VIRGIN MEDIA – HALF YEAR AND SECOND QUARTER 2012 RESULTS

IMPROVED REVENUE AND OCF GROWTH

London, England, July 24, 2012 – Virgin Media Inc. (NASDAQ: VMED; LSE: VMED) announces results for the six months and quarter ended June 30, 2012.

Strong financial performance

- Revenue up 3.3% to £2,033m for the half-year
  - Revenue up 4.2% to £1,027m for the quarter

- OCF[1] up 2.7% to £789m for the half-year
  - OCF up 5.1% to £412m for the quarter
  - Operating income up 26% to £311m for the half-year; up 33% to £180m for the quarter
  - Net income of £72m for the half-year; £65m for the quarter

- FCF[2] down 3.2% to £216m for half-year
  - FCF up 4.6% to £128m for the quarter
  - Net cash provided by operating activities down 21% to £443m for the half-year, down 19% to £231m for the quarter

Multiple sources of high quality revenue growth

- On-going improvement of customer base mix in Q2
  - TiVo customer base increased 261,700 to 938,800; reaching 1m this week
  - 37,800 increase in the paying TV base[3]
  - Superfast broadband base (30Mb and above) increased by 459,800 to 1.3m

- Continued improvement in cable customer attraction and retention
  - Gross customer additions up 7.0% and disconnections down 4.6% with churn at 1.4%
  - Net disconnections improved from 36,000 to 14,700
  - Cable ARPU up 3.1% to £48.82 in Q2

- Mobile revenue up 2.9% to £136m in Q2, with contract mobile revenue up 15% to £102m
  - Contract mobile customers increased 53,900 to 1.6m
  - Quad-play penetration continues to grow; now at 15.4%

- Business division revenue up 9.8% to £166m in Q2

Capital Return programme continued

- £60m of stock buybacks executed in Q2; £235m remaining buyback authority this year

- Initiation of next $175m Accelerated Stock Repurchase announced today

Neil Berkett, Chief Executive Officer of Virgin Media, said: "This has been a quarter of improved revenue and OCF growth. We are well placed to benefit from the fast-growing demand for superfast broadband and TiVo positions us well to lead the evolving TV market. Customer ARPU and churn have improved and, together with our growing Business division and great value mobile offerings, we have maintained steady financial progress across the company which is translating into strong free cash flow as well as continued shareholder returns."

Note: The notes preceding the Appendices relating to non-GAAP financial measures and other matters and the Appendices to this earnings release are considered an integral part of the financial and operational information in this release. Financial and statistical information is as at and for the three months ended June 30, 2012, unless otherwise stated. Comparisons of financial and operating statistics are to the second quarter of 2011, unless otherwise stated. Where financial information is given for the first half of 2012, any comparisons are to the first half of 2011, unless otherwise stated.

Contacts

Investor Relations:

Richard Williams:	+44 (0)1256 753037 / richard.williams@virginmedia.co.uk
Vani Bassi:	+44 (0)1256 752347 / vani.bassi@virginmedia.co.uk
Phil Rudman:	+44 (0)1256 752677 / phil.rudman@virginmedia.co.uk

Media:

Gareth Mead:	+44 (0) 20 7909 3289 / gareth.mead@virginmedia.co.uk

Tavistock

Matt Ridsdale:	+44 (0) 20 7920 3150 / mridsdale@tavistock.co.uk
Lulu Bridges:	+44 (0) 20 7920 3150 / lbridges@tavistock.co.uk

Conference call details

There will be a presentation today for analysts and investors in London at 1pm UK time / 8am ET, which can be accessed live on the Company's website, www.virginmedia.com/investors. For details of the presentation, please contact Lulu Bridges of Tavistock Communications using the contact details above. Analysts and investors can dial in to the presentation on +1 646 254 3367 in the United States or +44 (0) 20 7136 6283 outside of the US - passcode 4374765# for all participants. The conference call replay will be available approximately two hours after the end of the call until midnight on Tuesday, July 31, 2012. The dial-in replay number for the US is: +1 347 366 9565 and the international dial-in replay number is: +44 (0)20 3427 0598 - passcode: 4374765#.

Forward-looking statements

This release contains certain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Please refer below to "Safe Harbor Statement under the U.S. Private Securities Litigation Reform Act of 1995" for a more detailed discussion regarding these forward-looking statements.

SUMMARY FINANCIAL RESULTS

	3 Months ended		6 months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	£m	£m	£m	£m
Revenue				
Cable	706.1	682.3	1,384.4	1,348.3
Mobile	136.4	132.6	274.9	269.5
Non-cable	18.4	19.7	37.4	40.0
Consumer segment - Total	860.9	834.6	1,696.7	1,657.8
Business segment	166.0	151.2	336.4	310.3
Total Revenue	**1,026.9**	**985.8**	**2,033.1**	**1,968.1**
OCF	**412.1**	**392.1**	**788.6**	**768.2**
Operating income	**179.6**	**134.9**	**310.5**	**245.5**
FCF	**128.4**	**122.7**	**215.5**	**222.6**
Net cash provided by operating activities	**231.0**	**286.1**	**443.1**	**557.7**

SELECTED CONSUMER OPERATIONS STATISTICS

	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	000's	000's	000's	000's
Consumer cable customers	**4,812.1**	**4,784.3**	**4,812.1**	**4,784.3**
Consumer cable products				
Broadband	4,152.6	4,048.6	4,152.6	4,048.6
Television	3,767.7	3,767.7	3,767.7	3,767.7
Telephone	4,148.3	4,155.0	4,148.3	4,155.0
	12,068.6	11,971.3	12,068.6	11,971.3
Mobile - contract	1,641.9	1,346.6	1,641.9	1,346.6

	3 Months ended		6 months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	000's	000's	000's	000's
Consumer cable customer net (disconnections) additions	(14.7)	(36.0)	6.5	(15.8)
Net consumer cable product additions (disconnections)				
Broadband	4.0	(12.6)	49.7	37.5
Television	(7.6)	(21.2)	4.6	(11.1)
Telephone	0.7	(26.0)	15.6	(6.8)
	(2.9)	**(59.8)**	**69.9**	**19.6**
Mobile - contract	53.9	83.2	118.0	135.8
	£	£	£	£
Cable ARPU	**48.82**	**47.35**	**47.90**	**46.78**
Mobile ARPU	**14.86**	**14.27**	**14.90**	**14.51**

OVERVIEW

Improved revenue growth from across the company

Revenue growth improved in the second quarter, up 4.2% to £1,027m. Gross margin[4] improved by 4.7% to £624m. SG&A increased 3.8% to £212m, resulting in OCF of £412m, up 5.1%. Operating income increased 33% to £180m and net income was £65m, down by £33m.

Free Cash Flow was up 4.6% to £128m. Net cash provided by operating activities was down 19% to £231m.

Improved cable revenue growth

Consumer cable revenue increased 3.5% to £706m, reflecting the 3.1% cable ARPU growth.

Gross cable customer additions increased 7.0% to 181,700 while gross disconnections fell year-on-year for the third quarter in a row, down 4.6% to 196,300. On a percentage basis, monthly churn was 1.4%. While Q2 is traditionally a quarter of negative customer growth for seasonal reasons, the net impact was an improvement in the decline in the cable customer base of 14,700 in this quarter, compared to a decline of 36,000 in the same quarter a year ago.

We added a net 15,900 triple-play customers during the quarter. Triple-play penetration increased to 64.6% compared to 63.8% a year ago.

Strong superfast broadband and TiVo growth

Demand for faster broadband continues to grow. The superfast broadband customer base (30Mb and above) increased by 459,800 during the quarter, taking the total to 1.3m, which is more than three times the number of a year ago, and represents 31% of our broadband base. Of these, 590,000 customers are on our tiers between 50Mb and 100Mb. Around 41% of new broadband subscribers took speeds of 60Mb or higher during the quarter. Our programme to double the broadband speeds of over 4m customers is well underway with approximately 765,000 customers benefiting from upgraded speeds. We have upgraded 22% of our network for the new faster speeds since February.

At the same time, the appeal of TiVo is driving strong pay TV performance. We added 261,700 more TiVo customers during the quarter to reach a total of 938,800 at the quarter-end, which represents 25% of our TV customer base. We expect to reach a total of 1m TiVo customers this week. This uptake has helped to drive the overall number of paying TV customers, which increased by 37,800 in the quarter.

Driving mobile revenue through contract cross-sell

Continued improvement in the proportion of mobile customers with contracts resulted in 2.9% total mobile revenue growth to £136.4m. The strong contract revenue growth was partially offset by the headwinds of declining prepay revenue and regulatory changes to mobile termination rates ("MTR"). Contract service revenue increased 15% to £101.7m, while prepay service revenue declined by 20% to £32.8m. MTR changes reduced the amount of inbound mobile revenue we received by approximately £6m in the quarter. Excluding this regulatory factor, we estimate that mobile revenue would have increased by approximately 7%, when compared to the same quarter last year. Due to a similar associated reduction in interconnect costs for our mobile and fixed line businesses from these regulatory rates changes, the impact on group OCF was broadly neutral.

We increased our contract base by 53,900 in the quarter, compared to 83,200 in the same quarter of last year. Nearly all of these contract net additions were into cable homes. The total contract base increased 22% from a year ago to 1.64m. At the same time, our prepay subscriber base reduced by 35,200 compared to a decline of 32,600 in the comparable period last year.

At the quarter-end, we had approximately 791,000 cable households with at least one Virgin Mobile contract, which is up 28% year-on-year. These homes had around 1.1m contract mobiles. We also estimate we have a further 203,000 cable households with at least one of our prepay phones, meaning total mobile penetration of the cable base is around 21%, leaving a significant growth opportunity to cross-sell to the remaining 79%.

Quad-play penetration, where a household takes all three cable products and at least one mobile phone service, increased to around 15.4%, compared to around 13.2% a year ago. We have approximately 742,000 quad-play customers, which is up 18% year-on-year.

Growing Business Data

Virgin Media Business ("VMB") revenue of £166.0m was up 9.8%, which represented 36% of total group revenue growth. We continued to execute on our strategy to drive the division's growth through data products and projects.

Leveraging existing VMB infrastructure, our new WiFi service for the London Underground is being rolled out across 120 stations. This is already proving popular with over 240,000 registered users. We are also in negotiation with a number of third parties to wholesale the service later in the year to ensure that as many people as possible are able to use the service.

VMB has been awarded a place on the new Public Services Network ("PSN") Services Framework announced by the Government Procurement Service. Essentially this means that VMB is on a limited list of approved suppliers. This follows on from VMB being awarded a place on the PSN Connectivity Framework. As a result, public sector organisations can access all of VMB's communications services, underpinned by our fast and secure nationwide fibre-optic network.

Capital Return Programme update

In July 2011, we announced a second phase capital return programme of up to £850m, which was increased in October 2011 by up to a further £250m following the sale of UKTV. The total second phase programme consists of up to £875m of share buybacks and up to £225m in transactions relating to our debt and convertible debt, which may be effected through open market, privately negotiated, and/or derivative transactions until the end of 2012. Combined with our previous capital return programme, this takes the cumulative total to £1.8bn, of which £1.25bn is for expected share buybacks from mid-2010 to the end of 2012.

During the second quarter of 2012, we repurchased 4.2m shares at a cost of £60m. As at June 30, 2012, we had 273.6m shares outstanding.

We have £235m remaining for share buybacks authorized by our Board to the end of 2012, which represents approximately 5% of our equity market capitalization as of July 24, 2012.

Today, as part of that authorization, we are announcing our plans to immediately initiate the next accelerated stock repurchase to purchase $175m / £113m of our common stock, which represents approximately 3% of our equity market capitalization as of July 20, 2012, using the foreign exchange rate as at June 30, 2012.

Approximately 25% of our share count in mid-2010 is expected to have been repurchased[5] by the end of 2012, assuming the full Board authority is used in 2012, based on the share price as of July 20, 2012.

We remain on track to achieve our long-term net leverage, Net Debt to OCF[6], target of approximately 3.0x by mid-2013, as previously announced.

The open market, privately negotiated and derivative transactions described above may be implemented by brokers for the company within certain pre-set parameters and purchases may continue during closed periods in accordance with applicable restrictions. The stock so acquired will be held in treasury or cancelled. Also, in connection with certain derivative and accelerated buyback transactions, the associated counterparties may hedge their liabilities through transactions in our common stock.

RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2012

Comparisons of financial and operating statistics are to the second quarter of 2011, unless otherwise stated.

TOTAL REVENUE

Total revenue was up 4.2% to £1,027m, due to growth in both the consumer and business segments.

CONSUMER SEGMENT

Cable

Cable revenue was up 3.5% at £706.1m, reflecting growth in both cable ARPU and the size of the customer base.

Mobile

Mobile revenue was £136.4m, up 2.9% due to growth in contract service revenue, partially offset by the regulated change in MTRs and the decline in prepay service revenue.

Non-cable

Non-cable revenue was down £1.3m at £18.4m mainly due to a reduction in the customer base from 266,400 to 218,600.

BUSINESS SEGMENT

Business revenue was £166.0m, up 9.8%.

Retail data revenue was up 8.3% to £74.4m, reflecting our successful strategy of focusing on increasing demand for data products. Wholesale data revenue was up 33% at £42.7m due mainly to revenue from new contracts.

Retail voice revenue was down 6.6% to £35.3m, reflecting the continued structural decline in voice telephony. Wholesale voice revenue was up £1.8m at £5.2m. Local Area Network Solutions and other revenue was relatively flat at £8.5m.

OPERATING COSTS AND SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Operating costs (exclusive of depreciation) were £403.2m, up 3.4% as lower consumer cost of sales were partially offset by higher business cost of sales and higher network and other operating costs. Gross margin grew from 60.4% to 60.7%.

SG&A increased by 3.8% to £211.6m, mainly due to the phasing of marketing costs, which increased by 28% to £54.1m. Excluding marketing costs, SG&A was down 2.5% at £157.5m.

OPERATING INCOME BEFORE DEPRECIATION, AMORTIZATION, GOODWILL AND INTANGIBLE ASSET IMPAIRMENTS AND RESTRUCTURING AND OTHER CHARGES (OCF)

OCF was up 5.1% at £412.1m, due to improved revenue and gross margin, partially offset by increased SG&A.

OPERATING INCOME

Operating income was £179.6m, up 33% mainly due to improved revenue and gross margin and reduced amortization expense, partially offset by increased SG&A.

Depreciation expense was up 1.2% at £233.0m. The increase in depreciation expense was primarily a result of depreciation in respect of fixed asset additions with a generally shorter useful economic life than existing assets, combined with the acceleration of depreciation on certain assets that will no longer be required as a result of our re-tiering program, partially offset by fixed assets becoming fully depreciated.

No amortization expense was incurred, compared to £28.1m in the same quarter last year, as all intangible assets subject to amortization became fully amortized in the fourth quarter of 2011.

NET INCOME

Net income was £64.7m compared to net income of £98.2m in Q2 last year. The decline was mainly due to the fact that net income in the second quarter last year benefited from a £77.6m VAT refund, partially offset by increased operating income.

CAPITAL EXPENDITURE

Capital expenditure guidance

Excluding the incremental £110m investment in 2012 on our broadband speed upgrade that we announced in January, Virgin Media's cash capital expenditure (purchase of fixed and intangible assets) will remain within current guidance of 15 to 17% of revenue for 2012 and for future years. In addition, it is expected that the cost of fixed assets acquired under leases will continue to be no greater than 2 to 3% of revenue per annum, in line with recent years. All other strategic growth opportunities will be met within this guidance.

Fixed assets

Fixed asset additions (accrual basis)[7] were up £63.1m to £238.4m mainly due to £33.2m spent on the broadband speed upgrade and increased consumer premise equipment due to the TiVo rollout.

The total purchase of fixed and intangible assets was up £25.3m at £185.6m mainly due to the increase in fixed asset additions (accrual basis) partially offset by the timing of cash payments to suppliers and increases in assets acquired under capital leases. Total purchase of fixed and intangible assets included £16.2m spent on the broadband speed upgrade.

Leasing

The total amount of fixed assets acquired under capital leases was £30.1m, representing 2.9% of revenue. £28.8m of principal payments on capital leases were made and we terminated certain capital leases for analogue assets we no longer need, resulting in a non-cash reduction of our capital lease liability of £20.5m and a de-recognition of the related assets. As a result of the above, the capital lease balance reduced from £260.2m at the end of the first quarter to £241.0m at the end of the second quarter.

The interest charge on capital leases was £4.5m during the quarter.

FREE CASH FLOW

Free Cash Flow was up 4.6% to £128.4m mainly due to increased OCF and lower net interest expense, partially offset by higher purchase of fixed and intangible assets. Net cash provided by operating activities was down 19% at £231.0m mainly due to the fact that the second quarter last year benefited from a £77.6m VAT refund. This was partially offset by improvements in cash generation from our recurring business activities and lower interest payments.

DEBT

As of June 30, 2012, total debt consisted of £850m outstanding under our Senior Credit Facility, £1,712m of Senior Notes, £2,593m of Senior Secured Notes, £553m of Convertible Senior Notes and £241m of capital leases and other indebtedness. Cash and cash equivalents were £191m. Net debt[8] was £5,758m at the quarter-end.

Interest expense was £98.6m, down 12.8% mainly due to a lower level of debt and lower average interest rates.

Interest income and other of £6.0m includes £5.5m associated with the reversal of a contingent liability which expired during the quarter.

"Safe Harbour" Statement under the Private Securities Litigation Reform Act of 1995

Various statements contained in this document constitute "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. Words like "believe," "anticipate," "should," "intend," "plan," "will," "expects," "estimates," "projects," "positioned," "think", "strategy," and similar expressions identify these forward- looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These factors, among others, include the following:

- We operate in highly competitive markets which may lead to a decrease in our revenue, increased costs, customer churn or a reduction in the rate of customer acquisition;
- The sectors in which we compete are subject to rapid and significant changes in technology, and the effect of technological changes on our businesses cannot be predicted;
- Our fixed line telephony is in decline and unlikely to improve;
- A failure in our network and information systems could significantly disrupt our operations, which could have a material adverse effect on those operations, our business, our results of operations and financial conditions;
- Unauthorized access to our network resulting in piracy could result in a loss of revenue;
- We rely on third-party suppliers and contractors to provide necessary hardware, software or operational support and are sometimes reliant on them in a way which could economically disadvantage us;
- The "Virgin" brand is not under our control and the activities of the Virgin Group and other licensees could have a material adverse effect on the goodwill towards us as a licensee;
- Our inability to provide popular programming or to obtain it at a reasonable cost could potentially have a material adverse effect on the number of customers or reduce margins;
- Adverse economic developments could reduce customer spending for our TV, broadband and telephony services and could therefore have a material adverse effect on our revenue;
- We are subject to currency and interest rate risks;
- We are subject to tax in more than one jurisdiction and our structure poses various tax risks;
- Virgin Mobile relies on Everything Everywhere's networks to carry its communications traffic;
- We do not insure the underground portion of our cable network and various pavement-based electronics associated with our cable networks;
- We are subject to significant regulation, and changes in the U.K. and EU laws, regulations or governmental policy affecting the conduct of our business may have a material adverse effect on our ability to set prices, enter new markets or control our costs;
- We may experience difficulties in providing our services efficiently to our customers whilst the London 2012 Olympic Games are taking place which may have a material adverse effect on our reputation and ability to retain our customers;
- We have substantial indebtedness which may have a material adverse effect on our available cash flow, our ability to obtain additional financing if necessary in the future, our flexibility in reacting to competitive and technological changes and our operations;
- We may not be able to fund our debt service obligations in the future; and
- The covenants under our debt agreements place certain limitations on our ability to finance future operations and how we manage our business;

These and other factors are discussed in more detail under "Risk Factors" and elsewhere in our annual report on Form 10-K for the year ended December 31, 2011, or the 2011 Annual Report, as filed with the U.S. Securities and Exchange Commission, or SEC, on February 21, 2012. We assume no obligation to update our forward-looking statements to reflect actual results, changes in assumptions or changes in factors affecting these statements.

Notes

Please see Appendix F for a reconciliation of all non-GAAP financial measures to their nearest GAAP equivalents.

[1] OCF is operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges. OCF is a non-GAAP financial measure and the most directly comparable GAAP measure is operating income.

[2] Free Cash Flow, or FCF, is OCF reduced by purchase of fixed and intangible assets, as reported in our statements of cash flows, and net interest expense, as reported in our statements of operations. FCF is a non-GAAP financial measure and the most directly comparable GAAP measure is net cash provided by operating activities.

[3] Paying TV base is our total TV customer base less those on the free "M" tier.

[4] Gross margin is revenue less operating costs, divided by revenue.

[5] Based on closing share price as of July 20, 2012 and 273.6m shares outstanding at June 30, 2012.

[6] Net Debt to OCF is Net Debt divided by OCF. It can be calculated on a last twelve months or on a quarterly annualized basis. On a last twelve months basis it is Net Debt divided by OCF for the last twelve months. On a quarterly annualized basis, it is Net Debt divided by OCF for the quarter multiplied by four. Net Debt and Net Debt to OCF are non-GAAP financial measures.

[7] Fixed asset additions (accrual basis) is the purchase of fixed and intangible assets as measured on an accrual basis, excluding asset retirement obligation related assets. Fixed asset additions (accrual basis) is a non-GAAP financial measure and the most directly comparable GAAP measure is purchase of fixed and intangible assets.

[8] Net Debt is long term debt inclusive of current portion, less cash and cash equivalents. Net debt is a non-GAAP financial measure and the most directly comparable GAAP measure is long term debt (net of current portion.)

Appendices:

A) Financial Statements
- Condensed Consolidated Statements of Comprehensive Income
- Condensed Consolidated Balance Sheets
- Condensed Consolidated Statements of Cash Flows
- Quarterly Condensed Consolidated Statements of Comprehensive Income
- Additional Quarterly Condensed Consolidated Statements of Cash Flows Information

B1) Quarterly Segment Revenue and Contribution, OCF and Operating Income
B2) Quarterly Costs and Expenses
C1) Cable Operations Statistics
C2) Non-Cable Operations Statistics
C3) Mobile Operations Statistics
D) Free Cash Flow Calculation (FCF)
E1) Fixed Asset Additions (Accrual Basis)
E2) Capital Lease Activity
F) Use of Non-GAAP Financial Measures and Reconciliations to GAAP

A) FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in £ millions, except per share data) (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
Revenue	£ 1,026.9	£ 985.8	£ 2,033.1	£ 1,968.1
Costs and expenses				
Operating costs (exclusive of depreciation shown separately below)	403.2	389.9	820.1	801.0
Selling, general and administrative expenses	211.6	203.8	424.4	398.9
Restructuring and other charges	(0.5)	(1.1)	4.9	1.5
Depreciation	233.0	230.2	473.2	459.0
Amortization	—	28.1	—	62.2
	847.3	850.9	1,722.6	1,722.6
Operating income	179.6	134.9	310.5	245.5
Other income (expense)				
Interest expense	(98.6)	(113.1)	(204.2)	(227.7)
Loss on extinguishment of debt	—	(10.8)	(58.6)	(28.9)
Share of income from equity investments	—	6.8	—	15.0
(Loss) gain on derivative instruments	(20.6)	(9.2)	23.9	18.8
Foreign currency (loss) gain	(1.4)	5.9	(5.8)	13.8
Interest income and other, net	6.0	81.6	6.3	83.3
Income from continuing operations before income taxes	65.0	96.1	72.1	119.8
Income tax (expense) benefit	(0.3)	2.1	(0.4)	(17.1)
Income from continuing operations	64.7	98.2	71.7	102.7
Loss on discontinued operations, net of tax	—	—	—	(1.2)
Net income	£ 64.7	£ 98.2	£ 71.7	£ 101.5
Per share amounts				
Income from continuing operations				
Basic earnings per share	£ 0.23	£ 0.31	£ 0.26	£ 0.32
Diluted earnings per share	£ 0.22	£ 0.30	£ 0.25	£ 0.32
Net income				
Basic earnings per share	£ 0.23	£ 0.31	£ 0.26	£ 0.32
Diluted earnings per share	£ 0.22	£ 0.30	£ 0.25	£ 0.31
Dividends per share (in U.S. Dollars)	$ 0.04	$ 0.04	$ 0.08	$ 0.08
Total comprehensive income	£ 61.5	£ 92.2	£ 73.4	£ 77.5

CONDENSED CONSOLIDATED BALANCE SHEETS
(in £ millions, except par value)

	June 30, 2012	December 31, 2011
	(unaudited)	
Assets		
Current assets		
Cash and cash equivalents	£ 190.9	£ 300.4
Restricted cash	1.9	1.9
Accounts receivable - trade, less allowances for doubtful accounts of £9.5 (2012) and £10.9 (2011)	447.1	435.4
Derivative financial instruments	3.2	9.5
Prepaid expenses and other current assets	97.0	97.0
Total current assets	740.1	844.2
Fixed assets, net	4,584.6	4,602.7
Goodwill and other indefinite-lived assets	2,017.5	2,017.5
Derivative financial instruments	370.8	347.9
Deferred financing costs, net of accumulated amortization of £54.7 (2012) and £44.0 (2011)	68.3	75.7
Other assets	54.0	50.8
Total assets	£ 7,835.3	£ 7,938.8
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	£ 320.8	£ 304.4
Accrued expenses and other current liabilities	346.1	373.1
Derivative financial instruments	11.4	16.7
VAT and employee taxes payable	81.1	88.4
Interest payable	84.9	106.8
Deferred revenue	316.1	311.8
Current portion of long term debt	179.9	76.6
Total current liabilities	1,340.3	1,277.8
Long term debt, net of current portion	5,768.6	5,778.5
Derivative financial instruments	64.7	53.6
Deferred revenue and other long term liabilities	175.4	190.0
Total liabilities	7,349.0	7,299.9
Commitments and contingent liabilities		
Shareholders' equity		
Common stock - $0.01 par value; authorized 1,000.0 (2012 and 2011) shares; issued and outstanding 273.6 (2012) and 286.7 (2011) shares	1.5	1.6
Additional paid-in capital	3,690.0	3,866.6
Accumulated other comprehensive income	31.7	30.0
Accumulated deficit	(3,236.9)	(3,259.3)
Total shareholders' equity	486.3	638.9
Total liabilities and shareholders' equity	£ 7,835.3	£ 7,938.8

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in £ millions) (unaudited)

	Six months ended, June 30,	
	2012	2011
Operating activities:		
Net income	£ 71.7	£ 101.5
Loss from discontinued operations	—	1.2
Income from continuing operations	71.7	102.7
Adjustments to reconcile income from continuing operations to net cash provided provided by operating activities:		
Depreciation and amortization	473.2	521.2
Non-cash interest	(2.4)	(5.6)
Share based compensation	13.7	14.3
Loss on extinguishment of debt, net of cash prepayment premiums	10.5	28.9
Income from equity accounted investments, net of dividends received	—	(1.5)
Unrealized gains on derivative instruments, net of cash settlements	(28.9)	(23.8)
Unrealized foreign currency gains	(0.7)	(12.9)
Income taxes	3.0	20.2
Other	—	3.4
Changes in operating assets and liabilities, net of effect from business disposals	(97.0)	(89.2)
Net cash provided by operating activities	443.1	557.7
Investing activities:		
Purchase of fixed and intangible assets	(369.7)	(323.6)
Proceeds from sale of fixed assets	1.7	1.2
Principal repayments on loans to equity investments	—	19.4
Acquisitions, net of cash acquired	(0.6)	(14.3)
Disposal of equity investments, net	(2.5)	—
Other	—	2.5
Net cash used in investing activities	(371.1)	(314.8)
Financing activities:		
New borrowings, net of financing costs	415.6	927.6
Repurchase of common stock	(217.6)	(212.8)
Proceeds from employee stock option exercises, net of taxes reimbursed	(2.1)	5.9
Principal payments on long term debt	(314.2)	(925.2)
Principal payments on capital leases	(50.1)	(30.7)
Proceeds from settlement of cross currency interest rate swaps	2.3	—
Dividends paid	(14.1)	(15.8)
Net cash used in financing activities	(180.2)	(251.0)
Cash flow from discontinued operations:		
Net cash used in operating activities	—	(10.4)
Net cash used in discontinued operations	—	(10.4)
Effect of exchange rate changes on cash and cash equivalents	(1.3)	(2.8)
(Decrease) in cash and cash equivalents	(109.5)	(21.3)
Cash and cash equivalents, beginning of period	300.4	479.5
Cash and cash equivalents, end of period	£ 190.9	£ 458.2
Supplemental disclosure of cash flow information		
Cash paid during the period for interest exclusive of amounts capitalized	£ 201.1	£ 235.6

QUARTERLY CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in £ millions, except per share data) (unaudited)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Revenue	£ 1,026.9	£ 1,006.2	£ 1,023.7	£ 1,000.0	£ 985.8
Costs and expenses					
Operating costs (exclusive of depreciation shown separately below)	403.2	416.9	402.9	401.7	389.9
Selling, general and administrative expenses	211.6	212.8	197.1	200.0	203.8
Restructuring and other charges	(0.5)	5.4	0.7	6.2	(1.1)
Depreciation	233.0	240.2	228.6	235.6	230.2
Amortization	—	—	28.1	28.1	28.1
Total costs and expenses	847.3	875.3	857.4	871.6	850.9
Operating income	179.6	130.9	166.3	128.4	134.9
Other income (expense)					
Interest expense	(98.6)	(105.6)	(105.5)	(107.6)	(113.1)
Loss on extinguishment of debt	—	(58.6)	—	(18.3)	(10.8)
Share of income from equity investments	—	—	—	3.6	6.8
Gain (loss) on sale of equity investments	—	—	0.8	(8.0)	—
(Loss) gain on derivative instruments	(20.6)	44.5	(10.2)	(59.3)	(9.2)
Foreign currency (losses) gains	(1.4)	(4.4)	(3.2)	(13.0)	5.9
Interest income and other, net	6.0	0.3	(1.2)	0.5	81.6
Income (loss) from continuing operations before income taxes	65.0	7.1	47.0	(73.7)	96.1
Income tax (expense) benefit	(0.3)	(0.1)	1.2	(0.1)	2.1
Income (loss) from continuing operations	64.7	7.0	48.2	(73.8)	98.2
Discontinued operations					
Loss on disposal, net of tax	—	—	—	—	—
Loss on discontinued operations, net of tax	—	—	—	—	—
Net income (loss)	£ 64.7	£ 7.0	£ 48.2	£ (73.8)	£ 98.2
Per share amounts					
Income (loss) from continuing operations					
Basic earnings per share	£ 0.23	£ 0.02	£ 0.16	£ (0.24)	£ 0.31
Diluted earnings per share	£ 0.22	£ 0.02	£ 0.16	£ (0.24)	£ 0.30
Net income (loss)					
Basic earnings per share	£ 0.23	£ 0.02	£ 0.16	£ (0.24)	£ 0.31
Diluted earnings per share	£ 0.22	£ 0.02	£ 0.16	£ (0.24)	£ 0.30
Average number of shares outstanding	276.2	282.3	294.1	310.4	315.6
Total comprehensive income (loss)	£ 61.5	£ 11.9	£ 25.7	£ (83.8)	£ 92.2

QUARTERLY CONDENSED STATEMENTS OF CASH FLOWS
(in £ millions) (unaudited)

	Three months ended,				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Operating activities					
Net income (loss)	£ 64.7	£ 7.0	£ 48.2	£ (73.8)	£ 98.2
Loss on discontinued operations	—	—	—	—	—
Income (loss) from continuing operations	64.7	7.0	48.2	(73.8)	98.2
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities:					
Depreciation and amortization	233.0	240.2	256.7	263.7	258.3
Non-cash interest	(20.3)	17.9	(3.6)	19.7	(8.0)
Share based compensation	6.1	7.6	5.3	2.9	7.3
Loss on extinguishment of debt, net of cash prepayment premiums	—	10.5	—	2.8	10.8
Income from equity accounted investments, net of dividends received	—	—	—	0.9	0.2
Unrealized losses (gains) on derivative instruments, net of cash settlements	17.6	(46.5)	(16.8)	53.4	6.3
Foreign currency (gains) losses	—	(0.7)	0.6	13.2	(6.2)
(Gain) loss on disposal of equity investments	—	—	(0.8)	8.0	—
Income taxes	1.6	1.4	(2.1)	1.5	(0.7)
Other	—	—	1.7	1.9	3.5
Changes in operating assets and liabilities	(71.7)	(25.3)	5.2	2.8	(83.6)
Net cash provided by operating activities	231.0	212.1	294.4	297.0	286.1
Investing activities					
Purchase of fixed and intangible assets	(185.6)	(184.1)	(177.4)	(155.7)	(160.3)
Proceeds from the sale of fixed assets	0.8	0.9	0.7	0.3	0.5
Principal repayments on loans to equity investments	—	—	—	88.8	11.0
Acquisitions, net of cash acquired	—	(0.6)	—	(0.3)	(14.3)
Disposal of equity investments, net	—	(2.5)	2.4	241.0	—
Other	—	—	0.3	—	2.3
Net cash (used in) provided by investing activities	(184.8)	(186.3)	(174.0)	174.1	(160.8)
Financing activities					
New borrowings, net of financing costs	99.7	315.9	(0.2)	49.6	(10.1)
Repurchase of common stock	(60.3)	(157.3)	(188.0)	(234.2)	(92.8)
Proceeds from employee stock option exercises, net of taxes reimbursed	—	(2.1)	3.1	8.5	4.5
Principal payments on long term debt	(0.1)	(314.1)	(50.1)	(340.5)	(25.2)
Principal payments on capital leases	(28.8)	(21.3)	(16.5)	(32.0)	(15.2)
Proceeds from settlement of cross currency interest rate swaps	—	2.3	—	65.5	—
Dividends paid	(7.1)	(7.0)	(7.4)	(7.9)	(7.8)
Net cash used in financing activities	3.4	(183.6)	(259.1)	(491.0)	(146.6)
Cash flow from discontinued operations					
Net cash used in operating activities	—	—	—	—	(3.9)
Net cash used in discontinued operations	—	—	—	—	(3.9)
Effect of exchange rate changes on cash and cash equivalents	0.2	(1.5)	0.8	—	0.7
Increase (decrease) in cash and cash equivalents	49.8	(159.3)	(137.9)	(19.9)	(24.5)
Cash and cash equivalents at beginning of period	141.1	300.4	438.3	458.2	482.7
Cash and cash equivalents at end of period	£ 190.9	£ 141.1	£ 300.4	£ 438.3	£ 458.2
Supplemental disclosure of cash flow information					
Cash paid during the period for interest exclusive of amounts capitalized	£ 114.5	£ 86.6	£ 110.7	£ 88.9	£ 123.2

B1) QUARTERLY SEGMENT REVENUE AND CONTRIBUTION, OCF AND OPERATING INCOME

(in £ millions) (unaudited)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Revenue					
Consumer segment					
Cable	£ 706.1	£ 678.3	£ 688.5	£ 685.0	£ 682.3
Mobile	136.4	138.5	142.2	141.2	132.6
Non-cable	18.4	19.0	19.9	19.8	19.7
Total	860.9	835.8	850.6	846.0	834.6
Business segment					
Business	166.0	170.4	173.1	154.0	151.2
Total revenue	£ 1,026.9	£ 1,006.2	£ 1,023.7	£ 1,000.0	£ 985.8
Segment contribution					
Consumer segment	£ 513.7	£ 486.7	£ 518.5	£ 493.5	£ 494.5
Business segment	91.7	91.2	102.9	90.1	91.8
Total segment contribution	605.4	577.9	621.4	583.6	586.3
Other operating and corporate costs	(193.3)	(201.4)	(197.7)	(185.3)	(194.2)
OCF (1)	412.1	376.5	423.7	398.3	392.1
Depreciation	233.0	240.2	228.6	235.6	230.2
Amortization	—	—	28.1	28.1	28.1
Restructuring and other charges	(0.5)	5.4	0.7	6.2	(1.1)
Consolidated operating income	£ 179.6	£ 130.9	£ 166.3	£ 128.4	£ 134.9

(1) OCF is a non-GAAP financial measure. See Appendix F for a discussion of the use of OCF as a non-GAAP financial measure and the reconciliation of OCF to GAAP operating income.

B2) QUARTERLY COSTS AND EXPENSES

(in £ millions) (unaudited)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Costs and expenses					
Operating costs					
Consumer cost of sales	£ 251.4	£ 255.5	£ 253.8	£ 261.4	£ 254.7
Business cost of sales	56.7	61.6	54.0	47.2	42.2
Network and other operating costs (1)	95.1	99.8	95.1	93.1	93.0
Total operating costs	£ 403.2	£ 416.9	£ 402.9	£ 401.7	£ 389.9
Selling, general and administrative expenses					
Employee and outsourcing costs (2)	£ 109.7	£ 116.0	£ 115.8	£ 109.2	£ 116.3
Marketing costs (3)	54.1	52.6	33.3	46.4	42.2
Facilities (4)	15.8	14.4	14.0	14.3	13.3
Other (5)	32.0	29.8	34.0	30.1	32.0
Total selling, general and administrative expenses	£ 211.6	£ 212.8	£ 197.1	£ 200.0	£ 203.8

(1) Network and other operating costs includes costs associated with the provision of the network and operating platforms including associated employee, outsourcing and facilities costs and certain other operating expenses.
(2) Employee and outsourcing costs includes remuneration and benefits, temporary and contract staff, training and stock-based compensation costs together with costs of all major outsourced business activities.
(3) Marketing costs includes advertising, brand costs, agency fees, support and research, public relations and internal communications costs.
(4) Facilities costs include building costs, service costs, repairs and maintenance and utilities costs.
(5) Other costs include billing, collections and bad debt, IT, legal and professional, license, insurance, and other indirect costs.

C1) CABLE OPERATIONS STATISTICS (excl Non-cable and Mobile Operations)

(data in 000's except percentages, products/Customer and ARPU)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Customers					
Opening Customers	4,826.8	4,805.6	4,790.6	4,784.3	4,820.3
Gross adds	181.7	189.3	203.1	243.7	169.8
Gross disconnects	(196.4)	(168.1)	(188.1)	(237.4)	(205.8)
Net customer adds (disconnects)	*(14.7)*	*21.2*	*15.0*	*6.3*	*(36.0)*
Closing Customers	**4,812.1**	**4,826.8**	**4,805.6**	**4,790.6**	**4,784.3**
Monthly Cable customer churn %	1.4%	1.2%	1.3%	1.7%	1.4%
Products					
Opening products	12,071.5	11,998.7	11,975.9	11,971.3	12,031.0
Net product adds (disconnects)	(2.9)	72.8	22.8	4.6	(59.7)
Closing products	**12,068.6**	**12,071.5**	**11,998.7**	**11,975.9**	**11,971.3**
Net product adds (disconnects)					
Telephone	0.7	14.9	(8.3)	(14.0)	(26.0)
Television	(7.6)	12.2	1.1	(5.7)	(21.2)
Broadband	4.0	45.7	30.0	24.3	(12.6)
Total Net product adds (disconnects)	**(2.9)**	**72.8**	**22.8**	**4.6**	**(59.8)**
Products					
Telephone	4,148.3	4,147.6	4,132.7	4,141.0	4,155.0
Television	3,767.7	3,775.3	3,763.1	3,762.0	3,767.7
Broadband	4,152.6	4,148.6	4,102.9	4,072.9	4,048.6
Total products	**12,068.6**	**12,071.5**	**11,998.7**	**11,975.9**	**11,971.3**
Products / Customer	2.51	2.50	2.50	2.50	2.50
Bundled Customers					
Dual products	1,042.0	1,062.0	1,069.8	1,069.7	1,077.4
Triple products	3,107.3	3,091.3	3,061.6	3,057.8	3,054.7
Percentage of dual or triple products	86.2%	86.0%	86.0%	86.2%	86.4%
Percentage of triple products	64.6%	64.0%	63.7%	63.8%	63.8%
Cable ARPU (1)	**£ 48.82**	**£ 46.95**	**£ 47.85**	**£ 47.86**	**£ 47.35**
ARPU calculation:					
Consumer cable revenue (millions)	£ 706.1	£ 678.3	£ 688.5	£ 685.0	£ 682.3
Average customers	4,821.1	4,816.6	4,796.9	4,771.5	4,802.6

(1) Cable monthly ARPU is calculated on a quarterly basis by dividing total revenue generated from the provision of telephone, television and internet services to customers who are directly connected to our network in that period together with revenue generated from our customers using our virginmedia.com website, exclusive of VAT, by the average number of customers directly connected to our network in that period divided by three. The average number of customers is calculated by adding the number of customers at the start of the quarter and at the end of each month of the quarter and dividing by four.

C2) NON-CABLE OPERATIONS STATISTICS
(data in 000's)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Customers					
Opening Customers	233.0	248.2	261.3	266.4	272.7
Net customer (disconnects) adds	(14.4)	(15.2)	(13.1)	(5.1)	(6.3)
Closing Customers	**218.6**	**233.0**	**248.2**	**261.3**	**266.4**
Products					
Opening products					
Telephone	155.3	163.3	169.7	169.0	170.7
Broadband	233.0	248.2	260.7	265.9	271.4
	388.3	411.5	430.4	434.9	442.1
Net product (disconnects) adds					
Telephone	(8.6)	(8.0)	(6.4)	0.7	(1.7)
Broadband	(14.4)	(15.2)	(12.5)	(5.2)	(5.5)
	(23.0)	(23.2)	(18.9)	(4.5)	(7.2)
Closing products					
Telephone	146.7	155.3	163.3	169.7	169.0
Broadband	218.6	233.0	248.2	260.7	265.9
	365.3	**388.3**	**411.5**	**430.4**	**434.9**

C3) MOBILE OPERATIONS STATISTICS
(data in 000's except ARPU)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Contract Customers (1)(2)					
Opening Contract Customers	1,588.0	1,523.9	1,421.4	1,346.6	1,263.4
Net contract customer adds	53.9	64.1	102.5	74.8	83.2
Closing Contract Customers (1)	1,641.9	1,588.0	1,523.9	1,421.4	1,346.6
Prepay Customers (2)					
Opening Prepay Customers	1,420.0	1,513.4	1,566.9	1,705.2	1,737.8
Net prepay customer disconnects	(35.2)	(93.4)	(53.5)	(138.3)	(32.6)
Closing Prepay Customers	1,384.8	1,420.0	1,513.4	1,566.9	1,705.2
Total Closing Customers (2)	3,026.7	3,008.0	3,037.3	2,988.3	3,051.8
Mobile Revenue					
Contract service revenue (millions)	£ 101.7	£ 99.9	£ 97.6	£ 94.0	£ 88.5
Prepay service revenue (millions)	32.8	35.2	41.4	44.1	40.8
Equipment revenue (millions)	1.9	3.4	3.2	3.1	3.2
	£ 136.4	£ 138.5	£ 142.2	£ 141.2	£ 132.6
Mobile ARPU (3)	£ 14.86	£ 14.96	£ 15.46	£ 15.22	£ 14.27
ARPU calculation:					
Service revenue (millions)	£ 134.5	£ 135.1	£ 138.9	£ 138.1	£ 129.3
Average customers	3,017.1	3,009.7	2,995.5	3,022.9	3,022.5

(1) Contract customers represents the number of contracts relating to either a mobile service or a mobile broadband contract.
(2) Mobile customer information is for active customers. Prepay customers are defined as active customers if they have made an outbound call or text in the preceding 30 days. Contract customers are defined as active customers if they have entered into a contract with Virgin Mobile for a minimum 30-day period and have not been disconnected.
(3) Mobile ARPU is calculated on a quarterly basis by dividing service revenue (contract and prepay) for the period by the average number of active customers (contract and prepay) for the period, divided by three. The average number of customers is calculated by adding the number of customers at the start of the quarter and at the end of each month of the quarter and dividing by four.

D) FREE CASH FLOW CALCULATION

(in £ millions) (unaudited)

FCF is defined as OCF reduced by purchase of fixed and intangible assets, as reported in our statements of cash flows, and net interest expense, as reported in our statements of operations. See Appendix F for a discussion of the use of FCF as a non-GAAP financial measure and the reconciliation of FCF to GAAP net cash provided by operating activities.

	Three months ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
Operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges (OCF)	**£ 412.1**	**£ 376.5**	**£ 423.7**	**£ 398.3**	**£ 392.1**
Purchase of fixed and intangible assets	(185.6)	(184.1)	(177.4)	(155.7)	(160.3)
Interest expense (net) (1) (2)	(98.1)	(105.3)	(106.7)	(107.1)	(109.1)
Free Cash Flow (FCF)	**£ 128.4**	**£ 87.1**	**£ 139.6**	**£ 135.5**	**£ 122.7**

(1) For the three months ended June 30, 2012, interest expense (net) is shown exclusive of the reversal of a contingent liability of £5.5m which expired during the quarter and is included in interest income and other, net, in the condensed consolidated statements of comprehensive income.

(2) For the three months ended June 30, 2011, interest expense (net) is shown exclusive of a VAT refund of £77.6 million, which is included within interest income and other, net, in the condensed consolidated statement of operations.

E1) FIXED ASSET ADDITIONS (ACCRUAL BASIS)

(in £ millions) (unaudited)

Virgin Media is not a member of NCTA (National Cable Telecommunications Association) and is providing this information solely for comparative purposes. Certain NCTA Fixed Asset Additions have been adjusted to reclassify additions from upgrade/rebuild to scaleable infrastructure and commercial in order to conform with the current quarter's presentation. See Appendix F for a discussion of the use of Fixed Asset Additions (Accrual Basis) as a non-GAAP financial measure and the reconciliation of Fixed Asset Additions (Accrual Basis) to GAAP purchase of fixed and intangible assets.

	Three months ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
NCTA Fixed Asset Additions					
Customer premises equipment (CPE)	£ 88.9	£ 96.2	£ 108.3	£ 50.8	£ 60.5
Scaleable infrastructure	76.2	62.9	56.6	60.0	53.0
Commercial	36.9	41.7	32.9	40.7	33.6
Line extensions	2.5	2.5	3.7	4.7	4.3
Upgrade/rebuild	9.7	7.3	7.9	6.3	3.8
Support capital	23.0	21.5	17.0	20.0	19.5
Total NCTA Fixed Asset Additions	**237.2**	**232.1**	**226.4**	**182.5**	**174.7**
Non NCTA Fixed Asset Additions	1.2	1.0	0.6	0.9	0.7
Total Fixed Asset Additions (Accrual Basis)	**238.4**	**233.1**	**227.0**	**183.4**	**175.3**
Fixed assets acquired under capital leases (1)	(30.1)	(23.5)	(61.2)	(0.7)	(6.3)
Changes in liabilities related to:					
Fixed Asset Additions (Accrual Basis)	(22.7)	(25.5)	11.6	(27.0)	(8.7)
Total Purchase of Fixed and Intangible Assets	**£ 185.6**	**£ 184.1**	**£ 177.4**	**£ 155.7**	**£ 160.3**
Comprising:					
Purchase of Fixed Assets	**185.6**	**184.1**	**177.4**	**155.7**	**160.3**
Purchase of Intangible Assets	**—**	**—**	**—**	**—**	**—**
	185.6	**184.1**	**177.4**	**155.7**	**160.3**

(1) CPE and Fixed assets acquired under capital leases for the three months ended December 31, 2011 includes £55.5 million in relation to TiVo set-top boxes installed prior to the fourth quarter that were converted from operating leases to capital leases. See Appendix E2) Capital Lease Activity.

E2) CAPITAL LEASE ACTIVITY

(in £ millions) (unaudited)

	Three months ended				
	June 30, 2012	**March 31, 2012**	**December 31, 2011**	**September 30, 2011**	**June 30, 2011**
Opening capital lease liability	£ 260.2	£ 258.0	£ 213.3	£ 244.6	£ 253.5
Additions	30.1	23.5	5.7	0.7	6.3
TiVo operating lease conversion	—	—	55.5	—	—
Principal payments on capital leases	(28.8)	(21.3)	(16.5)	(32.0)	(15.2)
Lease termination (1)	(20.5)	—	—	—	—
Closing capital lease liability	**£ 241.0**	**£ 260.2**	**£ 258.0**	**£ 213.3**	**£ 244.6**
Interest expense on capital leases	**£ 4.5**	**£ 4.4**	**£ 4.0**	**£ 3.9**	**£ 4.4**

(1) During the quarter we terminated certain capital leases for assets we longer need, resulting in a non-cash reduction of our capital lease liability and derecognition of the related assets.

F) USE OF NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS TO GAAP

Virgin Media uses certain financial measures with a view to providing investors with a better understanding of the operating results and underlying trends used to measure past and future performance and liquidity. These measures which are not calculated and presented in accordance with U.S. generally accepted accounting principles ("GAAP") are defined as follows:

- *OCF* is operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges.
- *Free Cash Flow (FCF)* is OCF reduced by purchase of fixed and intangible assets, as reported in our statements of cash flows, and net interest expense, as reported in our statements of operations. Our definition of FCF excludes the impact of working capital fluctuations and restructuring costs.
- *Fixed Asset Additions (Accrual Basis)* is the purchase of fixed and intangible assets as measured on an accrual basis, excluding asset retirement obligation related assets.
- *Net debt* is long term debt inclusive of current portion, less cash and cash equivalents.

We also use non-GAAP measures in the calculation of certain ratios, such as Net debt/annualized OCF and Net debt/last twelve months OCF on both an as reported and unhedged basis. Net debt/annualized OCF is net debt divided by the last quarter of OCF multiplied by four. Net debt/last twelve months OCF is net debt divided by the last twelve months of OCF.

Our management considers OCF an important indicator of our operational strength and performance during the relevant periods. This measure excludes the impact of costs and expenses that do not directly affect our cash flows. Other charges, including restructuring charges, are also excluded from this measure as management believes they are not characteristic of our underlying business operations. Our management considers FCF a helpful measure in assessing our liquidity and prospects for the future. We believe FCF is useful to investors as a basis for comparing our performance and coverage ratios and is an additional way of viewing aspects of our operations that provide a more complete understanding of factors and trends affecting our business. Our management considers Fixed Asset Additions (Accrual Basis) an important component in evaluating our liquidity and financial condition since purchases of fixed assets are a necessary component of ongoing operations. Our management considers net debt a measure that is helpful for understanding our debt funding obligations and that net debt/annualized OCF and net debt/last twelve months OCF are helpful in understanding and analyzing our level of indebtedness in relation to our capital structure and earnings capabilities.

Some of the significant limitations associated with the use of OCF as compared to operating income are that OCF does not consider the amount of required reinvestment in depreciable fixed assets and ignores the impact on our results of operations of items that management believes are not characteristic of our underlying business operations. FCF should not be understood to represent our ability to fund discretionary amounts, as we have various contractual obligations which are not deducted to arrive at FCF. We compensate for this limitation by separately measuring and forecasting working capital. The significant limitations associated with the use of Fixed Asset Additions (Accrual Basis) as compared to purchase of fixed and intangible assets is that Fixed Asset Additions (Accrual Basis) excludes timing differences from payments of liabilities, including finance leases, related to purchase of fixed and intangible assets. We exclude these amounts from Fixed Asset Additions (Accrual Basis) because timing differences from payments of liabilities, including the use of finance leases, are more related to the cash management treasury function than to our management of fixed asset purchases for long term operational performance and liquidity. The significant limitation associated with the use of net debt as compared to long term debt, net of current portion, is that net debt includes the current portion of long term debt. This measure also assumes that all of the cash and cash equivalents are available to service debt.

OCF is most directly comparable to the GAAP financial measure operating income. FCF is most directly comparable to the GAAP financial measure net cash provided by operating activities. Fixed Asset Additions (Accrual Basis) is most directly comparable to the GAAP financial measure purchase of fixed and intangible assets, as reported in our statements of cash flows. Since these measures are not calculated in accordance with GAAP, they should not be considered as substitutes for operating income, net cash provided by operating activities and purchase of fixed and intangible assets, respectively. Net debt is most directly comparable to the GAAP financial measure long term debt (net of current portion). Because non-GAAP financial measures are not standardized, it may not be possible to compare our OCF, FCF, Fixed Asset Additions (Accrual Basis) or Net debt with other companies' non-GAAP financial measures that have the same or similar names.

The presentation of this supplemental information is not meant to be considered in isolation or as a substitute for other measures of financial performance reported in accordance with GAAP. These non-GAAP financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of factors and trends affecting our business. We encourage investors to review our financial statements and publicly-filed reports in their entirety and to not rely on any single financial measure.

The following tables present the reconciliations of OCF, FCF and Fixed Asset Additions (Accrual Basis) and Net debt to their nearest measure of financial performance in accordance with GAAP, and the calculations of Net debt/Annualized OCF and Net debt/Last Twelve Months OCF.

Reconciliations of operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges (OCF) to GAAP operating income
(in £ millions) (unaudited)

	Last twelve months ended	Three months ended				
	June 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011
Operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges (OCF)	**£ 1,610.6**	£ 412.1	£ 376.5	£ 423.7	£ 398.3
Reconciling items					
Depreciation and amortization	**(993.6)**	(233.0)	(240.2)	(256.7)	(263.7)
Restructuring and other charges	**(11.8)**	0.5	(5.4)	(0.7)	(6.2)
Operating income	**£ 605.2**	**£ 179.6**	**£ 130.9**	**166.3**	**£ 128.4**

	Last twelve months ended	Three months ended			
	June 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges (OCF)	**£ 1,559.1**	£ 392.1	£ 376.1	£ 403.6	£ 387.3
Reconciling items					
Depreciation and amortization	**(1,093.3)**	(258.3)	(262.9)	(291.0)	(281.1)
Restructuring and other charges	**(47.6)**	1.1	(2.6)	(41.6)	(4.5)
Operating income	**£ 418.2**	**£ 134.9**	**£ 110.6**	**£ 71.0**	**£ 101.7**

Reconciliations of Free Cash Flow (FCF) to GAAP net cash provided by operating activities
(in £ millions) (unaudited)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Free Cash Flow (FCF)	£ 128.4	£ 87.1	£ 139.6	£ 135.5	£ 122.7
Reconciling items (see Note below):					
Purchase of fixed and intangible assets	185.6	184.1	177.4	155.7	160.3
Changes in operating assets and liabilities	(71.7)	(25.3)	5.2	2.8	(83.6)
Non-cash compensation	6.1	7.6	5.3	2.9	7.3
Non-cash interest	(20.3)	17.9	(3.6)	19.7	(8.0)
Share of net income of affiliates	—	—	—	4.5	7.0
Realized foreign exchange (losses) gains	(1.4)	(5.1)	(2.6)	0.2	(0.3)
Realized losses on derivatives	(3.0)	(2.0)	(27.0)	(5.9)	(2.9)
Restructuring and other charges	0.5	(5.4)	(0.7)	(6.2)	1.1
Income taxes	1.3	1.3	(0.9)	1.4	1.4
Debt redemption premium cost	—	(48.1)	—	(15.5)	—
Other (1) (2)	5.5	—	1.7	1.9	81.1
Net cash provided by operating activities	**£ 231.0**	**£ 212.1**	**£ 294.4**	**£ 297.0**	**£ 286.1**

(1) For the three months ended June 30, 2012, the reversal of a contingent liability of £5.5m is included in other, which is included within Interest income and other, net, in the condensed consolidated statement of comprehensive income.
(2) For the three months ended June 30, 2011, a VAT refund of £77.6 million is included in other, which is included within Interest income and other, net, in the condensed consolidated statement of comprehensive income.

Reconciliation of Fixed Asset Additions (Accrual Basis) to GAAP purchase of fixed and intangible assets
(in £ millions) (unaudited)

	Three months ended				
	June 30, 2012	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Fixed Asset Additions (Accrual Basis)	**£ 238.4**	**£ 233.1**	**£ 227.0**	**£ 183.4**	**£ 175.3**
Fixed assets acquired under capital leases	(30.1)	(23.5)	(61.2)	(0.7)	(6.3)
Changes in liabilities related to fixed asset additions	(22.7)	(25.5)	11.6	(27.0)	(8.7)
Total Purchase of Fixed and Intangible Assets	**£ 185.6**	**£ 184.1**	**£ 177.4**	**£ 155.7**	**£ 160.3**
Comprising:					
Purchase of fixed assets	**185.6**	**184.1**	**177.4**	**155.7**	**160.3**
Purchase of intangible assets	**—**	**—**	**—**	**—**	**—**
	£ 185.6	**£ 184.1**	**£ 177.4**	**£ 155.7**	**£ 160.3**

Reconciliation of gross debt (including current portion) to net debt, and calculations of net debt (as reported and hedged) to annualized and last twelve months OCF
(in £ millions, except net debt / annualized OCF, and net debt / last twelve months OCF) (unaudited)

	As reported June 30, 2012	At hedged rate June 30, 2012	As reported June 30, 2011	At hedged rate June 30, 2011
Bank Debt				
Sterling denominated	£ 750.0	£ 750.0	£ 750.0	£ 750.0
Sterling denominated - Revolving facility (utilised portion)	100.0	100.0	—	—
Senior Notes				
$550m senior notes due 2016 (2)	—	—	342.5	301.2
$850 / $1,350m senior notes due 2016 (3)	530.1	526.7	820.5	835.6
€180m senior notes due 2016 (4)	140.9	158.6	156.8	158.6
$600m senior notes due 2019 (5)	376.8	362.9	368.2	387.9
£350m senior notes due 2019 (6)	345.4	350.0	345.0	350.0
$500m senior notes due 2022 (7)	318.3	313.6	—	—
£875m senior secured notes due 2018 (8)	865.2	875.0	863.8	875.0
$1,000m senior secured notes due 2018 (9)	629.3	615.4	614.6	615.4
$500m senior secured notes due 2021 (10)	360.5	308.9	309.8	309.0
£650m senior secured notes due 2021 (11)	737.8	650.0	655.9	650.0
Convertible Notes				
$1,000 convertible senior notes due 2016 (12)	552.7	552.7	526.6	526.6
Capital Leases / Other	241.5	241.5	245.1	245.1
Gross debt (including current portion) (13)	**5,948.5**	**5,805.3**	**5,998.8**	**6,004.4**
Cash and cash equivalents	(190.9)	(190.9)	(458.2)	(458.2)
Net debt	**£ 5,757.6**	**£ 5,614.4**	**£ 5,540.6**	**£ 5,546.2**
Annualized OCF (quarterly OCF x4) (14)	£ 1,648.4	£ 1,648.4	£ 1,568.4	£ 1,568.4
Net debt / annualized OCF	**3.5**	**3.4**	**3.5**	**3.5**
Last twelve months OCF (14)	£ 1,610.6	£ 1,610.6	£ 1,559.1	£ 1,559.1
Net debt / last twelve months OCF	**3.6**	**3.5**	**3.6**	**3.6**

(1) Certain of the derivatives described below do not qualify in hedge accounting relationships under US GAAP. The hedged rate is defined as the amount in GBP we would repay at maturity relating to debt obligations, net of any payments or receipts on related derivative instruments.
(2) $550m senior notes due 2016 were redeemed in full on July 26, 2011.
(3) Face value of $850m and $1,350m hedged at $1.6137 and $1.6149 to August 2016, at June 30 2012 and June 30, 2011, respectively. $500m were repurchased on March 28, 2012.
(4) Face value of €180m hedged to August 2016 at €1.1351.
(5) Face value of $600m hedged to October 2019 at $1.6535.
(6) Face value of £350m.
(7) Face value of $500m hedged to February 2022 at $1.5945.
(8) Face value £875m.
(9) Face value of $1,000m hedged to January 2018 at $1.6242.
(10) The carrying value of the $500m 5.25% senior secured notes due 2021 has been increased by £53.0m and £2.1m as at June 30, 2012 and June 30, 2011 respectively, as a result of the application of fair value hedge accounting. Face value of $500m hedged to January 2021 at $1.6185.
(11) The carrying value of the £650m 5.50% senior secured notes due 2021 has been increased by £92.9m and reduced by £0.7m as at June 30, 2012 and June 30, 2011 respectively, as a result of the application of fair value hedge accounting.
(12) Face value of $1,000m. Principal unhedged. Shown at GAAP net carrying value (principal after the unamortized discount of equity component).
(13) The carrying value of gross debt is comprised of long term debt, net of current portion and the current portion of long term debt.
(14) See Appendix F for a reconciliation of operating income before depreciation, amortization, goodwill and intangible asset impairments and restructuring and other charges (OCF) to GAAP operating income for the three months and last twelve months ended June 30, 2012 and 2011.