and by December 2015 at the latest) at 30 June 2005 totalled £57,081,000. Although ntl have indemnified the Company for these costs, the Company remained ultimately liable for the costs concerned.

Subsequent to the period end the Company completed the assignment of one property to an ntl group company and the annual rental commitment and total outstanding rentals have reduced to £4,659,994 and £44,064,710 respectively.

22 Pension commitments

Defined benefit scheme - Nat Trans Pension Plan

Following the transfer on 30 November 2004 of the communications transport services activities of the Company to other ntl Group undertakings, control of the Nat Trans Pension Plan was transferred to another ntl Group Undertaking, National Networks Limited, on 1 December 2004.

The Company made contributions in respect of ntl Group employees within that plan up until 31 January 2005, when the Company was bought by Macquarie UK Broadcast Limited. The Company has no ongoing obligations to the Nat Trans Pension Plan, and no obligations in respect of past service. Details of this plan are disclosed within the financial statements of ntl Group Ltd.

The pension contributions in respect of that plan for January 2005 totalled £235,000.

Defined benefit scheme - the Arqiva Defined Benefit Pension Plan

The Company operates a defined benefit pension plan, "the Arqiva Defined Benefit Pension Plan", which was set up at the time of the sale of the Company to Macquarie UK Broadcast Limited. This plan provides pension benefits solely to those employees formerly employed by the ntl group who at the date of sale were members of the Nat Trans Pension Plan noted above and who transferred employment to Arqiva Limited as a part of the sale. The assets of the scheme are held separately from those of the Company in trustee administered funds.

In line with the requirements of FRS17, published by the Accounting Standards Board in November 2000 and updated in November 2002, details in respect of the scheme are provided below.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

The initial calculations for the formal actuarial valuation as at 30 June 2005 were adjusted appropriately in accordance with FRS17. As required by FRS17, the value of the defined benefit liabilities has been measured using the projected unit method.

The key FRS17 assumptions used for the scheme are set out below, along with the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS17 liabilities and the deficit of assets below the FRS17 liabilities (which equals the Gross pension liability).

Assumptions

The principal assumptions made in consultation with the actuaries (Lane Clark and Peacock) are:

	30 June 2005
Price inflation	2.7% pa
Discount rate	5.2% pa
Pension increases (LPI with a minimum of 3%)	3.3% pa
Salary growth	4.2% pa

Asset distribution and long term rate of return expected

	30 June 2005 Expected return	30 June 2005 Fair value £'000
Equities	7.7% pa	1,700
Balance sheet		
Total fair value of assets		1,700
Present value of scheme liabilities		(2,500)
Gross pension (liability)		(800)
Deferred tax asset		240
Net pension liability		(560)

Over the 5 months to 30 June 2005 from the inception of the scheme, contributions by the Company of £1,700,000 were made to the scheme.

It has been agreed that future employer contributions will be at a rate of 20.2% of pensionable salaries with effect from 1 July 2005.

The post retirement deficit under FRS17 moved over the period as follows:

	Period to 30 June 2005 £'000
Current service cost (employee and employer)	(2,500)
Contributions (employee and employer)	1,700
Post retirement deficit	(800)

The following amounts have been included within operating profit:

	Period to 30 June 2005 £'000
Current service cost (employer only)	1,900
Past service cost	-
Total operating charge	1,900

No movements have arisen that would be included within net finance income, through a statement of total recognised gains and losses, and the history of experience gains and losses.

Arqiva Limited (formerly National Transcommunications Limited)

Financial Statements - Period Ended 30 June 2005

The scheme is closed to new entrants and, under the method used to calculate pension costs in accordance with FRS17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

Other pension schemes

The Company established a new defined contribution scheme on the sale of the Company to Macquarie UK Broadcast Limited, for those employees who were not members of the Defined Benefit scheme described above. Contributions payable in respect of this scheme for the period from 1 February 2005 to 30 June 2005 were £444,000. The assets of the scheme are held outside the Company.

Other pension costs totalled £237,000.

23 Related party disclosures

The Company has taken advantage of the exemptions available under FRS 8 for disclosure of transactions with entities that are part of the group as related parties in these financial statements.

ntl Group companies

During the period the Company entered into both purchasing and sales transactions with ntl Group Ltd and other ntl Group companies. Until 31 January 2005 these companies were fellow subsidiary undertakings of the then ultimate parent undertaking.

Purchasing transactions in the six months totalled £7,538,000, and the amount payable to ntl Group Ltd at 30 June 2005 was £2,732,000.

Sales transactions in the six months totalled £5,896,000, and the amount owed in aggregate at 30 June 2005 by ntl Group companies was £1,347,000.

24 Immediate parent company

At 31 December 2004, the Group's immediate parent undertaking was ntl Chichester Ltd. From 1 February 2005 onwards, the Company's immediate parent undertaking became Macquarie UK Broadcast Limited.

The ultimate UK parent undertaking is Macquarie UK Broadcast Holdings Limited. Copies of both companies' consolidated financial statements can be obtained from the company secretary at each company, at Level 30, Citypoint, 1 Ropemaker Street, London, EC2Y 9HD.

25 Controlling party

Up to 31 January 2005 the Company's ultimate parent undertaking was ntl Incorporated. From 1 February 2005 onwards, the Company's ultimate controlling parties became the entities comprising Macquarie Communications Infrastructure Group ("MCG") which is quoted on the Australian Stock Exchange (ASX code: MCG).

Copies of the MCG consolidated financial statements can be obtained from 1 Martin Place, Sydney, NSW 2000, Australia, or from the website www.macquarie.com.au/au/mcg

26 Post balance sheet events

On 3 June 2005 the Company entered into an exclusive negotiation to purchase 100% of Inmedia Communications Group Limited. The transaction completed on 8 July 2005 for consideration including expenses of £72,820,000 and was funded from cash balances existing at that date. The trade and assets of the Inmedia companies were subsequently transferred to the Company effective 1 January 2006.

On 5 August 2005, the Company declared an interim dividend totalling £36,750,000.