BRITISH SKY BROADCASTING GROUP PLC
Results for the twelve months ended 30 June 2007

Strong operational and financial performance; 27% increase in the full year dividend

More customers are choosing more of Sky's products than ever before

- Annual new customer additions 1.446 million, growth of 13% on the prior year
- Annual net customer growth of 406,000 to 8.582 million
- Record Sky+ growth of 821,000 to 2.374 million, 28% penetration of the base
- HD customers of 292,000, Sky's fastest take-up for an additional TV product
- Sky Broadband customers of 716,000
- Record Sky Talk customer growth of 342,000 to 526,000
- 1,150 exchanges unbundled, 70% coverage of UK households

Strong top-line growth; profits reflect investment for future growth

- Revenue increased by 10% to £4,551 million
- Underlying gross margin of 63%, up from 61% in the prior year[1]
- EBITDA of £1,007 million despite broadband and telephony investment
- Operating profit of £815 million, including losses of £169 million from Residential Broadband and £23 million from Easynet Enterprise, and an exceptional gain of £49 million[2]
- Underlying operating profit increased to £958 million, annual growth of 6%
- Basic EPS of 28.4p (2006: 30.2p) and adjusted EPS of 26.3p (2006: 30.7p)[3]
- A proposed final dividend of 8.9 pence generating a full year dividend of 15.5 pence, a 27% increase

[1] Underlying gross margin excludes the impact of Residential Broadband, Easynet Enterprise and the exceptional gain from a third party channel provider of £65 million accounted for within programming expenses
[2] Net exceptional gain includes a one-off receipt from a third party channel provider of £65 million and £16 million for litigation costs
[3] Adjusted EPS excludes mark-to-market in derivative financial instruments that do not qualify for hedge accounting, an exceptional gain of £65 million and an exceptional charge of £16 million

James Murdoch, Chief Executive said:

"This year has been one of enormous importance and change for us, with the launch of our broadband and talk services transforming our business and our future prospects fundamentally. This expanded product range is now attracting new customers to Sky at a very healthy pace, as well as deepening our relationships with existing customers.

"The team has delivered a strong financial performance whilst building the foundations for future growth. Continued successful execution of our strategy gives us confidence that we are well placed to capitalise on the significant opportunities available to us, and the proposed 27% increase in the full year dividend is a mark of that confidence."

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An interview with Jeremy Darroch, CFO, is available on http://www.sky.com/corporate and on www.cantos.com in video, audio and text.

A conference call for U.K. and European analysts and investors will be held at 8:30 a.m. (BST) today. To register for this, please contact Silvana Marsh at Finsbury on +44 20 7251 3801. A live webcast of this call and replay facility will be available on Sky's corporate website, http://www.sky.com/corporate.

There will be a separate conference call for US analysts and investors at 10.00 a.m. (EST) today. Details of this call have been sent to US institutions and can be obtained from Dana Johnston at Taylor Rafferty on +1 212 889 4350. A live webcast of this call and replay facility will be available on Sky's corporate website, http://www.sky.com/corporate.

Results highlights

All financial results have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including comparatives.

Operational Metrics

	30-Jun-07	31-Mar-07	Net additions
Total customers (000s)[(1)(2)(3)]	**8,582**	**8,492**	**90**
Additional products (000s):			
Sky+[(4)]	2,374	2,167	207
Multiroom[(5)]	1,343	1,297	46
HD	292	244	48
Broadband	716	457	259
Telephony	526	355	171
Other KPI's:			
Churn for the quarter (annualised)	12.1%	13.7%	-
ARPU	£412	£406	-
SAC	£251	not disclosed	-

[1] Includes DTH customers in Republic of Ireland. (497,000 as at 30 June 2007, 427,000 as at 30 June 2006).
[2] DTH subscribers include only primary subscriptions to Sky (no additional Sky+ or Multiroom subscriptions are counted). This does not include Freesat customers who do not subscribe to an additional Sky service or churned customers viewing free-to-air channels.
[3] DTH subscribers include subscribers taking Sky packages via DSL through Tiscali TV.
[4] Sky+ includes HD households.
[5] Multiroom includes households subscribing to more than one set-top-box. (No additional units are counted for the second or any subsequent Multiroom subscriptions within one household).

Financial Summary

	Year to Jun-07			Year to Jun-06
£'millions	**Reported**	**Exceptional[(6)]**	**Adjusted**	**Reported**
Income statement:				
Revenue[(7)]	4,551	-	4,551	4,148
Gross Profit	3,012	(65)	2,947	2,549
% Margin	*66.2%*	-	*64.8%*	*61.5%*
Operating Profit[(8)]	815	(49)	766	877
% Margin	*17.9%*	-	*16.8%*	*21.1%*
Profit for the year	499	(38)	461	551
Cash flow information:				
EBITDA	1,007	(49)	958	1,017
Cash generated from operations	1,007	(49)	958	1,004
Net debt[(9)]	(1,838)	-	(1,838)	(761)

Per share information (pence):	**Year to Jun-07**	**Year to Jun-06**
EPS - basic	28.4p	30.2p
EPS - adjusted[(10)]	26.3p	30.7p

[6] Exceptional items include a one-off receipt from a third party channel provider for £65 million, £16 million charge for litigation costs and £6 million mark-to-market gain on financial derivatives
[7] Revenue includes £74 million from Residential Broadband and £159 million from Easynet Enterprise
[8] Operating profit includes a net operating loss of £169 million from Residential Broadband and £23 million from Easynet Enterprise
[9] Cash, cash-equivalents, short-term deposits, borrowings and borrowings related financial instruments
[10] Adjusted EPS excludes mark-to-market in derivative financial instruments that do not qualify for hedge accounting, an exceptional gain of £65 million and an exceptional charge of £16 million

OVERVIEW

Sky generated growing levels of demand in the twelve months to 30 June 2007 ("the year"), as we continue our evolution from a single product company into a multi-product business. The superior choice, quality and value of our products and services, coupled with the success of our 'See, Speak, Surf' marketing campaign, have combined to attract record customer numbers to our platform. We recorded 1,446,000 new DTH customer additions in the year, the highest since analogue switch-off in 2001, and annual net customer growth of 406,000 leaves us firmly on track to meet our target of 10 million DTH customers in 2010.

One year after becoming carbon neutral Sky's leadership on climate change was recognised with the prestigious Man Group International Climate Change Award at the 2007 Business in the Community Awards.

Our product range has never been stronger, with more customers choosing more products from us than ever before. We had record annual product sales of over four million, an increase of 68% on the prior year. We have also improved the product mix among our existing base with one in three customers now choosing an additional product. Sky+ exceeded its 25% penetration target three years early and we remain on track to achieve our 30% Multiroom penetration target in 2010. Sky HD added 254,000 customers in the year, the fastest take-up of an additional TV product that we have seen.

The successful launch of Sky Broadband and Sky Talk has played an important role in generating these levels of demand. At the end of the year we recorded 716,000 broadband customers and 526,000 telephony customers. We have been encouraged by early customer mix, with 71% of our on-net broadband customers choosing a paid-for product and 93% of customers connected within 11 working days. Our local loop unbundled ("LLU") network covered 70% of UK households, a full six months ahead of plan.

We also saw the first evidence of our investment in broadband and telephony bringing additional operational and financial benefits. This investment has provided us with a further tool to attract new customers, with around a third of our fourth quarter broadband customer additions being new to Sky. Increasing our emphasis on broadband and telephony in acquisition and retention has enabled us to reduce the use of viewing package discounts. Whilst this led to a short term increase in churn, it has improved the long-term health and profitability of our customer base, and contributed to strong ARPU growth. We have seen the benefits of spreading our fixed marketing costs over a larger customer base, with subscriber acquisition costs ("SAC") showing a year-on-year reduction for the first time in three years.

Overall, the considerable broadband investment this year, the benefits of which will be reflected in higher medium term growth and profitability, has had an impact on reported operating profit which was £815 million against £877 million in the prior year and has resulted in adjusted earnings per share reducing to 26.3 pence (2006: 30.7 pence). Reflecting strong operational progress and on-track financial performance the Company is proposing a final dividend of 8.9 pence per ordinary share, which, combined with the interim dividend of 6.6 pence per ordinary share, results in total dividend growth of 27%. This represents a payout ratio of 44% of underlying earnings, slightly higher than the 40% which remains the Company's medium term policy.

As previously outlined, 2008 will continue to reflect our investment for future growth with the second year of investment in broadband and telephony scale.

OPERATIONAL REVIEW

In the three months to 30 June 2007 ("the quarter") new DTH customer additions were 349,000, 20% higher than the prior year. Total product sales again exceeded one million with our product range appealing to new and existing customers. During the quarter 27% of Sky+ additions, 22% of HD additions and 33% of broadband additions were new to Sky.

DTH churn for the quarter (annualised) was 12.1%, a reduction of 1.6 percentage points from the prior quarter. We continued to see the short-term effects from the change to our promotional strategy in November 2006. Excluding extra cancellations as a direct result of this change, we estimate that underlying churn increased by 0.2 percentage points to 10.8% compared with the fourth quarter of the prior year. We have made good progress, although we still expect churn to be affected, albeit on a reduced scale, in the early part of next financial year.

ARPU increased by £6 during the quarter, and by £21 during the year, to £412, reflecting the immediate benefit from a smaller number of offers, contributions from broadband and telephony and increasing product penetration.

After strong net customer growth of 90,000 in the quarter, total DTH customers increased by 141,000 in the second half of the year, an increase of 21% on the second half of 2006. The mix of products and the balance of packages remained strong: Sky+ households increased by 207,000 to 2.374 million, 28% penetration of the base; Multiroom households increased by 46,000 to 1.343 million, 16% of the base; and Sky HD finished the quarter with 292,000 customers. We further enhanced our product offering with the launch of Sky Anytime on TV, an additional service that showcases a selection of the week's programmes on-demand. Anytime on TV is available to all Sky HD customers and to customers with the latest generation Sky+ set-top-box, over 1.5 million customers in total.

Broadband customers increased by 57% in the quarter from 457,000 to 716,000. 81% were on our network. Of these on-net customers, 71% opted for a paid-for package. We had a further 32,000 customers registered to UK Online, Easynet's Residential Broadband service, bringing the total number of broadband customers to 748,000. We achieved our 70% network coverage target six months ahead of plan, with a total of 1,150 exchanges unbundled by the 30 June 2007.

Our Sky Talk customer base increased by 48% to 526,000 in the quarter. The attractiveness of our new packages led to 44% of Sky Broadband customers at the end of June also choosing a Sky Talk package.

During the quarter we continued to invest in, and received strong recognition, for our programming. We recently secured the exclusive TV rights to the upcoming series of the Golden Globe nominated 'Prison Break' and we announced a multi-year agreement with Sony, ensuring that Sky Movies customers will continue to enjoy the best movies from Sony Pictures on TV and via the PC. We received significant third party endorsements for the quality of our programming: Sky One received its first ever BAFTA awards, for 'Ross Kemp on Gangs' and 'Hogfather', whilst Sky News retained its RTS News Channel of the Year title and received the Broadcast Digital Award for Best News Channel of Year.

Sky is also announcing today (27 July 2007) a joint venture partnership with Sony Computer Entertainment Europe (SCEE) to offer the more than 2 million PSP™ (PlayStation® Portable) owners in the UK and Ireland the opportunity to turn their devices into personalised on-demand video libraries. The new service, due to launch in early 2008, will be the first official PSP video download service anywhere in Europe. It will offer programming spanning sports, entertainment, movies, music and animation from both Sky and 3rd party channel partners. Video will be downloadable to PSPs either wirelessly or through a connection to a host PC.

FINANCIAL SUMMARY

The financial performance in the year reflected a strong operational performance, investment for future growth and the impact of net exceptional items. Group revenue of £4,551 million included £74 million from Residential Broadband and £159 million from Easynet Enterprise. Group operating profit of £815 million included net operating losses of £169 million from Residential Broadband, £23 million of losses from Easynet Enterprise and a net exceptional gain of £49 million.

Excluding Residential Broadband, Easynet Enterprise and exceptional items, underlying operating profit was £958 million, an increase of 6% on the prior year.

Residential Broadband operating losses of £169 million were in line with our expectations, comprising revenue of £74 million and operating costs of £243 million. Of these costs, £50 million were included in marketing; £63 million in subscriber management; £108 million in transmission; and £22 million in administration. Easynet Enterprise operating losses of £23 million comprised revenue of £159 million and operating costs of £182 million, £4 million of which were included in marketing; £17 million in subscriber management; £116 million in transmission; and £45 million in administration.

Revenue

Group revenue increased by 10% on the prior year to £4,551 million (2006: £4,148 million), despite the advertising sector downturn and a fall in wholesale subscription revenue.

Retail subscription revenue increased by 8% on the comparable period to £3,406 million (2006: £3,157 million). Excluding £70 million from Residential Broadband and Easynet Enterprise, underlying growth in retail subscription revenue was primarily driven by a 5% increase in the average number of DTH customers. ARPU saw further acceleration in the fourth quarter to £412, benefiting from the changes made to our promotional strategy part-way through the second quarter and increasing additional product penetration.

Wholesale subscription revenue fell by £16 million to £208 million, with lower premium channel take-up among cable TV subscribers and the impact from the expiry and (non-renewal) of the contract to supply Sky's basic channels to Virgin Media. During the year we concluded wholesale agreements with Tiscali TV and a number of regional cable operators as we sought to widen the distribution of our channels.

Advertising revenue increased by 3% to £352 million, despite continued contraction of the TV advertising sector and the expiry and (non-renewal) of the contract to supply Sky's basic channels to Virgin Media. We continued to outperform the TV advertising sector, with our share increasing from an average of 13% in the twelve months to June 2006 to 14% in the twelve months to June 2007.

Wholesale subscription and advertising revenues continue to be impacted by the expiry and non-renewal of the basic channels carriage agreement with Virgin Media. As previously announced, we estimate that this will adversely impact operating profit by around £15 million, should the channels remain off their platform for the entirety of the first quarter of financial year 2008.

Sky Bet revenue was £47 million, an increase of 27% on the prior year, benefiting from five months of consolidation of 365 Media Group plc ("365 Media") and good growth in internet sports betting and TV games.

Installation, hardware and service revenue increased by 62%, from £131 million to £212 million. This reflects strong gross additions and customer upgrades, a higher proportion of premium priced hardware sales and a new contribution from Residential Broadband sales.

Other revenue was £326 million (2006: £257 million) with the majority of the increase driven by the full inclusion of Easynet Enterprise revenue for the year of £155 million. On an underlying basis, other revenues declined slightly, with reductions in Sky Active offsetting growth in website revenues.

Gross margin

Reported programming costs were £1,539 million, including an exceptional credit of £65 million from a third party channel provider. Underlying programming costs, excluding this exceptional gain, increased by £5 million on the prior year as major investment in sports rights was offset by savings and efficiencies in the other areas. This, together with good revenue growth, enabled us to expand gross margin further which, excluding the impacts of Residential Broadband, Easynet Enterprise and the exceptional gain, increased by two percentage points to 63%.

Sports costs increased by £76 million to £842 million, principally behind one-off events such as the Ryder Cup and the Cricket World Cup, together with the first full season of domestic cricket. We continue to expect sports costs for the 2008 financial year to increase by around £90 million following the start of the new FAPL contract.

Movie costs for the year were £285 million, a saving of £25 million on the prior year and the lowest absolute cost for seven years, as we continue to benefit from favourable contract renewals. There was also a foreign exchange benefit of £10 million from a more favourable average exchange rate at which US dollars were purchased.

News and Entertainment costs were £184 million. The annual reduction of £16 million was due to a play-out of older stock in the prior year. As previously outlined, we will continue to develop Sky One and invest in high quality, must-see content in line with our programming strategy.

Excluding the exceptional receipt from a third party channel provider, third party channel costs fell by £30 million to £293 million. A 5% increase in the average number of DTH customers was more than offset by favourable contract renegotiations which resulted in a 13% reduction in the average cost per subscriber to £2.92 per month.

Other operating costs

Operating costs, excluding programming, increased by £525 million on the prior year to £2,197 million, reflecting two main factors. Firstly, the strong demand we are seeing for our entire product range, with strong new DTH customer additions, record annual Sky+ growth and further Multiroom and HD penetration. Second, other operating costs are impacted by our investment for future growth, which reflects the roll-out costs of Sky Broadband and Sky Talk, consolidation of Easynet Enterprise and expenditure related to infrastructure, broadcast facilities and the contact centre.

Marketing costs were £734 million, an increase of £112 million on the prior year which included a £49 million increase relating to Residential Broadband and £2 million relating to Easynet Enterprise. Marketing costs relating to new customers grew by £16 million to £316 million, reflecting the 13% annual increase in new DTH sales offset by lower SAC, which fell by £10 on the prior year to £251. The accelerating volumes of existing customer upgrades to Sky+, Multiroom and HD resulted in a £5 million increase in investment to £81 million. Above-the-line costs rose by £21 million to £96 million, reflecting the successful launch of the 'See, Speak, Surf' campaign and our belief that increased brand investment benefits the long term durability of the business. Retention and other marketing increased by £19 million to £187 million, predominantly due to further investment in our segmentation database and an increase in online marketing costs.

Subscriber management costs were £618 million, an increase of £150 million on the prior year which included £60 million relating to Residential Broadband and £8 million relating to Easynet Enterprise. The remaining increase related to installation, hardware and service costs, although these are offset by their associated revenues, higher contact centre costs and depreciation relating to the implementation of new CRM systems.

Transmission costs of £402 million and administration costs of £443 million increased by £168 million and £95 million respectively, principally due to the inclusion of an additional £199 million of Residential Broadband and Easynet Enterprise costs, an exceptional administration expense of £16 million relating to our legal claim against EDS, and increased depreciation of £15 million as a result of greater investment in IS infrastructure.

Profit

Reported operating profit of £815 million (2006: £877 million) included a net exceptional gain of £49 million, Residential Broadband losses of £169 million and Easynet Enterprise losses of £23 million. Excluding Residential Broadband, Easynet Enterprise and exceptional items, operating profit was £958 million, an increase of 6% on the prior year. Underlying operating profit margin was in line with the prior year at 22%, despite higher investment.

After the Group's share of operating profits from joint ventures of £12 million (2006: £12 million) and a net interest charge of £103 million (2006: £91 million), which included a positive £6 million mark-to-market movement (2006: £14 million loss) on the value of non-IFRS hedge accounted derivatives and £13 million dividends declared by ITV plc during the year, the Group made a profit before tax in the year of £724 million (2006: £798 million).

The total tax charge for the year was £225 million (2006: £247 million), at an effective rate of 31% (2006: 31%).

Earnings

The Group's profit for the year was £499 million (2006: £551 million), generating basic earnings per share of 28.4 pence (2006: 30.2p). Adjusted profit for the period was £461 million (2006: £561 million), generating adjusted earnings per share of 26.3 pence compared to 30.7 pence in the prior year. The share buyback programme resulted in the number of shares outstanding reducing in the year by 2% to 1,753 million at 30 June 2007 (2006: 1,791 million).

Exceptional items

The Group reported a net exceptional gain of £49 million within operating profit, consisting of two items. Included within third party costs is a £65 million credit resulting from the payment relating to a proportion of the value of certain third party channels. Partially offsetting this was a charge of £16 million recorded within administration expenses relating to the legal costs of the Group's claim against EDS, which provided services to the Group as part of the Group's investment in CRM systems software and infrastructure. We currently expect to incur further costs of around £12 million in respect of this claim during the next financial year, which will be recognised as an exceptional cost.

Cash flow

The cash flow performance of the business demonstrated continuing strong cash conversion. Cash inflow from operations, including exceptional items, of £1,007 million (2006: £1,004 million) was slightly ahead of the prior year despite our investment in broadband and telephony.

The Group generated EBITDA of £1,007 million (2006: £1,017 million). Excluding operating losses from Residential Broadband, Easynet Enterprise and exceptional items, EBITDA increased by 8% to £1,111 million (2006: £1,027 million). Following a zero working capital movement during the year (2006: £13 million outflow), the Group's cash inflow from operations was also £1,007 million. After capital expenditure of £356 million, cash taxes of £128 million, net interest payable of £108 million and net proceeds from joint ventures of £6 million, the Group generated £421 million of free cash flow (2006: £563 million). A total of £447 million was returned to shareholders through a combination of the ordinary dividend and share buyback programme, and the net cash outflow for acquisitions, relating to the investment in ITV and the acquisitions of You Me TV and 365 Media, was £1,051 million. After the inclusion of share purchases and proceeds in respect of share options and the revaluation of long term borrowings and borrowing related financial derivatives, net debt increased by £1,077 million to £1,838 million.

The Group continued to make progress on its capital expenditure and infrastructure programme. Total capital expenditure for the year was £356 million, of which £160 million related to the network investment and unbundling of exchanges resulting from the roll out of Residential Broadband. The remaining £196 million related to Easynet Enterprise, IS infrastructure, broadcast infrastructure, property and business continuity projects and the development of new products and services. We continue to expect capital expenditure relating to the roll out of Residential Broadband to be around £250 million over the two financial years to 2008, in line with our plans.

DISTRIBUTIONS TO SHAREHOLDERS

The Directors are proposing a final dividend for 2007 of 8.9 pence per share, which, combined with the interim dividend of 6.6 pence per ordinary share, will result in total dividend growth of 27% on the prior year. This represents a payout ratio of approximately 60% of earnings on a reported basis and 44% on an underlying basis, excluding the Residential Broadband investment and Easynet Enterprise. The Group's dividend per share has grown by a total of over 70% in the last two years, demonstrating the Board's commitment to use ordinary dividend policy as a way of providing shareholder returns.

The ex-dividend date will be 24 October 2007 and, subject to shareholder approval at the Annual General Meeting to be held on 2 November 2007, the final dividend will be paid on 16 November 2007 to shareholders appearing on the register at the close of business on 26 October 2007.

CORPORATE

On 14 May 2007 the Group announced a placement with institutional investors, which raised net proceeds of approximately £300 million, from the issuance of guaranteed notes maturing in 2027 pursuant to its EMTN Programme. The issuer was British Sky Broadcasting Group plc and the notes were guaranteed by certain key subsidiaries, including British Sky Broadcasting Limited and Sky Subscribers Services Limited.

CORPORATE RESPONSIBILITY

During the quarter Sky celebrated its first anniversary of becoming carbon neutral. One of Sky's commitments to carbon neutrality has been to continue reducing the energy consumption of its products. Sky has continued the roll out of its Auto Standby function, helping customers to reduce their household energy bills by automatically putting inactive Sky HD and Sky+ boxes to sleep overnight. Auto Standby has now been introduced to more than 1.6 million customers' boxes. Sky was recognised with the prestigious Man Group International Climate Change Award at the 2007 Business in the Community Awards, presented by HRH the Prince of Wales and the former Vice President Al Gore.

Sky put out a call for entries to become its next major charity partner, emphasising the opportunity for the winning charity to reach one in three homes in the UK. The Group was also highly commended for its contribution to raising achievement in young people in the UK through its community initiatives such as Sky Living for Sport and Reach for the Sky.

Sky Arts also launched its broadcast sponsorship of the Guardian Hay Festival. The festival received national coverage with the channel's "Hay on Sky" daily broadcast. During the 10 days of the event Sky exhibited 'The Lower Carbon Lifestyle Home' which gave visitors tips on how to reduce carbon emissions at home.

Use of measures not defined under IFRS

This press release contains certain information on the Group's financial position, results and cash flows that have been derived from measures calculated in accordance with IFRS. This information should not be read in isolation of the related IFRS measures.

Forward-looking statements

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to the Group's financial condition, results of operations and business, and management's strategy, plans and objectives for the Group. These statements include, without limitation, those that express forecasts, expectations and projections with respect to the potential for growth of free-to-air and pay-TV, fixed line telephony, broadband and bandwidth requirements, advertising growth, DTH subscriber growth, Multiroom, Sky+ and other services penetration, churn, DTH and other revenue, profitability and margin growth, cash flow generation, programming and other costs, subscriber acquisition costs and marketing expenditure, capital expenditure programmes and proposals for returning capital to shareholders.

These statements (and all other forward-looking statements contained in this document) are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements. These factors include, but are not limited to, the fact that the Group operates in a highly competitive environment, the effects of laws and government regulation upon the Group's activities, its reliance on technology, which is subject to risk, change and development, failure of key suppliers, its ability to continue to obtain exclusive rights to movies, sports events and other programming content, risks inherent in the implementation of large-scale capital expenditure projects, the Group's ability to continue to communicate and market its services effectively, and the risks associated with the Group's operation of digital television transmission in the U.K. and Ireland.

Information on some risks and uncertainties are described in the "Risk Factors" section of Sky's Annual Report for the year ended 30 June 2007. Copies of the Annual Report are available on request from British Sky Broadcasting Group plc, Grant Way, Isleworth TW7 5QD or from the British Sky Broadcasting web page at www.sky.com/corporate. All forward-looking statements in this document are based on information known to the Group on the date hereof. The Group undertakes no obligation publicly to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Appendix 1 – TV Customer and Market Data

	Fourth quarter as at 30 June 2007	Third quarter as at 31 March 2007	Fourth quarter as at 30 June 2006
DTH homes[1,2 3]	**8,582,000**	**8,492,000**	**8,176,000**
Total TV homes in the U.K. and Ireland[4]	26,922,000	26,837,000	26,684,000
DTH homes as a percentage of total U.K. and Ireland TV homes	32%	32%	31%
Cable – U.K.	3,411,000	3,406,000	3,294,000
Cable – Ireland	593,000	596,000	604,000
Total pay TV homes	**12,586,000**	**12,494,000**	**12,074,000**
Total pay TV homes as a percentage of total U.K. and Ireland TV homes	47%	47%	45%
Sky+ homes	2,374,000	2,167,000	1,553,000
Multiroom homes[5]	1,343,000	1,297,000	1,047,000
HD homes	292,000	244,000	38,000
DTT – U.K.[6]	9,811,000	9,233,000	7,326,000

[1] Includes DTH customers in Republic of Ireland of 497,000, as at 30 June 2007.
[2] DTH customers include only primary subscriptions to Sky (no additional Sky+ or Multiroom subscriptions are counted). This does not include Freesat customers who do not subscribe to an additional Sky service or churned customers viewing free-to-air channels.
[3] DTH homes include customers taking Sky packages via DSL through Tiscali TV.
[4] Total U.K. homes estimated by BARB and taken from the beginning of the month following the period end (latest figures as at 30 June 2007). Total Ireland homes estimated by Nielsen Media Research as at July 2007.
[5] Multiroom includes households subscribing to more than one set-top-box. (No additional units are counted for the second or any subsequent Multiroom subscriptions.)
[6] DTT homes estimated by BARB and taken from the beginning of the following month (latest figures as at 30 June 2007). These include Sky or Cable homes that already take multi-channel TV.

Appendix 2 – Glossary

Useful definitions	Description
Adjusted profit for the year	Profit for the year adjusted to remove mark-to-market movements in derivative financial instruments that do not qualify for hedge accounting, exceptional items and any changes in the estimate of recoverable tax assets in respect of prior years.
Adjusted earnings per share	Adjusted profit divided by the weighted average number of ordinary shares during the year.
ARPU	Average Revenue Per User: the amount spent by the Group's residential subscribers in the quarter, divided by the average number of residential subscribers in the quarter, annualised.
Churn	The rate at which subscribers relinquish their subscriptions, expressed as a percentage of total subscribers.
Customer	A subscriber to a DTH service.
DTH	Direct to home: the transmission of satellite services with a reception through a mini-dish.
EBITDA	Earnings before interest, taxation, depreciation and amortisation is calculated as operating profit before depreciation and amortisation or impairment of goodwill and intangible assets.
Gross margin	Revenue less programming costs as a proportion of revenue.
HD	High Definition.
Multiroom	Installation of one or more additional Set-top-boxes in the household of an existing DTH subscriber.
Net debt	Cash, cash-equivalents, short-term deposits, borrowings and borrowings-related derivative financial instruments.
On-net	Customers subscribing to our unbundled broadband product.
Product	Any service chosen by a customer: these include DTH, Sky+, Multiroom, Sky HD, Sky Broadband and Sky Talk.
Sale	A sale is a gross addition of any product.
Set-top-box	Digital satellite reception equipment.
Sky+	Sky's fully-integrated Personal Video Recorder (PVR) and satellite decoder.
Underlying	Excluding contribution from Sky Broadband and Easynet Enterprise and net exceptional amounts.
Viewing share	Number of people viewing a channel as a percentage of total viewing audience.

Consolidated financial statements

Consolidated Income Statement for the year ended 30 June 2007

	Notes	**2007 £m**	2006 £m
Revenue	1	**4,551**	4,148
Operating expense	2	**(3,736)**	(3,271)
Operating profit		**815**	877
Share of results of joint ventures and associates	10	**12**	12
Investment income	3	**46**	52
Finance costs	3	**(149)**	(143)
Profit before tax		**724**	798
Taxation	4	**(225)**	(247)
Profit for the year		**499**	551
Earnings per share from profit for the year (in pence)			
Basic	5	**28.4p**	30.2p
Diluted	5	**28.2p**	30.1p
Adjusted earnings per share from profit for the year (in pence)			
Basic	5	**26.3p**	30.7p
Diluted	5	**26.1p**	30.6p

Consolidated Income Statement for the quarter ended 30 June 2007

	2007 Three months ended 30 June £m (unaudited)	2006 Three months ended 30 June £m (unaudited)
Revenue	**1,175**	1,069
Operating expense	**(973)**	(852)
EBITDA	**257**	261
Depreciation and amortisation	**(55)**	(44)
Operating profit	**202**	217
Share of results of joint ventures and associates	**3**	3
Investment income	**4**	15
Finance costs	**(41)**	(46)
Profit before tax	**168**	189
Taxation	**(57)**	(63)
Profit for the quarter	**111**	126
Earnings per share from profit for the quarter (in pence)		
Basic	**6.4p**	7.0p
Diluted	**6.3p**	7.0p

Consolidated Statement of Recognised Income and Expense for the year ended 30 June 2007

	2007 £m	2006 £m
Profit for the year	**499**	551
Loss on available-for-sale investments	**(151)**	-
Net movements in hedging reserve		
Cash flow hedges	**39**	(54)
Tax on cash flow hedges	**(12)**	16
	27	(38)
Net losses recognised directly in equity	**(124)**	(38)
Total recognised income and expense for the year	**375**	513

Consolidated Balance Sheet as at 30 June 2007

	Notes	2007 £m	2006 £m
Non-current assets			
Goodwill	7	**741**	637
Intangible assets	8	**261**	218
Property, plant and equipment	9	**670**	519
Investments in joint ventures and associates	10	**34**	28
Available-for-sale investments	11	**797**	2
Deferred tax assets	12	**54**	100
		2,557	1,504
Current assets			
Inventories	13	**384**	324
Trade and other receivables	14	**524**	489
Short-term deposits		**15**	647
Cash and cash equivalents		**435**	816
Derivative financial assets		**5**	7
		1,363	2,283
Total assets		**3,920**	3,787
Current liabilities			
Borrowings	17	**16**	163
Trade and other payables	15	**1,295**	1,247
Current tax liabilities		**144**	82
Provisions	16	**8**	6
Derivative financial liabilities		**36**	49
		1,499	1,547
Non-current liabilities			
Borrowings	17	**2,014**	1,825
Other payables	17	**84**	66
Provisions	16	**18**	19
Derivative financial liabilities		**258**	209
		2,374	2,119
Total liabilities		**3,873**	3,666
Shareholders' equity	19	**47**	121
Total liabilities and shareholders' equity		**3,920**	3,787

Consolidated Cash Flow Statement for the year ended 30 June 2007

	2007 £m	2006 £m
Cash flows from operating activities		
Cash generated from operations	**1,007**	1,004
Interest received	**46**	43
Taxation paid	**(128)**	(172)
Net cash from operating activities	**925**	875
Cash flows from investing activities		
Dividends received from joint ventures and associates	**9**	7
Net funding to joint ventures and associates	**(3)**	(2)
Purchase of property, plant and equipment	**(292)**	(169)
Purchase of intangible assets	**(64)**	(43)
Purchase of available-for-sale investments	**(947)**	–
Purchase of subsidiaries (net of cash and cash equivalents purchased)	**(104)**	(209)
Decrease (increase) in short-term deposits	**632**	(453)
Net cash used in investing activities	**(769)**	(869)
Cash flows from financing activities		
Proceeds from borrowings	**295**	1,014
Repayment of borrowings	**(192)**	–
Proceeds from disposal of shares in Employee Share Ownership Plan ("ESOP")	**37**	13
Purchase of own shares for ESOP	**(76)**	(17)
Purchase of own shares for cancellation	**(214)**	(408)
Interest paid	**(154)**	(105)
Dividends paid to shareholders	**(233)**	(191)
Net cash (used in) from financing activities	**(537)**	306
Effect of foreign exchange rate movements	**-**	1
Net (decrease) increase in cash and cash equivalents	**(381)**	313
Cash and cash equivalents at the beginning of the year	**816**	503
Cash and cash equivalents at the end of the year	**435**	816

Notes to the consolidated financial statements

The financial information set out in this preliminary announcement does not constitute statutory financial statements for the years ended 30 June 2007 or 2006, for the purpose of the Companies Act 1985, but it is derived from those financial statements. Statutory financial statements for 2006 have been filed with the Registrar of Companies and those for 2007 will be filed prior to the Group's next annual general meeting. The Group's auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 237(2) or (3) of the Companies Act 1985.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union ("IFRS"), this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies applied in preparing this financial information are consistent with the Group's financial statements for the year ended 30 June 2006, with the exception of a new accounting policy relating to derivatives that qualify for fair value hedge accounting.

1. Revenue

	2007 **£m**	2006 £m
Retail subscription	**3,406**	3,157
Wholesale subscription	**208**	224
Advertising	**352**	342
Sky Bet	**47**	37
Installation, hardware and service	**212**	131
Other	**326**	257
	4,551	4,148

To provide a more relevant presentation, management has chosen to re-analyse the revenue categories from those previously reported. Other revenue now principally includes income from Sky Active, Sky Card, Sky Mobile TV, technical platform services and Easynet Enterprise.

2. Operating expense

	2007 **£m**	2006 £m
Programming(i)	**1,539**	1,599
Transmission and related functions	**402**	234
Marketing	**734**	622
Subscriber management	**618**	468
Administration(ii)	**443**	348
	3,736	3,271

(i) In the year ended 30 June 2007, the Group recognised a £65 million credit, arising from certain contractual rights under one of the Group's channel distribution agreements. This item was previously disclosed as a contingent asset in the Group's June 2006 consolidated financial statements.

(ii) In the year ended 30 June 2007, the Group recognised a £16 million expense relating to the legal costs incurred to date on the Group's claim against EDS (the information and technology solutions provider).

3. Investment income and finance costs

	2007 £m	2006 £m
Investment income		
Cash, cash equivalents and short-term deposits	**33**	52
Dividends receivable from available-for-sale investments	**13**	–
	46	52

	2007 £m	2006 £m
Finance costs		
– Interest payable and similar charges		
£1 billion Revolving Credit Facility	**(12)**	(2)
Guaranteed Notes	**(135)**	(123)
Finance lease interest	**(8)**	(4)
	(155)	(129)
– Other finance income (expense)		
Remeasurement of borrowings and borrowings-related derivative financial instruments (i)	–	(10)
Remeasurement of programming-related derivative financial instruments (i)	**6**	(4)
	6	(14)
	(149)	(143)

(i) Not qualifying for hedge accounting

4. Taxation

Taxation recognised in the income statement

	2007 £m	2006 £m
Current tax expense		
Current year	**204**	147
Adjustment in respect of prior years	**(15)**	(6)
Total current tax charge	**189**	141
Deferred tax expense		
Origination and reversal of temporary differences	**22**	106
Adjustment in respect of prior years	**14**	–
Total deferred tax charge	**36**	106
Taxation	**225**	247

5. Earnings per share

The weighted average number of shares for the year was:

	2007 Millions of shares	2006 Millions of shares
Ordinary shares	1,759	1,830
ESOP trust ordinary shares	(4)	(3)
Basic shares	1,755	1,827
Dilutive ordinary shares from share options	12	5
Diluted shares	1,767	1,832

Basic and diluted earnings per share are calculated by dividing profit for the year into the weighted average number of shares for the year. In order to provide a measure of underlying performance, management have chosen to present an adjusted profit for the year which excludes items that may distort comparability. Such items arise from events or transactions that fall within the ordinary activities of the Group but which management believes should be separately identified to help explain underlying performance.

	2007 £m	2006 £m
Reconciliation of profit for the year to adjusted profit for the year		
Profit for the year	**499**	551
Remeasurement of all derivative financial instruments (not qualifying for hedge accounting)	**(6)**	14
Amount receivable from channel distribution agreement (note 2)	**(65)**	–
Legal costs relating to claim against EDS (note 2)	**16**	–
Tax effect of above items	**17**	(4)
Adjusted profit for the year	**461**	561

	2007 pence	2006 pence
Earnings per share from profit for the year		
Basic	**28.4p**	30.2p
Diluted	**28.2p**	30.1p
Adjusted earnings per share from profit for the year		
Basic	**26.3p**	30.7p
Diluted	**26.1p**	30.6p

6. Dividends

	2007 £m	2006 £m
Dividends declared and paid during the year		
2005 Final dividend paid: 5.00p per ordinary share	–	92
2006 Interim dividend paid: 5.50p per ordinary share	–	99
2006 Final dividend paid: 6.70p per ordinary share	**117**	–
2007 Interim dividend paid: 6.60p per ordinary share	**116**	–
	233	191

The 2007 final dividend proposed is 8.9p per ordinary share being £155 million. The dividend was proposed after the balance date and is therefore not recognised as a liability as at 30 June 2007.

7. Goodwill

	Total £m
Carrying value	
At 1 July 2005	417
Purchase of Easynet Group Limited	216
Other purchases	4
At 30 June 2006	637
Purchase of 365 Media Group Plc	77
Other purchases	27
At 30 June 2007	**741**

8. Intangible assets

	Internally generated intangible assets £m	Other intangible assets £m	Other intangible assets not yet available for use £m	Total £m
Cost				
At 30 June 2006	34	327	30	391
Additions from business combinations	-	24	-	24
Other additions	28	41	22	91
Disposals	-	(51)	-	(51)
At 30 June 2007	**62**	**341**	**52**	**455**
Amortisation				
At 30 June 2006	16	157	-	173
Amortisation for the year	9	63	-	72
Disposals	-	(51)	-	(51)
At 30 June 2007	**25**	**169**	**-**	**194**
Carrying amounts				
At 30 June 2006	18	170	30	218
At 30 June 2007	**37**	**172**	**52**	**261**

9. Property, plant and equipment

	Land and freehold buildings £m	Leasehold improvements £m	Equipment, furniture and fittings £m	Assets not yet available for use £m	Total £m
Cost					
At 30 June 2006	115	53	591	50	809
Additions from business combination	-	-	1	-	1
Other additions	5	6	232	27	270
Disposals	(1)	(19)	(93)	-	(113)
Transfers	(14)	24	30	(40)	-
At 30 June 2007	**105**	**64**	**761**	**37**	**967**
Depreciation					
At 30 June 2006	13	34	243	-	290
Depreciation	5	4	111	-	120
Disposals	(1)	(19)	(93)	-	(113)
At 30 June 2007	**17**	**19**	**261**	**-**	**297**
Carrying amounts					
At 30 June 2006	102	19	348	50	519
At 30 June 2007	**88**	**45**	**500**	**37**	**670**

10. Investments in joint ventures and associates

The movement in joint ventures and associates during the year was as follows:

	2007 £m	2006 £m
Beginning of year		
– Share of net assets	**28**	23
Movement in net assets		
– Funding, net of repayments	**3**	2
– Dividends received	**(9)**	(7)
– Share of profits	**12**	12
Transfers to subsidiaries	**-**	(1)
Movement in other payables	**-**	(1)
End of year		
– Share of net assets	**34**	28

11. Available-for-sale investments

	2007 £m	2006 £m
Non-current assets		
Equity investments	**797**	2

On 17 November 2006, the Group acquired 696 million shares in ITV, representing 17.9% of the issued share capital of ITV, for a total consideration of £946 million including fees and taxes.

12. Deferred tax

Recognised deferred tax assets

	Fixed asset temporary differences £m	**Tax losses £m**	**Short-term temporary differences £m**	**Share-based payments temporary differences £m**	**Financial instruments temporary differences £m**	**Total £m**
At 30 June 2006	26	33	8	11	22	100
(Charge) credit to income	(32)	(18)	1	12	1	(36)
Credit (charge) to equity	-	-	-	5	(12)	(7)
Business combinations	(3)	-	-	-	-	(3)
At 30 June 2007	**(9)**	**15**	**9**	**28**	**11**	**54**

13. Inventories

	2007 £m	2006 £m
Television programme rights	**290**	277
Set-top boxes and related equipment	**84**	41
Other inventories	**10**	6
	384	324

14. Trade and other receivables

	2007 £m	2006 £m
Net trade receivables	**204**	207
Amounts receivable from joint ventures and associates	**8**	7
Amounts receivable from other related parties	**1**	1
Prepayments	**175**	156
Accrued income	**91**	107
Other	**45**	11
	524	489

Included within prepayments is £27 million (2006: £73 million) which is due in more than one year.

15. Trade and other payables

	2007 £m	2006 £m
Trade payables	**380**	352
Amounts owed to joint ventures and associates	**3**	5
Amounts owed to other related parties	**36**	31
VAT	**97**	140
Accruals	**468**	428
Deferred income	**245**	246
Other	**66**	45
	1,295	1,247

16. Provisions

	At 1 July 2006 £m	Provided during the year £m	Utilised during the year £m	At 30 June 2007 £m
Current liabilities				
Provision for termination benefits	**-**	3	-	3
Other provisions	6	1	(2)	5
	6	**4**	**(2)**	**8**
Non-current liabilities				
Other provisions	**19**	**2**	**(3)**	**18**

17. Borrowings and non-current other payables

	2007 £m	2006 £m
Current borrowings		
Guaranteed Notes	**-**	162
Loan Notes	**16**	-
Other current borrowings	**-**	1
	16	163
Non-current borrowings		
Guaranteed Notes	**1,948**	1,757
Other non-current borrowings	**-**	1
Obligations under finance leases	**66**	67
	2,014	1,825
Non-current other payables		
Accruals	**10**	15
Deferred income	**74**	51
	84	66

18. Share capital

	2007 £m	2006 £m
Authorised ordinary shares of 50p		
3,000,000,000 (2006: 3,000,000,000)	1,500	1,500
Allotted, called-up and fully paid		
1,752,842,599 (2006: 1,791,077,599)	876	896

	2007 Number of ordinary shares	**2006 Number of ordinary shares**
Allotted and fully paid during the year		
Beginning of year	1,791,077,599	1,867,523,599
Shares repurchased and subsequently cancelled	(38,235,000)	(76,446,000)
End of year	1,752,842,599	1,791,077,599

19. Reconciliation of shareholders' equity

	Share capital £m	Share premium £m	ESOP reserve £m	Hedging reserve £m	Available-for-sale reserve £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
At 30 June 2006	**896**	**1,437**	**(25)**	**(52)**	**-**	**311**	**(2,446)**	**121**
Purchase of own equity shares for cancellation	(20)	-	-	-	-	20	(214)	(214)
Recognition and transfer of cash flow hedges	-	-	-	39	-	-	-	39
Tax on items taken directly to equity	-	-	-	(12)	-	-	5	(7)
Revaluation of available-for-sale investments	-	-	-	-	(151)	-	-	(151)
Share-based payment	-	-	(29)	-	-	-	22	(7)
Profit for the year	-	-	-	-	-	-	499	499
Dividends	-	-	-	-	-	-	(233)	(233)
At 30 June 2007	**876**	**1,437**	**(54)**	**(25)**	**(151)**	**331**	**(2,367)**	**47**