

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

BRITISH SKY BROADCASTING GROUP PLC

Form 6-K

February 01, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a - 16 or 15d - 16 of
the Securities Exchange Act of 1934

For the month of February 2006
1 February 2006

BRITISH SKY BROADCASTING GROUP PLC
(Name of Registrant)

Grant Way, Isleworth, Middlesex, TW7 5QD England
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F

Form 20-F X

Form 40-F

Indicate by check mark whether the registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes

No X

If "Yes" is marked, indicate below the file number assigned to the registrant in
connection with Rule 12g3-2(b): Not Applicable

This report is incorporated by reference in the prospectus contained in the
Registration Statements on Form F-3 (SEC File No.333-08246) and Form F-3/S-3
(SEC File No.333-106837) filed by the Registrant under the Securities Act
of 1933.

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

EXHIBIT INDEX

Exhibit

EXHIBIT NO.1 Excerpt of Press release of British Sky Broadcasting Group plc
announcing Interim Results released on 1 February 2006

British Sky Broadcasting Group plc

Consolidated Income Statement for the half year ended 31 December 2005

	Notes	2005/06 Half year GBPm (unaudited)
Revenue	2	2,136
Operating expenses	3	(1,722)
Operating profit		414
Share of results of joint ventures and associates		7
Investment income		20
Finance costs		(51)
Profit on disposal of joint venture		-
Profit before tax		390
Taxation	4	(116)
Profit for the period		274
Earnings per share from profit for the period		
Basic and diluted (in pence)	5	14.9p

All profit for the period is attributable to equity holders of the parent.

All results relate to continuing operations.

The accompanying notes are an integral part of this consolidated income statement.

Consolidated Income Statement for the quarter ended 31 December 2005

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

2005/06
Three months
ended 31 December

2005
GBPm
(unaudited)

Revenue	1,113
Operating expenses	(914)
Operating profit	199
Share of results of joint ventures and associates	5
Investment income	12
Finance costs	(26)
Profit on disposal of joint venture	-
Profit before tax	190
Taxation	(56)
Profit for the period	134
Earnings per share from profit for the period Basic and diluted (in pence)	7.3p

All profit for the period is attributable to equity holders of the parent.

All results relate to continuing operations.

Consolidated Statement of Recognised Income and Expense for the half year ended 31 December 2005

2005/06
Half year
GBPm
(unaudited)

Profit for the period	274
Unrealised gains (losses) arising during the period	
Cash flow hedges	19
Tax on cash flow hedges	(6)
	13
Reclassified and reported in profit for the period (Gains) losses on cash flow hedges	(18)
Tax on cash flow hedges	6

Net gains (losses) not recognised in the Income Statement	1
-----------------------------------------------------------	---

Total recognised income for the period	275
----------------------------------------	-----

All recognised income for the period is attributable to equity holders of the parent.

Consolidated Balance Sheet as at 31 December 2005

	Notes	31 December 2005 GBPm (unaudited)
Non-current assets		
Goodwill		417
Intangible assets		221
Property, plant and equipment		349
Investments in joint ventures and associates		29
Available for sale investments		52
Derivative financial assets		13
Deferred tax assets		79
		1,160
Current assets		
Inventories		568
Trade and other receivables		389
Derivative financial assets		29
Short-term deposits		764
Cash and cash equivalents		889
		2,639
Total assets		3,799
Current liabilities		
Borrowings		174
Trade and other payables		1,376
Derivative financial liabilities		26
Current tax liabilities		116
Provisions		6
		1,698
Non-current liabilities		

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Borrowings		1,854
Other payables		23
Derivative financial liabilities		80
		1,957

Total liabilities		3,655

Shareholders' equity	7	144

Total liabilities and shareholders' equity		3,799

The accompanying notes are an integral part of this consolidated balance sheet.

Consolidated Cash Flow Statement for the half year ended 31 December 2005

	Notes	2005/06 Half year GBPm (unaudited)

Cash flows from operating activities		
Cash generated from operations	8a	514
Interest received		16
Taxation paid		(76)
(Increase) decrease in short-term deposits		(570)
Net cash (used in) from operating activities		(116)

Cash flows from investing activities		
Funding to joint ventures and associates		(2)
Repayments of funding from joint ventures and associates		1
Dividends received from joint ventures and associates		3
Proceeds from the sale of a joint venture		-
Purchase of property, plant and equipment		(58)
Purchase of intangible assets		(36)
Purchase of available-for-sale investments		(51)
Proceeds from the sale of equity investments		-
Net cash used in investing activities		(143)

Cash flows from financing activities		
Proceeds from issue of guaranteed notes	8b	1,014
Proceeds from disposal of shares in Employee Share Ownership Plan ("ESOP")		7
Purchase of own shares for ESOP		-
Share buy-back		(240)
Interest paid		(44)
Dividends paid to shareholders		(92)

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Net cash from (used in) financing activities		645
Effect of foreign exchange rate changes		-
Net increase (decrease) in cash and cash equivalents	8b	386

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes to the interim accounts

1 Basis of preparation

The interim accounts for the half year ended 31 December 2005 were approved by the Board of Directors on 31 January 2006. The 2006 Annual Report & Accounts will contain the Group's first full financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union ("EU"). Accordingly, the unaudited accounts for the half year ended 31 December 2005 and the restatement of financial information for the year ended 30 June 2005 and the half year ended 31 December 2004 have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") as adopted by the EU.

The Group maintains a 52 or 53 week fiscal year ending on the Sunday nearest to 30 June in each year. In fiscal year 2006, this date will be 2 July 2006, this being a 52 week year (Fiscal Year 2005: 3 July 2005, 53 week year). This interim report is prepared to 1 January 2006, being the first 26 weeks of the 52 week year (Fiscal Year 2005: 26 weeks of the 53 week year). For convenience purposes, the Group continues to date its interim report as of 31 December 2005.

The IFRS information for the year ended 30 June 2005 was derived from information extracted from the statutory financial statements prepared under UK GAAP and filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985. The restated IFRS information for the year ended 30 June 2005 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The unaudited interim accounts for the half year ended 31 December 2005 do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

2 Revenue

	2005 Half y G (unaudi
--	--------------------------------

DTH subscribers	1,
Cable subscribers	

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Advertising
 Sky Bet
 Sky Active
 Other

2,

3 Operating expenses

2005
 Half y
 G
 (unaudi

Programming
 Transmission and related functions
 Marketing
 Subscriber management
 Administration
 Betting

1,

4 Taxation

Taxation recognised in the income statement

2005/06
 Half year
 charge
 GBPm
 (unaudited)

Current tax expense

Current year

93

Adjustment in respect of prior years

-

Total current tax

93

Deferred tax expense

Origination and reversal of temporary differences

23

Adjustment in respect of prior years

-

Total deferred tax

23

At 31 December 2005 a deferred tax asset of GBP14 million (2004/05: half year GBP12 million; full year GBP14 million) principally arising from UK losses in the Group has not been recognised as these losses can be offset only against taxable profits generated in the entities concerned. There is currently insufficient evidence to support recognition of a deferred tax asset relating to these losses.

A deferred tax asset of GBP64 million (2004/05: half year GBP64 million; full year GBP64 million) has not been recognised in respect of trading losses in the Group's German holding companies of KirchPayTV on the basis that it is not probable that these temporary differences will reverse.

A deferred tax asset of GBP330 million (2004/05: half year GBP450 million; full year GBP330 million) has not been recognised in respect of potential capital losses related to the Group's holding of KirchPayTV, on the basis that these temporary differences do not meet the criteria of a reversal being probable. The Group has realised and unrealised capital losses in respect of football club and other investments estimated to be in excess of GBP24 million (2004/05: half year GBP25 million; full year GBP24 million) which have not been recognised as a deferred tax asset, on the basis that it is not probable that they will be utilised.

5 Earnings per share

Basic earnings per share represents profit for the period, divided by the weighted average number of Ordinary Shares in issue during the period, less the weighted average number of shares held in the Group's ESOP trust during the period.

Diluted earnings per share represents the profit for the period, divided by the weighted average number of Ordinary Shares in issue during the period, less the weighted average number of shares held in the Group's ESOP trust during the period, plus the weighted average number of dilutive shares resulting from share options and other potential Ordinary Shares outstanding during the period.

The weighted average number of shares was:

	2005/06 Half year Millions of shares (unaudited)
Ordinary Shares	1,849
ESOP trust Ordinary Shares	(4)
Basic shares	1,845

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Dilutive Ordinary Shares from share options	2
Diluted shares	1,847

The calculation of diluted earnings per share excludes 34 million share options (2004/05: half year 41 million; full year 37 million), which could potentially dilute earnings per share in the future, because they were anti-dilutive for the period since the expected future proceeds from the options exceeded the average fair value of shares during the period.

6 Equity dividends

	2005/06 Half year GBPm (unaudited)
2004/05 Interim dividend paid: 4.0p per Ordinary Share	-
2004/05 Final dividend paid: 5.0p per Ordinary Share (2003/04: 3.25p)	92
	92

The proposed interim dividend for the half year ended 31 December 2005 of 5.5 pence per Ordinary Share, was approved by the Directors, and was recognised as a GBP100 million liability, on 31 January 2006. It will be paid on 25 April 2006 to shareholders of record on 31 March 2006.

The ESOP has waived its rights to dividends.

7 Reconciliation of movement in shareholders' equity

	Share capital GBPm	Share Premium GBPm	Capital redemption reserve GBPm	Special reserve GBPm	ESOP reserve GBPm	Merger reserve GBPm	Hedging reserve GBPm
At 1 July 2004	971	1,437	-	14	(30)	222	(1)
Share buyback	(37)	-	37	-	-	-	-
Recognition and transfer of cash flow hedges	-	-	-	-	-	-	(18)
Share-based payments	-	-	-	-	(2)	-	-
Tax on items taken directly to equity	-	-	-	-	-	-	5
Profit for the year	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
At 1 July 2005	934	1,437	37	14	(32)	222	(14)

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Share buyback	(23)	-	23	-	-	-	-
Recognition and transfer of cash flow hedges	-	-	-	-	-	-	1
Share-based payments	-	-	-	-	15	-	-
Tax on items taken directly to equity	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
At 31 December 2005	911	1,437	60	14	(17)	222	(13)

The period from 1 July 2004 to 30 June 2005 is audited. The period from 1 July 2005 to 31 December 2005 is unaudited.

Share option schemes

At 31 December 2005, the Group's ESOP held 2,991,441 Ordinary Shares in the Company at an average cost of GBP5.79 per share. During the period, 2,617,771 shares were utilised relating to the exercise of Long Term Incentive Plan, Equity Bonus Plan, Key Contributor Plan, Executive Share Option Scheme and Sharesave Scheme awards.

Purchase of own shares

On 12 November 2004, the Company's shareholders approved a resolution at the Annual General Meeting for the Company to purchase up to 97 million Ordinary Shares. On 4 November 2005, the Company's shareholders approved a resolution at the Annual General Meeting for the Company to further purchase up to 92 million Ordinary Shares. Under the former resolution, during the year ended 30 June 2005, the Company purchased, and subsequently cancelled, 74 million Ordinary Shares at an average price of 560 pence per share, with a nominal value of GBP37 million, for a consideration of GBP416 million. This represents 4% of called-up share capital at the beginning of the year. During the half year ended 31 December 2005 the Company purchased, and subsequently cancelled, 45 million Ordinary Shares at an average price of 528 pence per share, with a nominal value of GBP23 million, for a consideration of GBP240 million. This represents 2% of called-up share capital at the beginning of the half year period under review.

8 Notes to consolidated cash flow statement

a) Reconciliation of profit before taxation to cash generated from operations

	2005/06
	Half year
	GBPm
	(unaudited)
<hr style="border-top: 1px dashed black;"/>	
Profit before taxation	390
Adjustments for:	
Depreciation of property, plant and equipment	36
Amortisation of intangible assets	20

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

Loss on disposal of property, plant and equipment	-
Profit on disposal of joint venture	-
Net finance costs	31
Share of results of joint ventures and associates	(7)
	470

(Increase) decrease in trade and other receivables	(54)
(Increase) decrease in inventories	(211)
Increase (decrease) in trade and other payables	312
(Decrease) increase in provisions	(7)
Decrease (increase) in derivative financial instruments	4
Cash generated from operations	514

b) Analysis of movements in net debt

	As at 1 July 2004 GBPm (audited)	Cash movements GBPm (audited)	Non-cash movements GBPm (audited)	As at 1 July 2005 GBPm (audited)	Cash movements GBPm (unaudited)
Cash and cash equivalents	513	(11)	1	503	386
Short-term deposits	134	60	-	194	570
	647	49	1	697	956

Borrowings	(958)	-	(24)	(982)	(1,014)
Borrowings-related derivative financial instruments	(99)	-	(4)	(103)	-
Net debt	(410)	49	(27)	(388)	(58)

On 20 October 2005, the Group issued guaranteed notes (the "new notes") consisting of US \$750 million aggregate principal amount of notes paying 5.625% interest and maturing on 15 October 2015, US \$350 million aggregate principal amount of notes paying 6.500% interest and maturing on 15 October 2035 and GBP400 million aggregate principal amount of notes paying 5.750% interest and maturing on 20 October 2017. The new notes are carried in the balance sheet at GBP1,024 million at 31 December 2005.

In accordance with the Group's treasury policy, various cross-currency swap agreements have been entered into to swap the Group's exposure from the new notes into pounds sterling. In addition, the Group has entered into pound sterling interest rate swap agreements, which provide for the exchange, at specified intervals, of the difference between fixed rates and variable rates, calculated by reference to an agreed notional pounds sterling amount. The total fair value of new cross-currency swap and interest rate swap agreements associated with the new notes carried on the balance sheet at 31 December 2005 is GBP10 million.

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

9 Other matters

Events after the balance sheet date

On 21 October 2005, Sky Broadband Services Limited ("Sky Broadband"), a subsidiary of British Sky Broadcasting Group plc, made a recommended cash offer for the entire issued and to be issued share capital of Easynet Group plc ("Easynet"). On 6 January 2006, the offer was declared unconditional in all respects. On 12 January 2006, Sky Broadband had received valid acceptances of the offer in respect of more than nine-tenths in value of Easynet shares to which the offer related and implemented the procedure set out in sections 428 to 430F of the Companies Act 1985 to acquire compulsorily those shares which had not been assented to the offer. As of 31 January 2006, Sky Broadband has acquired or received valid acceptances under the offer for 99% of the existing issued share capital of Easynet.

Contingent liabilities

The Group has contingent liabilities by virtue of its investments in unlimited companies, or partnerships, which include Nickelodeon UK, The History Channel (UK), Paramount UK and National Geographic Channel UK.

The Directors do not expect any material loss to arise from the above contingent liabilities.

Contingent assets

Under the terms of one of the Group's channel distribution agreements, British Sky Broadcasting Limited is entitled to receive a payment (unless the agreement is terminated due to the default of the Group), between July and September 2006, equal to a proportion of the fair value of certain of the channels under that distribution agreement. The fair value of the channels is to be determined at the earlier of contract termination and 30 June 2006. Accordingly, it is not yet possible to determine the value of the payment to be received.

The Group has served a claim for a material amount against an information and technology services provider, which provided services to the Group as part of the Group's investment in Customer Relationship Management ("CRM") software and infrastructure. The amount that will be recovered by the Group will not be finally determined until resolution of the claim.

Changes in estimates

There have been no material changes in estimates of amounts reported in the six months ended 31 December 2005 or in the year ended 30 June 2005.

10 Regulatory update

European Commission Investigation - Football Association Premier League Limited ("FAPL")

The European Commission's investigation into the FAPL's joint selling of exclusive broadcast rights to football matches is close to being concluded: the Commission published a notice on 30 April 2004 inviting third party comments on its intention to adopt a decision, making commitments offered by the FAPL legally enforceable and to close its file. Among other things, these commitments addressed the next auction of rights by the FAPL for the 2007/08 and subsequent seasons and included a commitment that no single broadcaster would be able to buy all of the packages of live rights.

In November 2005 the Commission announced that it had received improved

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

commitments from the FAPL and that these revised commitments addressed points raised in the public consultation, including: specifying the precise terms of the "no single buyer" rule and the conduct of the auction process; the creation of more evenly balanced packages of rights; and increasing the availability of rights to broadcast via mobile phones.

The Commission has stated that it will prepare a draft decision rendering the revised commitments legally binding. This will be sent to the competition authorities of Member States for consultation, following which the Commission will issue a final decision, no later than the first quarter of 2006.

The Commission confirmed in 2004 in a "comfort letter" that, on the basis of performance by the Group of certain commitments given by the Group to the Commission, it has fully and finally settled the Commission's other investigations in connection with the Group's bids for all rights in relation to FAPL matches throughout the 2004/05 to 2006/07 FAPL seasons and any resulting agreements between the Group and FAPL.

European Commission Sector Inquiry - "New Media" Sports Rights

In September 2005, the European Commission published its concluding report on its sector inquiry into the provision of audio-visual content from sports events over 3G networks, which it had initiated in January 2004.

The European Commission has identified a number of commercial practices which it considers raise competition concerns in relation to the availability of mobile sports content and on which it states that it will focus in the future. Among others, these include: (i) the sale of what the European Commission considers to be bundled audiovisual rights for various retail platforms to one or a few operators, in relation to which the European Commission has said that it will target situations where rights to premium sports remain under-exploited through such bundled sale of rights and subsequent warehousing of rights by powerful operators; and (ii) restricting the length and timing of 3G transmissions of sports coverage, which the European Commission considers may have a negative impact on the value of 3G rights and the take-up of 3G sports services by consumers.

The European Commission has stated that it will take account of the findings of the sector inquiry in future proceedings in this area. It has also stated that it will further review, together with the relevant national competition authorities of Member States, potentially harmful situations identified during the sector inquiry, and that procedures will be initiated in cases where behavior is not adjusted to comply with the requirements of competition law.

The European Commission has not announced any proceedings arising from situations identified in the sector inquiry or publicly indicated which individual companies might be the subject of proceedings. At this stage, the Group is unable to determine whether the European Commission's concluding report or any subsequent proceedings might have a material effect on the Group.

10 Regulatory update (continued)

Ofcom review of conditional access guidelines

In May 2005, the Office of Communications ("Ofcom") initiated a review of its guidelines entitled "The pricing of conditional access services and related issues". These guidelines, which were originally adopted by the Office of Telecommunications (Ofcom) in May 2002, set out Ofcom's policy towards the regulation of the supply of conditional access (and access control) services (including the structure of tariffs charged for such services).

Edgar Filing: BRITISH SKY BROADCASTING GROUP PLC - Form 6-K

In November 2005, Ofcom published a consultation document as part of this review entitled "Provision of Technical Platform Services - a consultation on proposed guidance as to how Ofcom may interpret the meaning of "fair, reasonable and non-discriminatory" and other regulatory conditions when assessing charges and terms offered by regulated providers of Technical Platform Services". The deadline for comments on this consultation document is 1 February 2006. The Group is co-operating with this review and at this stage, is unable to determine whether the review will have a material effect on the Group.

11 UK GAAP to IFRS reconciliations

The following is a summary of the effects of the adjustments from UK GAAP to IFRS for the half year ended 31 December 2004.

Profit for the period under UK GAAP
Adjustments:
Goodwill amortisation
Profit on disposal of joint venture
Financial instruments and hedge accounting
Share-based payments
Tax impact of IFRS adjustments
Profit for the period under IFRS

Shareholders' equity under UK GAAP
Adjustments:
Goodwill amortisation
Deferred taxation
Share-based payment
Financial instruments and hedge accounting
Joint ventures
Dividend accrual
Shareholders' equity under IFRS

There were no material adjustments to the cash flow statement for the half year ended 31 December 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BRITISH SKY BROADCASTING GROUP PLC

Date: 1 February 2006

By: /s/ Dave Gormley
Dave Gormley
Company Secretary