BRITISH SKY BROADCASTING GROUP PLC
Form 6-K
February 02, 2005

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 2005
2 February 2005

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.

EXHIBIT INDEX

Exhibit

EXHIBIT NO.1 Excerpt from the announcement made by British Sky Broadcasting Group plc of its financial results for the period ended 31 December 2004

British Sky Broadcasting Group plc

Consolidated Profit and Loss Account for the half year ended 31 December 2004

	Notes	Before goodwill and exceptional items GBPm (unaudited)	Goodwill and exceptional items GBPm (unaudited)	2004/05 Half year Total GBPm (unaudited)	Befo goodwi a exception ite GB (unaudite
Turnover: Group and share of joint ventures' turnover		1,983	-	1,983	1,8
Less: share of joint ventures' turnover		(38)	-	(38)	(4
Group turnover	2	1,945	-	1,945	1,7
Operating expenses, net	3	(1,591)	(57)	(1,648)	(1,48
Operating profit		354	(57)	297	2
Share of joint ventures' and associates' operating results		8	-	8	(
Loss on disposal of investments in joint ventures	4,9	-	(23)	(23)	
Profit on disposal of fixed asset investments	4,9	-	-	-	
Amounts written back to fixed asset investments, net	4,9	-	-	-	
Profit on ordinary activities before interest and taxation		362	(80)	282	2
Interest receivable and similar income		15	-	15	
Interest payable and similar charges		(47)	-	(47)	(4
Profit on ordinary activities before taxation		330	(80)	250	2
Tax on profit on ordinary activities	5	(96)	-	(96)	(7
Profit on ordinary activities after taxation		234	(80)	154	1
Equity dividends	6			(77)	
Retained profit for the period	10			77	

Earnings per share - basic	7	8.0p
Earnings per share - diluted	7	7.9p

All results relate to continuing operations.
There were no recognised gains or losses in either period other than those included within the profit and loss account.
The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated Profit and Loss Account for the three months ended 31 December 2004

	Before goodwill and exceptional items GBPm (unaudited)	Goodwill and exceptional items GBPm (unaudited)	Three months ended 31 December 2004 Total GBPm (unaudited)	Be good excepti i (unaudi
Turnover: Group and share of joint ventures' turnover	1,024	-	1,024	
Less: share of joint ventures' turnover	(19)	-	(19)	
Group turnover	1,005	-	1,005	
Operating expenses, net	(841)	(28)	(869)	(
Operating profit	164	(28)	136	
Share of joint ventures' and associates' operating results	7	-	7	
Loss on disposal of investments in joint ventures	-	(23)	(23)	
Profit on disposal of fixed asset investments	-	-	-	
Amounts written off fixed asset investments	-	-	-	
Profit on ordinary activities before interest and taxation	171	(51)	120	
Interest receivable and similar income	8	-	8	
Interest payable and similar charges	(25)	-	(25)	
Profit on ordinary activities before taxation	154	(51)	103	
Tax on profit on ordinary activities	(42)	-	(42)	
Profit on ordinary activities after taxation	112	(51)	61	
Equity dividends			(77)	
Retained loss for the period			(16)	

Earnings per share - basic	3.1p
Earnings per share - diluted	3.1p

Consolidated Balance Sheet at 31 December 2004

	Notes	31 December 2004 GBPm (unaudited)
Fixed assets		
Intangible assets	8	360
Tangible assets		451
Investments	9	27
		838
Current assets		
Stocks		627
Debtors: Amounts falling due within one year		
- deferred tax assets		45
- other		339
		384
Debtors: Amounts falling due after more than one year		
- deferred tax assets		76
- other		36
		112
Cash and liquid resources		
- current asset investments		-
- cash at bank and in hand		707
		707
		1,830
Creditors: Amounts falling due within one year		
- other creditors		(1,481)
Net current assets		349
Total assets less current liabilities		1,187
Creditors: Amounts falling due after more than one year		
- long-term borrowings		(1,076)
- other creditors		(27)

		(1,103)
Provisions for liabilities and charges		(1)
		83
Capital and reserves - equity		
Called-up share capital	10	960
Share premium	10	1,437
ESOP reserve	10	(23)
Merger reserve	10	186
Special reserve	10	14
Capital redemption reserve	10	11
Profit and loss account	10	(2,502)
Shareholders' funds (deficit)	10	83

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

Consolidated Cash Flow Statement for the half year ended 31 December 2004

	Notes	2004/0 Half yea GBP (unaudited
Net cash inflow from operating activities	11a	407
Dividends received from joint ventures		7
Returns on investments and servicing of finance		
Interest received and similar income		17
Interest paid and similar charges		(49)
Net cash outflow from returns on investments and servicing of finance		(32)
Taxation		
UK corporation tax paid		(25)
Consortium relief paid		(3)
Net cash outflow from taxation		(28)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets		(123)
Receipts from sales of fixed asset investments		-
Net cash (outflow) inflow from capital expenditure and financial investment		(123)
Acquisitions and disposals		
Funding to joint ventures and associates		(4)
Repayments of funding from joint ventures and associates		6

Receipts from sale of investments in joint ventures		14
Net cash inflow from acquisitions and disposals		16
Equity dividends paid		(63)
Net cash inflow before management of liquid resources and financing		184
Management of liquid resources		79
Financing		
Proceeds from issue of Ordinary Shares		2
Purchase of own shares for Employee Share Ownership Plan		-
Share buy-back		(128)
Capital element of finance lease payments		-
Net decrease in debt due after more than one year	11b	-
Net cash outflow from financing		(126)
Increase in cash	11b	137

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

Notes to Financial Statements

1 Basis of preparation

The interim accounts for the half year ended 31 December 2004 have been prepared in accordance with accounting policies consistent with those applied in the accounts for the year ended 30 June 2004, which were approved by the Directors on 3 August 2004. The interim accounts for the six months ended 31 December 2004 do not constitute statutory accounts and are unaudited, but have been formally reviewed by Deloitte & Touche LLP. Their report is not modified in any respect. The interim accounts were approved by the Board on 1 February 2005.

The financial information for the 2003/04 full year is extracted from the financial statements for that year which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

The Consolidated Profit and Loss Account presentation includes the Group's results before goodwill and exceptional items in addition to results after goodwill and exceptional items as this presentation provides an alternative basis that may be used to assess the ongoing operating performance of the Group.

2 Turnover

The Group's turnover, whilst deriving from one class of business, has been analysed as follows:

	Ha
	(una
DTH subscribers	
Cable subscribers	
Advertising	
Sky Bet (i)	
Sky Active (i)	
Other	

(i) Additional detail has been provided with regard to the analysis of interactive revenues between the Group's betting and games revenues - "Sky Bet" - and other interactive revenues - "Sky Active" - and the prior year comparatives have been restated accordingly.

3 Operating expenses, net

	Before goodwill GBPm (unaudited)	Goodwill GBPm (unaudited)	2004/05 Half year Total GBPm (unaudited)	Before goodwill GBPm (unaudited)	(un
Programming (i)	808	-	808	783	
Transmission and related functions (i)	87	-	87	77	
Marketing	258	-	258	215	
Subscriber management	193	-	193	191	
Administration (ii)	139	57	196	131	
Betting	106	-	106	86	
	1,591	57	1,648	1,483	

(i) The amounts shown are net of GBP5 million (2003/04: half year GBP8 million; full year GBP11 million) receivable from the disposal of programming rights not acquired for use by the Group, and GBP14 million (2003/04: half year GBP13 million; full year GBP28 million) receivable in respect of the provision to third party broadcasters of spare transponder capacity.

(ii) Administration costs for the 2003/04 full year include goodwill amortisation of GBP119 million.

4 Exceptional items

	20 Half c (unaud
Loss on disposal of investments in joint ventures (i)	
Profit on disposal of fixed asset investments (ii)	
Amounts written back to fixed asset investments, net (iii)	
Total non-operating exceptional items	

4 Exceptional items (continued)

2004/05

(i) Loss on disposal of investments in joint ventures

On 1 November 2004, the Group sold its 49.5% investment in Granada Sky Broadcasting for GBP14 million in cash, realising a loss on disposal of GBP23 million. This included the write back of GBP32 million of goodwill which had previously been written off to reserves, as permitted prior to the implementation of Financial Reporting Standard ("FRS") 10, "Goodwill and Intangible Assets". The loss on disposal is a non-operating exceptional item as defined by FRS 3 "Reporting Financial Performance" ("FRS 3") and is therefore recorded as an exceptional item below operating profit.

2003/04

(ii) Profit on sale of fixed asset investments

On 7 October 2003, the Group disposed of its listed investment in Manchester United plc, realising a profit on disposal of GBP2 million. The profit on disposal is a non-operating exceptional item as defined by FRS 3 and is therefore recorded as an exceptional item below operating profit.

On 1 March 2004, the Group sold its 20% shareholding in QVC (UK), operator of QVC - The Shopping Channel, for GBP49 million in cash, realising a profit on disposal of GBP49 million. The profit on disposal is a non-operating exceptional item as defined by FRS 3 and is therefore recorded as an exceptional item below operating profit.

(iii) Amounts written back to fixed asset investments, net

The Group reduced its provision against its minority equity investments in football clubs by GBP33 million, following the disposal of its investment in Manchester United plc in October 2003 for GBP62 million in cash. The Group also increased its provision against its remaining minority equity investments in football clubs by a further GBP9 million. The reduction of GBP33 million in the provision is recorded as an exceptional item below operating profit as it relates directly to the disposal of the investment as detailed above. The increase in the remaining provision is recorded as an exceptional item below operating profit due to the distortion that its inclusion within operating expenses would have on the individual operating expenses line to which it was attributed.

5 Tax on profit on ordinary activities

Analysis of charge in period:

	2004/05 Half year charge GBPm (unaudited)
Current tax	
UK corporation tax	74
Adjustment in respect of prior years	(8)
Total current tax charge	66
Deferred tax:	
Origination and reversal of timing differences	29
Decrease in estimate of recoverable deferred tax asset in respect of prior years	1
Total deferred tax charge	30
	96

At 31 December 2004, a deferred tax asset of GBP12 million (2003/04: half year GBP18 million; full year GBP13 million) principally arising from UK losses in the Group has not been recognised. These losses can be offset only against taxable profits generated in the entities concerned. Although the Directors ultimately expect sufficient profits to arise, there is currently insufficient evidence to support recognition of a deferred tax asset relating to these losses. The losses are available to be carried forward indefinitely under current law.

A deferred tax asset of GBP64 million (2003/04: 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 and a deferred tax asset of GBP6 million (2003/04: half year GBP6 million; full year GBP6 million) arising principally on other timing differences has not been recognised, on the basis that these timing differences are not more likely than not to reverse.

A deferred tax asset of GBP450 million (2003/04: half year GBP450 million; full year GBP450 million) has not been recognised in respect of potential capital losses related to the Group's holding of KirchPayTV on the basis that these timing differences are not more likely than not to reverse. The Group has realised and unrealised capital losses in respect of football club and other investments estimated to be in excess of GBP25 million (2003/04: half year GBP21 million; full year GBP21 million) which have not been recognised as a deferred tax asset, on the basis that they are not more likely than not to be utilised and thus reverse.

6 Equity dividends

	2004/05 Half year GBPm (unaudited)
Interim proposed dividend of 4.0p (2003/04 half year: 2.75p; 2003/04 full year 2.75p) per Ordinary Share	77
Final proposed dividend of nil (2003/04 half year: nil; 2003/04 full year: 3.25p) per Ordinary Share	-
	77

The Employee Share Ownership Plan ("ESOP") has waived its rights to dividends.

7 Earnings per share

Basic earnings per share represents the profit on ordinary activities after taxation attributable to the equity shareholders, 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 on ordinary activities after taxation attributable to the equity shareholders, 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 shares outstanding during the period (see below).

The weighted average number of shares in the period was:

	2004/05 Half year Millions of shares (unaudited)
Ordinary Shares	1,939
ESOP trust shares	(4)

Basic shares	1,935
Dilutive Ordinary Shares from share options and other potential Ordinary Shares outstanding	2
Diluted shares	1,937

8 Intangible assets

The movement in the period was as follows:

Net book value at 1 July 2004	
Amortisation	
Net book value at 31 December 2004	

Goodwill of GBP272 million, GBP542 million and GBP5 million, arising on the acquisitions of Sports Internet Group ("SIG"), British Interactive Broadcasting ("BIB") and WAPTV Limited respectively, is being amortised over periods of seven years on a straight-line basis.

In accordance with FRS 11, impairment reviews were performed on the carrying values of BiB and SIG goodwill balances at the end of the first full financial year after acquisition, at 30 June 2002, which did not indicate impairment. Consistent with the Group strategy, the business plans on which these reviews were based reflected significant projected increases in betting and other interactive revenues over the subsequent five years. The Group continues to monitor the performance of these businesses and is satisfied that no impairment of goodwill has occurred.

9 Fixed asset investments

	31 December 2004 GBPm (unaudited)
Investments in joint ventures and associates	25
Other investments	2
Total investments	27

Investments in joint ventures

On 1 November 2004, the Group sold its 49.5% investment in Granada Sky Broadcasting ("GSB") for GBP14 million in cash, realising a loss on disposal of GBP23 million. This included the write back of GBP32 million of goodwill which had previously been written off to reserves. The carrying value of this investment prior to disposal was GBP4 million.

Other investments

On 1 March 2004, the Group sold its 20% shareholding in QVC (UK), operator of QVC - The Shopping Channel, for GBP49 million in cash, realising a profit on disposal of GBP49 million. The carrying value of this investment prior to disposal was nil.

In the six months to 31 December 2003, the Group increased its provision against its remaining minority equity investments in football clubs by GBP9 million.

On 7 October 2003, the Group announced that it had sold its entire holding in Manchester United plc for GBP62 million, recognising a profit on disposal of GBP2 million following the release of GBP33 million provision previously held against the investment, effective as at 30 September 2003.

In August 2003, the Group sold its 9.9% equity investment in Chelsea Village plc, reducing the cost by GBP25 million and the provision by GBP19 million.

10 Reconciliation of movement in shareholders' funds

	Share capital GBPm (unaudited)	Share Premium GBPm (unaudited)	ESOP reserve GBPm (unaudited)	Merger reserve GBPm (unaudited)	Special reserve GBPm (unaudited)	Capita redemptio reserv GBP (unaudited
At 1 July 2004	971	1,437	(30)	222	14	
ESOP shares utilised	-	-	7	-	-	
Profit for the financial period	-	-	-	-	-	
Dividends	-	-	-	-	-	
Transfer from merger reserve	-	-	-	(36)	-	
Write back of goodwill	-	-	-	-	-	
Share buy-back	(11)	-	-	-	-	1
At 31 December 2004	960	1,437	(23)	186	14	1

Goodwill

In accordance with FRS 10, "Goodwill and Intangible assets", the Company has included the write off of GBP32 million of unamortised goodwill in the calculation of the loss on disposal of GSB, the effect of which has been included in the Profit for the Financial Period (see note 4). The goodwill arose on the original purchase of GSB and had previously been written off to the profit and loss reserve as permitted prior to FRS 10. Accordingly, an adjustment has been made to write back the GBP32 million charge to the profit and loss reserve.

Share option schemes

At 31 December 2004, the Group's ESOP held 3,784,392 Ordinary Shares in the Company at an average value of GBP6.18 per share. The 963,123 shares utilised during the period relate to the exercise of Long Term Incentive Plan, Equity Bonus Plan, Key Contributor Plan and Executive Share Option 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 97,000,000 Ordinary Shares. During the financial period, the Company purchased, and subsequently cancelled, 23 million Ordinary Shares at an average price of 557 pence per share, with a nominal value of GBP11 million, for a consideration of GBP128 million. This represents 1% of called-up share capital at the beginning of the financial period under review.

11 Notes to consolidated cash flow statement

a) Reconciliation of operating profit to operating cash flows

	2004/05 Half year GBPm (unaudited)
Operating profit	297
Depreciation	48
Amortisation of goodwill and other intangible fixed assets	57
Loss on disposal of tangible fixed assets	-
Decrease in working capital	7
Decrease in provisions	-
Foreign exchange movement	(2)
Net cash inflow from operating activities	407

b) Analysis of changes in net debt

	As at 1 July 2004 GBPm (audited)	Cash flow GBPm (unaudited)
Overnight deposits	73	144
Other cash	63	(7)
	136	137
Short-term deposits	338	94
Commercial paper	173	(173)

Cash and liquid resources	647	58
Debt due after more than one year	(1,069)	-
Capital element of finance leases	(7)	-
Total debt	(1,076)	-
Total net debt	(429)	58

12 Regulatory update

European Commission investigation - Football Association Premier League Limited

The European Commission's investigation into the FAPL's joint selling of exclusive broadcast rights to football matches has not yet concluded: the Commission published a notice last year 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 address the next auction of rights by the FAPL for the 2007/08 and subsequent seasons. The outcome of this consultation has not yet been disclosed and the Commission has not yet adopted a decision.

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

European Commission Investigation - Movie Contracts

The European Commission has announced in a press release (dated 26 October 2004) that it has settled and closed its investigations with a number of major US movie studios into the terms of which movies produced by them are supplied to distributors, including pay television operators, throughout the European Union. The investigations centred on the inclusion of "most favoured nations" (MFN) clauses in these studios' output agreements and the settlements centred on commitments offered by the studios to phase out all MFN clauses in their output agreements. The Commission stated in its press release that two studios had not, however, offered to phase out such clauses, in relation to which it appears that the Commission's case remains open. The Commission has not published any further statement or (final or provisional) decision indicating the actual terms on which it has closed its investigations.

European Commission Sector Inquiry - "New Media" Sports Rights

The European Commission has opened a sector inquiry regarding the conditions of provision of audio-visual content from sports events to internet and other "new media" companies such as 3G mobile operators. The European Commission has stated that the purpose of its investigation is to gain as clear and wide a view as possible of the availability of audio-visual sports rights in the European Union, so as to ascertain whether access by "new media" operators to such content is not unduly restricted. The Group is co-operating with this investigation. At this stage, the Group is unable to determine whether the investigation will have a material effect on the Group.

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: 2 February 2005

By: /s/ Dave Gormley
Dave Gormley
Company Secretary