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Hibernia Media (UK) Limited

Directors' Report and Financial Statements

Year Ended 31 December 2012

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DIRECTORS AND OTHER INFORMATION

Board of Directors

Kenneth D Peterson Jr
Bjarni Thorvardarson

Bankers

Royal Bank of Scotland
62-63 Threadneedle Street
PO Box 412
London EC2R 8LA

Secretary and Registered Office

James Prenetta
1st Floor
41 Charlton Street
London
England
NW1 1JD

Registered Number 8097331

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activity and review of business

On 20 August 2012, Hibernia Media (UK) Limited entered into an agreement to buy certain assets from Teliasonera International Carrier UK Limited (TSICUK). Primary assets acquired were customer contracts and equipment deployed through Europe.

Hibernia Media (UK) Limited is involved in providing media transport for global broadcast, news and sport events. Combined with Hibernia's US Media Network, Hibernia now has the largest video transmission network in the world.

Results and dividends

The profit for the year amounted to £286,337. No dividends were paid or proposed during the year.

Directors and secretary

The names of the persons who were directors at any time during the year ended 31 December 2012 are set out below.

Directors

Kenneth D Peterson Jr
Bjarni Thorvardarson

Secretary

James Prenetta

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Hibernia Media (UK) Limited

DIRECTORS' REPORT - continued

Directors' and secretary's interests

The directors, their spouses and minor children do not have any interests in the share capital of the company. The company is a wholly owned subsidiary of Hibernia Group ehf which is an 83.4% majority owned subsidiary of Columbia Ventures Corporation. Kenneth D Peterson Jr owns 100% of the share capital of Columbia Ventures Corporation.

Statement of disclosure of information to auditors

Each of the persons who are directors as at 31 December 2012 confirm that

- so far as the directors are aware there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board


Kenneth D Peterson Jr



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIBERNIA MEDIA (UK) LIMITED

We have audited the financial statements of Hibernia Media (UK) Limited for the year ended 31 December 2012 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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T +353 (0) 1 792 6000 F +353 (0) 1 792 6200, www.pwc.com/ie*

Chartered Accountants



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HIBERNIA MEDIA (UK) LIMITED - continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read 'Gareth Hynes'.

**Gareth Hynes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin, Ireland**

27 September 2013

Hibernia Media (UK) Limited

PROFIT AND LOSS ACCOUNT
Year Ended 31 December 2012

	Notes	2012 Stg£
Turnover		2,093,954
Cost of sales		<u>(37,735)</u>
Gross profit		2,056,219
Administration expenses		(1,560,613)
Amortisation	3	<u>(90,763)</u>
Profit on ordinary activities before interest		404,843
Interest payable	5	(20,136)
Interest receivable	6	<u>3,502</u>
Profit on ordinary activities before taxation	3	388,209
Tax on profit on ordinary activities	7	<u>(101,872)</u>
Profit for the financial year		<u>286,337</u>

Turnover and operating profit on ordinary activities arose solely from continuing operations. The company had no recognised gains or losses other than those dealt with in the profit and loss account.

Director


Kenneth D Peterson Jr

Hibernia Media (UK) Limited
Registered Number 8097331

Hibernia Media (UK) Limited

BALANCE SHEET
As at 31 December 2012

	Notes	2012 Stg£
Fixed assets		
Tangible assets	8	586,013
Intangible assets	9	<u>1,179,927</u>
		<u>1,765,940</u>
 Current assets		
Debtors	10	616,173
Cash at bank and in hand		359,800
Deferred charges		<u>197,899</u>
		1,173,872
 Creditors - amounts falling due within one year	11	<u>(793,770)</u>
 Net current assets		<u>380,102</u>
 Total assets less current liabilities		2,146,042
 Creditors - amounts falling due after more than one year	12	(35,511)
 Provision for liabilities	13	<u>(1,824,194)</u>
 Net assets		<u>286,337</u>
 Capital and reserves		
Called up share capital	14	-
Current year	15	<u>286,337</u>
 Equity shareholders' funds	16	<u>286,337</u>

Director
Kenneth D Peterson Jr

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act, 1985 and applicable accounting standards. The principal accounting policies are set out below.

Revenue recognition

Turnover represents amounts receivable for services provided in the normal course of business, net of discounts and VAT.

Telecommunications' revenues primarily relate to customer usage of services and recurring monthly fees to customers for certain other services. Revenues related to usage are recognised as usage accrues. Recurring monthly service fees are recorded in the period in which the service is available to the customer. When installation and set-up fees are billed, the revenue is recognised upfront.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life on a straight line basis as follows:

Plant and machinery	3-7 years
Computer equipment	3 years

Intangible assets

Intangible assets are stated at cost or valuation less amortisation. Amortisation is calculated to write off their cost or valuation over their useful lives by equal annual instalments.

The estimated useful lives of intangible assets by reference to which amortisation has been calculated are as follows:

Intangible assets	7 years
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The company does not adopt a policy of revaluing intangible assets.

Cash flow statement

The company is a wholly owned subsidiary of Hibernia Group ehf. The cash flows of the company are included in the consolidated cash flow statements of Hibernia Group ehf. Consequently the company is exempt under the terms of Financial Reporting Standards No. 1 (Revised 1996), *Cash Flow Statements* from publishing a cash flow statement.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Deferred tax

Deferred tax is provided on 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 the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Deferred tax - continued

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not discounted.

Deferred consideration

The fair value of the deferred component of consideration payable is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the profit and loss account over the life of the obligation.

2 Going concern

The directors consider it appropriate to prepare the financial statements on a going concern basis.

3 Profit on ordinary activities before taxation 2012
Stg£

Profit on ordinary activities before taxation is stated after charging/(crediting) the following

Depreciation	114,251
Amortisation of intangible assets (note 9)	90,763
Staff costs	
- wages and salaries	67,608
- social welfare costs	10,849
- pension costs	3,850
Auditors remuneration	2,452
Other finance income - foreign exchange loss	(57,138)

4 Employees 2012
Number

The average monthly numbers of employees during the year was 4

5 Interest payable 2012
Number

Impact of discounting deferred consideration (note 13)	20,092
Bank interest and charges	<u>44</u>
	<u>20,136</u>

6 Interest receivable 2012
Stg£

Interest receivable	<u>3,502</u>
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NOTES TO THE FINANCIAL STATEMENTS - continued

7 Tax on profit on ordinary activities 2012
Stg£

Current tax

Corporation tax on profit 101,872

The current tax charge for the year is higher than the current credit that would result from applying the standard rate of corporation tax to profit on ordinary activities. The differences are explained below

	2012 Stg£
Profit on ordinary activities before tax	<u>388,209</u>
Profit on ordinary activities multiplied by average rate of corporation tax for the year of 24.5%	95,111
<i>Effects of</i>	
Expenses not deductible for tax purposes	39,200
Capital allowances in excess of depreciation	2,938
Movement in short term timing differences	2,670
Group relief claimed	(35,920)
Effects of other tax rates/credits	<u>(2,127)</u>
Current tax charge for the year	<u>101,872</u>

8 Tangible assets

	IT equipment Stg£	Plant and machinery Stg£	Total Stg£
Cost			
At 1 January	-	-	-
Additions	<u>594</u>	<u>699,670</u>	<u>700,264</u>
At 31 December	<u>594</u>	<u>699,670</u>	<u>700,264</u>
Accumulated depreciation			
At 1 January	-	-	-
Charge for the year	<u>14</u>	<u>114,237</u>	<u>114,251</u>
At 31 December	<u>14</u>	<u>114,237</u>	<u>114,251</u>
Net book amount			
At 31 December 2012	<u>580</u>	<u>585,433</u>	<u>586,013</u>
At 31 December 2011	<u>-</u>	<u>-</u>	<u>-</u>

As noted in the directors report on page 3, plant and machinery amounting to £680,000 were acquired as part of the acquisition of certain assets from TeliaSonera International Carrier UK Limited (TSICUK) during the year

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Intangible assets	Customer Contracts Stg£	Total Stg£
Cost		
At 1 January	-	-
Acquired in the year	<u>1,270,690</u>	<u>1,270,690</u>
At 31 December	<u>1,270,690</u>	<u>1,270,690</u>
Accumulated amortisation		
At 1 January	-	-
Charge for this year	<u>(90,763)</u>	<u>(90,763)</u>
At 31 December	<u>(90,763)</u>	<u>(90,763)</u>
Net book value		
At 31 December 2012	<u>1,179,927</u>	<u>1,179,927</u>

As noted in the directors report on page 3, the customer contracts were acquired as part of the acquisition of certain assets from TeliaSonera International Carrier UK Limited (TSICUK) during the year

10 Debtors	2012 Stg£
Trade debtors	300,241
Prepayments	153,038
VAT recoverable	<u>162,894</u>
	<u>616,173</u>

11 Creditors - amounts falling due within one year	2012 Stg£
Trade creditors	208,298
Accruals	376,091
Taxes	51,245
Corporation tax	101,872
Deferred revenue	<u>56,264</u>
	<u>793,770</u>

12 Creditors - amounts falling due after more than one year	2012 Stg£
Amounts owing to fellow subsidiary	<u>35,511</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Provision for liabilities	Deferred consideration Stg£
At 1 January	-
Arising during the year	1,949,995
Paid during the year	(82,899)
Foreign currency gain on retranslation of the year end balance	(62,992)
Impact on discounting	20,090
At 31 December	<u>1,824,194</u>
14 Share capital	2012 Stg£
<i>Authorised</i>	
1 ordinary share of £1	<u>1</u>
<i>Issued and unpaid</i>	
1 ordinary share of £1	<u>-</u>
15 Reserves	2012 Stg£
At 1 January	-
Profit retained for the year	<u>286,337</u>
At 31 December	<u>286,337</u>
16 Reconciliation of movements in shareholders' funds	2012 Stg£
Net addition to shareholders' funds - profit for the year	286,337
Equity shareholders' funds at 1 January	<u>-</u>
Equity shareholders' funds at 31 December	<u>286,337</u>
17 Directors' remuneration	2012 Stg£
For services as directors	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Related party transactions

In accordance with Financial Reporting Standard No 8 Related Party Disclosures, the Company is exempt from disclosing transactions with entities that are part of the group qualifying as related parties, as it is a more than ninety percent owned subsidiary of a parent undertaking consolidated financial statements

19 Parent undertaking

The company is a wholly owned subsidiary of Hibernia Group ehf, a company registered in Iceland. This is the smallest group into which the financial statements are consolidated. The company's ultimate parent is Columbia Ventures Corporation, a company registered in USA. This is the largest group into which the financial statements of the company are consolidated.

20 Subsequent events

There were no material subsequent events after the balance sheet date.

21 Approval of financial statements

The financial statements were approved by the board of directors on 25 September 2013.

