Condensed Consolidated Financial Statements
June 30, 2015

VIRGIN MEDIA INC.
12300 Liberty Boulevard
Englewood, Colorado 80112

VIRGIN MEDIA INC.

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VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2015	December 31, 2014 (a)
	in millions	
ASSETS		
Current assets:		
Cash and cash equivalents	£ 19.4	£ 36.6
Trade receivables, net	452.8	436.6
Related-party note and other receivables (note 10)	1,014.4	745.3
Other current assets (notes 4 and 10)	134.9	135.7
Total current assets	1,621.5	1,354.2
Property and equipment, net (note 6)	5,927.1	6,074.8
Goodwill (note 6)	5,921.8	5,933.7
Intangible assets subject to amortization, net (note 6)	1,771.3	1,953.6
Deferred income taxes	1,549.7	1,506.2
Related-party notes receivable (note 10)	2,200.1	2,322.3
Other assets, net (note 4)	287.3	281.8
Total assets	£ 19,278.8	£ 19,426.6

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED BALANCE SHEETS — (Continued)
(unaudited)

	June 30, 2015	December 31, 2014 (a)
	in millions	
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Accounts payable (note 10)	£ 314.1	£ 269.4
Deferred revenue and advanced payments from subscribers and others	383.6	360.7
Current portion of debt and capital lease obligations (notes 7 and 10)	239.0	335.2
Derivative instruments (note 4)	133.1	139.8
Accrued interest	140.4	141.7
Value-added taxes (**VAT**) payable	122.3	105.4
Other current liabilities (note 10)	478.6	500.8
Total current liabilities	1,811.1	1,853.0
Long-term debt and capital lease obligations (note 7):		
Third-party	9,178.5	8,349.1
Related-party (note 10)	—	439.0
Other long-term liabilities (notes 4 and 10)	295.7	351.5
Total liabilities	11,285.3	10,992.6
Commitments and contingent liabilities (notes 4, 7, 8 and 11)		
Owners' equity:		
Parent's equity:		
Additional paid-in capital	9,061.5	9,532.0
Accumulated deficit	(1,073.8)	(1,097.5)
Accumulated other comprehensive earnings, net of taxes	53.0	48.9
Total parent's equity	8,040.7	8,483.4
Noncontrolling interest	(47.2)	(49.4)
Total owners' equity	7,993.5	8,434.0
Total liabilities and owners' equity	£ 19,278.8	£ 19,426.6

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended June 30, 2015	Three months ended June 30, 2014 (a)	Six months ended June 30, 2015	Six months ended June 30, 2014 (a)
	in millions			
Revenue (notes 10 and 12)	£ 1,147.7	£ 1,126.5	£ 2,277.5	£ 2,242.1
Operating costs and expenses:				
Operating (other than depreciation and amortization) (note 10)	472.3	482.8	950.5	976.1
Selling, general and administrative (**SG&A**) (including share-based compensation) (notes 9 and 10)	156.5	158.0	314.8	313.8
Related-party fees and allocations, net (note 10)	14.9	8.2	34.0	19.8
Depreciation and amortization	392.5	418.6	774.4	840.5
Impairment, restructuring and other operating items, net	7.9	6.7	2.8	10.9
	1,044.1	1,074.3	2,076.5	2,161.1
Operating income	103.6	52.2	201.0	81.0
Non-operating income (expense):				
Interest expense:				
Third-party	(127.2)	(115.6)	(250.6)	(229.8)
Related-party (note 10)	—	(13.3)	(5.6)	(26.6)
Interest income – related-party (note 10)	58.6	56.7	117.2	108.8
Realized and unrealized losses on derivative instruments, net (notes 4 and 10)	(246.0)	(70.5)	(41.2)	(146.6)
Foreign currency transaction gains, net	280.5	49.5	37.6	69.5
Losses on debt modification and extinguishment, net (note 7)	(9.2)	(0.2)	(29.4)	(0.2)
Other income (expense), net	(0.2)	0.3	(0.4)	0.8
	(43.5)	(93.1)	(172.4)	(224.1)
Earnings (loss) before income taxes	60.1	(40.9)	28.6	(143.1)
Income tax benefit (expense) (note 8)	(15.0)	(0.5)	(8.2)	14.6
Net earnings (loss)	45.1	(41.4)	20.4	(128.5)
Net loss attributable to noncontrolling interest	2.5	0.2	3.3	1.4
Net earnings (loss) attributable to parent	£ 47.6	£ (41.2)	£ 23.7	£ (127.1)

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Net earnings (loss)	£ 45.1	£ (41.4)	£ 20.4	£ (128.5)
Other comprehensive earnings (loss), net of taxes:				
Foreign currency translation adjustments	(37.7)	32.6	8.1	43.2
Pension liability adjustment	0.4	—	0.4	—
Other comprehensive earnings (loss)	(37.3)	32.6	8.5	43.2
Comprehensive earnings (loss)	7.8	(8.8)	28.9	(85.3)
Comprehensive loss (earnings) attributable to noncontrolling interest	1.5	(1.5)	(1.1)	(0.7)
Comprehensive earnings (loss) attributable to parent	£ 9.3	£ (10.3)	£ 27.8	£ (86.0)

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED STATEMENT OF OWNERS' EQUITY
(unaudited)

	Parent's equity					
	Additional paid-in capital	**Accumulated deficit**	**Accumulated other comprehensive earnings, net of taxes**	**Total parent's equity**	**Non-controlling interest**	**Total owners' equity**
			in millions			
Balance at January 1, 2015 (a)	£ 9,532.0	£ (1,097.5)	£ 48.9	£8,483.4	£ (49.4)	£ 8,434.0
Net loss	—	23.7	—	23.7	(3.3)	20.4
Other comprehensive earnings, net of taxes	—	—	4.1	4.1	4.4	8.5
Consideration issued in connection with the UPC Ireland Acquisition (notes 1 and 3)	(993.8)	—	—	(993.8)	—	(993.8)
Deemed contribution in connection with elimination of the UPC Ireland Note (note 3)	470.0	—	—	470.0	—	470.0
Contribution of tax assets (note 8)	51.1	—	—	51.1	—	51.1
Share-based compensation (note 9)	8.7	—	—	8.7	0.1	8.8
Capital charge in connection with the exercise of share-based incentive awards (note 10)	(8.7)	—	—	(8.7)	(0.1)	(8.8)
Deemed contribution of technology-related services (note 10)	2.2	—	—	2.2	1.1	3.3
Balance at June 30, 2015	£ 9,061.5	£ (1,073.8)	£ 53.0	£8,040.7	£ (47.2)	£ 7,993.5

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six months ended June 30,	
	2015	**2014 (a)**
	in millions	
Cash flows from operating activities:		
Net earnings (loss)	£ 20.4	£ (128.5)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Share-based compensation expense	17.2	18.9
Related-party fees and allocations, net	34.0	19.8
Depreciation and amortization	774.4	840.5
Impairment, restructuring and other operating items, net	2.8	10.9
Amortization of deferred financing costs and non-cash interest accretion	6.1	8.7
Losses on debt modification and extinguishment, net	29.4	0.2
Realized and unrealized losses on derivative instruments, net	41.2	146.6
Foreign currency transaction gains, net	(37.6)	(69.5)
Deferred income tax expense (benefit)	7.0	(15.1)
Changes in operating assets and liabilities	(48.2)	18.3
Net cash provided by operating activities	846.7	850.8
Cash flows from investing activities:		
Cash paid in connection with the UPC Ireland Acquisition	(993.8)	—
Capital expenditures	(296.8)	(341.0)
Advances to related parties, net	(136.6)	(484.2)
Other investing activities, net	6.0	(6.8)
Net cash used by investing activities	£ (1,421.2)	£ (832.0)

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

VIRGIN MEDIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(unaudited)

	Six months ended June 30,	
	2015	**2014 (a)**
	in millions	
Cash flows from financing activities:		
Borrowings of third-party debt	£ 2,544.6	£ 1,535.5
Repayments and repurchases of third-party debt and capital lease obligations	(1,940.5)	(1,665.9)
Payment of financing costs and debt premiums	(27.2)	(57.6)
Net cash paid related to derivative instruments	(17.0)	(28.5)
Other financing activities, net	(4.9)	(20.5)
Net cash provided (used) by financing activities	555.0	(237.0)
Effect of exchange rate changes on cash and cash equivalents	2.3	(2.3)
Net decrease in cash and cash equivalents	(17.2)	(220.5)
Cash and cash equivalents:		
Beginning of period	36.6	344.0
End of period	£ 19.4	£ 123.5
Cash paid for interest	£ 247.0	£ 222.3
Net cash paid for taxes	£ 2.2	£ 0.2

(a) As retrospectively revised – see note 3.

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Basis of Presentation

General

Virgin Media Inc. (**Virgin Media**) is a provider of (i) video, broadband internet and fixed-line telephony services in the United Kingdom (**U.K.**) and Ireland and (ii) mobile services in the U.K. Virgin Media is a wholly-owned subsidiary of Liberty Global plc (**Liberty Global**). In these notes, the terms "we," "our," "our company" and "us" may refer, as the context requires, to Virgin Media or collectively to Virgin Media and its subsidiaries.

During the first quarter of 2015, Liberty Global undertook various financing transactions in connection with certain internal reorganizations of its broadband and wireless communications businesses in Europe. As part of these reorganizations, on February 12, 2015, we acquired a 65.0% controlling interest in UPC Broadband Ireland Ltd. (**UPC Ireland**) and its subsidiaries from a subsidiary of Liberty Global outside of the Virgin Media borrowing group (the **UPC Ireland Acquisition**). The remaining 35.0% noncontrolling interest in UPC Ireland was acquired by another subsidiary of Liberty Global outside of the Virgin Media borrowing group. We have accounted for the UPC Ireland Acquisition as a common control transfer at carryover basis and, accordingly, our condensed consolidated financial statements have been retrospectively revised to give effect to this transaction for all periods presented. For additional information regarding the common control transaction, see note 3.

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (**U.S. GAAP**). Accordingly, these financial statements do not include all of the information required by U.S. GAAP for complete financial statements. In the opinion of management, these financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our 2014 annual report.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used in accounting for, among other things, the valuation of acquisition-related assets and liabilities, allowances for uncollectible accounts, programming expenses, deferred income taxes and related valuation allowances, loss contingencies, fair value measurements, impairment assessments, capitalization of internal costs associated with construction and installation activities, useful lives of long-lived assets, share-based compensation and actuarial liabilities associated with certain benefit plans. Actual results could differ from those estimates.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of June 30, 2015.

Certain prior period amounts have been reclassified to conform to the current period presentation.

These condensed consolidated financial statements reflect our consideration of the accounting and disclosure implications of subsequent events through August 20, 2015, the date of issuance.

Alignment of accounting policies

Our accounting policy is to generally defer upfront installation fees on our business-to-business (**B2B**) contracts and recognize the associated revenue over the contractual term of the arrangement. Prior to becoming a subsidiary of Liberty Global in 2013, we generally treated installation fees received from customers with B2B contracts as a separate deliverable and recognized revenue upon completion of the installation activity in an amount that was based on the relative standalone selling price methodology.

The following table provides a rollforward of our deferred revenue for installation services provided to customers with B2B contracts during the six months ended June 30, 2015 (in millions):

Balance at January 1, 2015	£	70.7
Amounts deferred for completed installation services (a)		9.7
Amortization of deferred revenue over contract life		(6.9)
Balance at March 31, 2015		73.5
Amounts deferred for completed installation services (a)		10.1
Amortization of deferred revenue over contract life		(7.7)
Balance at June 30, 2015	£	75.9

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(a) Represents amounts that would have been recognized upfront as installation revenue under our policy prior to becoming a subsidiary of Liberty Global.

(2) Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (**ASU 2014-09**), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace existing revenue recognition guidance in U.S. GAAP when it becomes effective for annual and interim reporting periods beginning after December 15, 2017. Early application is permitted for annual and interim reporting periods that begin after December 15, 2016. This new standard permits the use of either the retrospective or cumulative effect transition method. We will adopt ASU 2014-09 effective January 1, 2018 and we are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

(3) Common Control Transfer

As further described in note 1, we completed the UPC Ireland Acquisition in February 2015. We have accounted for this common control transfer at carryover basis and the applicable prior period information has been retrospectively revised to give effect to this transaction for all periods presented.

In connection with the UPC Ireland Acquisition, we (i) paid aggregate cash consideration of €1,341.3 million (£993.8 million at the transaction date) to acquire (a) the controlling interest in UPC Ireland, as described in note 1, and (b) another Liberty Global's subsidiary's right to receive €634.3 million (£470.0 million at the transaction date) from a UPC Ireland subsidiary pursuant to a promissory note (the UPC Ireland Note) and (ii) received a €165.6 million (£122.7 million at the transaction date) cash payment from Liberty Global Europe 2 Limited (**LG Europe 2**), our immediate parent, formerly known as Lynx Europe 2 Limited, on the 2023 8.5% LG Europe 2 Notes Receivable (as defined and described in note 10). The €1,341.3 million (£993.8 million at the transaction date) of consideration issued in connection with the UPC Ireland Acquisition was recorded as a capital transaction during the first quarter of 2015. Following our February 2015 acquisition of the right to receive €634.3 million (£470.0 million at the transaction date) pursuant to the UPC Ireland Note, the amounts receivable and payable pursuant to the UPC Ireland Note eliminate in consolidation. The impact of the elimination of the amount payable under the UPC Ireland Note has been reflected as a deemed contribution in our condensed consolidated statement of owners' equity for the six months ended June 30, 2015.

The following table sets forth the retrospective effects of this common control transfer on our December 31, 2014 condensed consolidated balance sheet:

	As previously reported	Common control adjustments	As retrospectively revised
		in millions	
Current assets	£ 1,330.4	£ 23.8	£ 1,354.2
Property and equipment, net	£ 5,796.2	£ 278.6	£ 6,074.8
Goodwill	£ 5,793.7	£ 140.0	£ 5,933.7
Total assets	£ 18,981.7	£ 444.9	£ 19,426.6
Current liabilities	£ 1,778.8	£ 74.2	£ 1,853.0
Long-term debt and capital lease obligations	£ 8,348.9	£ 0.2	£ 8,349.1
Total liabilities	£ 10,406.6	£ 586.0	£ 10,992.6
Total parent's equity	£ 8,575.1	£ (91.7)	£ 8,483.4
Total owners' equity	£ 8,575.1	£ (141.1)	£ 8,434.0
Total liabilities and owners' equity	£ 18,981.7	£ 444.9	£ 19,426.6

The following table sets forth the retrospective effects of this common control transfer on our operating results:

	Three months ended June 30, 2014			Six months ended June 30, 2014		
	As previously reported	Common control adjustments	As retrospectively revised	As previously reported	Common control adjustments	As retrospectively revised
	in millions					
Revenue	£ 1,054.4	£ 72.1	£ 1,126.5	£ 2,098.2	£ 143.9	£ 2,242.1
Operating expenses	£ 453.4	£ 29.4	£ 482.8	£ 917.8	£ 58.3	£ 976.1
SG&A expenses	£ 149.2	£ 8.8	£ 158.0	£ 295.5	£ 18.3	£ 313.8
Depreciation and amortization expense	£ 405.2	£ 13.4	£ 418.6	£ 814.1	£ 26.4	£ 840.5
Non-operating expense, net	£ (79.8)	£ (13.3)	£ (93.1)	£ (197.4)	£ (26.7)	£ (224.1)
Income tax benefit (expense)	£ (0.5)	£ —	£ (0.5)	£ 14.6	£ —	£ 14.6
Net loss	£ (40.9)	£ (0.5)	£ (41.4)	£ (124.7)	£ (3.8)	£ (128.5)
Net loss attributable to parent	£ (40.9)	£ (0.3)	£ (41.2)	£ (124.7)	£ (2.4)	£ (127.1)

(4) Derivative Instruments

In general, we seek to enter into derivative instruments to protect against (i) increases in the interest rates on our variable-rate debt, (ii) foreign currency movements, particularly with respect to borrowings that are denominated in a currency other than the functional currency of the borrowing entity and (iii) equity exposure with respect to the dilutive effects of the 6.50% convertible senior notes (the **VM Convertible Notes**). In this regard, we have entered into various derivative instruments to manage interest rate exposure and foreign currency exposure with respect to the United States (**U.S.**) dollar (**$**) and the euro (**€**). We do not apply hedge accounting to our derivative instruments. Accordingly, changes in the fair values of our derivative instruments are recorded in realized and unrealized gains or losses on derivative instruments, net, in our condensed consolidated statements of operations.

The following table provides details of the fair values of our derivative instrument assets and liabilities:

	June 30, 2015			December 31, 2014		
	Current (a)	Long-term (a)	Total	Current (a)	Long-term (a)	Total
	in millions					
Assets:						
Cross-currency and interest rate derivative contracts (b)	£ 31.6	£ 98.3	£ 129.9	£ 28.0	£ 102.0	£ 130.0
Equity-related derivative instruments (c)	—	22.2	22.2	—	21.7	21.7
Total	£ 31.6	£ 120.5	£ 152.1	£ 28.0	£ 123.7	£ 151.7
Liabilities:						
Cross-currency and interest rate derivative contracts (b)	£ 51.9	£ 120.6	£ 172.5	£ 61.8	£ 101.5	£ 163.3
Equity-related derivative instruments (c)	81.2	—	81.2	78.0	—	78.0
Total	£ 133.1	£ 120.6	£ 253.7	£ 139.8	£ 101.5	£ 241.3

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(a) Our current derivative assets are included in other current assets and our long-term derivative assets and liabilities are included in other assets, net, and other long-term liabilities, respectively, in our condensed consolidated balance sheets.

(b) We consider credit risk in our fair value assessments. As of June 30, 2015 and December 31, 2014, (i) the fair values of our cross-currency and interest rate derivative contracts that represented assets have been reduced by credit risk valuation adjustments aggregating £1.6 million and £1.8 million, respectively, and (ii) the fair values of our cross-currency and interest rate derivative contracts that represented liabilities have been reduced by credit risk valuation adjustments aggregating £15.9 million and £6.2 million, respectively. The adjustments to our derivative assets relate to the credit risk associated with counterparty nonperformance and the adjustments to our derivative liabilities relate to credit risk associated with our own nonperformance. In all cases, the adjustments take into account offsetting liability or asset positions within a given contract. Our determination of credit risk valuation adjustments generally is based on our and our counterparties' credit risks, as observed in the credit default swap market and market quotations for certain of our debt instruments, as applicable. The changes in the credit risk valuation adjustments associated with our cross-currency and interest rate derivative contracts resulted in a net gain (loss) of £20.8 million and (£3.8 million) during the three months ended June 30, 2015 and 2014, respectively, and a net gain (loss) of £9.9 million and (£5.2 million) during the six months ended June 30, 2015 and 2014, respectively. These amounts are included in realized and unrealized losses on derivative instruments, net, in our condensed consolidated statements of operations. For further information regarding our fair value measurements, see note 5.

(c) The fair value of our (i) equity-related derivative assets relates to the Virgin Media Capped Calls, as defined and described below, and (ii) equity-related derivative liabilities relates to the derivative embedded in the VM Convertible Notes.

The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	in millions			
Cross-currency and interest rate derivative contracts	£ (244.3)	£ (69.9)	£ (30.3)	£ (147.3)
Equity-related derivative instruments (a)	(1.9)	(3.3)	(3.4)	0.8
Foreign currency forward contracts (b)	0.2	2.7	(7.5)	(0.1)
Total	£ (246.0)	£ (70.5)	£ (41.2)	£ (146.6)

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(a) Represents activity related to the Virgin Media Capped Calls, as defined and described below, and the derivative embedded in the VM Convertible Notes.

(b) Included in the amounts for the three and six months ended June 30, 2015 and the six months ended June 30, 2014 are gains or losses associated with related-party derivative instruments with Liberty Global Europe Financing BV (**LGE Financing**), a subsidiary of Liberty Global. As of June 30, 2015, there were no outstanding related-party derivative instruments.

The net cash received or paid related to our derivative instruments is classified as an operating, investing or financing activity in our condensed consolidated statements of cash flows based on the objective of the derivative instrument and the classification of the applicable underlying cash flows. For derivative contracts that are terminated prior to maturity, the cash paid or received upon termination that relates to future periods is classified as a financing activity. The classification of these cash outflows is as follows:

	Six months ended June 30,	
	2015	**2014**
	in millions	
Operating activities	£ (21.1)	£ (23.5)
Financing activities	(17.0)	(28.5)
Total	£ (38.1)	£ (52.0)

Counterparty Credit Risk

We are exposed to the risk that the counterparties to our derivative instruments will default on their obligations to us. We manage these credit risks through the evaluation and monitoring of the creditworthiness of, and concentration of risk with, the respective counterparties. In this regard, credit risk associated with our derivative instruments is spread across a relatively broad counterparty base of banks and financial institutions. Collateral is generally not posted by either party under our derivative instruments. At June 30, 2015, our exposure to counterparty credit risk included derivative assets with an aggregate fair value of £146.1 million.

Details of our Derivative Instruments

In the following tables, we present the details of the various categories of our subsidiaries' derivative instruments. The notional amount of multiple derivative instruments that mature within the same calendar month are shown in the aggregate and interest rates are presented on a weighted average basis. In addition, for derivative instruments that were in effect as of June 30, 2015, we present a single date that represents the applicable final maturity date. For derivative instruments that become effective subsequent to June 30, 2015, we present a range of dates that represents the period covered by the applicable derivative instruments.

Cross-currency and Interest Rate Derivative Contracts

Cross-currency Swaps:

The terms of our outstanding cross-currency swap contracts at June 30, 2015, which are held by our subsidiary, Virgin Media Investment Holdings Limited (**VMIH**), are as follows:

Final maturity date		Notional amount due from counterparty		Notional amount due to counterparty	Interest rate due from counterparty	Interest rate due to counterparty
		in millions				
January 2023	$	400.0	€	339.6	5.75%	4.33%
June 2023	$	1,855.0	£	1,198.3	6 mo. U.S. LIBOR + 2.75%	6 mo. LIBOR + 3.18%
February 2022	$	1,400.0	£	873.6	5.01%	5.49%
January 2023	$	1,000.0	£	648.6	5.25%	5.32%
January 2021	$	500.0	£	308.9	5.25%	6 mo. LIBOR + 2.06%
October 2022	$	450.0	£	272.0	6.00%	6.43%
January 2022	$	425.0	£	255.8	5.50%	5.82%
April 2019	$	191.5	£	122.3	5.38%	5.49%
November 2016 (a)	$	55.0	£	27.7	6.50%	7.03%
October 2019	$	50.0	£	30.3	8.38%	8.98%
October 2019 - October 2022	$	50.0	£	30.7	6.00%	5.75%

(a) Unlike the other cross-currency swaps presented in this table, the identified cross-currency swap does not involve the exchange of notional amounts at the inception and maturity of the instrument. Accordingly, the only cash flows associated with this instrument are interest payments and receipts.

Interest Rate Swaps:

The terms of our outstanding interest rate swap contracts at June 30, 2015, which are held by VMIH, are as follows:

Final maturity date		Notional amount	Interest rate due from counterparty	Interest rate due to counterparty
		in millions		
October 2018	£	2,155.0	6 mo. LIBOR	1.52%
October 2018 - June 2023	£	1,200.0	6 mo. LIBOR	2.49%
January 2021	£	650.0	5.50%	6 mo. LIBOR + 1.84%
January 2021	£	650.0	6 mo. LIBOR + 1.84%	3.87%
December 2015	£	600.0	6 mo. LIBOR	2.90%
April 2018	£	300.0	6 mo. LIBOR	1.37%

Equity-related Derivative Instruments

Virgin Media Capped Calls. During 2010, we entered into conversion hedges (the **Virgin Media Capped Calls**) with respect to the VM Convertible Notes in order to offset a portion of the dilutive effects associated with conversion of the VM Convertible Notes. We account for the Virgin Media Capped Calls at fair value using a binomial pricing model and changes in fair value are reported in realized and unrealized gains (losses) on derivative instruments, net, in our condensed consolidated statements of operations. The fair value of the Virgin Media Capped Calls as of June 30, 2015 was an asset of £22.2 million. The Virgin Media Capped Calls mature on dates ranging from September 30, 2016 to November 10, 2016.

(5) Fair Value Measurements

We use the fair value method to account for our derivative instruments. The reported fair values of these derivative instruments as of June 30, 2015 likely will not represent the value that will be paid or received upon the ultimate settlement or disposition of these assets and liabilities. We expect that the values realized generally will be based on market conditions at the time of settlement, which may occur at the maturity of the derivative instrument or at the time of the repayment or refinancing of the underlying debt instrument.

U.S. GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. We record transfers of assets or liabilities in or out of Levels 1, 2 or 3 at the beginning of the quarter during which the transfer occurred. During the six months ended June 30, 2015, no such transfers were made.

All of our Level 2 inputs (interest rate futures, swap rates and certain of the inputs for our weighted average cost of capital calculations) and certain of our Level 3 inputs (forecasted volatilities and credit spreads) are obtained from pricing services. These inputs, or interpolations or extrapolations thereof, are used in our internal models to calculate, among other items, yield curves, forward interest and currency rates and weighted average cost of capital rates. In the normal course of business, we receive market value assessments from the counterparties to our derivative contracts. Although we compare these assessments to our internal valuations and investigate unexpected differences, we do not otherwise rely on counterparty quotes to determine the fair values of our derivative instruments. The midpoints of applicable bid and ask ranges generally are used as inputs for our internal valuations.

The recurring fair value measurement of our equity-related derivative instruments are based on binomial option pricing models, which require the input of observable and unobservable variables such as exchange traded equity prices, risk-free interest rates, dividend yields and forecasted volatilities of the underlying equity securities. The valuations of our equity-related derivative instruments are based on a combination of Level 1 inputs (exchange traded equity prices), Level 2 inputs (interest rate futures and swap rates) and Level 3 inputs (forecasted volatilities). As changes in volatilities could have a significant impact on the overall valuations, we have determined that these valuations fall under Level 3 of the fair value hierarchy. At June 30, 2015 however, the valuations of the Virgin Media Capped Calls and the derivative embedded in the VM Convertible Notes were not significantly impacted by forecasted volatilities.

As further described in note 4, we have entered into various derivative instruments to manage our interest rate and foreign currency exchange risk. The recurring fair value measurements of these derivative instruments are determined using discounted cash flow models. Most of the inputs to these discounted cash flow models consist of, or are derived from, observable Level 2 data for substantially the full term of these derivative instruments. This observable data includes applicable interest rate futures and swap rates, which are retrieved or derived from available market data. Although we may extrapolate or interpolate this data, we do not otherwise alter this data in performing our valuations. We incorporate a credit risk valuation adjustment in our fair value measurements to estimate the impact of both our own nonperformance risk and the nonperformance risk of our counterparties. Our and our counterparties' credit spreads are Level 3 inputs that are used to derive the credit risk valuation adjustments with respect to our various interest rate and foreign currency derivative valuations. As we would not expect changes in our or our counterparties' credit spreads to have a significant impact on the valuations of these derivative instruments, we have determined that these valuations fall under Level 2 of the fair value hierarchy. Our credit risk valuation adjustments with respect to our cross-currency and interest rate swaps are quantified and further explained in note 4.

Fair value measurements are also used in connection with nonrecurring valuations performed in connection with impairment assessments and acquisition accounting. These nonrecurring valuations include the valuation of customer relationship intangible assets, property and equipment and the implied value of goodwill. The valuation of customer relationships is primarily based on an excess earnings methodology, which is a form of a discounted cash flow analysis. The excess earnings methodology requires us to estimate the specific cash flows expected from the customer relationship, considering such factors as estimated customer life, the revenue expected to be generated over the life of the customer, contributory asset charges, and other factors. Tangible assets are typically valued using a replacement or reproduction cost approach, considering factors such as current prices of the same or similar equipment, the age of the equipment and economic obsolescence. The implied value of goodwill is determined by allocating the fair value of a reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination, with the residual amount allocated to goodwill. All of our nonrecurring valuations use significant unobservable inputs and therefore fall under Level 3 of the fair value hierarchy. During the six months ended June 30, 2015 and 2014, we did not perform any significant nonrecurring fair value measurements.

A summary of our derivative instrument assets and liabilities that are measured at fair value on a recurring basis is as follows:

		Fair value measurements at June 30, 2015 using:		
Description	**June 30, 2015**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		in millions		
Assets:				
Cross-currency and interest rate derivative contracts	£ 129.9	£ —	£ 129.9	£ —
Equity-related derivative instruments	22.2	—	—	22.2
Total assets	£ 152.1	£ —	£ 129.9	£ 22.2
Liabilities:				
Cross-currency and interest rate derivative contracts	£ 172.5	£ —	£ 172.5	£ —
Equity-related derivative instruments	81.2	—	—	81.2
Total liabilities	£ 253.7	£ —	£ 172.5	£ 81.2

		Fair value measurements at December 31, 2014 using:		
Description	**December 31, 2014**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		in millions		
Assets:				
Cross-currency and interest rate derivative contracts	£ 130.0	£ —	£ 130.0	£ —
Equity-related derivative instruments	21.7	—	—	21.7
Total assets	£ 151.7	£ —	£ 130.0	£ 21.7
Liabilities:				
Cross-currency and interest rate derivative contracts	£ 163.3	£ —	£ 163.3	£ —
Equity-related derivative instruments	78.0	—	—	78.0
Total liabilities	£ 241.3	£ —	£ 163.3	£ 78.0

(6) Long-lived Assets

Property and Equipment, Net

The details of our property and equipment and the related accumulated depreciation are set forth below:

	June 30, 2015	December 31, 2014 (a)
	in millions	
Distribution systems	£ 6,141.3	£ 5,935.4
Customer premises equipment	1,407.2	1,295.2
Support equipment, buildings and land	906.7	827.2
	8,455.2	8,057.8
Accumulated depreciation	(2,528.1)	(1,983.0)
Total property and equipment, net	£ 5,927.1	£ 6,074.8

(a) As retrospectively revised – see note 3.

During the six months ended June 30, 2015 and 2014, we recorded non-cash increases related to vendor financing arrangements of £150.8 million and £61.4 million, respectively, which exclude related VAT of £19.9 million and £6.5 million, respectively, that were also financed by our vendors under these arrangements. In addition, during the six months ended June 30, 2015 and 2014, we recorded non-cash increases to our property and equipment related to assets acquired under capital leases of £12.9 million and £27.6 million, respectively.

Goodwill

The change in the carrying amount of our goodwill during the six months ended June 30, 2015 is set forth below (in millions):

Balance at January 1, 2015 (a)	£ 5,933.7
Foreign currency translation adjustments	(12.2)
Acquisitions and related adjustments	0.3
Balance at June 30, 2015	£ 5,921.8

(a) As retrospectively revised – see note 3.

Intangible Assets Subject to Amortization, Net

The details of our intangible assets subject to amortization are set forth below:

	June 30, 2015			December 31, 2014 (a)		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
	in millions					
Customer relationships	£ 2,522.2	£ (750.9)	£ 1,771.3	£ 2,522.4	£ (568.8)	£ 1,953.6

(a) As retrospectively revised – see note 3.

(7) Debt and Capital Lease Obligations

The pound sterling equivalents of the components of our consolidated debt and capital lease obligations are as follows:

	June 30, 2015		Estimated fair value (c)		Carrying value (d)	
	Weighted average interest rate (a)	Unused borrowing capacity (b)	June 30, 2015	December 31, 2014 (e)	June 30, 2015	December 31, 2014 (e)
			in millions			
Third-party debt:						
Parent:						
VM Convertible Notes (f)	6.50 %	£ —	£ 117.7	£ 114.7	£ 35.9	£ 36.5
Subsidiaries:						
VM Notes	5.62 %	—	7,094.9	5,430.4	6,981.7	5,173.4
VM Credit Facility	3.82 %	675.0	2,118.9	3,038.9	2,118.2	3,083.3
Vendor financing (g)	3.63 %	—	144.6	227.0	144.6	227.0
Total third-party debt	5.18 %	675.0	£ 9,476.1	£ 8,811.0	9,280.4	8,520.2
Related-party debt (note 10):						
UPC Ireland Note (h)	—	—	—	(h)	—	439.0
Total debt	5.18 %	£ 675.0			9,280.4	8,959.2
Capital lease obligations:						
Third-party					137.1	163.8
Related-party					—	0.3
Total capital lease obligations					137.1	164.1
Total debt and capital lease obligations					9,417.5	9,123.3
Current maturities					(239.0)	(335.2)
Long-term debt and capital lease obligations					£ 9,178.5	£ 8,788.1

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(a) Represents the weighted average interest rate in effect at June 30, 2015 for all borrowings outstanding pursuant to each debt instrument including any applicable margin. The interest rates presented represent stated rates and do not include the impact of derivative instruments, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing. Including the effects of derivative instruments, original issue premiums or discounts and commitment fees, but excluding the impact of financing costs, our weighted average interest rate on our aggregate third-party variable- and fixed-rate indebtedness was 5.6% at June 30, 2015. For information regarding our derivative instruments, see note 4.

(b) Unused borrowing capacity represents the maximum availability under our senior secured credit facility, as amended, (the **VM Credit Facility**) at June 30, 2015 without regard to covenant compliance calculations or other conditions precedent to borrowing. At June 30, 2015, based on the applicable leverage and other financial covenants, the full amount of unused borrowing capacity under the VM Credit Facility was available to be borrowed. The debt instruments of our subsidiaries contain restricted payment tests that limit the amount that can be loaned or distributed to other Virgin Media subsidiaries and ultimately to Virgin Media. At June 30, 2015, the availability to be loaned or distributed by the borrowers of the VM Credit Facility was limited to £670.3 million. When the relevant June 30, 2015 compliance reporting requirements have been completed and assuming no changes from June 30, 2015 borrowing levels, we anticipate that the full amount of unused borrowing capacity will be available to be loaned or distributed by the borrowers of the VM Credit Facility.

(c) The estimated fair values of our debt instruments are determined using the average of applicable bid and ask prices (mostly Level 1 of the fair value hierarchy) or, when quoted market prices are unavailable or not considered indicative of fair value, discounted cash flow models (mostly Level 2 of the fair value hierarchy). The discount rates used in the cash flow models are based on the market interest rates and estimated credit spreads of the applicable entity, to the extent available, and other relevant factors. For additional information regarding fair value hierarchies, see note 5.

(d) Amounts include the impact of premiums and discounts, where applicable.

(e) As retrospectively revised – see note 3.

(f) At June 30, 2015, the VM Convertible Notes were exchangeable under certain conditions for (subject to further adjustment as provided in the underlying indenture (the **VM Convertible Notes Indenture**) and subject to Virgin Media's right to settle in cash or a combination of Old Liberty Global Ordinary Shares (as defined in note 9) and cash) 13.4339 Class A Old Liberty Global Ordinary Shares, 33.4963 Class C Old Liberty Global Ordinary Shares and $910.51 (£579.08) in cash (without interest) for each $1,000 (£636.0) in principal amount of VM Convertible Notes exchanged. As a result of the LiLAC Transaction (as defined in note 9), the VM Convertible Notes Indenture was amended such that the VM Convertible Notes are now exchangeable for 14.0791 Class A Liberty Global Ordinary Shares (as defined in note 9), 35.1665 Class C Liberty Global Ordinary Shares and $910.51 (£579.08) in cash (without interest) for each $1,000 (£636.0) in principal amount of VM Convertible Notes exchanged.

(g) Represents amounts owed pursuant to interest-bearing vendor financing arrangements that are used to finance certain of our property and equipment additions, and to a lesser extent, certain of our operating expenses. These obligations are due within one year. At June 30, 2015 and December 31, 2014, the amounts owed pursuant to these arrangements include £17.9 million and £27.4 million, respectively, of VAT that was paid on our behalf by the vendor. Repayments of vendor financing obligations are included in repayments and repurchases of debt and capital lease obligations in our condensed consolidated statements of cash flows.

(h) The December 31, 2014 amount represents the principal amount owed under the UPC Ireland Note. Following our February 2015 acquisition of the right to receive amounts due under the UPC Ireland Note in connection with the UPC Ireland Acquisition, the amounts payable and receivable under the UPC Ireland Note eliminate in consolidation. For additional information, see note 3. The fair value of this loan is not subject to reasonable estimation due to the related-party nature of the loan.

VM Notes

The details of the outstanding senior notes of Virgin Media as of June 30, 2015 are summarized in the following table:

VM Notes	Maturity	Interest rate	Outstanding principal amount: Borrowing currency	Outstanding principal amount: Pound sterling equivalent	Estimated fair value	Carrying value (a)
				in millions		
2022 VM Senior Notes:						
2022 VM 4.875% Dollar Senior Notes	February 15, 2022	4.875%	$ 118.7	£ 75.5	£ 71.3	£ 76.0
2022 VM 5.25% Dollar Senior Notes	February 15, 2022	5.250%	$ 95.0	60.4	57.4	60.9
2022 VM Sterling Senior Notes	February 15, 2022	5.125%	£ 44.1	44.1	44.2	44.4
2023 VM Senior Notes:						
2023 VM Dollar Senior Notes	April 15, 2023	6.375%	$ 530.0	337.1	349.3	337.1
2023 VM Sterling Senior Notes	April 15, 2023	7.000%	£ 250.0	250.0	267.3	250.0
2024 VM Senior Notes:						
2024 VM Dollar Senior Notes	October 15, 2024	6.000%	$ 500.0	318.0	323.3	318.0
2024 VM Sterling Senior Notes	October 15, 2024	6.375%	£ 300.0	300.0	313.3	300.0
2025 VM Senior Notes:						
2025 VM Euro Senior Notes	January 15, 2025	4.500%	€ 460.0	326.2	325.2	326.2
2025 VM Dollar Senior Notes	January 15, 2025	5.750%	$ 400.0	254.4	257.1	254.4
January 2021 VM Senior Secured Notes:						
January 2021 VM Sterling Senior Secured Notes	January 15, 2021	5.500%	£ 628.4	628.4	669.2	636.1
January 2021 VM Dollar Senior Secured Notes	January 15, 2021	5.250%	$ 447.9	284.9	300.1	291.9
April 2021 VM Senior Secured Notes:						
April 2021 VM Sterling Senior Secured Notes	April 15, 2021	6.000%	£ 990.0	990.0	1,034.5	990.0
April 2021 VM Dollar Senior Secured Notes	April 15, 2021	5.375%	$ 900.0	572.4	585.9	572.4
2025 VM Senior Secured Notes:						
2025 VM 5.5% Sterling Senior Secured Notes	January 15, 2025	5.500%	£ 387.0	387.0	390.1	387.0
2025 VM Dollar Senior Secured Notes	January 15, 2025	5.500%	$ 425.0	270.3	271.6	270.3
2025 VM 5.125% Sterling Senior Secured Notes	January 15, 2025	5.125%	£ 300.0	300.0	296.8	300.0
2026 VM Senior Secured Notes	January 15, 2026	5.250%	$ 1,000.0	636.0	616.0	639.1
2027 VM Senior Secured Notes	January 15, 2027	4.875%	£ 525.0	525.0	507.0	525.0
2029 VM Senior Secured Notes	March 28, 2029	6.250%	£ 400.0	400.0	415.3	402.9
Total				£ 6,959.7	£ 7,094.9	£ 6,981.7

(a) Amounts include the impact of premiums, where applicable, including amounts recorded in connection with the acquisition accounting for Virgin Media.

Refinancing Transactions. On March 30, 2015, Virgin Media Secured Finance PLC (**Virgin Media Secured Finance**), a wholly-owned subsidiary of Virgin Media, issued (i) $500.0 million (£318.0 million) principal amount of 5.25% senior secured notes due January 15, 2026 (the **Original 2026 VM Senior Secured Notes**) and (ii) £525.0 million principal amount of 4.875% senior secured notes due January 15, 2027 (the **2027 VM Senior Secured Notes**). The net proceeds from the Original 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes were used to (a) redeem 10% of the principal amount of each of the following series of notes issued by Virgin Media Secured Finance: (1) the April 2021 VM Sterling Senior Secured Notes, (2) the April 2021 VM Dollar Senior Secured Notes and, together with the April 2021 VM Sterling Senior Secured Notes, the **April 2021 VM Senior Secured Notes** and (3) the 2025 VM 5.5% Sterling Senior Secured Notes, each at a redemption price equal to 103% of the applicable redeemed principal amount in accordance with the indentures governing each of the notes, and (b) prepay in full the existing £375.0 million outstanding principal amount of term loan A (**VM Facility A**) and $400.0 million (£254.4 million) of the existing $2,755.0 million (£1,752.2 million) outstanding principal amount of term loan B (**VM Facility B**), each under the VM Credit Facility (as described below). In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of £20.2 million. This loss includes (I) the write-off of £12.6 million of deferred financing costs, (II) the payment of £6.6 million of redemption premium and (III) the write-off of £1.0 million of unamortized discount.

On April 30, 2015, Virgin Media Secured Finance issued $500.0 million (£318.0 million) principal amount of 5.25% senior secured notes due January 15, 2026 (the **Additional 2026 VM Senior Secured Notes** and, together with the Original 2026 VM Senior Secured Notes, the **2026 VM Senior Secured Notes**). The Additional 2026 VM Senior Secured Notes were issued at 101% of par. The net proceeds from the Additional 2026 VM Senior Secured Notes were used to prepay $500.0 million (£318.0 million) of the outstanding principal amount of VM Facility B under the VM Credit Facility. In connection with this transaction, we recognized a loss on debt modification and extinguishment, net, of £6.1 million. This loss includes the write-off of (i) £4.8 million of deferred financing costs and (ii) £1.3 million of unamortized discount.

The 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes are senior obligations of Virgin Media Secured Finance that rank equally with all of the existing and future senior debt of Virgin Media Secured Finance and are senior to all existing and future subordinated debt of Virgin Media Secured Finance. The 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes are guaranteed on a senior basis by Virgin Media and certain subsidiaries of Virgin Media (the **VM Senior Secured Guarantors**) and are secured by liens on substantially all of the assets of Virgin Media Secured Finance and the VM Senior Secured Guarantors (except for Virgin Media).

The 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes contain certain customary incurrence-based covenants. For example, the ability to raise certain additional debt and make certain distributions or loans to other subsidiaries of Liberty Global is subject to a consolidated net leverage ratio test, as specified in the indenture. In addition, the 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes provide that any failure to pay principal prior to expiration of any applicable grace period, or any acceleration with respect to other indebtedness of £75.0 million or more in the aggregate of VMIH or the restricted subsidiaries (as specified in the indenture) is an event of default under the 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes.

Subject to the circumstances described below, the 2026 VM Senior Secured Notes are non-callable until January 15, 2020 and the 2027 VM Senior Secured Notes are non-callable until January 15, 2021 (the **Call Dates**). At any time prior to the applicable Call Date, Virgin Media Secured Finance may redeem some or all of the 2026 VM Senior Secured Notes or the 2027 VM Senior Secured Notes (as applicable) by paying a “make-whole” premium, which is the present value of all remaining scheduled interest payments to the applicable Call Date using the discount rate (as specified in the indenture) as of the redemption date plus 50 basis points.

Virgin Media Secured Finance may redeem some or all of the 2026 VM Senior Secured Notes or the 2027 VM Senior Secured Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued and unpaid interest and additional amounts (as specified in the indenture), if any, to the applicable redemption date, if redeemed during the 12-month period commencing on January 15 of the years set forth below:

	Redemption price	
Year	2026 VM Senior Secured Notes	2027 VM Senior Secured Notes
2020	102.625%	N.A.
2021	101.313%	102.438%
2022	100.656%	101.219%
2023	100.000%	100.609%
2024 and thereafter	100.000%	100.000%

Prior to the applicable Call Date, during each 12-month period commencing on the date on which the 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes were issued, respectively, Virgin Media Secured Finance may redeem up to 10% of the principal amount of the 2026 VM Senior Secured Notes and the 2027 VM Senior Secured Notes, respectively, at a redemption price equal to 103% of the principal amount thereof plus accrued and unpaid interest up to (but excluding) the redemption date.

If VMIH or the restricted subsidiaries (as specified in the indenture) sell certain assets or if Virgin Media Communications Limited (**Virgin Media Communications**) or certain of its subsidiaries experience specific changes in control, Virgin Media Secured Finance must offer to repurchase the relevant notes at a redemption price of 101%.

VM Credit Facility

The VM Credit Facility, as amended, is the senior secured credit facility of VMIH, together with certain other subsidiaries of Virgin Media. The details of our borrowings under the VM Credit Facility as of June 30, 2015 are summarized in the following table:

Facility	Maturity	Interest rate	Facility amount (in borrowing currency)	Unused borrowing capacity	Carrying value (a)
				in millions	
D	June 30, 2022	LIBOR + 3.25% (b)	£ 100.0	£ —	£ 99.8
E	June 30, 2023	LIBOR + 3.50% (b)	£ 849.4	—	847.5
F	June 30, 2023	LIBOR + 2.75% (b)	$ 1,855.0	—	1,170.9
Revolving Facility (c)	December 31, 2021	LIBOR + 2.75%	£ 675.0	675.0	—
Total				£ 675.0	£ 2,118.2

(a) The carrying values of VM Facilities D, E and F include the impact of discounts.

(b) VM Facilities D, E and F each have a LIBOR floor of 0.75%.

(c) The Revolving Facility has a fee on unused commitments of 1.1% per year.

Refinancing Transactions. In June 2015, (i) $1,855.0 million (£1,179.8 million) of commitments under the existing VM Facility B under the VM Credit Facility were effectively rolled into a new dollar denominated term loan (**VM Facility F**) under the VM Credit Facility, which matures in June 2023 and (ii) we amended the terms of our Revolving Facility (the **Revolving Facility Amendment**) to extend the maturity to December 31, 2021, reduce the margin from 3.25% to 2.75% and increase the commitments by £15.0 million. In connection with these transactions, we recognized a loss on debt modification and extinguishment, net, of

£3.1 million. This loss includes (a) the write-off of £2.1 million of deferred financing costs, (b) the write-off of £0.5 million of unamortized discount and (c) the payment of £0.5 million of third-party costs.

VM Facility F and the Revolving Facility Amendment contain certain amendments to the VM Credit Facility, including the deletion of the senior net debt to annualized EBITDA (as specified in the VM Credit Facility) maintenance covenant and amending the total net debt to annualized EBITDA (as specified in the VM Credit Facility) maintenance covenant to limit its application so that it applies only for the benefit of the revolving credit facility lenders when greater than one-third of the revolving credit facilities are drawn on the last day of the relevant ratio period. On July 30, 2015, the VM Credit Facility was amended and restated to reflect these and certain other amendments approved by the majority lenders under the VM Credit Facility.

Maturities of Debt and Capital Lease Obligations

The pound sterling equivalents of the maturities of our debt and capital lease obligations as of June 30, 2015 are presented below:

	Debt	Capital lease obligations	Total
		in millions	
Year ending December 31:			
2015 (remainder of year)	£ 57.5	£ 38.1	£ 95.6
2016	122.0	48.2	170.2
2017	—	22.8	22.8
2018	—	7.0	7.0
2019	—	3.5	3.5
2020	—	2.9	2.9
Thereafter	9,088.5	139.7	9,228.2
Total debt maturities	9,268.0	262.2	9,530.2
Unamortized premium, net of discount	12.4	—	12.4
Amounts representing interest	—	(125.1)	(125.1)
Total debt	£ 9,280.4	£ 137.1	£ 9,417.5
Current portion	£ 180.5	£ 58.5	£ 239.0
Noncurrent portion	£ 9,099.9	£ 78.6	£ 9,178.5

Non-cash Refinancing Transactions

During the six months ended June 30, 2015 and 2014, certain of our refinancing transactions included non-cash borrowings and repayments of debt aggregating £1,205.3 million and £500.4 million, respectively.

(8) <u>Income Taxes</u>

Certain of our U.K. subsidiaries are within the same U.K. tax group as our ultimate parent company, Liberty Global, and its U.K. subsidiaries. U.K. tax law permits the surrendering without cash payment of tax losses between entities within the same tax group. During the six months ended June 30, 2015, tax losses with an aggregate tax effect of £51.1 million were surrendered by Liberty Global and its U.K. subsidiaries outside of Virgin Media to our U.K. subsidiaries. These surrendered tax assets are reflected as an increase to additional paid-in capital in our condensed consolidated statement of owners' equity.

Income tax benefit (expense) attributable to our earnings (loss) before income taxes differs from the amounts computed using the U.S. federal income tax rate of 35.0%, as a result of the following factors:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Computed "expected" tax benefit (expense)	£ (21.0)	£ 14.3	£ (10.0)	£ 50.1
Change in valuation allowances	15.0	(20.5)	11.0	(24.3)
Basis and other differences in the treatment of items associated with investments in subsidiaries	(4.7)	3.6	(9.4)	(14.9)
International rate differences (b)	2.3	3.9	4.0	3.7
Enacted tax law and rate changes	(0.2)	1.9	0.8	6.0
Other, net	(6.4)	(3.7)	(4.6)	(6.0)
Total income tax benefit (expense)	£ (15.0)	£ (0.5)	£ (8.2)	£ 14.6

(a) As retrospectively revised – see note 3.

(b) Amounts reflect statutory rates in the U.K. and Ireland, which are lower than the U.S. federal income tax rate.

(9) Share-based Compensation

Our share-based compensation expense represents amounts allocated to our company by Liberty Global and related employer taxes. The amounts allocated by Liberty Global to our company represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as an increase to owners' equity. The increase to owners' equity is offset by any amounts recharged to us by Liberty Global, as further described in note 10. Incentive awards are denominated in U.S. dollars.

On July 1, 2015, Liberty Global completed the approved steps of the "**LiLAC Transaction**" whereby Liberty Global (i) reclassified its then outstanding Class A, Class B and Class C Liberty Global ordinary shares (collectively, the **Old Liberty Global Ordinary Shares**) into corresponding classes of new Liberty Global ordinary shares (collectively, the **Liberty Global Ordinary Shares**) and (ii) capitalized a portion of its share premium account and distributed as a dividend (or a "bonus issue" under U.K. law) its LiLAC ordinary shares (collectively, **LiLAC Ordinary Shares**). Pursuant to the LiLAC Transaction, each holder of Class A, Class B and Class C Old Liberty Global Ordinary Shares remained a holder of the same amount and class of Liberty Global Ordinary Shares and received one share of the corresponding class of LiLAC Ordinary Shares for each 20 Old Liberty Global Ordinary Shares held as of the record date for such distribution. The impact of the July 1, 2015 LiLAC Transaction on the Liberty Global share-based incentive awards held by certain employees of our subsidiaries, which will be reflected prospectively beginning with the third quarter of 2015, has not been reflected in these condensed consolidated financial statements.

The following table summarizes our share-based compensation expense, which is included in SG&A expense in our condensed consolidated statements of operations:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Performance-based incentive awards (a)	£ 1.3	£ 1.5	£ 4.5	£ 2.8
Other share-based incentive awards	5.2	5.7	12.7	16.1
Total	£ 6.5	£ 7.2	£ 17.2	£ 18.9

(a) Includes share-based compensation expense related to (i) Liberty Global performance-based restricted share units (**PSUs**) and (ii) a challenge performance award plan for certain executive officers and key employees of Liberty Global, including certain employees of our subsidiaries (the **Challenge Performance Awards**). The Challenge Performance Awards include performance-based share appreciation rights (**PSARs**) and PSUs.

	Old Liberty Global ordinary shares (a)	Liberty Global performance-based awards (a) (b)
Total compensation expense not yet recognized (in millions)	£ 28.8	£ 7.8
Weighted average period remaining for expense recognition (in years)	3.0	1.4

(a) Amounts relate to awards granted or assumed by Liberty Global under (i) the Virgin Media Inc. 2010 Stock Incentive Plan (as amended and restated effective June 7, 2013), (ii) certain other incentive plans of our company and (iii) the Liberty Global 2014 Incentive Plan and certain other incentive plans of Liberty Global. All new awards are granted under the Liberty Global 2014 Incentive Plan.

(b) Amounts relate to (i) the Challenge Performance Awards and (ii) PSUs.

The following table summarizes certain information related to the incentive awards granted and exercised by employees of our subsidiaries with respect to Old Liberty Global Ordinary Shares:

	Six months ended June 30,	
	2015	2014
Assumptions used to estimate fair value of options, share appreciation rights (**SARs**) and PSARs granted:		
Risk-free interest rate	0.96 - 1.40%	0.81 - 1.31%
Expected life	3.0 - 4.3 years	3.1 - 3.9 years
Expected volatility	23.1 - 25.1%	25.5 - 26.5%
Expected dividend yield	none	none
Weighted average grant-date fair value per share of awards granted:		
Options	$ 14.81	$ —
SARs	$ 9.56	$ 8.05
PSARs	$ —	$ 8.15
Restricted share units (**RSUs**)	$ 51.97	$ 39.70
PSUs	$ 51.97	$ 40.13
Total intrinsic value of awards exercised (in millions):		
Options	£ 50.2	£ 20.1
SARs	£ 1.4	£ —
PSARs	£ —	£ 0.1
Cash received by Liberty Global from exercise of options (in millions)	£ 16.2	£ 11.9
Income tax benefit related to share-based compensation (in millions)	£ 3.4	£ 3.8

Share-based Award Activity - Old Liberty Global Ordinary Shares

The following tables summarize the share-based award activity during the six months ended June 30, 2015 with respect to Old Liberty Global Ordinary Shares ordinary shares:

Options — Class A ordinary shares	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2015	1,197,699	$ 16.02		
Cancelled	(7,295)	$ 25.76		
Exercised	(758,310)	$ 12.61		
Transfers	(15,988)	$ 19.11		
Outstanding at June 30, 2015 (a)	416,106	$ 21.95	6.6	$ 13.4
Exercisable at June 30, 2015	131,740	$ 16.52	5.2	$ 4.9

Options — Class C ordinary shares	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2015	2,490,859	$ 15.70		
Granted	498,777	$ 41.12		
Cancelled	(18,196)	$ 31.92		
Exercised	(1,194,810)	$ 12.99		
Transfers	(39,838)	$ 17.78		
Outstanding at June 30, 2015 (a)	1,736,792	$ 24.73	7.2	$ 45.0
Exercisable at June 30, 2015	529,789	$ 11.49	4.7	$ 20.7

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(a) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding options related to Class A and Class C Old Liberty Global Ordinary Shares are £8.5 million and £28.6 million, respectively.

SARs — Class A ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2015 (a)	531,637	$ 36.55		
Granted	438,778	$ 53.11		
Forfeited	(2,112)	$ 40.91		
Exercised	(26,193)	$ 30.70		
Transfers	(49,872)	$ 34.72		
Outstanding at June 30, 2015 (b)	892,238	$ 44.96	6.0	$ 8.1
Exercisable at June 30, 2015	156,317	$ 31.01	4.2	$ 3.6

SARs — Class C ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2015 (a)	1,237,036	$ 33.79		
Granted	877,556	$ 51.41		
Forfeited	(4,224)	$ 39.09		
Exercised	(65,649)	$ 27.68		
Transfers	(129,280)	$ 32.29		
Outstanding at June 30, 2015 (b)	1,915,439	$ 42.16	5.8	$ 16.9
Exercisable at June 30, 2015	400,324	$ 28.23	3.9	$ 9.0

(a) As retrospectively revised – see note 3.

(b) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding SARs related to Class A and Class C Old Liberty Global Ordinary Shares are £5.2 million and £10.7 million, respectively.

PSARs — Class A ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2015 (a)	274,583	$ 35.56		
Transfers	(38,750)	$ 35.03		
Outstanding at June 30, 2015 (b)	235,833	$ 35.65	5.0	$ 4.3
Exercisable at June 30, 2015	3,333	$ 35.03	1.3	$ 0.1

PSARs — Class C ordinary shares	Number of shares	Weighted average base price	Weighted average remaining contractual term	Aggregate intrinsic value
			in years	in millions
Outstanding at January 1, 2015 (a)	823,749	$ 33.99		
Transfers	(116,250)	$ 33.41		
Outstanding at June 30, 2015 (b)	707,499	$ 34.08	5.0	$ 11.7
Exercisable at June 30, 2015	9,999	$ 33.41	1.3	$ 0.2

(a) As retrospectively revised – see note 3.

(b) The pound sterling equivalent amounts for the aggregate intrinsic value for outstanding PSARs related to Class A and Class C Old Liberty Global Ordinary Shares are £2.7 million and £7.4 million, respectively.

RSUs — Class A ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2015 (a)	264,930	$ 39.00	
Granted	76,718	$ 53.11	
Forfeited	(3,493)	$ 40.23	
Released from restrictions	(113,863)	$ 39.86	
Transfers	(16,305)	$ 38.87	
Outstanding at June 30, 2015	207,987	$ 44.36	4.9

RSUs — Class C ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2015 (a)	641,714	$ 36.48	
Granted	153,436	$ 51.41	
Forfeited	(7,487)	$ 38.06	
Released from restrictions	(315,487)	$ 36.05	
Transfers	(40,227)	$ 37.46	
Outstanding at June 30, 2015	431,949	$ 41.98	5.0

(a) As retrospectively revised – see note 3.

PSUs — Class A ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2015 (a)	160,354	$ 37.90	
Granted	40,182	$ 53.11	
Performance adjustment (b)	9,128	$ 36.38	
Released from restrictions	(38,005)	$ 36.34	
Transfers	(20,520)	$ 37.65	
Outstanding at June 30, 2015	151,139	$ 42.27	1.2

PSUs — Class C ordinary shares	Number of shares	Weighted average grant-date fair value per share	Weighted average remaining contractual term
			in years
Outstanding at January 1, 2015 (a)	403,562	$ 36.67	
Granted	80,364	$ 51.41	
Performance adjustment (b)	24,349	$ 34.07	
Released from restrictions	(101,404)	$ 34.07	
Transfers	(53,222)	$ 35.04	
Outstanding at June 30, 2015	353,649	$ 39.42	1.1

(a) As retrospectively revised – see note 3.

(b) Represents the increase in PSUs associated with the first quarter 2015 determination that 113.6% of the PSUs that were granted in 2013 (the **2013 PSUs**) had been earned. Half of the earned 2013 PSUs were released from restrictions on March 31, 2015 and, subject to forfeitures, the remainder will be released on September 30, 2015.

(10) Related-party Transactions

Our related-party transactions consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Revenue	£ 0.2	£ —	£ 0.2	£ —
Operating expenses	1.3	(0.4)	1.9	0.1
SG&A expenses	(1.4)	(2.7)	(6.7)	(2.8)
Allocated share-based compensation expense	(3.5)	(6.0)	(8.8)	(15.7)
Fees and allocations, net:				
Operating and SG&A related (exclusive of depreciation and share-based compensation)	(6.3)	(3.1)	(12.5)	(6.8)
Depreciation and share-based compensation	(5.0)	(1.7)	(13.1)	(4.3)
Management fee	(3.6)	(3.4)	(8.4)	(8.7)
Total fees and allocations, net	(14.9)	(8.2)	(34.0)	(19.8)
Included in operating income	(18.3)	(17.3)	(47.4)	(38.2)
Interest income	58.6	56.7	117.2	108.8
Realized gain (loss) on derivative instruments	0.2	—	(7.5)	(2.8)
Interest expense	—	(13.3)	(5.6)	(26.6)
Included in net earnings (loss)	£ 40.5	£ 26.1	£ 56.7	£ 41.2

(a) As retrospectively revised – see note 3.

General. Virgin Media charges fees and allocates costs and expenses to certain other Liberty Global subsidiaries and certain Liberty Global subsidiaries outside of Virgin Media charge fees and allocate costs and expenses to Virgin Media. Depending on the nature of these related-party transactions, the amount of the charges or allocations may be based on (i) our estimated share of the underlying costs, (ii) our estimated share of the underlying costs plus a mark-up or (iii) commercially-negotiated rates. Although we believe that the related-party charges and allocations described below are reasonable, no assurance can be given that the related-party costs and expenses reflected in our consolidated statements of operations are reflective of the costs that we would incur on a standalone basis. Our related-party transactions are cash settled unless otherwise noted below.

During the first quarter of 2015, Liberty Global transferred certain entities that incur central and other administrative costs (the **Corporate Entities Transfer**) from one subsidiary to certain other Liberty Global subsidiaries that are outside of Liberty Global's borrowing groups. In connection with the Corporate Entities Transfer, Liberty Global changed the processes it uses to charge fees and allocate costs and expenses from one subsidiary to another. This new methodology, which is intended to ensure that Liberty Global continues to allocate its central and administrative costs to its borrowing groups on a fair and rational basis, impacts the calculation of the "EBITDA" metric specified by our debt agreements (**Covenant EBITDA**). In this regard, the components of related-party fees and allocations that are deducted to arrive at our Covenant EBITDA are based on (i) the amount and nature of costs incurred by the allocating Liberty Global subsidiaries during the period, (ii) the allocation methodologies in effect during the period and (iii) the size of the overall pool of entities that are charged fees and allocated costs, such that changes in any of these factors would likely result in changes to the amount of related-party fees and allocations that will be deducted to arrive at our Covenant EBITDA in future periods. For example, to the extent that a Liberty Global subsidiary borrowing group was to acquire (sell) an operating entity, and assuming no change in the total costs incurred by the allocating entities, the fees charged and the costs allocated to our company would decrease (increase).

Revenue. Amounts represent interconnect fees charged to another Liberty Global subsidiary.

Operating expenses. Amounts consist of the net effect of (i) personnel costs of £2.1 million and £1.7 million during the three months ended June 30, 2015 and 2014, respectively, and £4.0 million and £3.3 million during the six months ended June 30, 2015 and 2014, respectively, charged to other Liberty Global subsidiaries and (ii) network-related expenses and other costs of £0.8 million and £2.1 million during the three months ended June 30, 2015 and 2014, respectively, and £2.1 million and £3.2 million during the six months ended June 30, 2015 and 2014, respectively, primarily charged by another Liberty Global subsidiary.

SG&A expenses. Amounts primarily consist of the net effect of (i) information technology-related expenses of nil and £2.9 million during the three months ended June 30, 2015 and 2014, respectively, and £4.2 million and £3.9 million during the six months ended June 30, 2015 and 2014, respectively, charged by another Liberty Global subsidiary, (ii) insurance-related expenses of £1.6 million and nil during the three months ended June 30, 2015 and 2014, respectively, and £3.2 million and nil during the six months ended June 30, 2015 and 2014, respectively, charged by another Liberty Global subsidiary, and (iii) personnel costs of £0.2 million and £0.9 million during the three months ended June 30, 2015 and 2014, respectively, and £0.8 million and £1.8 million during the six months ended June 30, 2015 and 2014, respectively, charged to other Liberty Global subsidiaries.

Allocated share-based compensation expense. As further described in note 9, Liberty Global allocates share-based compensation expense to our company.

Fees and allocations, net. These amounts, which are based on our company's estimated share of the applicable costs (including personnel-related and other costs associated with the services provided) incurred by other Liberty Global subsidiaries, represent the aggregate net effect of charges between subsidiaries of Virgin Media and various Liberty Global subsidiaries that are outside of Virgin Media. These charges generally relate to management, finance, legal, technology and other services that support our company's operations. The categories of our fees and allocations, net, are as follows:

- *Operating and SG&A related (exclusive of depreciation and share-based compensation).* The amounts included in this category, which are generally cash settled, represent our estimated share of certain centralized technology, management, marketing, finance and other operating and SG&A expenses of Liberty Global's European operations, whose activities benefit multiple operations, including operations within and outside of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up. Amounts in this category are generally deducted to arrive at our Covenant EBITDA.

- *Depreciation and share-based compensation.* The amounts included in this category, which are generally loan settled, represent our estimated share of (i) depreciation of assets not owned by our company and (ii) share-based compensation associated with Liberty Global employees who are not employees of our company. The amounts allocated represent our estimated share of the actual costs incurred by Liberty Global's European operations, without a mark-up.

- *Management fee.* The amounts included in this category, which are generally loan settled, represent our estimated allocable share of (i) operating and SG&A expenses related to the stewardship services provided by certain Liberty Global subsidiaries and (ii) the mark-up, if any, applicable to each category of the related-party fees and allocations charged to our company.

During the first three quarters of 2014, a subsidiary of Liberty Global allocated technology-based costs to our company and other Liberty Global subsidiaries based on each subsidiaries' estimated proportionate share of these costs. During the fourth quarter of 2014, the approach used to charge technology-based fees was changed to a royalty-based method. For the six months ended June 30, 2015, our £9.3 million proportional share of the technology-based costs was £3.3 million more than the royalty-based technology fee charged under the new approach. Accordingly, the £3.3 million excess has been reflected as a deemed contribution of technology-related services in our condensed consolidated statement of owners' equity. The charges under the new royalty-based fee are expected to escalate in future periods. Any excess of these charges over our estimated proportionate share of the underlying technology-based costs will be classified as a management fee and added back to arrive at Covenant EBITDA.

Interest income. Amounts represent interest income on related-party notes, as further described below.

Realized gain (loss) on derivative instruments. As further described in note 4, these amounts related to related-party derivative instruments with LGE Financing.

Interest expense. Amounts represent interest expense on a related-party note, as further described below.

The following table provides details of our related-party balances:

	June 30, 2015	December 31, 2014 (a)
	in millions	
Current note receivable (b)	£ 933.3	£ 688.0
Current receivables (c)	81.1	57.3
Other current assets (d)	0.8	1.3
Long-term notes receivable (e)	2,200.1	2,322.3
Total	£ 3,215.3	£ 3,068.9
Accounts payable (f)	£ 21.4	£ 7.9
Current portion of capital lease obligations	—	0.3
Other current liabilities (g)	48.1	28.8
Related-party debt (h)	—	439.0
Other long-term liabilities (i)	—	50.1
Total	£ 69.5	£ 526.1

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(a) As retrospectively revised – see note 3.

(b) Amounts represent a note receivable from LG Europe 2 that is owed to our subsidiary, Virgin Media Finco Limited. Pursuant to the loan agreement, the maturity date is July 16, 2023, however Virgin Media Finco Limited may agree to advance additional amounts to LG Europe 2 at any time and LG Europe 2 may, with agreement from Virgin Media Finco Limited, repay all or part of the outstanding principal at any time prior to the maturity date. The note receivable is subject to further borrowings and repayments. The interest rate on this loan, which is subject to adjustment, was 5.684% as of June 30, 2015. The net increase during 2015 includes an increase resulting from £1,406.3 million of cash advanced and a decrease related to £1,161.0 million of cash repaid.

(c) Amounts represent (i) accrued interest on notes receivable from LG Europe 2, including £38.7 million (equivalent) and £42.2 million (equivalent), respectively, owed to our subsidiary, Virgin Media Finco Limited, and £0.2 million (equivalent) and £0.4 million (equivalent), respectively, owed to Virgin Media, (ii) employee withholding taxes collected by Liberty Global on our behalf of £35.6 million (equivalent) and £8.5 million (equivalent), respectively, and (iii) certain receivables from other Liberty Global subsidiaries arising in the normal course of business. The accrued interest on the long-term notes receivable from LG Europe 2 is payable semi-annually on April 15 and October 15 and may be cash settled or, if mutually agreed, loan settled. The accrued interest on the current note receivable is payable on various dates as noted in the agreement and may be loan settled. The withholding taxes and other receivables are settled periodically.

(d) Amounts represent certain receivables from other Liberty Global subsidiaries arising in the normal course of business.

(e) Amounts represent:

(i) notes receivable from LG Europe 2 that are owed to Virgin Media Finco Limited (the 2023 8.5% LG Europe 2 Notes Receivable). These notes mature on April 15, 2023 and bear interest at a rate of 8.5%. At June 30, 2015 and December 31, 2014, the principal amount outstanding under these notes was £2,174.6 million and £2,297.3 million, respectively. As further described in note 3, the decrease during 2015 relates to the £122.7 million cash repayment from LG Europe 2;

(ii) a note receivable from LG Europe 2 that is owed to us. At June 30, 2015 and December 31, 2014, this note, which matures on April 15, 2023, had a principal balance of $21.0 million (£13.4 million) and $19.9 million (£12.7 million), respectively. This note bears interest at a rate of 7.875%. The increase during 2015 primarily relates to (i) £0.7 million (equivalent at the transaction date) in capitalized interest and (ii) a decrease of £0.1 million due to the cumulative translation adjustment during the period; and

(iii) a note receivable from Liberty Global that is owed to us. At June 30, 2015 and December 31, 2014, this note, which matures on June 4, 2018, had a principal balance of $18.9 million (£12.1 million) and $18.8 million (£12.0 million), respectively. This note bears interest at a rate of 1.74%. The increase during 2015 primarily relates to (i) £0.1 million (equivalent at the transaction date) in capitalized interest and (ii) a decrease of £0.1 million due to the cumulative translation adjustment during the period. The accrued interest on this note receivable is payable semi-annually on April 15 and October 15 and may be cash settled or, if mutually agreed, loan settled, and is included in other long-term assets, net in our condensed consolidated balance sheets.

(f) Amounts represent certain payables to other Liberty Global subsidiaries arising in the normal course of business.

(g) Amounts represent (i) £22.0 million (equivalent) and £13.7 million (equivalent), respectively, arising from cumulative and unpaid capital charges from Liberty Global, as described below, and (ii) certain payables to other Liberty Global subsidiaries arising in the normal course of business, including amounts associated with fees and allocations as described above. The payables related to the capital charges are settled periodically. None of these payables are currently interest bearing.

(h) For information regarding our related-party debt, see note 7.

(i) The December 31, 2014 amount represents accrued interest on the UPC Ireland Note.

During the six months ended June 30, 2015 and 2014, we recorded capital charges of $13.2 million (£8.8 million at the applicable rate) and $16.3 million (£9.7 million at the applicable rate), respectively, in our condensed consolidated statement of owners' equity in connection with the exercise of Liberty Global SARs and options and the vesting of Liberty Global restricted share awards and PSUs held by employees of our subsidiaries. We and Liberty Global have agreed that these capital charges will be based on the fair value of the underlying Liberty Global shares associated with share-based incentive awards that vest or are exercised during the period, subject to any reduction that is necessary to ensure that the cumulative capital charge does not exceed the cumulative amount of share-based compensation expense recorded by our company with respect to Liberty Global share-based incentive awards.

During the six months ended June 30, 2015, tax losses with an aggregate tax effect of £51.1 million were surrendered by Liberty Global and its U.K. subsidiaries outside of Virgin Media to our U.K. subsidiaries. For additional information, see note 8.

(11) Commitments and Contingencies

Commitments

In the normal course of business, we have entered into agreements that commit our company to make cash payments in future periods with respect to programming contracts, purchases of customer premises and other equipment, network and connectivity commitments, non-cancelable operating leases and other items. The pound sterling equivalents of such commitments as of June 30, 2015 are presented below:

	Payments due during:							
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	Total
	in millions							
Programming commitments	£ 222.7	£ 445.8	£ 452.9	£ 392.5	£ 151.5	£ 1.1	£ —	£ 1,666.5
Purchase commitments	272.8	12.5	0.4	—	—	—	—	285.7
Network and connectivity commitments	48.8	79.2	78.3	21.9	4.7	7.5	1.2	241.6
Operating leases	21.0	37.8	32.3	26.8	21.4	11.6	64.6	215.5
Other commitments	41.1	36.9	29.3	12.1	2.8	2.8	—	125.0
Total (a)	£ 606.4	£ 612.2	£ 593.2	£ 453.3	£ 180.4	£ 23.0	£ 65.8	£ 2,534.3

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(a) The commitments reflected in this table do not reflect any liabilities that are included in our June 30, 2015 condensed consolidated balance sheet.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the six months ended June 30, 2015 and 2014, the programming costs incurred aggregated £332.8 million and £305.4 million, respectively.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us.

Network and connectivity commitments include, among other items, the fixed minimum commitments associated with our mobile virtual network operator (**MVNO**) agreement. As such, the commitments shown in the above table may be significantly less than the actual amounts we ultimately pay in these periods.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the six months ended June 30, 2015 and 2014, see note 4.

Guarantees and Other Credit Enhancements

In the ordinary course of business, we may provide indemnifications to our lenders, our vendors and certain other parties and performance and/or financial guarantees to local municipalities, our customers and vendors. Historically, these arrangements have not resulted in our company making any material payments and we do not believe that they will result in material payments in the future.

Legal and Regulatory Proceedings and Other Contingencies

VAT Matters. Our application of the VAT with respect to certain revenue generating activities has been challenged by the U.K. tax authorities. We have estimated our maximum exposure in the event of an unfavorable outcome to be £43.3 million as of June 30, 2015. No portion of this exposure has been accrued by our company as the likelihood of loss is not considered to be probable. A court hearing was held at the end of September 2014 in relation to the U.K. tax authorities' challenge and the court's decision is not expected prior to September 30, 2015.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, resulted in a £14.4 million decrease to our revenue during the first half of 2015, as compared to the corresponding period in 2014. Recent correspondence from the U.K. government indicates that it may seek to challenge our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation. If such a challenge were to be issued by the U.K. government, we could be required to make a payment of the challenged amount in order to make an appeal. We currently estimate that the challenged amount could be up to approximately £65 million before any penalties or interest. Any challenge and subsequent appeal would likely be subject to court proceedings that could delay the ultimate resolution of this matter for an extended period of time. No portion of this potential exposure has been accrued by our company as no claim has been asserted or assessed and the likelihood of loss is not considered to be probable.

Other Regulatory Issues. Broadband communications and mobile businesses are subject to significant regulation and supervision by various regulatory bodies in the jurisdictions in which we operate, and other U.K. and European Union (**EU**) authorities. Adverse regulatory developments could subject our businesses to a number of risks. Regulation could limit growth, revenue and the number and types of services offered and could lead to increased operating costs and property and equipment additions. In addition, regulation may restrict our operations and subject them to further competitive pressure, including pricing restrictions, interconnect and other access obligations, and restrictions or controls on content, including content provided by third parties. Failure to comply with current or future regulation could expose our businesses to various penalties.

We have security accreditations across a range of B2B products and services in order to increase our offerings to public sector organizations in the U.K. These accreditations are granted subject to periodic reviews of our policies and procedures by U.K. governmental authorities. If we were to fail to maintain these accreditations or obtain new accreditations when required, it could impact our ability to provide certain offerings to the public sector.

In addition to the foregoing items, we have contingent liabilities related to matters arising in the ordinary course of business including (i) legal proceedings, (ii) issues involving VAT and wage, property and other tax issues and (iii) disputes over interconnection, programming, copyright and carriage fees. While we generally expect that the amounts required to satisfy these contingencies will not materially differ from any estimated amounts we have accrued, no assurance can be given that the resolution of one or more of these contingencies will not result in a material impact on our results of operations, cash flows or financial position in any given period. Due, in general, to the complexity of the issues involved and, in certain cases, the lack of a clear basis for predicting outcomes, we cannot provide a meaningful range of potential losses or cash outflows that might result from any unfavorable outcomes.

(12) Segment Reporting

We have one reportable segment that provides video, broadband internet and fixed-line telephony services in the U.K. and Ireland and mobile services in the U.K.

Our revenue by major category is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
Subscription revenue:				
Video	£ 268.1	£ 275.4	£ 536.4	£ 550.3
Broadband internet	311.4	279.7	609.6	545.2
Fixed-line telephony	241.7	253.6	484.5	511.0
Cable subscription revenue (b)	821.2	808.7	1,630.5	1,606.5
Mobile subscription revenue (c)	117.7	119.0	234.0	233.1
Total subscription revenue	938.9	927.7	1,864.5	1,839.6
B2B revenue (d)	157.7	151.3	313.9	302.7
Other revenue (c) (e)	51.1	47.5	99.1	99.8
Total	£ 1,147.7	£ 1,126.5	£ 2,277.5	£ 2,242.1

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(a) As retrospectively revised – see note 3.

(b) Cable subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, mobile services revenue and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(c) Mobile subscription revenue excludes mobile interconnect revenue of £16.8 million and £20.2 million during the three months ended June 30, 2015 and 2014, respectively, and £34.7 million and £40.3 million during the six months ended June 30, 2015 and 2014, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.

(d) B2B revenue includes revenue from business broadband internet, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain small office and home office (**SOHO**) subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated £5.0 million and £4.3 million during the three months ended June 30, 2015 and 2014, respectively, and £10.0 million and £8.5 million during the six months ended June 30, 2015 and 2014, respectively, is included in cable subscription revenue.

(e) Other revenue includes, among other items, interconnect, mobile handset sales and late fee revenue.

Geographic Segments

The revenue of our geographic segments is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014 (a)	2015	2014 (a)
	in millions			
U.K.	£ 1,084.3	£ 1,054.3	£ 2,148.5	£ 2,098.1
Ireland	63.4	72.2	129.0	144.0
Total	£ 1,147.7	£ 1,126.5	£ 2,277.5	£ 2,242.1

(a) As retrospectively revised – see note 3.

(13) Condensed Consolidating Financial Information — Senior Notes

We present the following condensed consolidating financial information as of June 30, 2015 and December 31, 2014 and for the three and six months ended June 30, 2015 and 2014, as required by the applicable underlying indentures.

As of June 30, 2015, Virgin Media Finance PLC (**Virgin Media Finance**) is the issuer of the following senior notes:

- $118.7 million (£75.5 million) aggregate principal amount of 2022 VM 4.875% Dollar Senior Notes;
- $95.0 million (£60.4 million) aggregate principal amount of 2022 VM 5.25% Dollar Senior Notes;
- £44.1 million aggregate principal amount of 2022 VM Sterling Senior Notes;
- $530.0 million (£337.1 million) aggregate principal amount of 2023 VM Dollar Senior Notes;
- £250.0 million aggregate principal amount of 2023 VM Sterling Senior Notes;
- $500.0 million (£318.0 million) aggregate principal amount of 2024 VM Dollar Senior Notes;
- £300.0 million aggregate principal amount of 2024 VM Sterling Senior Notes;
- €460.0 million (£326.2 million) aggregate principal amount of 2025 VM Euro Senior Notes; and
- $400.0 million (£254.4 million) aggregate principal amount of 2025 VM Dollar Senior Notes.

Our senior notes are issued by Virgin Media Finance and are guaranteed on a senior basis by Virgin Media and certain of its subsidiaries, namely Virgin Media Group LLC (**Virgin Media Group**), Virgin Media (UK) Group LLC (**Virgin Media (UK) Group**) and Virgin Media Communications. Each of VMIH and Virgin Media Investments Limited (**VMIL**) are conditional guarantors and have guaranteed the senior notes on a senior subordinated basis.

	June 30, 2015							
Balance sheets	**Virgin Media**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
ASSETS								
Current assets:								
Cash and cash equivalents	£ 0.5	£ 0.2	£ —	£ —	£ —	£ 18.7	£ —	£ 19.4
Related-party note and other receivables	—	—	—	—	—	1,014.4	—	1,014.4
Other current assets:								
Third-party	—	—	—	31.6	—	555.3	—	586.9
Intercompany and related-party	—	1.1	—	—	—	2.9	(3.2)	0.8
Total current assets	0.5	1.3	—	31.6	—	1,591.3	(3.2)	1,621.5
Property and equipment, net	—	—	—	—	—	5,927.1	—	5,927.1
Goodwill	—	—	—	—	—	5,921.8	—	5,921.8
Intangible assets subject to amortization, net	—	—	—	—	—	1,771.3	—	1,771.3
Investments in, and loans to, parent and subsidiary companies	8,133.4	9,723.2	8,319.6	11,779.5	12,191.2	(7,578.2)	(42,568.7)	—
Deferred income taxes	—	—	—	—	—	1,549.7	—	1,549.7
Related-party notes receivable	25.5	—	—	—	—	2,174.6	—	2,200.1
Other assets, net:								
Third-party	22.3	22.9	—	104.7	—	137.4	—	287.3
Intercompany	—	—	—	15.2	—	5.4	(20.6)	—
Total assets	£ 8,181.7	£ 9,747.4	£ 8,319.6	£ 11,931.0	£ 12,191.2	£ 11,500.4	£ (42,592.5)	£ 19,278.8
LIABILITIES AND OWNERS' EQUITY								
Current liabilities:								
Intercompany and related-party payables	£ —	£ 62.6	£ 5.2	£ 104.6	£ —	£ 453.7	£ (604.7)	£ 21.4
Other current liabilities:								
Third-party	119.0	32.4	—	196.1	—	1,394.1	—	1,741.6
Intercompany and related-party	22.0	0.3	—	3.2	—	25.8	(3.2)	48.1
Total current liabilities	141.0	95.3	5.2	303.9	—	1,873.6	(607.9)	1,811.1
Long-term debt and capital lease obligations	—	1,967.0	—	—	—	7,211.5	—	9,178.5
Other long-term liabilities:								
Third-party	—	—	—	120.5	—	175.2	—	295.7
Intercompany	—	5.3	—	5.4	—	9.9	(20.6)	—
Total liabilities	141.0	2,067.6	5.2	429.8	—	9,270.2	(628.5)	11,285.3
Total parent's equity	8,040.7	7,679.8	8,314.4	11,501.2	12,191.2	2,277.4	(41,964.0)	8,040.7
Noncontrolling interest	—	—	—	—	—	(47.2)	—	(47.2)
Total owners' equity	8,040.7	7,679.8	8,314.4	11,501.2	12,191.2	2,230.2	(41,964.0)	7,993.5
Total liabilities and owners' equity	£ 8,181.7	£ 9,747.4	£ 8,319.6	£ 11,931.0	£ 12,191.2	£ 11,500.4	£ (42,592.5)	£ 19,278.8

	December 31, 2014 (a)							
Balance sheets	**Virgin Media**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
ASSETS								
Current assets:								
Cash and cash equivalents	£ 0.5	£ —	£ —	£ —	£ —	£ 36.1	£ —	£ 36.6
Related-party note and other receivables	0.4	—	—	—	—	744.9	—	745.3
Other current assets:								
Third-party	—	—	—	28.0	—	543.0	—	571.0
Intercompany and related-party	—	1.4	—	—	—	3.9	(4.0)	1.3
Total current assets	0.9	1.4	—	28.0	—	1,327.9	(4.0)	1,354.2
Property and equipment, net	—	—	—	—	—	6,074.8	—	6,074.8
Goodwill	—	—	—	—	—	5,933.7	—	5,933.7
Intangible assets subject to amortization, net	—	—	—	—	—	1,953.6	—	1,953.6
Investments in, and loans to, parent and subsidiary companies	8,529.3	9,582.7	8,761.4	12,267.1	12,436.2	(7,081.7)	(44,495.0)	—
Deferred income taxes	—	—	—	—	—	1,506.2	—	1,506.2
Related-party notes receivable	25.0	—	—	—	—	2,297.3	—	2,322.3
Other assets, net:								
Third-party	58.3	16.6	—	102.0	—	104.9	—	281.8
Intercompany	—	—	—	21.0	—	4.2	(25.2)	—
Total assets	£ 8,613.5	£ 9,600.7	£ 8,761.4	£ 12,418.1	£ 12,436.2	£ 12,120.9	£ (44,524.2)	£ 19,426.6
LIABILITIES AND OWNERS' EQUITY								
Current liabilities:								
Intercompany and related-party payables	£ —	£ 59.6	£ 5.1	£ 115.6	£ —	£ 615.3	£ (787.7)	£ 7.9
Other current liabilities:								
Third-party	116.3	20.9	—	290.7	—	1,388.1	—	1,816.0
Intercompany and related-party	13.7	—	—	4.0	—	15.4	(4.0)	29.1
Total current liabilities	130.0	80.5	5.1	410.3	—	2,018.8	(791.7)	1,853.0
Long-term debt and capital lease obligations:								
Third-party	—	1,393.8	—	—	—	6,955.3	—	8,349.1
Related-party	—	—	—	—	—	439.0	—	439.0
Other long-term liabilities:								
Third-party	—	—	—	101.6	—	199.8	—	301.4
Intercompany and related-party	—	7.3	—	4.2	—	63.8	(25.2)	50.1
Total liabilities	130.0	1,481.6	5.1	516.1	—	9,676.7	(816.9)	10,992.6
Total parent's equity	8,483.5	8,119.1	8,756.3	11,902.0	12,436.2	2,493.6	(43,707.3)	8,483.4
Noncontrolling interest	—	—	—	—	—	(49.4)	—	(49.4)
Total owners' equity	8,483.5	8,119.1	8,756.3	11,902.0	12,436.2	2,444.2	(43,707.3)	8,434.0
Total liabilities and owners' equity	£ 8,613.5	£ 9,600.7	£ 8,761.4	£ 12,418.1	£ 12,436.2	£ 12,120.9	£ (44,524.2)	£ 19,426.6

(a) As retrospectively revised – see note 3.

Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Three months ended June 30, 2015							
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,147.7	£ —	£ 1,147.7
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	472.3	—	472.3
SG&A (including share-based compensation)	1.0	—	—	—	—	155.5	—	156.5
Related party fees and allocations, net	—	—	—	—	—	14.9	—	14.9
Depreciation and amortization	—	—	—	—	—	392.5	—	392.5
Impairment, restructuring and other operating items, net	—	—	—	—	—	7.9	—	7.9
	1.0	—	—	—	—	1,043.1	—	1,044.1
Operating income (loss)	(1.0)	—	—	—	—	104.6	—	103.6
Non-operating income (expense):								
Interest expense:								
Third-party	(1.3)	(30.0)	—	(3.2)	—	(92.7)	—	(127.2)
Intercompany	—	(54.6)	(2.6)	(108.3)	—	(300.9)	466.4	—
Interest income – related-party and intercompany	0.3	13.7	3.8	55.3	—	451.9	(466.4)	58.6
Realized and unrealized gains (losses) on derivative instruments:								
Third-party	(1.9)	1.2	—	(246.9)	—	1.4	—	(246.2)
Related-party	—	(20.8)	—	75.1	—	(54.1)	—	0.2
Foreign currency transaction gains (losses), net	(0.1)	248.0	30.1	66.5	—	(64.0)	—	280.5
Loss on debt modification and extinguishment, net	—	—	—	—	—	(9.2)	—	(9.2)
Other income (expense), net	—	0.1	—	—	—	(0.3)	—	(0.2)
	(3.0)	157.6	31.3	(161.5)	—	(67.9)	—	(43.5)
Earnings (loss) before income taxes	(4.0)	157.6	31.3	(161.5)	—	36.7	—	60.1
Income tax expense	(0.6)	—	—	—	—	(14.4)	—	(15.0)
Earnings (loss) after income taxes	(4.6)	157.6	31.3	(161.5)	—	22.3	—	45.1
Equity in net earnings (loss) of subsidiaries	52.2	(144.1)	17.1	17.6	51.5	—	5.7	—
Net earnings (loss)	47.6	13.5	48.4	(143.9)	51.5	22.3	5.7	45.1
Net loss attributable to noncontrolling interest	—	—	—	—	—	2.5	—	2.5
Net earnings (loss) attributable to parent	£ 47.6	£ 13.5	£ 48.4	£ (143.9)	£ 51.5	£ 24.8	£ 5.7	£ 47.6
Total comprehensive earnings (loss)	£ 10.3	£ 5.7	£ 6.3	£ (151.7)	£ 43.7	£ 14.4	£ 79.1	£ 7.8
Comprehensive loss attributable to noncontrolling interest	—	—	—	—	—	1.5	—	1.5
Comprehensive earnings (loss) attributable to parent	£ 10.3	£ 5.7	£ 6.3	£ (151.7)	£ 43.7	£ 15.9	£ 79.1	£ 9.3

Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Three months ended June 30, 2014 (a)							
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 1,126.5	£ —	£ 1,126.5
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	482.8	—	482.8
SG&A (including share-based compensation)	1.0	—	—	—	—	157.0	—	158.0
Related party fees and allocations, net	—	—	—	—	—	8.2		8.2
Depreciation and amortization	—	—	—	—	—	418.6	—	418.6
Impairment, restructuring and other operating items, net	—	—	—	—	—	6.7	—	6.7
	1.0	—	—	—	—	1,073.3	—	1,074.3
Operating income (loss)	(1.0)	—	—	—	—	53.2	—	52.2
Non-operating income (expense):								
Interest expense:								
Third-party	(2.7)	(21.4)	—	(2.7)	—	(88.8)	—	(115.6)
Related-party and intercompany	(46.2)	(1.4)	(2.8)	(85.8)	—	(282.1)	405.0	(13.3)
Interest income – related-party and intercompany	7.9	15.4	3.5	71.8	—	363.1	(405.0)	56.7
Realized and unrealized gains (losses) on derivative instruments:								
Third-party	(3.3)	—	—	(67.2)	—	—	—	(70.5)
Intercompany	—	(3.7)	—	10.6	—	(6.9)	—	—
Foreign currency transaction gains (losses), net	(1.9)	7.3	(4.4)	27.3	—	1.7	19.5	49.5
Loss on debt modification and extinguishment, net	—	—	—	—	—	(0.2)	—	(0.2)
Other income, net	—	—	—	—	—	0.3	—	0.3
	(46.2)	(3.8)	(3.7)	(46.0)	—	(12.9)	19.5	(93.1)
Earnings (loss) before income taxes	(47.2)	(3.8)	(3.7)	(46.0)	—	40.3	19.5	(40.9)
Income tax expense	—	—	(0.1)	—	—	(0.4)	—	(0.5)
Earnings (loss) after income taxes	(47.2)	(3.8)	(3.8)	(46.0)	—	39.9	19.5	(41.4)
Equity in net earnings of subsidiaries	6.4	9.3	10.1	92.8	7.9	—	(126.5)	—
Net earnings (loss)	(40.8)	5.5	6.3	46.8	7.9	39.9	(107.0)	(41.4)
Net loss attributable to noncontrolling interest	—	—	—	—	—	0.2	—	0.2
Net earnings (loss) attributable to parent	£ (40.8)	£ 5.5	£ 6.3	£ 46.8	£ 7.9	£ 40.1	£ (107.0)	£ (41.2)
Total comprehensive earnings (loss)	£ (13.1)	£ 0.9	£ 3.3	£ 42.3	£ 3.3	£ 40.1	£ (85.6)	£ (8.8)
Comprehensive earnings attributable to noncontrolling interest	—	—	—	—	—	(1.5)	—	(1.5)
Comprehensive earnings (loss) attributable to parent	£ (13.1)	£ 0.9	£ 3.3	£ 42.3	£ 3.3	£ 38.6	£ (85.6)	£ (10.3)

(a) As retrospectively revised – see note 3.

Statements of operations	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Eliminations	Total
	Six months ended June 30, 2015							
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 2,277.5	£ —	£ 2,277.5
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	950.5	—	950.5
SG&A (including share-based compensation)	1.8	—	—	—	—	313.0	—	314.8
Related party fees and allocations, net	—	—	—	—	—	34.0	—	34.0
Depreciation and amortization	—	—	—	—	—	774.4	—	774.4
Impairment, restructuring and other operating items, net	—	—	—	—	—	2.8	—	2.8
	1.8	—	—	—	—	2,074.7	—	2,076.5
Operating income (loss)	(1.8)	—	—	—	—	202.8	—	201.0
Non-operating income (expense):								
Interest expense:								
Third-party	(3.6)	(57.8)	—	(6.8)	—	(182.4)	—	(250.6)
Related-party and intercompany	—	(108.3)	(5.2)	(213.2)	—	(601.4)	922.5	(5.6)
Interest income – related-party and intercompany	0.6	27.3	7.7	108.8	—	895.3	(922.5)	117.2
Realized and unrealized gains (losses) on derivative instruments:								
Third-party	(3.4)	1.2	—	(32.9)	—	1.4	—	(33.7)
Related-party	—	1.8	—	(6.2)	—	(3.1)	—	(7.5)
Foreign currency transaction gains (losses), net	(0.1)	97.2	(6.0)	(22.3)	—	(31.2)	—	37.6
Loss on debt modification and extinguishment, net	—	—	—	—	—	(29.4)	—	(29.4)
Other expense, net	—	—	—	(0.1)	—	(0.3)	—	(0.4)
	(6.5)	(38.6)	(3.5)	(172.7)	—	48.9	—	(172.4)
Earnings (loss) before income taxes	(8.3)	(38.6)	(3.5)	(172.7)	—	251.7	—	28.6
Income tax expense	(0.6)	—	—	—	—	(7.6)	—	(8.2)
Earnings (loss) after income taxes	(8.9)	(38.6)	(3.5)	(172.7)	—	244.1	—	20.4
Equity in net earnings of subsidiaries	32.6	62.7	30.5	235.6	218.5	—	(579.9)	—
Net earnings	23.7	24.1	27.0	62.9	218.5	244.1	(579.9)	20.4
Net loss attributable to noncontrolling interest	—	—	—	—	—	3.3	—	3.3
Net earnings attributable to parent	£ 23.7	£ 24.1	£ 27.0	£ 62.9	£ 218.5	£ 247.4	£ (579.9)	£ 23.7
Total comprehensive earnings	£ 32.2	£ 35.7	£ 33.2	£ 74.5	£ 230.1	£ 255.6	£ (632.4)	£ 28.9
Comprehensive earnings attributable to noncontrolling interest	—	—	—	—	—	(1.1)	—	(1.1)
Comprehensive earnings attributable to parent	£ 32.2	£ 35.7	£ 33.2	£ 74.5	£ 230.1	£ 254.5	£ (632.4)	£ 27.8

	Six months ended June 30, 2014 (a)							
Statements of operations	**Virgin Media**	**Virgin Media Finance**	**Other guarantors**	**VMIH**	**VMIL**	**All other subsidiaries**	**Eliminations**	**Total**
	in millions							
Revenue	£ —	£ —	£ —	£ —	£ —	£ 2,242.1	£ —	£ 2,242.1
Operating costs and expenses:								
Operating (other than depreciation and amortization)	—	—	—	—	—	976.1	—	976.1
SG&A (including share-based compensation)	2.0	—	—	—	—	311.8	—	313.8
Related party fees and allocations, net	—	—	—	—	—	19.8	—	19.8
Depreciation and amortization	—	—	—	—	—	840.5	—	840.5
Impairment, restructuring and other operating items, net	—	—	—	—	—	10.9	—	10.9
	2.0	—	—	—	—	2,159.1	—	2,161.1
Operating income (loss)	(2.0)	—	—	—	—	83.0	—	81.0
Non-operating income (expense):								
Interest expense:								
Third-party	(5.9)	(42.9)	—	(5.0)	—	(176.0)	—	(229.8)
Related-party and intercompany	(90.9)	(2.5)	(5.5)	(172.3)	—	(558.4)	803.0	(26.6)
Interest income – related-party and intercompany	11.2	30.9	7.0	141.8	—	720.9	(803.0)	108.8
Realized and unrealized gains (losses) on derivative instruments:								
Third-party	0.8	—	—	(144.6)	—	—	—	(143.8)
Related-party	(2.8)	(7.4)	—	29.9	—	(22.5)	—	(2.8)
Foreign currency transaction gains (losses), net	1.5	9.3	(5.6)	35.3	—	5.0	24.0	69.5
Loss on debt modification and extinguishment, net	—	—	—	—	—	(0.2)	—	(0.2)
Other income, net	—	—	0.5	—	—	0.3	—	0.8
	(86.1)	(12.6)	(3.6)	(114.9)	—	(30.9)	24.0	(224.1)
Earnings (loss) before income taxes	(88.1)	(12.6)	(3.6)	(114.9)	—	52.1	24.0	(143.1)
Income tax benefit (expense)	—	—	(0.1)	—	—	14.7	—	14.6
Earnings (loss) after income taxes	(88.1)	(12.6)	(3.7)	(114.9)	—	66.8	24.0	(128.5)
Equity in net earnings (loss) of subsidiaries	(36.5)	(26.8)	(32.8)	121.1	25.3	—	(50.3)	—
Net earnings (loss)	(124.6)	(39.4)	(36.5)	6.2	25.3	66.8	(26.3)	(128.5)
Net loss attributable to noncontrolling interest	—	—	—	—	—	1.4	—	1.4
Net earnings (loss) attributable to parent	£ (124.6)	£ (39.4)	£ (36.5)	£ 6.2	£ 25.3	£ 68.2	£ (26.3)	£ (127.1)
Total comprehensive earnings (loss)	£ (87.5)	£ (45.1)	£ (40.2)	£ 0.5	£ 19.6	£ 67.2	£ 0.2	£ (85.3)
Comprehensive earnings attributable to noncontrolling interest	—	—	—	—	—	(0.7)	—	(0.7)
Comprehensive earnings (loss) attributable to parent	£ (87.5)	£ (45.1)	£ (40.2)	£ 0.5	£ 19.6	£ 66.5	£ 0.2	£ (86.0)

(a) As retrospectively revised – see note 3.

Statements of cash flows	Six months ended June 30, 2015						
	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
				in millions			
Cash flows from operating activities:							
Net cash provided (used) by operating activities	£ (2.3)	£ (122.0)	£ —	£ (114.9)	£ —	£ 1,085.9	£ 846.7
Cash flows from investing activities:							
Cash paid in connection with the UPC Ireland Acquisition	—	—	—	—	—	(993.8)	(993.8)
Capital expenditures	—	—	—	—	—	(296.8)	(296.8)
Advances to related parties, net	—	—	—	—	—	(136.6)	(136.6)
Other investing activities, net	—	—	—	—	—	6.0	6.0
Net cash used by investing activities	—	—	—	—	—	(1,421.2)	(1,421.2)
Cash flows from financing activities:							
Borrowings of third-party debt	—	607.7	—	445.7	—	1,491.2	2,544.6
Repayments and repurchases of third-party debt and capital lease obligations	—	—	—	(696.0)	—	(1,244.5)	(1,940.5)
Contributions (distributions)	—	(478.0)	—	377.1	—	100.9	—
Payment of financing costs and debt premiums	—	(7.5)	—	(3.3)	—	(16.4)	(27.2)
Net cash paid related to derivative instruments	—	—	—	(8.6)	—	(8.4)	(17.0)
Other financing activities, net	—	—	—	—	—	(4.9)	(4.9)
Net cash provided by financing activities	—	122.2	—	114.9	—	317.9	555.0
Effect of exchange rates on cash and cash equivalents	2.3	—	—	—	—	—	2.3
Net increase (decrease) in cash and cash equivalents	—	0.2	—	—	—	(17.4)	(17.2)
Cash and cash equivalents:							
Beginning of period	0.5	—	—	—	—	36.1	36.6
End of period	£ 0.5	£ 0.2	£ —	£ —	£ —	£ 18.7	£ 19.4

Statements of cash flows	Virgin Media	Virgin Media Finance	Other guarantors	VMIH	VMIL	All other subsidiaries	Total
	Six months ended June 30, 2014 (a)						
	in millions						
Cash flows from operating activities:							
Net cash provided (used) by operating activities	£ (91.8)	£ (18.4)	£ 1.8	£ (49.8)	£ —	£ 1,009.0	£ 850.8
Cash flows from investing activities:							
Advances to related parties, net	(484.2)	—	—	—	—	—	(484.2)
Capital expenditures	—	—	—	—	—	(341.0)	(341.0)
Other investing activities, net	—	—	—	—	—	(6.8)	(6.8)
Net cash used by investing activities	(484.2)	—	—	—	—	(347.8)	(832.0)
Cash flows from financing activities:							
Borrowings of third-party debt	—	—	—	—	—	1,535.5	1,535.5
Repayments and repurchases of third-party debt and capital lease obligations	—	—	—	(50.4)	—	(1,615.5)	(1,665.9)
Contributions (distributions)	339.7	18.3	(1.9)	128.5	—	(484.6)	—
Payment of financing costs and debt premiums	—	—	—	—	—	(57.6)	(57.6)
Net cash paid related to derivative instruments	—	—	—	(28.5)	—	—	(28.5)
Other financing activities, net	—	—	—	—	—	(20.5)	(20.5)
Net cash provided (used) by financing activities	339.7	18.3	(1.9)	49.6	—	(642.7)	(237.0)
Effect of exchange rates on cash and cash equivalents	(2.3)	—	—	—	—	—	(2.3)
Net increase (decrease) in cash and cash equivalents	(238.6)	(0.1)	(0.1)	(0.2)	—	18.5	(220.5)
Cash and cash equivalents:							
Beginning of period	313.3	0.1	0.2	0.3	—	30.1	344.0
End of period	£ 74.7	£ —	£ 0.1	£ 0.1	£ —	£ 48.6	£ 123.5

(a) As retrospectively revised – see note 3.

(14) Condensed Consolidating Financial Information — Senior Secured Notes

We present the following condensed consolidating financial information as of June 30, 2015 and December 31, 2014 and for the three and six months ended June 30, 2015 and 2014, as required by the applicable underlying indentures.

As of June 30, 2015, Virgin Media Secured Finance is the issuer of the following senior secured notes:

- £628.4 million aggregate principal amount of January 2021 VM Sterling Senior Secured Notes;
- \$447.9 million (£284.9 million) aggregate principal amount of January 2021 VM Dollar Senior Secured Notes;
- £990.0 million aggregate principal amount of April 2021 VM Sterling Senior Secured Notes;
- \$900.0 million (£572.4 million) aggregate principal amount of April 2021 VM Dollar Senior Secured Notes;
- £387.0 million aggregate principal amount of 2025 VM 5.5% Sterling Senior Secured Notes;
- \$425.0 million (£270.3 million) aggregate principal amount of 2025 VM Dollar Senior Secured Notes;
- £300.0 million aggregate principal amount of 2025 VM 5.125% Sterling Senior Secured Notes;
- \$1.0 billion (£636.0 million) aggregate principal amount of 2026 VM Senior Secured Notes;
- £525.0 million aggregate principal amount of 2027 VM Senior Secured Notes; and
- £400.0 million aggregate principal amount of 2029 VM Senior Secured Notes.

Our senior secured notes are issued by Virgin Media Secured Finance and are guaranteed on a senior basis by Virgin Media, Virgin Media Group, Virgin Media (UK) Group and Virgin Media Communications and on a senior subordinated basis by VMIH and VMIL. They also rank pari passu with and, subject to certain exceptions, share in the same guarantees and security which has been granted in favor of our VM Credit Facility.

Balance sheets	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	June 30, 2015					
	in millions					
ASSETS						
Current assets:						
Cash and cash equivalents	£ 0.5	£ 0.1	£ 13.0	£ 5.8	£ —	£ 19.4
Related-party note and other receivables	—	—	42.3	972.1	—	1,014.4
Other current assets:						
Third-party	—	—	540.5	46.4	—	586.9
Intercompany and related-party	—	2.1	1.9	—	(3.2)	0.8
Total current assets	0.5	2.2	597.7	1,024.3	(3.2)	1,621.5
Property and equipment, net	—	—	4,611.5	1,315.6	—	5,927.1
Goodwill	—	—	5,793.7	128.1	—	5,921.8
Intangible assets subject to amortization, net	—	—	1,609.5	161.8	—	1,771.3
Investments in, and loans to, parent and subsidiary companies	8,133.4	5,206.9	(4,734.6)	6,211.3	(14,817.0)	—
Deferred income taxes	—	—	1,549.7	—	—	1,549.7
Related-party notes receivable	25.5	—	—	2,174.6	—	2,200.1
Other assets, net:						
Third-party	22.3	35.6	212.0	17.4	—	287.3
Intercompany	—	5.4	15.2	—	(20.6)	—
Total assets	£ 8,181.7	£ 5,250.1	£ 9,654.7	£ 11,033.1	£ (14,840.8)	£ 19,278.8
LIABILITIES AND OWNERS' EQUITY						
Current liabilities:						
Intercompany and related-party payables	£ —	£ —	£ 247.2	£ 378.9	£ (604.7)	£ 21.4
Other current liabilities:						
Third-party	119.0	92.1	1,472.1	58.4	—	1,741.6
Intercompany and related-party	22.0	0.3	21.8	7.2	(3.2)	48.1
Total current liabilities	141.0	92.4	1,741.1	444.5	(607.9)	1,811.1
Long-term debt and capital lease obligations	—	5,014.7	4,163.8	—	—	9,178.5
Other long-term liabilities:						
Third-party	—	—	266.2	29.5	—	295.7
Intercompany	—	9.9	10.7	—	(20.6)	—
Total liabilities	141.0	5,117.0	6,181.8	474.0	(628.5)	11,285.3
Total parent's equity	8,040.7	133.1	3,472.9	10,606.3	(14,212.3)	8,040.7
Noncontrolling interest	—	—	—	(47.2)	—	(47.2)
Total owners' equity	8,040.7	133.1	3,472.9	10,559.1	(14,212.3)	7,993.5
Total liabilities and owners' equity	£ 8,181.7	£ 5,250.1	£ 9,654.7	£ 11,033.1	£ (14,840.8)	£ 19,278.8

Balance sheets	December 31, 2014 (a)					
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	in millions					
ASSETS						
Current assets:						
Cash and cash equivalents	£ 0.5	£ 5.4	£ 7.5	£ 23.2	£ —	£ 36.6
Related-party note and other receivables	0.4	—	14.4	730.5	—	745.3
Other current assets:						
Third-party	—	—	544.1	26.9	—	571.0
Intercompany and related-party	—	2.6	2.7	—	(4.0)	1.3
Total current assets	0.9	8.0	568.7	780.6	(4.0)	1,354.2
Property and equipment, net	—	—	4,816.0	1,258.8	—	6,074.8
Goodwill	—	—	5,793.7	140.0	—	5,933.7
Intangible assets subject to amortization, net	—	—	1,837.4	116.2	—	1,953.6
Investments in, and loans to, parent and subsidiary companies	8,529.3	3,950.4	(4,049.8)	7,532.8	(15,962.7)	—
Deferred income taxes	—	—	1,506.2	—	—	1,506.2
Related-party notes receivable	25.0	—	—	2,297.3	—	2,322.3
Other assets, net:						
Third-party	58.3	33.0	184.4	6.1	—	281.8
Intercompany	—	4.2	21.0	—	(25.2)	—
Total assets	£ 8,613.5	£ 3,995.6	£ 10,677.6	£ 12,131.8	£ (15,991.9)	£ 19,426.6
LIABILITIES AND OWNERS' EQUITY						
Current liabilities:						
Intercompany and related-party payables	£ —	£ —	£ 264.0	£ 531.6	£ (787.7)	£ 7.9
Other current liabilities:						
Third-party	116.3	91.9	1,540.1	67.7	—	1,816.0
Intercompany and related-party	13.7	0.2	12.1	7.1	(4.0)	29.1
Total current liabilities	130.0	92.1	1,816.2	606.4	(791.7)	1,853.0
Long-term debt and capital lease obligations:						
Third-party	—	3,779.7	4,569.1	0.3	—	8,349.1
Related-party	—	—	—	439.0	—	439.0
Other long-term liabilities:						
Third-party	—	—	267.9	33.5	—	301.4
Intercompany and related-party	—	13.8	11.4	50.1	(25.2)	50.1
Total liabilities	130.0	3,885.6	6,664.6	1,129.3	(816.9)	10,992.6
Total parent's equity	8,483.5	110.0	4,013.0	11,051.9	(15,175.0)	8,483.4
Noncontrolling interest	—	—	—	(49.4)	—	(49.4)
Total owners' equity	8,483.5	110.0	4,013.0	11,002.5	(15,175.0)	8,434.0
Total liabilities and owners' equity	£ 8,613.5	£ 3,995.6	£ 10,677.6	£ 12,131.8	£ (15,991.9)	£ 19,426.6

(a) As retrospectively revised – see note 3.

Statements of operations	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	Three months ended June 30, 2015					
	in millions					
Revenue	£ —	£ —	£ 969.1	£ 178.6	£ —	£ 1,147.7
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	407.2	65.1	—	472.3
SG&A (including share-based compensation)	1.0	—	133.7	21.8	—	156.5
Related party fees and allocations, net	—	—	8.8	6.1	—	14.9
Depreciation and amortization	—	—	327.2	65.3	—	392.5
Impairment, restructuring and other operating items, net	—	—	0.5	7.4	—	7.9
	1.0	—	877.4	165.7	—	1,044.1
Operating income (loss)	(1.0)	—	91.7	12.9	—	103.6
Non-operating income (expense):						
Interest expense:						
Third-party	(1.3)	(68.2)	(57.7)	—	—	(127.2)
Intercompany	—	—	(251.6)	(224.1)	475.7	—
Interest income – related-party and intercompany	0.3	81.4	224.5	228.1	(475.7)	58.6
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party	(1.9)	1.4	(245.7)	—	—	(246.2)
Related-party	—	(54.1)	54.3	—	—	0.2
Foreign currency transaction gains (losses), net	(0.1)	53.8	243.1	(16.3)	—	280.5
Gain (loss) on debt modification and extinguishment, net	—	(9.4)	0.2	—	—	(9.2)
Other expense, net	—	—	(0.2)	—	—	(0.2)
	(3.0)	4.9	(33.1)	(12.3)	—	(43.5)
Earnings (loss) before income taxes	(4.0)	4.9	58.6	0.6	—	60.1
Income tax expense	(0.6)	—	(14.3)	(0.1)	—	(15.0)
Earnings (loss) after income taxes	(4.6)	4.9	44.3	0.5	—	45.1
Equity in net earnings (loss) of subsidiaries	52.2	—	(31.0)	49.2	(70.4)	—
Net earnings	47.6	4.9	13.3	49.7	(70.4)	45.1
Net loss attributable to noncontrolling interest	—	—	—	2.5	—	2.5
Net earnings attributable to parent	£ 47.6	£ 4.9	£ 13.3	£ 52.2	£ (70.4)	£ 47.6
Total comprehensive earnings	£ 10.3	£ 4.9	£ 2.5	£ 4.7	£ (14.6)	£ 7.8
Comprehensive loss attributable to noncontrolling interest	—	—	—	1.5	—	1.5
Comprehensive earnings attributable to parent	£ 10.3	£ 4.9	£ 2.5	£ 6.2	£ (14.6)	£ 9.3

	Three months ended June 30, 2014 (a)					
Statements of operations	**Virgin Media**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Revenue	£ —	£ —	£ 989.3	£ 137.2	£ —	£ 1,126.5
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	429.2	53.6	—	482.8
SG&A (including share-based compensation)	1.0	—	140.1	16.9	—	158.0
Related party fees and allocations, net	—	—	0.3	7.9	—	8.2
Depreciation and amortization	—	—	362.0	56.6	—	418.6
Impairment, restructuring and other operating items, net	—	—	6.6	0.1	—	6.7
	1.0	—	938.2	135.1	—	1,074.3
Operating income (loss)	(1.0)	—	51.1	2.1	—	52.2
Non-operating income (expense):						
Interest expense:						
Third-party	(2.7)	(59.1)	(53.9)	0.1	—	(115.6)
Related-party and intercompany	(46.2)	—	(191.4)	(205.4)	429.7	(13.3)
Interest income – related-party and intercompany	7.9	71.2	220.6	186.7	(429.7)	56.7
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party	(3.3)	—	(67.2)	—	—	(70.5)
Intercompany	—	(6.8)	6.8	—	—	—
Foreign currency transaction gains (losses), net	(1.9)	19.0	16.4	(3.5)	19.5	49.5
Loss on debt modification and extinguishment, net	—	—	—	(0.2)	—	(0.2)
Other income (expense), net	—	4.3	(4.3)	0.3	—	0.3
	(46.2)	28.6	(73.0)	(22.0)	19.5	(93.1)
Earnings (loss) before income taxes	(47.2)	28.6	(21.9)	(19.9)	19.5	(40.9)
Income tax expense	—	—	(0.5)	—	—	(0.5)
Earnings (loss) after income taxes	(47.2)	28.6	(22.4)	(19.9)	19.5	(41.4)
Equity in net earnings of subsidiaries	6.4	—	87.5	25.8	(119.7)	—
Net earnings (loss)	(40.8)	28.6	65.1	5.9	(100.2)	(41.4)
Net loss attributable to noncontrolling interest	—	—	—	0.2	—	0.2
Net earnings (loss) attributable to parent	£ (40.8)	£ 28.6	£ 65.1	£ 6.1	£ (100.2)	£ (41.2)
Total comprehensive earnings (loss)	£ (13.1)	£ 84.0	£ 5.1	£ 7.8	£ (92.6)	£ (8.8)
Comprehensive earnings attributable to noncontrolling interest	—	—	—	(1.5)	—	(1.5)
Comprehensive earnings (loss) attributable to parent	£ (13.1)	£ 84.0	£ 5.1	£ 6.3	£ (92.6)	£ (10.3)

(a) As retrospectively revised – see note 3.

Statements of operations	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Eliminations	Total
	Six months ended June 30, 2015					
	in millions					
Revenue	£ —	£ —	£ 1,920.0	£ 357.5	£ —	£ 2,277.5
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	817.3	133.2	—	950.5
SG&A (including share-based compensation)	1.8	—	268.9	44.1	—	314.8
Related party fees and allocations, net	—	—	20.1	13.9	—	34.0
Depreciation and amortization	—	—	643.5	130.9	—	774.4
Impairment, restructuring and other operating items, net	—	—	(6.7)	9.5	—	2.8
	1.8	—	1,743.1	331.6	—	2,076.5
Operating income (loss)	(1.8)	—	176.9	25.9	—	201.0
Non-operating income (expense):						
Interest expense:						
Third-party	(3.6)	(125.6)	(121.4)	—	—	(250.6)
Intercompany and related-party	—	—	(499.6)	(446.8)	940.8	(5.6)
Interest income – related-party and intercompany	0.6	150.9	454.1	452.4	(940.8)	117.2
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party	(3.4)	1.4	(31.7)	—	—	(33.7)
Related-party	—	(3.1)	(4.4)	—	—	(7.5)
Foreign currency transaction gains (losses), net	(0.1)	9.0	94.0	(65.3)	—	37.6
Loss on debt modification and extinguishment, net	—	(9.4)	(20.0)	—	—	(29.4)
Other expense, net	—	—	(0.4)	—	—	(0.4)
	(6.5)	23.2	(129.4)	(59.7)	—	(172.4)
Earnings (loss) before income taxes	(8.3)	23.2	47.5	(33.8)	—	28.6
Income tax expense	(0.6)	—	(7.5)	(0.1)	—	(8.2)
Earnings (loss) after income taxes	(8.9)	23.2	40.0	(33.9)	—	20.4
Equity in net earnings (loss) of subsidiaries	32.6	—	(16.0)	63.3	(79.9)	—
Net earnings	23.7	23.2	24.0	29.4	(79.9)	20.4
Net loss attributable to noncontrolling interest	—	—	—	3.3	—	3.3
Net earnings attributable to parent	£ 23.7	£ 23.2	£ 24.0	£ 32.7	£ (79.9)	£ 23.7
Total comprehensive earnings	£ 32.2	£ 23.2	£ 22.8	£ 22.8	£ (72.1)	£ 28.9
Comprehensive earnings attributable to noncontrolling interest	—	—	—	(1.1)	—	(1.1)
Comprehensive earnings attributable to parent	£ 32.2	£ 23.2	£ 22.8	£ 21.7	£ (72.1)	£ 27.8

Statements of operations	**Six months ended June 30, 2014 (a)**					
	Virgin Media	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Eliminations**	**Total**
	in millions					
Revenue	£ —	£ —	£ 1,969.0	£ 273.1	£ —	£ 2,242.1
Operating costs and expenses:						
Operating (other than depreciation and amortization)	—	—	868.9	107.2	—	976.1
SG&A (including share-based compensation)	2.0	—	277.9	33.9	—	313.8
Related party fees and allocations, net	—	—	1.8	18.0	—	19.8
Depreciation and amortization	—	—	725.9	114.6	—	840.5
Impairment, restructuring and other operating items, net	—	—	10.2	0.7	—	10.9
	2.0	—	1,884.7	274.4	—	2,161.1
Operating income (loss)	(2.0)	—	84.3	(1.3)	—	81.0
Non-operating income (expense):						
Interest expense:						
Third-party	(5.9)	(117.7)	(106.3)	0.1	—	(229.8)
Related-party and intercompany	(90.9)	—	(374.6)	(395.7)	834.6	(26.6)
Interest income – related-party and intercompany	11.2	146.4	415.2	370.6	(834.6)	108.8
Realized and unrealized gains (losses) on derivative instruments, net:						
Third-party	0.8	—	(144.6)	—	—	(143.8)
Related-party	(2.8)	(22.4)	22.4	—	—	(2.8)
Foreign currency transaction gains (losses), net	1.5	26.3	22.0	(4.3)	24.0	69.5
Loss on debt modification and extinguishment, net	—	—	—	(0.2)	—	(0.2)
Other income (expense), net	—	4.3	(4.3)	0.8	—	0.8
	(86.1)	36.9	(170.2)	(28.7)	24.0	(224.1)
Earnings (loss) before income taxes	(88.1)	36.9	(85.9)	(30.0)	24.0	(143.1)
Income tax benefit	—	—	14.6	—	—	14.6
Earnings (loss) after income taxes	(88.1)	36.9	(71.3)	(30.0)	24.0	(128.5)
Equity in net earnings (loss) of subsidiaries	(36.5)	—	93.4	(10.3)	(46.6)	—
Net earnings (loss)	(124.6)	36.9	22.1	(40.3)	(22.6)	(128.5)
Net loss attributable to noncontrolling interest	—	—	—	1.4	—	1.4
Net earnings (loss) attributable to parent	£ (124.6)	£ 36.9	£ 22.1	£ (38.9)	£ (22.6)	£ (127.1)
Total comprehensive earnings (loss)	£ (87.5)	£ 92.3	£ (39.0)	£ (37.9)	£ (13.2)	£ (85.3)
Comprehensive earnings attributable to noncontrolling interest	—	—	—	(0.7)	—	(0.7)
Comprehensive earnings (loss) attributable to parent	£ (87.5)	£ 92.3	£ (39.0)	£ (38.6)	£ (13.2)	£ (86.0)

(a) As retrospectively revised – see note 3.

Statements of cash flows	Six months ended June 30, 2015				
	Virgin Media	Virgin Media Secured Finance	Guarantors	Non-Guarantors	Total
			in millions		
Cash flows from operating activities:					
Net cash provided (used) by operating activities	£ (2.3)	£ 32.0	£ 617.8	£ 199.2	£ 846.7
Cash flows from investing activities:					
Cash paid in connection with the UPC Ireland Acquisition	—	—	—	(993.8)	(993.8)
Capital expenditures	—	—	(250.3)	(46.5)	(296.8)
Advances to related parties, net	—	—	—	(136.6)	(136.6)
Other investing activities, net	—	—	5.8	0.2	6.0
Net cash used by investing activities	—	—	(244.5)	(1,176.7)	(1,421.2)
Cash flows from financing activities:					
Borrowings of third-party debt	—	1,491.2	1,053.4	—	2,544.6
Repayments and repurchases of third-party debt and capital lease obligations	—	(220.4)	(1,720.1)	—	(1,940.5)
Contributions (distributions)	—	(1,286.3)	321.3	965.0	—
Payment of financing costs and debt premiums	—	(13.3)	(13.9)	—	(27.2)
Net cash paid related to derivative instruments	—	(8.5)	(8.5)	—	(17.0)
Other financing activities, net	—	—	—	(4.9)	(4.9)
Net cash provided (used) by financing activities	—	(37.3)	(367.8)	960.1	555.0
Effect of exchange rates on cash and cash equivalents	2.3	—	—	—	2.3
Net increase (decrease) in cash and cash equivalents	—	(5.3)	5.5	(17.4)	(17.2)
Cash and cash equivalents:					
Beginning of period	0.5	5.4	7.5	23.2	36.6
End of period	£ 0.5	£ 0.1	£ 13.0	£ 5.8	£ 19.4

	Six months ended June 30, 2014 (a)				
Statements of cash flows	**Virgin Media**	**Virgin Media Secured Finance**	**Guarantors**	**Non-Guarantors**	**Total**
			in millions		
Cash flows from operating activities:					
Net cash provided (used) by operating activities	£ (91.8)	£ 26.6	£ 816.9	£ 99.1	£ 850.8
Cash flows from investing activities:					
Advances to related parties, net	(484.2)	—	—	—	(484.2)
Capital expenditures	—	—	(294.6)	(46.4)	(341.0)
Other investing activities, net	—	—	(7.2)	0.4	(6.8)
Net cash used by investing activities	(484.2)	—	(301.8)	(46.0)	(832.0)
Cash flows from financing activities:					
Borrowings of third-party debt	—	1,088.9	446.6	—	1,535.5
Repayments and repurchases of third-party debt and capital lease obligations	—	(1,467.8)	(198.1)	—	(1,665.9)
Contributions (distributions)	339.7	410.0	(722.5)	(27.2)	—
Payment of financing costs and debt premiums	—	(54.8)	(2.8)	—	(57.6)
Net cash paid related to derivative instruments	—	—	(28.5)	—	(28.5)
Other financing activities, net	—	—	—	(20.5)	(20.5)
Net cash provided (used) by financing activities	339.7	(23.7)	(505.3)	(47.7)	(237.0)
Effect of exchange rates on cash and cash equivalents	(2.3)	—	—	—	(2.3)
Net increase (decrease) in cash and cash equivalents	(238.6)	2.9	9.8	5.4	(220.5)
Cash and cash equivalents:					
Beginning of period	313.3	0.1	21.4	9.2	344.0
End of period	£ 74.7	£ 3.0	£ 31.2	£ 14.6	£ 123.5

(a) As retrospectively revised – see note 3.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis, which should be read in conjunction with our condensed consolidated financial statements and the discussion and analysis included in our 2014 annual report, is intended to assist in providing an understanding of our financial condition, changes in financial condition and results of operations and is organized as follows:

- *Forward-Looking Statements.* This section provides a description of certain factors that could cause actual results or events to differ materially from anticipated results or events.
- *Overview.* This section provides a general description of our business and recent events.
- *Material Changes in Results of Operations.* This section provides an analysis of our results of operations for the three and six months ended June 30, 2015 and 2014.
- *Material Changes in Financial Condition.* This section provides an analysis of our corporate and subsidiary liquidity, condensed consolidated statements of cash flows and contractual commitments.

The capitalized terms used below have been defined in the notes to our condensed consolidated financial statements. In the following text, the terms, "we," "our," "our company" and "us" may refer, as the context requires, to Virgin Media or collectively to Virgin Media and its subsidiaries.

Unless otherwise indicated, convenience translations into pound sterling are calculated as of June 30, 2015.

Forward-Looking Statements

Certain statements in this quarterly report constitute forward-looking statements. To the extent that statements in this quarterly report are not recitations of historical fact, such statements constitute forward-looking statements, which, by definition, involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. In particular, statements under *Management's Discussion and Analysis of Financial Condition and Results of Operations* may contain forward-looking statements, including statements regarding our business, product, foreign currency and finance strategies, our property and equipment additions, subscriber growth and retention rates, competitive, regulatory and economic factors, the maturity of our markets, the anticipated impacts of new legislation (or changes to existing rules and regulations), anticipated changes in our revenue, costs or growth rates, our liquidity, credit risks, foreign currency risks, target leverage levels, our future projected contractual commitments and cash flows and other information and statements that are not historical fact. Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. In addition to the risk factors described in our 2014 annual report, the following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- economic and business conditions and industry trends in the markets in which we operate;
- the competitive environment in the cable television, broadband and telecommunications industries in the U.K. and Ireland, including competitor responses to our products and services;
- fluctuations in currency exchange rates and interest rates;
- instability in global financial markets, including sovereign debt issues and related fiscal reforms;
- consumer disposable income and spending levels, including the availability and amount of individual consumer debt;
- changes in consumer television viewing preferences and habits;
- consumer acceptance of our existing service offerings, including our enhanced video, broadband internet, fixed-line telephony, mobile and business service offerings, and of new technology, programming alternatives and other products and services that we may offer in the future;
- our ability to manage rapid technological changes;

- our ability to maintain or increase the number of subscriptions to our enhanced video, broadband internet, fixed-line telephony and mobile service offerings and our average revenue per household;

- our ability to provide satisfactory customer service, including support for new and evolving products and services;

- our ability to maintain or increase rates to our subscribers or to pass through increased costs to our subscribers;

- the impact of our future financial performance, or market conditions generally, on the availability, terms and deployment of capital;

- changes in, or failure or inability to comply with, government regulations in the markets in which we operate and adverse outcomes from regulatory proceedings;

- government intervention that impairs our competitive position, including any intervention that would open our broadband distribution networks to competitors and any adverse change in our accreditations or licenses;

- our ability to obtain regulatory approval and satisfy other conditions necessary to close acquisitions and dispositions, and the impact of conditions imposed by competition and other regulatory authorities in connection with acquisitions;

- changes in laws or treaties relating to taxation, or the interpretation thereof, in the markets in which we operate;

- changes in laws and government regulations that may impact the availability and cost of credit and the derivative instruments that hedge certain of our financial risks;

- the ability of suppliers and vendors (including our third-party wireless network provider under our MVNO arrangement) to timely deliver quality products, equipment, software, services and access;

- the availability of attractive programming for our enhanced video services and the costs associated with such programming;

- uncertainties inherent in the development and integration of new business lines and business strategies;

- our ability to adequately forecast and plan future network requirements, including the costs and benefits associated with our network extension project in the U.K.;

- the availability of capital for the acquisition and/or development of telecommunications networks and services;

- our ability to successfully integrate and realize anticipated efficiencies from the UPC Ireland Acquisition and from other businesses we may acquire;

- the leakage of sensitive customer data;

- the outcome of any pending or threatened litigation;

- the loss of key employees and the availability of qualified personnel;

- changes in the nature of key strategic relationships with partners and joint venturers;

- adverse changes in public perception of the “Virgin” brand, which we and others license from Virgin Group Limited, and any resulting impacts on the goodwill of customers toward us; and

- events that are outside of our control, such as political unrest in international markets, terrorist attacks, malicious human acts, natural disasters, pandemics and other similar events.

The broadband distribution and mobile service industries are changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this quarterly report are subject to a significant degree of risk. These forward-looking statements and the above-described risks, uncertainties and other factors speak only as of the date of this quarterly report, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Readers are cautioned not to place undue reliance on any forward-looking statement.

Overview

We are a subsidiary of Liberty Global that provides (i) video, broadband internet and fixed-line telephony services in the U.K. and Ireland and (ii) mobile services in the U.K. We are one of the U.K.'s and Ireland's largest providers of residential video, broadband internet and fixed-line telephony services in terms of the number of customers. We believe our advanced, deep-fiber cable access network enables us to offer faster and higher quality broadband services than our digital subscriber line competitors. As a result, we provide our customers with a leading next generation broadband service and one of the most advanced interactive TV services available in the U.K. and Ireland markets.

As further described in notes 1 and 3 to our condensed consolidated financial statements, we completed the UPC Ireland Acquisition in February 2015 and have accounted for it as a common control transfer. As a result, all financial and operating information has been retrospectively revised to give effect to the UPC Ireland Acquisition for all periods presented.

We completed two small acquisitions during 2014 and the U.K. Non-Cable Disposal, as defined and described below, in 2015. These transactions impact the comparability of our 2015 and 2014 results of operations.

At June 30, 2015, our network passed 13,558,600 homes and served 13,637,500 revenue generating units (**RGUs**), consisting of 4,937,600 broadband internet subscribers, 4,583,800 fixed-line telephony subscribers and 4,116,100 video subscribers. In addition, at June 30, 2015, we served 3,014,400 mobile subscribers.

During the first quarter of 2015, we modified certain video subscriber definitions to better align these definitions with the underlying services received by our subscribers and have replaced our "digital cable" and "analog cable" subscriber definitions with "enhanced video" and "basic video," respectively. A basic video subscriber receives our video service via an analog video signal or a digital video signal without subscribing to any recurring monthly service that requires the use of encryption-enabling technology. An enhanced video subscriber receives our video service via a digital video signal while subscribing to any recurring monthly service that requires the use of encryption-enabling technology.

We lost 900 RGUs on an organic basis during the three months ended June 30, 2015, as compared to 9,400 RGUs that we lost on an organic basis during the corresponding period in 2014. The organic RGU loss during the three months ended June 30, 2015 is primarily attributable to the net effect of (i) a decrease of 14,800 enhanced video RGUs, (ii) an increase of 10,400 fixed-line telephony RGUs, (iii) an increase of 8,100 broadband internet RGUs and (iv) a decrease of 2,700 basic video RGUs.

We added 12,800 RGUs on an organic basis during the six months ended June 30, 2015, as compared to 49,800 RGUs that we added on an organic basis during the corresponding period in 2014. The organic RGU growth during the six months ended June 30, 2015 is primarily attributable to the net effect of (i) a decrease of 37,800 enhanced video RGUs, (ii) an increase of 37,600 broadband internet RGUs, (iii) an increase of 22,900 fixed-line telephony RGUs and (iv) a decrease of 5,300 basic video RGUs.

We added 7,100 mobile subscribers during the three months ended June 30, 2015, as compared to 42,800 mobile subscribers that we added during the corresponding period in 2014. The organic growth during the three months ended June 30, 2015 is attributable to the net effect of (i) an increase of 35,700 postpaid mobile subscribers and (ii) a decrease of 28,600 prepaid mobile services.

We lost 38,600 mobile subscribers during the six months ended June 30, 2015, as compared to growth of 51,100 mobile subscribers during the corresponding period in 2014. The organic loss during the six months ended June 30, 2015 is attributable to the net effect of (i) a decrease of 93,100 prepaid mobile services and (ii) an increase of 54,500 postpaid mobile subscribers.

Material Changes in Results of Operations

As noted under *Overview* above, the comparability of our operating results during 2015 and 2014 is affected by acquisitions and the U.K. Non-Cable Disposal, as defined and described below. In the following discussion, we quantify the estimated impact of acquisitions and the U.K. Non-Cable Disposal on our operating results. The acquisition impact represents our estimate of the difference between the operating results of the periods under comparison that is attributable to an acquisition. In general, we base our estimate of the acquisition impact on an acquired entity's operating results during the first three months following the acquisition date such that changes from those operating results in subsequent periods are considered to be organic changes. Accordingly, in the following discussion, variances attributed to an acquired entity during the first 12 months following the acquisition date represent differences between the estimated acquisition impact and the actual results.

Discussion and Analysis

Revenue

Revenue includes amounts received from residential subscribers for ongoing services as well as revenue earned from B2B services, interconnect, mobile handset sales, installation fees and other categories of non-subscription revenue. We use the term "subscription revenue" in the following discussion to refer to amounts received from cable and mobile residential subscribers for ongoing services, excluding installation fees and late fees. In the following tables, mobile subscription revenue excludes the related interconnect revenue.

Most of our revenue is subject to VAT or similar revenue-based taxes. Any increases in these taxes could have an adverse impact on our ability to maintain or increase our revenue to the extent that we are unable to pass such tax increases on to our customers. In the case of revenue-based taxes for which we are the ultimate taxpayer, we will also experience increases in our operating expenses and corresponding declines in our Adjusted Segment OIBDA and Adjusted Segment OIBDA margins to the extent of any such tax increases. As we use the term, Adjusted Segment OIBDA is defined as operating income before depreciation and amortization, share-based compensation, related-party fees and allocations, provisions and provision releases related to significant litigation and impairment, restructuring and other operating items.

We pay interconnection fees to other telephony providers when calls or text messages from our subscribers terminate on another network, and we receive similar fees from such providers when calls or text messages from their customers terminate on our networks or networks that we access through MVNO or other arrangements. The amounts we charge and incur with respect to fixed-line telephony and mobile interconnection fees are subject to regulatory oversight. To the extent that regulatory authorities introduce fixed-line or mobile termination rate changes, we would experience prospective changes in our interconnect revenue and costs. The ultimate impact of any such changes in termination rates on our Adjusted Segment OIBDA would be dependent on the call or text messaging patterns that are subject to the changed termination rates.

Our revenue by major category is set forth below:

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2015	2014	£	%	%
	in millions				
Subscription revenue:					
Video	£ 268.1	£ 275.4	£ (7.3)	(2.7)	(1.3)
Broadband internet	311.4	279.7	31.7	11.3	12.2
Fixed-line telephony	241.7	253.6	(11.9)	(4.7)	(4.2)
Cable subscription revenue (a)	821.2	808.7	12.5	1.5	2.5
Mobile subscription revenue (b)	117.7	119.0	(1.3)	(1.1)	(1.1)
Total subscription revenue	938.9	927.7	11.2	1.2	2.0
B2B revenue (c)	157.7	151.3	6.4	4.2	4.1
Other revenue (b) (d)	51.1	47.5	3.6	7.6	27.7
Total	£1,147.7	£1,126.5	£ 21.2	1.9	3.4

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2015	2014	£	%	%
		in millions			
Subscription revenue:					
Video	£ 536.4	£ 550.3	£ (13.9)	(2.5)	(1.3)
Broadband internet	609.6	545.2	64.4	11.8	12.8
Fixed-line telephony	484.5	511.0	(26.5)	(5.2)	(4.7)
Cable subscription revenue (a)	1,630.5	1,606.5	24.0	1.5	2.4
Mobile subscription revenue (b)	234.0	233.1	0.9	0.4	0.4
Total subscription revenue	1,864.5	1,839.6	24.9	1.4	2.1
B2B revenue (c)	313.9	302.7	11.2	3.7	3.6
Other revenue (b) (d)	99.1	99.8	(0.7)	(0.7)	14.7
Total	£2,277.5	£2,242.1	£ 35.4	1.6	2.9

(a) Cable subscription revenue includes amounts received from subscribers for ongoing services, excluding installation fees, mobile services revenue and late fees. Subscription revenue from subscribers who purchase bundled services at a discounted rate is generally allocated proportionally to each service based on the standalone price for each individual service. As a result, changes in the standalone pricing of our cable and mobile products or the composition of bundles can contribute to changes in our product revenue categories from period to period.

(b) Mobile subscription revenue excludes mobile interconnect revenue of £16.8 million and £20.2 million during the three months ended June 30, 2015 and 2014, respectively, and £34.7 million and £40.3 million during the six months ended June 30, 2015 and 2014, respectively. Mobile interconnect revenue and revenue from mobile handset sales are included in other revenue.

(c) B2B revenue includes revenue from business broadband internet, voice, mobile and data services offered to medium to large enterprises and, on a wholesale basis, to other operators. We also provide services to certain SOHO subscribers. SOHO subscribers pay a premium price to receive enhanced service levels along with video, broadband internet, fixed-line telephony or mobile services that are the same or similar to the mass marketed products offered to our residential subscribers. Revenue from SOHO subscribers, which aggregated £5.0 million and £4.3 million during the three months ended June 30, 2015 and 2014, respectively, and £10.0 million and £8.5 million during the six months ended June 30, 2015 and 2014, respectively, is included in cable subscription revenue.

(d) Other revenue includes, among other items, interconnect, mobile handset sales and late fee revenue.

The increases in our revenue during the three and six months ended June 30, 2015, as compared to the corresponding periods in 2014, include (i) organic increases of £37.8 million or 3.4% and £64.6 million or 2.9%, respectively, (ii) the impact of acquisitions, (iii) the impact of a disposal and (iv) the impact of foreign currency translation effects (**FX**), as set forth below:

	Three-month period			Six-month period		
	Subscription revenue	**Non-subscription revenue**	**Total**	**Subscription revenue**	**Non-subscription revenue**	**Total**
	in millions					
Increase in cable subscription revenue due to change in:						
Average number of RGUs (a)	£ 12.7	£ —	£ 12.7	£ 26.6	£ —	£ 26.6
Average monthly subscription revenue per RGU (**ARPU**) (b)	7.1	—	7.1	11.6	—	11.6
Total increase in cable subscription revenue	19.8	—	19.8	38.2	—	38.2
Increase (decrease) in mobile subscription revenue (c)	(1.3)	—	(1.3)	0.9	—	0.9
Total increase in subscription revenue	18.5	—	18.5	39.1	—	39.1
Increase in B2B revenue	—	6.2	6.2	—	10.8	10.8
Increase in other non-subscription revenue (d)	—	13.1	13.1	—	14.7	14.7
Total organic increase	18.5	19.3	37.8	39.1	25.5	64.6
Impact of acquisitions	—	0.5	0.5	0.2	1.0	1.2
Impact of a disposal (e)	—	(9.3)	(9.3)	—	(15.7)	(15.7)
Impact of FX	(7.3)	(0.5)	(7.8)	(14.4)	(0.3)	(14.7)
Total	£ 11.2	£ 10.0	£ 21.2	£ 24.9	£ 10.5	£ 35.4

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(a) The increases in cable subscription revenue related to changes in the average numbers of RGUs are primarily attributable to increases in the average numbers of broadband internet and fixed-line telephony RGUs that were only partially offset by declines in Ireland in the average numbers of enhanced, basic and multi-channel multi-point (microwave) distribution system video RGUs.

(b) The increases in cable subscription revenue related to changes in ARPU are due to the net effect of (i) net increases resulting from the following factors: (a) higher ARPU due to February 2015 and February 2014 price increases for broadband internet, digital video and fixed-line telephony services, (b) lower ARPU due to the impact of higher discounts, (c) higher ARPU due to increases in the proportions of subscribers receiving higher-priced tiers of broadband internet services in our bundles, (d) lower ARPU due to lower fixed-line telephony call volumes, (e) lower ARPU resulting from the impact of a January 1, 2015 change in how VAT is applied to certain components of our U.K. operations, which reduced our revenue by £7.7 million and £15.1 million, respectively, and (f) lower ARPU due to a change in legislation in the U.K. with respect to the charging of VAT, as discussed below, which reduced our revenue by £3.6 million and £14.4 million, respectively, and (ii) adverse changes in RGU mix in Ireland.

(c) The changes in mobile subscription revenue relate to Virgin Media and are primarily due to the net effect of (i) increases in the number of customers taking postpaid mobile services, (ii) declines in the number of prepaid mobile customers, (iii) declines of £4.3 million and £6.5 million, respectively, in postpaid mobile services revenue due to the November 2014 introduction of a new mobile program in the U.K. whereby customers can elect to purchase a mobile handset pursuant to a contract that is independent of a mobile airtime services contract (the **Freestyle Mobile Proposition**), (iv) decreases of £1.6 million and £3.4 million, respectively, related to the above-described change in VAT applicable to certain components of our U.K. operations and (v) declines in chargeable usage as subscribers moved to higher-limit and unlimited usage bundles for voice and short message service (or **SMS**). Revenue associated with handsets sold under the Freestyle Mobile Proposition is recognized upfront and included in other non-subscription revenue, as noted below. Prior to the Freestyle Mobile Proposition, this revenue, which was contingent upon delivering future airtime services, was recognized over the life of the customer contract as part of the monthly fee and included in subscription revenue.

(d) The increases in other non-subscription revenue are primarily due to the net effect of (i) increases in mobile handset sales, primarily attributable to increases of £18.1 million and £31.0 million, respectively, associated with the November 2014 introduction of the Freestyle Mobile Proposition, (ii) decreases in interconnect revenue of £3.6 million and £6.9 million, respectively, primarily due to declines in mobile SMS termination volume, and (iii) decreases in installation revenue of £2.8 million and £6.3 million, respectively. Under the Freestyle Mobile Proposition, we generally recognize the full sales price for the mobile handset upon delivery, regardless of whether the sales price is received upfront or in installments.

(e) Represents the estimated impact of the non-cable subscribers in the U.K. that we sold in the fourth quarter of 2014 (the **U.K. Non-Cable Disposal**). As of May 31, 2015, substantially all of these non-cable subscribers had been migrated to a third-party.

On March 19, 2014, the U.K. government announced a change in legislation with respect to the charging of VAT in connection with prompt payment discounts such as those that we offer to our fixed-line telephony customers. This change, which took effect on May 1, 2014, impacted our company and some of our competitors. For additional information regarding a potential challenge from the U.K. government regarding our application of the prompt payment discount rules prior to the May 1, 2014 change in legislation, see note 11 to our condensed consolidated financial statements.

The details of the changes in our B2B revenue categories are as follows:

	Three months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2015	2014	£	%	%
		in millions			
Data (a)	£ 115.8	£ 108.7	£ 7.1	6.5	6.3
Voice (b)	30.1	31.7	(1.6)	(5.0)	(4.5)
Other	11.8	10.9	0.9	8.3	8.3
Total	£ 157.7	£ 151.3	£ 6.4	4.2	4.1

	Six months ended June 30,		Increase (decrease)		Organic increase (decrease)
	2015	2014	£	%	%
		in millions			
Data (a)	£ 231.6	£ 214.7	£ 16.9	7.9	7.7
Voice (b)	60.8	65.2	(4.4)	(6.7)	(6.4)
Other	21.5	22.8	(1.3)	(5.7)	(5.7)
Total	£ 313.9	£ 302.7	£ 11.2	3.7	3.6

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(a) The increases in data revenue are largely attributable to (i) higher volumes and (ii) increases of £3.8 million and £7.8 million, respectively, in the U.K.'s amortization of deferred upfront fees on B2B contracts.

(b) The decreases in voice revenue are primarily attributable to declines in usage.

Operating expenses

Operating expenses include programming, network operations, mobile access and interconnect, customer operations, customer care and other costs related to our operations. Programming costs, which represent a significant portion of our operating costs, are expected to rise in future periods as a result of (i) higher costs associated with the expansion of our digital video content, including rights associated with ancillary product offerings and rights that provide for the broadcast of live sporting events, and (ii) rate increases. In addition, we are subject to inflationary pressures with respect to our labor and other costs. Any cost increases that we are not able to pass on to our subscribers through rate increases would result in increased pressure on our operating margins.

Our total operating expenses decreased £10.5 million or 2.2% and £25.6 million or 2.6% during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in 2014. These decreases include (i) decreases of

£7.4 million and £12.5 million, respectively, attributable to the U.K. Non-Cable Disposal and (ii) increases of £0.3 million and £0.8 million, respectively, attributable to the impact of acquisitions. Excluding the effects of the U.K. Non-Cable Disposal, acquisitions, and FX, operating expenses decreased £0.3 million or 0.1% and £7.8 million or 0.8%, respectively. These decreases include the following factors:

- Decreases in network-related expenses of £17.9 million or 32.4% and £32.0 million or 27.9%, respectively, due largely to the impact of a reduction in local authority charges for certain elements of network infrastructure in the U.K. resulting in (i) non-recurring benefits during the first and second quarters of 2015 of £5.4 million and £7.0 million, respectively, and (ii) recurring benefits of £3.6 million and £4.0 million during the first and second quarters of 2015, respectively, arising from successful appeals during the last half of 2014 and the first half of 2015. The decreases in network-related expenses also include (a) lower outsourced labor costs associated with customer-facing activities, (b) a £3.0 million non-recurring decrease for each comparison associated with the reassessment of an accrual during the second quarter of 2015, (c) decreases in network and customer premises equipment maintenance costs and (d) during the six-month period, a £1.1 million decrease due to the impact of an accrual release in the first quarter of 2015 associated with the reassessment of an operational contingency;

- Increases in programming and related costs of £16.8 million or 12.0% and £30.3 million or 9.9%, respectively, primarily due to the net effect of (i) increases related to higher costs for certain premium and basic content, (ii) a £6.9 million increase due to the impact of a nonrecurring reduction of programming costs that resulted from the favorable resolution of an operational contingency during the second quarter of 2014 and (iii) a £1.0 million decrease due to the impact of an accrual release related to the reassessment of operational contingencies during the first quarter of 2015. As a result of a new programming contract we signed in the U.K., we anticipate that, beginning on August 1, 2015, we will experience a meaningful increase in our programming costs. While we expect to be able to pass on a substantial portion of this cost increase to our subscribers through a recently-announced rate increase that will become effective in September 2015, no assurance can be given that this will be the case;

- Increases in certain other direct costs associated with B2B services of £4.5 million and £4.4 million, respectively;

- Increases in information technology-related expenses of £2.3 million and £4.2 million, respectively, due to higher software and other information technology-related service and maintenance costs;

- Decreases in mobile access and interconnect costs of £5.9 million or 7.1% and £4.0 million or 2.4%, respectively, primarily due to the net effect of (i) increased costs attributable to mobile subscriber growth, (ii) lower fixed-line telephony call volumes and (iii) lower rates;

- Decreases in personnel costs of £3.0 million or 5.2% and £3.8 million or 3.4%, respectively, primarily due to the net effect of (i) annual wage increases, (ii) decreased staffing levels, (iii) lower incentive compensation costs and (iv) decreased costs due to an increase in capitalized labor costs associated with our network extension project in the U.K.;

- Decreases in equipment costs of £1.3 million or 28.5% and £3.8 million or 34.7%, respectively, primarily due to lower equipment sales;

- Decreases in bad debt and collection expense of £0.9 million or 8.2% and £3.7 million or 15.8%, respectively;

- Increases in mobile handset costs of £5.8 million or 21.1% and £3.2 million or 5.6%, respectively, primarily due to the net effect of (i) increases in the proportion of higher value handsets sold, due in part to the Freestyle Mobile Proposition, and (ii) decreases in costs as a result of continued growth of subscriber identification module or “SIM”-only contracts; and

- A decrease of £2.1 million during each period due to an accrual release recorded during the second quarter of 2015 related to the settlement of an operational contingency.

SG&A expenses

SG&A expenses include human resources, information technology, general services, management, finance, legal and sales and marketing costs, share-based compensation and other general expenses. We do not include share-based compensation in the following discussion and analysis of our SG&A expenses as share-based compensation expense is discussed separately below. As noted above, we are subject to inflationary pressures with respect to our labor and other costs.

Our total SG&A expenses (exclusive of share-based compensation) increased (decreased) (£0.8 million) or (0.5%) and £2.7 million or 0.9% during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in 2014. This increase (decrease) includes increases of £0.1 million and £0.2 million, respectively, attributable to the impact of acquisitions. Excluding the effects of acquisitions and FX, SG&A expenses increased £0.3 million or 0.2% and £4.7 million or 1.6%, respectively. These increases include the following factors:

- Increases in information technology-related expenses of £1.3 million or 17.7% and £2.3 million or 16.8%, respectively, primarily due to higher software and other information technology-related maintenance costs;

- Decreases in personnel costs of £2.2 million or 3.7% and £1.5 million or 1.3%, respectively, primarily due to the net effect of (i) lower incentive compensation costs, (ii) decreased staffing levels, (iii) annual wage increases and (iv) decreased costs due to an increase in capitalized labor costs associated with our network extension project in the U.K.; and

- Net increases resulting from individually insignificant changes in other SG&A expense categories.

Share-based compensation expense (included in SG&A expenses)

Our share-based compensation expense represents amounts allocated to our company by Liberty Global and related employer taxes. The amounts allocated by Liberty Global to our company represent share-based compensation associated with the Liberty Global share-based incentive awards held by certain employees of our subsidiaries. Share-based compensation expense allocated to our company by Liberty Global is reflected as an increase to owners' equity. A summary of the share-based compensation expense that is included in our SG&A expenses is set forth below:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	in millions			
Performance-based incentive awards (a)	£ 1.3	£ 1.5	£ 4.5	£ 2.8
Other share-based incentive awards	5.2	5.7	12.7	16.1
Total	£ 6.5	£ 7.2	£ 17.2	£ 18.9

(a) Includes share-based compensation expense related to Liberty Global PSUs and the Challenge Performance Awards.

For additional information, see note 9 to our condensed consolidated financial statements.

Related-party fees and allocations, net

We recorded related-party fees and allocations, net, related to corporate services performed by Liberty Global and our company of £14.9 million and £34.0 million during the three and six months ended June 30, 2015, respectively, as compared to £8.2 million and £19.8 million during the three and six months ended June 30, 2014, respectively. These charges generally relate to management, finance, legal, technology and other corporate and administrative services provided to our subsidiaries. For additional information, see note 10 to our condensed consolidated financial statements.

Depreciation and amortization expense

Our depreciation and amortization expense decreased £26.1 million or 6.2% and £66.1 million or 7.9% during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in 2014. Excluding the effects of FX, depreciation and amortization expense decreased £24.3 million or 5.8% and £63.0 million or 7.5%, respectively. These decreases are primarily due to the net effect of (i) decreases associated with certain assets becoming fully depreciated and (ii) increases associated with property and equipment additions related to the installation of customer premises equipment, the expansion and upgrade of our networks and other capital initiatives.

Impairment, restructuring and other operating items, net

We recognized impairment, restructuring and other operating items, net, of £7.9 million and £2.8 million during the three and six months ended June 30, 2015, respectively, as compared to £6.7 million and £10.9 million during the three and six months ended June 30, 2014, respectively. The 2015 amounts primarily include the net effect of (i) gains (losses) from the disposition of assets of (£0.4 million) and £9.4 million, respectively, (ii) restructuring charges of £7.6 million and £7.9 million, respectively, primarily related to employee severance and termination costs related to certain reorganization activities and (iii) impairment charges of nil and £4.0 million, respectively. The 2014 amounts are primarily related to certain organizational and staffing changes that we implemented following Liberty Global's acquisition of our company in June 2013 and include severance and other related costs of £8.9 million and £13.2 million, respectively.

Interest expense – third-party

Our third-party interest expense increased £11.6 million or 10.0% and £20.8 million or 9.1% during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in 2014. The increases during the three and six month periods are primarily due to the net effect of (i) higher average outstanding third-party debt balances and (ii) lower weighted average interest rates related to the completion of certain financing transactions that resulted in extended maturities and net decreases to certain of our interest rates. For additional information regarding our outstanding indebtedness, see note 7 to our condensed consolidated financial statements.

It is possible that the interest rates on (i) any new borrowings could be higher than the current interest rates on our existing indebtedness and (ii) our variable-rate indebtedness could increase in future periods. As further discussed in note 4 to our condensed consolidated financial statements, we use derivative instruments to manage our interest rate risks.

Interest expense – related-party

Our related-party interest expense decreased £13.3 million and £21.0 million during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in 2014, due to the interest expense incurred on the UPC Ireland Note. As further described in note 3, the UPC Ireland Note eliminates in consolidation following the February 2015 UPC Ireland Acquisition. For additional information regarding our related-party indebtedness, see note 10 to our condensed consolidated financial statements.

Interest income – related-party

Our related-party interest income increased £1.9 million or 3.4% and £8.4 million or 7.7% during the three and six months ended June 30, 2015, respectively, as compared to the corresponding periods in 2014, primarily due to interest income earned on related-party notes receivable from LG Europe 2. For additional information, see note 10 to our condensed consolidated financial statements.

Realized and unrealized losses on derivative instruments, net

Our realized and unrealized gains or losses on derivative instruments include (i) unrealized changes in the fair values of our derivative instruments that are non-cash in nature until such time as the derivative contracts are fully or partially settled and (ii) realized gains or losses upon the full or partial settlement of the derivative contracts. The details of our realized and unrealized losses on derivative instruments, net, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
	in millions			
Cross-currency and interest rate derivative contracts (a)	£ (244.3)	£ (69.9)	£ (30.3)	£ (147.3)
Equity-related derivative instruments (b)	(1.9)	(3.3)	(3.4)	0.8
Foreign currency forward contracts	0.2	2.7	(7.5)	(0.1)
Total	£ (246.0)	£ (70.5)	£ (41.2)	£ (146.6)

(a) The loss during the 2015 three-month period is primarily attributable to the net effect of (i) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar, (ii) gains associated with increases in market interest rates in the pound sterling market and (iii) losses associated with increases in market interest rates in the U.S. dollar market. The loss during the 2015 six-month period is primarily attributable to the net effect of (a) gains associated with increases in market interest rates in the pound sterling market and (b) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar. In addition, the losses during the 2015 periods include net gains of £20.8 million and £9.9 million, respectively, resulting from changes in our credit risk valuation adjustments. The loss during the 2014 three-month period is primarily attributable to the net effect of (i) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar, (ii) gains associated with increases in market interest rates in the pound sterling market and (iii) gains associated with decreases in market interest rates in the U.S. dollar market. The loss during the 2014 six-month period is primarily attributable to the net effect of (a) losses associated with an increase in the value of the pound sterling relative to the U.S. dollar, (b) gains associated with decreases in market interest rates in the U.S. dollar market and (c) gains associated with increases in market interest rates in the pound sterling market. In addition, the losses during the three and six months ended June 30, 2014 include net losses of £3.8 million and £5.2 million, respectively, resulting from changes in our credit risk valuation adjustments.

(b) These amounts represent activity related to the Virgin Media Capped Calls and the derivative embedded in the VM Convertible Notes. The fair values of our equity-related derivative instruments are primarily impacted by the trading prices of the underlying security.

For additional information regarding our derivative instruments, see notes 4 and 5 to our condensed consolidated financial statements.

Foreign currency transaction gains, net

Our foreign currency transaction gains or losses primarily result from the remeasurement of monetary assets and liabilities that are denominated in currencies other than the underlying functional currency of the applicable entity. Unrealized foreign currency transaction gains or losses are computed based on period-end exchange rates and are non-cash in nature until such time as the amounts are settled. The details of our foreign currency transaction gains, net, are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
	in millions			
U.S. dollar denominated debt issued by our company	£ 156.8	£ 53.9	£ 50.9	£ 71.0
Intercompany payables and receivables denominated in a currency other than the entity's functional currency (a)	110.2	(4.5)	(27.3)	(3.1)
Euro denominated debt issued by our company	6.2	—	17.9	—
Cash and restricted cash denominated in a currency other than the entity's functional currency	(1.4)	(1.3)	2.7	0.7
Other	8.7	1.4	(6.6)	0.9
Total	£ 280.5	£ 49.5	£ 37.6	£ 69.5

(a) Amounts primarily relate to loans between certain of our non-operating subsidiaries.

Losses on debt modification and extinguishment, net

We recognized losses on debt modification and extinguishment, net, of £9.2 million and £29.4 million during the three and six months ended June 30, 2015, respectively, as compared to £0.2 million during each of the corresponding periods in 2014. The loss during the 2015 six-month period includes the following:

- a £20.2 million loss during the first quarter related to (i) the redemption of 10% of the principal amount of each of the April 2021 VM Senior Secured Notes and the 2025 VM Sterling Senior Secured Notes and (ii) the prepayment of VM Facility A and a portion of VM Facility B under the VM Credit Facility. This loss includes (a) the write-off of £12.6 million of deferred financing costs, (b) the payment of £6.6 million of redemption premium and (c) the write-off of £1.0 million of unamortized discount; and

- a £9.2 million loss during the second quarter related to the prepayment of a portion of VM Facility B and the roll of the remaining outstanding term loans under VM Facility B into a new term loan under VM Facility F. This loss includes (i) the write-off of £6.9 million of deferred financing costs, (ii) the write-off of £1.8 million of unamortized discount and (iii) the payment of £0.5 million of third-party costs.

For additional information concerning our losses on debt modification and extinguishment, net, see note 7 to our condensed consolidated financial statements.

Income tax benefit (expense)

We recognized income tax expense of £15.0 million and £0.5 million during the three months ended June 30, 2015 and 2014, respectively.

The income tax expense during the three months ended June 30, 2015 differs from the expected income tax expense of £21.0 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the positive impact of a net decrease in valuation allowances. The positive impact of this item was partially offset by the negative impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

The income tax expense during the three months ended June 30, 2014 differs from the expected income tax benefit of £14.3 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the negative impact of a net increase in valuation allowances.

We recognized income tax benefit (expense) of (£8.2 million) and £14.6 million during the six months ended June 30, 2015 and 2014, respectively.

The income tax expense during the six months ended June 30, 2015 differs from the expected income tax expense of £10.0 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the positive impact of a net decrease in valuation allowances. The positive impact of this item was partially offset by the negative impact of certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

The income tax benefit during the six months ended June 30, 2014 differs from the expected income tax benefit of £50.1 million (based on the U.S. federal income tax rate of 35.0%) primarily due to the negative impacts of (i) a net increase in valuation allowances and (ii) certain permanent differences between the financial and tax accounting treatment of items associated with investments in subsidiaries.

For additional information regarding our income taxes, see note 8 to our condensed consolidated financial statements.

Net earnings (loss)

During the three months ended June 30, 2015 and 2014, we reported net earnings (loss) of £45.1 million and (£41.4 million), respectively, including (i) operating income of £103.6 million and £52.2 million, respectively, (ii) net non-operating expense of £43.5 million and £93.1 million, respectively, and (iii) income tax expense of £15.0 million and £0.5 million, respectively.

During the six months ended June 30, 2015 and 2014, we reported net earnings (loss) of £20.4 million and (£128.5 million), respectively, including (i) operating income of £201.0 million and £81.0 million, respectively, (ii) net non-operating expense of £172.4 million and £224.1 million, respectively, and (iii) income tax benefit (expense) of (£8.2 million) and £14.6 million, respectively.

Gains or losses associated with (i) changes in the fair values of derivative instruments and (ii) movements in foreign currency exchange rates are subject to a high degree of volatility and, as such, any gains from these sources do not represent a reliable source of income. In the absence of significant gains in the future from these sources or from other non-operating items, our ability to achieve earnings from continuing operations is largely dependent on our ability to increase our aggregate Adjusted Segment OIBDA to a level that more than offsets the aggregate amount of our (a) share-based compensation expense, (b) related-party fees and allocations, net, (c) depreciation and amortization, (d) impairment, restructuring and other operating items, net, (e) interest expense, (f) other net non-operating expenses and (g) income tax expenses.

Subject to the limitations included in our various debt instruments, we expect that Liberty Global will cause our company to maintain our debt at current levels relative to our Covenant EBITDA for the foreseeable future. As a result, we expect that we will continue to report significant levels of interest expense for the foreseeable future. For information concerning our expectations with respect to trends that may affect our operating results in future periods, see the discussion under *Overview* above. For information concerning the reasons for changes in specific line items in our condensed consolidated statements of operations, see the above discussion.

Material Changes in Financial Condition

Sources and Uses of Cash

Cash and cash equivalents

At June 30, 2015, we had cash and cash equivalents of £19.4 million, of which £18.9 million was held by our subsidiaries. The terms of the instruments governing the indebtedness of certain of these subsidiaries may restrict our ability to access the liquidity of these subsidiaries. In addition, our ability to access the liquidity of our subsidiaries may be limited by tax and legal considerations and other factors.

Liquidity of Virgin Media

Our sources of liquidity at the parent level include (i) our cash and cash equivalents, (ii) funding from LG Europe 2 (and ultimately from Liberty Global or other Liberty Global subsidiaries) in the form of loans or contributions, as applicable, and (iii) subject to the restrictions noted above, proceeds in the form of distributions or loans from our subsidiaries. For information regarding limitations imposed by our subsidiaries' debt instruments, see note 7 to our condensed consolidated financial statements.

The ongoing cash needs of Virgin Media include corporate general and administrative expenses and interest expense on the VM Convertible Notes. From time to time, Virgin Media may also require cash in connection with (i) the repayment of outstanding debt and related-party obligations, (ii) the satisfaction of contingent liabilities or (iii) acquisitions and other investment opportunities. No assurance can be given that funding from LG Europe 2 (and ultimately from Liberty Global or other Liberty Global subsidiaries), our subsidiaries or external sources would be available on favorable terms, or at all.

Liquidity of our Subsidiaries

In addition to cash and cash equivalents, the primary sources of liquidity of our operating subsidiaries are cash provided by operations and, in the case of VMIH, any borrowing availability under the VM Credit Facility. For details of the borrowing availability of the VM Credit Facility, see note 7 to our condensed consolidated financial statements.

The liquidity of our operating subsidiaries generally is used to fund property and equipment additions, debt service requirements and other liquidity requirements that may arise from time to time. For additional information regarding our consolidated cash flows, see the discussion under *Condensed Consolidated Statements of Cash Flows* below. Our subsidiaries may also require funding in connection with (i) the repayment of outstanding debt, (ii) acquisitions and other investment opportunities or (iii) distributions or loans to Virgin Media, Liberty Global or other Liberty Global subsidiaries. No assurance can be given that any external funding would be available to our subsidiaries on favorable terms, or at all.

Capitalization

As further discussed in note 4 to our condensed consolidated financial statements, we use derivative instruments to mitigate foreign currency and interest rate risk associated with our debt instruments.

Our ability to service or refinance our debt and to maintain compliance with the leverage covenants in our credit agreements and indentures is dependent primarily on our ability to maintain or increase our Covenant EBITDA and to achieve adequate returns on our property and equipment additions and acquisitions. In addition, our ability to obtain additional debt financing is limited by the leverage covenants contained in the various debt instruments of our subsidiaries. In this regard, if our Covenant EBITDA were to decline, we could be required to repay or limit our borrowings under the VM Credit Facility in order to maintain compliance with applicable covenants. No assurance can be given that we would have sufficient sources of liquidity, or that any external funding would be available on favorable terms, or at all, to fund any such required repayment. We do not anticipate any instances of non-compliance with respect to any of our subsidiaries' debt covenants that would have a material adverse impact on our liquidity during the next 12 months.

At June 30, 2015, our outstanding consolidated debt and capital lease obligations aggregated £9,417.5 million, including £239.0 million that is classified as current in our condensed consolidated balance sheet and £9,134.2 million that is not due until

2021 or thereafter. For additional information concerning our current debt maturities, see note 7 to our condensed consolidated financial statements.

Notwithstanding our negative working capital position at June 30, 2015, we believe that we have sufficient resources to repay or refinance the current portion of our debt and capital lease obligations and to fund our foreseeable liquidity requirements during the next 12 months. However, as our maturing debt grows in later years, we anticipate that we will seek to refinance or otherwise extend our debt maturities. No assurance can be given that we will be able to complete these refinancing transactions or otherwise extend our debt maturities. In this regard, it is not possible to predict how political and economic conditions, sovereign debt concerns or any adverse regulatory developments could impact the credit markets we access and, accordingly, our future liquidity and financial position. However, (i) the financial failure of any of our counterparties could (a) reduce amounts available under committed credit facilities and (b) adversely impact our ability to access cash deposited with any failed financial institution and (ii) tightening of the credit markets could adversely impact our ability to access debt financing on favorable terms, or at all. In addition, sustained or increased competition, particularly in combination with adverse economic or regulatory developments, could have an unfavorable impact on our cash flows and liquidity.

With the exception of the VM Convertible Notes, all of our consolidated debt and capital lease obligations at June 30, 2015 have been borrowed or incurred by our subsidiaries. For additional information regarding our debt and capital lease obligations, see note 7 to our condensed consolidated financial statements.

Condensed Consolidated Statements of Cash Flows

Summary. Our condensed consolidated statements of cash flows for the six months ended June 30, 2015 and 2014 are summarized as follows:

	Six months ended June 30, 2015	Six months ended June 30, 2014	Change
	in millions		
Net cash provided by operating activities	£ 846.7	£ 850.8	£ (4.1)
Net cash used by investing activities	(1,421.2)	(832.0)	(589.2)
Net cash provided (used) by financing activities	555.0	(237.0)	792.0
Effect of exchange rate changes on cash	2.3	(2.3)	4.6
Net decrease in cash and cash equivalents	£ (17.2)	£ (220.5)	£ 203.3

Operating Activities. The decrease in net cash provided by our operating activities is primarily attributable to the net effect of (i) a decrease in cash provided due to higher net cash payments for interest, (ii) an increase in cash provided due to higher interest received for related-party interest income and (iii) a decrease in the cash provided by our Adjusted Segment OIBDA and related working capital items.

Investing Activities. The increase in net cash used by our investing activities is primarily attributable to the net effect of (i) an increase in cash used of £993.8 million associated with cash paid in connection with the UPC Ireland Acquisition, (ii) a decrease in cash used to fund loans to subsidiaries of Liberty Global of £347.6 million and (iii) a decrease in cash used due to lower capital expenditures of £44.2 million.

The capital expenditures that we report in our condensed consolidated statements of cash flows do not include amounts that are financed under capital-related vendor financing or capital lease arrangements. Instead, these amounts are reflected as non-cash additions to our property and equipment when the underlying assets are delivered, and as repayments of debt when the principal is repaid. In this discussion, we refer to (i) our capital expenditures as reported in our condensed consolidated statements of cash flows, which exclude amounts financed under capital-related vendor financing or capital lease arrangements, and (ii) our total property and equipment additions, which include our capital expenditures on an accrual basis and amounts financed under capital-related vendor financing or capital lease arrangements. A reconciliation of our consolidated property and equipment additions to our consolidated capital expenditures as reported in our condensed consolidated statements of cash flows is set forth below:

	Six months ended June 30,	
	2015	2014
	in millions	
Property and equipment additions	£ 474.2	£ 443.0
Assets acquired under capital-related vendor financing arrangements	(150.8)	(61.4)
Assets acquired under capital leases	(12.9)	(27.6)
Changes in current liabilities related to capital expenditures	(13.7)	(13.0)
Capital expenditures	£ 296.8	£ 341.0

The increase in our property and equipment additions is primarily due to the net impact of (i) an increase in expenditures for support capital, such as information technology upgrades and general support systems, and (ii) a decrease in expenditures for the purchase and installation of customer premises equipment.

Financing Activities. The change in net cash provided (used) by our financing activities is primarily attributable to (i) an increase in cash of £734.5 million related to higher net borrowings of third-party debt, (ii) an increase in cash of £30.4 million due to lower payments for financing costs and debt premiums and (iii) an increase in cash of £11.5 million due to a decrease in cash paid related to derivative instruments.

Contractual Commitments

The pound sterling equivalents of our contractual commitments as of June 30, 2015 are presented below:

	Payments due during:							
	Remainder of 2015	2016	2017	2018	2019	2020	Thereafter	Total
				in millions				
Debt (excluding interest)	£ 57.5	£ 122.0	£ —	£ —	£ —	£ —	£ 9,088.5	£ 9,268.0
Capital leases (excluding interest)	34.7	43.4	19.4	4.2	0.8	0.1	34.5	137.1
Programming commitments	222.7	445.8	452.9	392.5	151.5	1.1	—	1,666.5
Purchase commitments	272.8	12.5	0.4	—	—	—	—	285.7
Network and connectivity commitments	48.8	79.2	78.3	21.9	4.7	7.5	1.2	241.6
Operating leases	21.0	37.8	32.3	26.8	21.4	11.6	64.6	215.5
Other commitments	41.1	36.9	29.3	12.1	2.8	2.8	—	125.0
Total (a)	£ 698.6	£ 777.6	£ 612.6	£ 457.5	£ 181.2	£ 23.1	£ 9,188.8	£11,939.4
Projected cash interest payments on debt and capital lease obligations (b)	£ 207.9	£ 508.3	£ 483.4	£ 482.9	£ 482.9	£ 483.0	£ 1,595.6	£ 4,244.0

(a) The commitments reflected in this table do not reflect any liabilities that are included in our June 30, 2015 condensed consolidated balance sheet other than debt and capital lease obligations.

(b) Amounts are based on interest rates, interest payment dates and contractual maturities in effect as of June 30, 2015. These amounts are presented for illustrative purposes only and will likely differ from the actual cash payments required in future periods. In addition, the amounts presented do not include the impact of our interest rate derivative contracts, deferred financing costs, original issue premiums or discounts and commitment fees, all of which affect our overall cost of borrowing.

Programming commitments consist of obligations associated with certain of our programming contracts that are enforceable and legally binding on us in that we have agreed to pay minimum fees without regard to (i) the actual number of subscribers to the programming services or (ii) whether we terminate service to a portion of our subscribers or dispose of a portion of our distribution systems. In addition, programming commitments do not include increases in future periods associated with contractual inflation or other price adjustments that are not fixed. Accordingly, the amounts reflected in the above table with respect to these contracts are significantly less than the amounts we expect to pay in these periods under these contracts. Payments to programming vendors have in the past represented, and are expected to continue to represent in the future, a significant portion of our operating costs. In this regard, during the six months ended June 30, 2015 and 2014, the programming costs incurred aggregated £332.8 million and £305.4 million, respectively.

Purchase commitments include unconditional purchase obligations associated with commitments to purchase customer premises and other equipment that are enforceable and legally binding on us.

Network and connectivity commitments include, among other items, the fixed minimum commitments associated with our MVNO agreement. As such, the commitments shown in the above table may be significantly less than the actual amounts we ultimately pay in these periods.

In addition to the commitments set forth in the table above, we have significant commitments under (i) derivative instruments and (ii) defined benefit plans and similar agreements, pursuant to which we expect to make payments in future periods. For information regarding our derivative instruments, including the net cash paid or received in connection with these instruments during the six months ended June 30, 2015 and 2014, see note 4 to our condensed consolidated financial statements.