

Telewest Communications Holdco Limited

Directors' report and financial statements

31 December 2005

Registered number 3761983



Telewest Communications Holdco Limited

Directors' report and financial statements

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Telewest Communications Holdco Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activity and review of business

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

Results and dividends

The profit for the year ended 31 December 2005 and the financial position of the Company is shown in these financial statements. The directors recommend that no dividend be paid (2004: nil).

Directors and their interests

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

NR Smith	
AWP Stenham	
ntl Directors Limited	(appointed 12/04/2006)
SS Cook	(resigned 3/03/2006)

The Company is a wholly - owned subsidiary of Telewest Global, Inc., its ultimate parent company, which is incorporated in Delaware, USA. Therefore under the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 directors of the Company are exempt from the obligation otherwise imposed by s324 of the Companies Act 1985 to notify the Company of their interests in shares in, or debentures of, Telewest Global, Inc.

None of the directors who held office at the end of the financial year had any interest in the share capital of the Company or any other UK based group company.

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

Post balance sheet events

On 3 March 2006 Telewest Global, Inc. executed an agreement of merger with NTL Incorporated (incorporated in Delaware, USA), which resulted in NTL Incorporated being merged with a subsidiary of Telewest Global, Inc. In accordance with the terms of the agreement of merger Telewest Global, Inc. was renamed NTL Incorporated with immediate effect. Further details are set out in note 15, Subsequent events.

Telewest Communications Holdco Limited

Directors' report *(continued)*

Auditor

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

On behalf of the board



C Burns
Secretary

Export House
Cawsey Way
Woking, Surrey
GU21 6QX

14 June 2006

Telewest Communications Holdco Limited

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

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, 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 enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Telewest Communications Holdco Limited



KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

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

We have audited the financial statements of Telewest Communications Holdco Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. 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 auditor

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK 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).

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.

Telewest Communications Holdco Limited

Independent auditor's report to the members of Telewest Communications Holdco Limited (*continued*)

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

14 June 2006

Telewest Communications Holdco Limited

Profit and loss account

For the year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Administrative expenses (including release of provision of £189,000 against amounts due from group undertakings (2004: £76,614,000))		189	76,614
Operating profit	2	<u>189</u>	<u>76,614</u>
Profit on disposal of investments	3	-	1,215
Interest receivable and other income	4	10	-
Dividend from associate undertaking	5	-	1
Profit on ordinary activities before taxation		<u>199</u>	<u>77,830</u>
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		<u><u>199</u></u>	<u><u>77,830</u></u>

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

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

Telewest Communications Holdco Limited

Balance sheet

At 31 December 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments	9	-	-
Current assets			
Debtors: amounts due within one year	10	124,585	124,396
Cash at bank and in hand		894	780
Creditors: amounts falling due within one year	11	(47,832)	(47,728)
Net assets		<u>77,647</u>	<u>77,448</u>
Capital and reserves			
Called up share capital	12	374,777	374,777
Profit and loss account	13	(297,130)	(297,329)
Equity shareholders' funds		<u>77,647</u>	<u>77,448</u>

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

14 June

2006


NR Smith
Director

Telewest Communications Holdco Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in future or a right to pay less tax in future have occurred at the balance sheet date, except as otherwise required by Financial Reporting Standard (FRS) 19 Deferred Tax. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Telewest Communications Holdco Limited

Notes (continued)

1 Accounting policies (continued)

Group financial statements

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

Cash flow exemption

Under FRS 1 Cash Flow Statements, the Company is exempt from producing a cash flow statement on the grounds that the Company's ultimate parent company, Telewest Global, Inc., includes it in its own published consolidated financial statements.

Related party transactions

As the Company was a wholly owned subsidiary of Telewest Global, Inc., the Company has taken advantage of the exemption contained in FRS 8 Related Party Disclosures, and has therefore not disclosed transactions or balances with entities where 90% or more of the voting rights are controlled within the group. The consolidated financial statements of Telewest Global, Inc., within which this company is included, can be obtained from the address given in note 16.

Investments

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

2 Operating profit

	2005 £'000	2004 £'000
Operating profit is after crediting/(charging):		
Release of provision against balances owed by group undertakings	189	76,614

The company has undertaken a review of amounts due from subsidiary undertakings and parent companies for the year ended 31 December, 2005. This has resulted in a reduction in the level of provision against such debtors of £189,000 (2004: £76,614,000), which has been released through the profit and loss account.

The auditor's remuneration for 2005 and 2004 was borne by Telewest Communications Group Limited.

Telewest Communications Holdco Limited

Notes (continued)

3 Profit on disposal of investments

	2005 £'000	2004 £'000
TV Travel Group Limited	-	430
Telewest Workwise Limited	-	763
Ed Stone Limited	-	16
iSee Ventures Limited	-	6
Imagine Broadband Limited	-	-
	<u>-</u>	<u>1,215</u>

In May 2002 the Company sold its 37.95% stake in TV Travel Group Limited for consideration of £21,182,000 realising a profit of £1,682,000. In January 2003 the deferred consideration was reduced by £624,000 and in January 2004 the deferred consideration was increased by £430,000 to evenly apportion the sellers' market risk between certain sellers who received consideration in the form of stock rather than cash.

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

In January 2004, the Company realised a gain of £6,000 in respect of the members voluntary liquidation of iSee Ventures Limited.

In July 2004 the Company sold Telewest Workwise Limited and Ed Stone Limited to a fellow group undertaking for considerations of £763,000 and £16,000 respectively, realising gains of £763,000 and £16,000 respectively.

4 Interest receivable and other income

	2005 £'000	2004 £'000
On bank deposits	<u>10</u>	<u>-</u>

5 Dividend from associate undertaking

	2005 £'000	2004 £'000
Dividend received from Cable Guide Limited	<u>-</u>	<u>1</u>

6 Staff costs

The Company did not employ any staff and consequently did not incur any staff costs during the year (2004: £nil). No remuneration was paid to the directors during the year (2004: £nil).

Telewest Communications Holdco Limited

Notes (continued)

7 Tax on profit on ordinary activities

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

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation	199	77,830
Tax on pre tax profit/(loss) at 30%	60	23,349
Effects of:		
Expenses not deductible for tax purposes	(57)	-
Group losses surrendered/(claimed) for nil consideration	(3)	-
Non-taxable income	-	(23,349)
Current tax	-	-

There is no corporation tax liability for the current year.

8 Deferred tax

The Company estimates that it has, as at 31 December 2005, £0.4 million (2004: £1.6 million), of tax losses available to relieve future profits.

A deferred tax asset of £0.1 million (2004: £0.5 million) has not been recognised on carried forward losses and other timing differences. These assets can only be deducted against certain types of future income. There is currently insufficient evidence that the right type of income will be generated.

9 Fixed asset investments

	2005 £'000	2004 restated £'000
Cost at 1 January and 31 December	98,144	98,144
Provision at 1 January and at 31 December	(98,144)	(98,144)
Net book value at 31 December	-	-

In 2004 the following transactions took place:

The Company sold Telewest Workwise Limited and Ed Stone Limited to a fellow group undertaking for considerations of £763,000 and £16,000 respectively, realising gains of £763,000 and £16,000 respectively. These investments had insignificant carrying values.

The Company realised a gain of £6,000 in respect of the members voluntary liquidation of iSee Ventures Limited.

Telewest Communications Holdco Limited

Notes (continued)

9 Fixed asset investments (continued)

At 31 December 2005, the Company directly held the following investments. The subsidiary undertakings, associated undertakings and joint ventures are incorporated in Great Britain and registered in England and Wales except for the company indicated by * which is registered in The Netherlands and the company indicated by ** which is registered in Jersey.

	Description of shares held	Proportion held	Nature of business
<i>Subsidiary undertakings</i>			
Rapid Travel Solutions Limited	1p Ordinary	100%	Software development and consultancy
Flextech Investments (Jersey) Limited **	£1 Ordinary	100%	Investment holding company
Flextech Homeshopping Limited	£1 Ordinary	80%	Investment holding company
Florida Homeshopping Limited	£1 Ordinary	80%	Dormant company
Take Four BV*	1000 Dfl Ordinary	100%	Holding company
Flextech Broadband Holdings Limited	£1 Ordinary	100%	Holding company
Telewest Directors Limited	£1 Ordinary	100%	Dormant company
Network Gaming Consulting Limited	£1 Ordinary	100%	Software development and consultancy
Smashedatom Limited	10p A Preference shares	60%	IT and product development
<i>Associated undertakings</i>			
Cable Guide Limited	15,000 £1 Ordinary	16.6%	Publication of a monthly television listings magazine
	10,000 £1 Preference shares	20%	

Telewest Communications Holdco Limited

Notes (continued)

10 Debtors

	2005 £'000	2004 £'000
Due within one year		
Amounts owed by group undertakings	130,592	130,592
Provision against amounts owed by group undertakings	(6,007)	(6,196)
	<u>124,585</u>	<u>124,396</u>

11 Creditors

	2005 £'000	2004 £'000
Due within one year		
Amounts owed to group undertakings	(47,728)	(47,728)
Other creditors	(104)	-
	<u>(47,832)</u>	<u>(47,728)</u>

12 Called up share capital

	2005 £'000	2004 £'000
Authorised		
374,776,689 ordinary shares of £1 each (2004: 374,776,689 ordinary shares of £1 each)	<u>374,777</u>	<u>374,777</u>
Allotted, issued and fully paid		
374,776,689 ordinary shares of £1 each (2004: 374,776,689 ordinary shares of £1 each)	<u>374,777</u>	<u>374,777</u>

Telewest Communications Holdco Limited

Notes (continued)

13 Reconciliation of movements in shareholders' funds/(deficit) and reserves

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 January 2004	374,777	(375,159)	(382)
Profit for the financial year	-	77,830	77,830
At 1 January 2005	374,777	(297,329)	77,448
Profit for the financial year	-	199	199
At 31 December 2005	374,777	(297,130)	77,647

14 Contingent Liabilities

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

In December 2004, the Company, together with other group companies, entered into 2 new facilities agreements pursuant to which it has given a guarantee and a fixed and floating charge over certain of its assets to secure borrowings of other group companies.

The guaranteed borrowings of those companies were £1,780 million, of which £1,680 million was drawn down at 31 December 2005 (2004: £1,800 million, of which £1,700 million was drawn down at 31 December).

15 Subsequent events

On 3 March 2006, Telewest Global, Inc., the company's ultimate parent undertaking, and NTL Incorporated announced that they had completed the merger of the two businesses, creating the UK's second largest communications company. Telewest Global, Inc. (now renamed NTL Incorporated), NTL Cable plc, NTL Investment Holdings Limited and certain of its subsidiaries, and Telewest Communications Networks Limited and certain of its subsidiaries executed a Senior Facilities Agreement with a consortium of financial institutions. The new senior secured credit facility has an aggregate principal amount of £3.8 billion, mainly comprising of a £3.2 billion 5-year term loan facility and a £100 million 5-year multi-currency revolving credit facility. Telewest Global, Inc and NTL Incorporated (now renamed NTL Holdings Inc.) also entered into a Senior Bridge Facilities Agreement with a consortium of financial institutions. This facility consists of a 1-year (automatically extendable to a 10-year) senior subordinated bridge facility in an aggregate principal amount of \$3.1 billion (£1.8 billion equivalent) for the purposes of financing the cash consideration payable pursuant to the merger agreement and paying the related fees, costs and expenses in connection therewith. This facility has now been fully drawn. In addition, NTL Incorporated and NTL Investment Holdings Limited agreed to engage the financial institutions for any take-out financing for the bridge facility.

Telewest Communications Holdco Limited

Notes *(continued)*

16 Ultimate parent company and parent undertaking of larger group of which the company is a member

At 31 December 2005, the ultimate parent company was Telewest Global, Inc., which is incorporated in Delaware, USA. Telewest Global, Inc. is the parent of the largest group for which group financial statements, including the Company, are prepared. The smallest group in which the results of the Company are consolidated is that headed by Telewest UK Limited, incorporated in England and Wales. On 3 March 2006 Telewest Global, Inc. executed an agreement of merger with NTL Incorporated (incorporated in Delaware, USA), which resulted in NTL Incorporated being merged with a subsidiary of Telewest Global, Inc. In accordance with the terms of the agreement of merger Telewest Global, Inc. was renamed NTL Incorporated with immediate effect. Copies of the group financial statements of Telewest Global, Inc. may be obtained from The Company Secretary, Telewest Broadband, Export House, Cawsey Way, Woking, Surrey, GU21 6QX. NTL Incorporated became the ultimate parent of the Company on 3 March 2006.