BRITISH SKY BROADCASTING GROUP PLC
Form 6-K
July 28, 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 July 2006
28 July 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

EXHIBIT INDEX

Exhibit

EXHIBIT NO.1 Press release of British Sky Broadcasting Group plc

announcing Final Results released on
28 July 2006

28 July 2006

BRITISH SKY BROADCASTING GROUP PLC

Results for the twelve months ended 30 June 2006

Strong operating and financial performance

Results highlights

- DTH subscribers increased to 8.176 million, growth of 77,000 in the final quarter and 389,000 in the year
- Sky+ households increased by 75% to 1.553 million, 19% penetration of total DTH subscribers
- Multiroom households increased by 62% to 1.047 million, 13% penetration of total DTH subscribers
- Revenue increased by 8% to GBP4.1 billion
- Gross margin expanded by four percentage points to 61%
- Operating profit increased by 7% to GBP877 million, an operating margin of 21%
- Adjusted earnings per share(1) increased by 9% to 30.7 pence
- A proposed 34% increase in the final dividend to 6.7 pence per share, generating a full year dividend of 12.2 pence

Operating highlights

- Preparations made for the launch of Sky Broadband following the acquisition of Easynet Group plc
- Sky HD launched nationwide
- New customer management systems implemented for all DTH customers
- Key rights to the FA Premier League secured for the 07/08 to 09/10 seasons
- Major contracts agreed with movie studio and third party channel partners
- Announced the creation of over 2,000 new jobs for customer advisors and home installation engineers
- Carbon neutral status achieved, a world first for a major media company

James Murdoch, Chief Executive said:

"Our industry is changing faster than ever before and for Sky, 2006 has been an important and exciting year. The business and the team have performed well delivering good levels of customer growth, in line with our plans, and strong growth in both revenues and profitability.

We have a clear vision for the future growth and direction of our business and we feel encouraged by the strong demand our customers show for new entertainment and communications services. With a continued focus on providing more choice, flexibility and control, we feel confident as we look ahead to the substantial opportunity this market holds for us."

(1) Profit for the year and earnings per share ("EPS") have been adjusted to remove mark-to-market movements in derivative financial instruments that do not qualify for hedge accounting. Profit and EPS for the comparable period also exclude the one-off effect of two exceptional items - the profit on disposal of a joint venture and a payment from the ITV digital liquidators - and an increase in the estimate of recoverable tax assets in respect of prior years. Please see note 6 on page 23 for further disclosure.

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A conference call for UK and European analysts and investors will be held at 9:00 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 Rebecca Lohse at Taylor Rafferty on +1 212 889 4350.

OVERVIEW

Sky has delivered a strong performance in the twelve months to 30 June 2006 ("the year"). Total DTH customers reached 8,176,000, an increase of 389,000 for the year, in line with the rate required to achieve Sky's target of over 10 million DTH customers in 2010. Sky added 77,000 new customers in the three months to 30 June 2006 ("the quarter"), slightly ahead of expectations. Product mix improved with one in five customers now choosing an additional product. Sky remains on track to achieve over 30% Multiroom penetration and over 25% Sky+ penetration by 2010.

Total revenue increased by 8% to GBP4,148 million, with operating costs at GBP3,271 million. Operating profit increased by 7% to GBP877 million, including the first time consolidation of the Easynet Group plc ("Easynet") and the first phase of investment in the roll-out of residential broadband services.

Adjusted profit for the year increased by 4% to GBP561 million generating adjusted earnings per share of 30.7 pence, representing an increase of 9% on the year ended 30 June 2005 ("the comparable period").

At the same time, Sky delivered on a number of key operational initiatives which position the Group well for the future:

- Preparations were made for the launch of Sky Broadband on 18 July 2006 following the acquisition of Easynet Group plc;

- Sky HD launched nationwide on 22 May 2006;

- New customer management systems were implemented and went "live" for all DTH customers from 31 March 2006;

- Key rights to the FA Premier League were secured for the 07/08 to 09/10 seasons;

- Major contracts were agreed with movie studio and third party channel partners;

- Announced the creation of over 1,500 new jobs for customer advisors and 600 new positions for home installation engineers; and

- Sky achieved carbon neutral status, a world first for a major media company

OPERATING REVIEW

At 30 June 2006, the total number of direct-to-home ("DTH") digital satellite subscribers in the UK and Ireland was 8,176,000. This follows a net increase of 77,000 for the three months to 30 June 2006 ("the quarter") and 117,000 for the second half of the financial year, slightly ahead of the Group's expectations.

At 30 June 2006, the total number of Sky+ households was 1,553,000, 19% penetration of total subscribers. The significant growth in Sky+ households, which grew by a further 123,000 in the quarter, demonstrates the value that customers place on easy to use technology which enables them to better manage their time and control their viewing. The number of Multiroom households also continued to grow strongly, increasing by 57,000 in the quarter to 1,047,000, 13% penetration of total DTH subscribers.

Sky launched high definition TV services on 22 May 2006 and there were 38,000

Sky HD subscribers at 30 June 2006. The total number of bookings to date is around 90,000 and after some initial delays, the Group currently expects to install all of these orders by September 2006. Sky Sports HD has covered nearly 50 days of live cricket including three England Test matches, five England One-Day Internationals and 24 domestic matches. In addition to England's busy summer of cricket, Sky Sports HD will be showing coverage of the 2006 Ryder Cup, Guinness Premiership Rugby, and Coca Cola League, Carling Cup, UEFA Champions League and Barclays Premiership football, all live and in high definition.

Annualised average revenue per DTH subscriber ("ARPU") for the quarter was GBP388, a GBP4 decrease on the previous quarter. This reflects a slight seasonal deterioration in the mix of subscription packages during the quarter and an increase in the volume of new customers on short-term promotional subscription offers. The Group expects the full benefit of the recently communicated changes to UK and Ireland retail pricing, which become effective on 1 September 2006, to be realised in the second quarter of the current financial year.

DTH churn for the quarter (annualised) was 10.6% taking churn for the year to 11.1%, in line with previous company guidance.

During the quarter the Group announced that it had been awarded four packages of live FA Premier League rights (covering 92 games per season) for the 2007/08 to 2009/10 seasons in both the UK and Ireland. Sky has also been awarded 'near live long form' rights to 242 games per season in both the UK and Ireland (jointly with BT in the case of the UK) and mobile clip rights in both the UK and Ireland.

The Group also concluded a number of other content agreements as part of its commitment to invest on-screen. On 27 February 2006, Sky and Disney announced a wide ranging series of agreements covering children's entertainment, sports and movies. Under the agreements, Sky Movies customers will also be able to enjoy these movies via the Sky by Broadband service and Sky HD. The Group also secured live coverage of UEFA Champions League football until the end of the 08/09 season on 13 September 2005 and both National Geographic and Discovery launched HD channels during the year which form part of the Sky HD offering. The launch of The Crime and Investigation Network channel, coverage of the America's Cup and A1 Grand Prix racing also demonstrate the Group's commitment to widen the range and depth of programming within its wholly owned channels and with channel partners.

On 31 March 2006, Sky completed the implementation of its new customer management systems. These new systems will support the projected growth in Sky's subscriber base and a greater number of products, as Sky continues to launch new entertainment and communications services. These systems also integrate key parts of the customer service chain, such as the contact centres and field engineers, which will enable the Group to offer a more tailored, flexible and immediate response when dealing with customer requests.

FINANCIAL REVIEW

Total revenue increased by 8% on the comparable period to GBP4,148 million. Total operating costs increased by GBP251 million to GBP3,271 million generating a Group operating profit of GBP877 million. This result includes an operating loss from the first time consolidation of Easynet of GBP11 million and the first phase of the Group's investment in the roll-out of its residential broadband business of GBP12 million.

The Easynet operating loss of GBP11 million comprised GBP79 million of revenues and GBP90 million of operating costs; GBP9 million of which are included within subscriber management; GBP56 million in transmission; GBP2 million in marketing and GBP23 million in administration. The net investment in the roll-out of residential broadband of GBP12 million comprised GBP17 million of expenditure; GBP3 million of which is within subscriber management, GBP7 million in transmission, GBP1 million in marketing and GBP6 million in administration, partially offset by GBP5 million of revenue, principally relating to UK Online.

Revenue

DTH revenues increased by 6% on the comparable period to GBP3,154 million, which was principally driven by 5% growth in the average number of DTH subscribers.

Wholesale revenues continue to disappoint, growing by only 2% for the second consecutive year to GBP224 million. This largely reflects the decline in the absolute number of Pay-TV cable customers taking one or more premium channels offset by changes to wholesale prices.

Advertising revenues were slightly lower, year on year in the quarter, reflecting the effects of the World Cup and poor conditions in the wider TV advertising market. Advertising revenue for the full year continued to outperform, growing by 4% on the comparable period to GBP342 million against an estimated 0.2% decline in the UK television advertising sector. This principally reflects a further one percentage point increase in Sky's share of the UK television advertising sector during the year to 13.0%.

As announced on 25 April 2006, betting payouts have been netted against gross Sky Bet revenues in line with recent changes in industry practice. Accordingly, Sky Bet revenue for the year was GBP37 million, an increase of 16% which reflects the strong growth in both Sky Vegas and sports betting. Gross Sky Bet revenue for the year was GBP341 million.

Sky Active revenues were GBP91 million for the year. Good rates of growth in both interactive advertising and enhanced TV service revenues were offset by the absence of SkyBuy revenue, following the closure of the business in the final quarter of the last financial year.

Other revenue grew strongly, increasing by 49% to GBP300 million. This reflects the first time consolidation of the Easynet corporate business (GBP76 million) and underlying growth of 11%, relating to the full year effect of Sky credit card revenues and the Sky News channel five contract.

Programming

Total programming costs continued to reduce in absolute terms, falling by GBP36 million on the comparable period to under GBP1.6 billion. This enabled the Group to make significant progress in expanding gross margin, which increased by a further four percentage points during the year to 61%.

Sports costs increased by GBP16 million to GBP766 million. The additional costs associated with the new ECB cricket contract, which started to be amortised in May 2006 and an additional cricket tour during the year were offset by the absence of the Ryder Cup, which is a biennial event. The Group expects sports costs for the 2007 financial year to increase by around GBP50 million behind an outstanding line-up of sporting events over the next twelve months, including live cricket from the new ECB contract and a number of non-annual events, such as the Ryder Cup in September 2006 and the 2007 Cricket World Cup and qualifying matches for UEFA Euro 2008.

Movie costs for the year were GBP310 million, a saving of GBP33 million on the comparable period and the lowest absolute cost for six years. This saving reflects contract renewals, the phasing of title delivery and a foreign exchange benefit of GBP8 million from a more favourable average exchange rate at which US dollars were purchased. The Group expects the recent contract renewals with three of the 'Major' Hollywood studios to deliver further cost savings on a per subscriber basis over the next two to three years.

News and Entertainment costs were GBP200 million, reflecting a combined increased investment of GBP20 million in Sky One commissioned programming and Sky News.

Third party channel costs fell by 11% on the comparable period to GBP323 million, a reduction of GBP39 million. A 5% increase in the average number of DTH subscribers was more than offset by a 15% reduction in the cost per subscriber to GBP3.37 per month.

Other operating costs

Total other operating costs increased by GBP287 million to GBP1,672 million, including GBP107 million of operating expenses from Easynet and initial broadband expenses. Excluding these items, other operating expenses increased by GBP180 million on the comparable period.

Marketing costs for the year were GBP622 million, an increase of GBP95 million on the comparable period. Marketing costs to new customers grew by GBP51 million to GBP359 million. This reflects an absolute increase in the number of new customers and a growing percentage of customers taking new products. During the year, 18% of new customers chose to take Sky+ from day one, as opposed to 13% last year. As a result of this activity, the total average subscriber acquisition cost increased by GBP24 on the comparable period to GBP261. During the year the rate at which existing customers upgraded to Sky+ and Multiroom also accelerated, which led to an increased investment of GBP23 million. Above the line marketing remained broadly flat at GBP75 million and retention and other marketing costs increased by GBP18 million on the comparable period to GBP110 million.

Subscriber management costs grew by GBP76 million to GBP468 million. This reflects the first time consolidation of Easynet and broadband expenses (GBP12 million), depreciation of the new customer management systems of GBP26 million and underlying growth of GBP38 million due to the expansion of the Group's customer management operation to further improve customer service levels and manage the increase in sales activity. During the year Sky expanded its existing customer service operations in Scotland, adding 1,500 new customer advisor positions and 600 new home installation engineers in preparation for the roll-out of broadband and providing the Group with one of the largest customer service and home installation workforces in the UK.

Transmission costs were GBP234 million, an increase of GBP63 million on the comparable period, which entirely related to the first time consolidation of Easynet and broadband costs of GBP63 million. Underlying transmission costs were flat on the comparable period.

Administration costs grew by GBP53 million on the comparable period to GBP348 million. This mainly reflects the inclusion of Easynet and broadband administration expenditure of GBP29 million and increased depreciation of GBP16 million as a result of the Group's infrastructure programme which commenced in August 2004.

Total operating profit grew by 7% on the comparable period (which benefited from a one-time GBP13 million receipt of ITV digital programming receivables) to GBP877 million. Group operating profit margin for the year was 21%.

Joint Ventures

The Group's share of net profits from its joint ventures was GBP12 million, a reduction of GBP2 million on the comparable period. This reflects the disposal of the Group's holding in Granada Sky Broadcasting and Music Choice Europe and a lower share of operating results from the History Channel which has been partially offset by improved results from National Geographic and Attheraces.

Interest

The total net interest charge for the year was GBP91 million, an increase of GBP33 million on the comparable period. The higher charge reflects an GBP18 million non-cash movement in the mark-to-market valuation of non-hedge accounted derivatives, interest payable on the guaranteed notes issued on 20 October 2005, which raised net proceeds of around GBP1,014 million and the net impact on interest following the acquisition of Easynet.

Taxation

The total tax charge for the period of GBP247 million includes a current tax charge of GBP141 million and a deferred tax charge of GBP106 million. The mainstream corporation tax liability for the period was GBP147 million and in accordance with the quarterly payment regime, GBP95 million was paid during the year in respect of this liability.

As a result of the acquisition of Easynet, the Group recognised a deferred tax asset of GBP83 million during the year, representing timing differences on fixed assets. The current tax charge has benefited from a partial unwind of this asset in the current year of GBP59 million, reducing the cash tax liability due in respect of the current year profits accordingly. The balance is expected to unwind in future periods.

Earnings

The Group's adjusted profit for the year was GBP561 million, generating adjusted earnings per share of 30.7 pence, an increase of 9% on the comparable period. Including a mark-to-market movement, net of tax, of GBP10 million, the Group's profit for the year was GBP551 million generating basic earnings per share of 30.2 pence.

Cash Flow

Sky's cash flow generation continued to be very strong with operating cash inflows exceeding GBP1 billion for the first time. Earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 11% to GBP1,017 million. After a small net working capital outflow of GBP13 million, following the payment in the quarter of the deposits for the recently secured FA Premier League rights, the Group generated a cash inflow from operations of GBP1,004 million. After taxation of GBP172 million, net interest payable of GBP62 million, net proceeds from joint ventures of GBP5 million and capital expenditure of GBP212 million, the Group generated GBP563 million of free cash flow. A total of GBP599 million was returned to shareholders through a combination of the ordinary dividend and share buyback programme and a net cash outflow for acquisitions, primarily for the acquisition of Easynet, was GBP209 million. After the inclusion of share option purchases and proceeds and the revaluation of long-term borrowings and borrowing-related financial derivatives, the Group's net debt increased by GBP373 million during the year to GBP761 million.

During the year the Group made further progress on its capital expenditure and infrastructure programme. The Group spent GBP38 million completing the final stages of the project to upgrade and implement new customer management systems, which went live for all DTH customers on 31 March 2006. A total of GBP37 million was spent unbundling exchanges and readying the business for the launch of Sky Broadband and GBP16 million was invested to progress the Group's property, business continuity and infrastructure projects. The Group invested GBP10 million to upgrade its production and broadcast facilities ahead of the launch of high definition services and capitalised GBP14 million of smartcard development costs. The remaining GBP97 million was spent on a number of projects, such as IS infrastructure, broadcast equipment and the development of new products and services.

Distributions to shareholders

The Board of Directors are proposing a final dividend of 6.7 pence per ordinary share, resulting in a total dividend for the year of 12.2 pence and consistent with the Board's statement in February 2006 that it intended to reduce target dividend cover from approximately 3.0 times to approximately 2.5 times underlying earnings.

In light of the continued cash generative nature of the Group, it is the Board's aim to maintain a progressive dividend policy throughout the investment phase of the recently announced broadband strategy. It is therefore the Board's current intention to reflect the underlying growth in earnings when setting future dividends, resulting in continued real growth in dividend per share.

The ex-dividend date will be 25 October 2006 and, subject to shareholder approval at the Company's Annual General Meeting, the dividend will be paid on 17 November 2006 to shareholders on record on 27 October 2006.

During the year the Group repurchased for cancellation 76.4 million shares for a total consideration of GBP408 million, including stamp duty and commissions. This comprised 22.7 million shares which completed the authority granted on 12 November 2004 and 53.7 million under the current authority granted on 4 November 2005.

CORPORATE

Having served on the Board of Directors for over 14 years, Lord St John of Fawsley has decided not to seek re-election at this year's AGM and will retire from the Board on 3 November 2006. The Group would like to thank Lord St John for his contribution to the Board over many years. He will, however, still be connected with Sky in his new role of Chairman of the Artsworld Channel, building on his extensive experience as a patron of the arts.

On 18 July 2006, the Group launched Sky Broadband, a compelling and exclusive broadband product for Sky customers, which offers great value and a range of packages to suit different usage needs within the home. The packages range from a free service, "Base", offering downloads speeds of up to 2Mb to a fast 16Mb connection, "Max", for GBP10 per month. All packages come with a free wireless router, free 12 months McAfee Security and the option of a professional home installation. The launch of Sky Broadband and Sky Talk, a telephony product for Sky customers, enable the Group to enter the highly valuable and growing markets of broadband, telephony, and related services for the first time. Whilst these markets offer attractive opportunities on a standalone basis, the Group believe that these new products will have potentially significant benefits to the Group's core pay television business.

On 20 October 2005, the Group made a recommended cash offer for the entire share capital of Easynet Group plc. The offer became unconditional in all respects on 6 January 2006. Easynet was de-listed from the London Stock Exchange in February 2006 and the acquisition of Easynet was completed on 10 March 2006.

On 14 October 2005, the Group announced a private placement with institutional investors which raised net proceeds of approximately GBP1,014 million from the issuance of guaranteed notes by its wholly owned subsidiary, BSkyB Finance UK plc.

CORPORATE RESPONSIBILITY

During the quarter the Group made continued progress in the areas of lowering carbon emissions and investment in grassroots sport.

On 17 May 2006, the Group reached the milestone of becoming the world's first carbon neutral media company and only the second FTSE100 company to make such a commitment. This achievement, reached through the measurement, reduction and offsetting of carbon dioxide (CO_2) emissions, reflects efforts across the business to increase energy efficiency, reduce energy use where possible and find innovative ways to operate. The Group has reduced its site-based emissions by 47% and has set targets for transport. It has given employees a range of incentives and rewards for embracing lower carbon transport, such as incentives for purchasing hybrid cars. Going forward, the Group will be developing initiatives to help Sky customers with practical and inspiring ways to become better informed and more progressive about energy use.

Building on its commitment to grassroots sport and education, the company's Living for Sport initiative now operates in 400 secondary schools, engaging some 5,000 11-16 year olds in creating a positive outlet for their energy and talent. Research by the Institute of Sport at Loughborough University showed that 68% of young people participating in Living for Sport demonstrated improved behaviour at school.

Use of measures not defined under IFRS

This press release contains certain information on the Group's financial position, operating 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 regard 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 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 UK and Ireland.

Information on some risks and uncertainties are described in the "Risk Factors" section of Sky's Interim Report on form 6-K for the period ended 31 December 2005. Copies of the Interim Report on form 6-K 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 - Results highlights

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

Key subscriber information	2006	2005	Change	% Change
Net DTH subscriber additions(1)	77,000	83,000	-6,000	-7%
Total DTH subscribers(2)(3)(4)(5)	8,176,000	7,787,000	389,000	5%
Net Sky+ household additions(1)	123,000	118,000	5,000	4%
Total Sky+ households(2)	1,553,000	888,000	665,000	75%
Net Multiroom household additions (1)(6)	57,000	82,000	-25,000	-30%
Total Multiroom households(2)	1,047,000	645,000	402,000	62%

Income statement (GBPm)	Year ended 30 June			
	2006	2005	Change	% Change
Revenue	4,148	3,842	306	8%
Operating profit	877	822	55	7%
Operating profit margin	21.1%	21.4%	-0.3%	1%
Profit before taxation	798	787	11	1%
Profit for the year	551	578	-27	-5%
Adjusted profit for the year	561	540	21	4%

Cash flow information (GBPm)	Year ended 30 June			
	2006	2005	Change	% Change

Cash generated from operations	1,004	989	15	2%
Net debt(2)(7)	761	388	373	96%

Per share information (pence)	Year ended 30 June 2006	2005	Change	% Change
Basic earnings per share	30.2	30.2	0.0	0%
Adjusted earnings per share	30.7	28.2	2.5	9%

(1) In the three months to 30 June

(2) As at 30 June

(3) Includes DTH subscribers in Republic of Ireland. (427,000 as at 30 June 2006, 363,000 as at 30 June 2005.)

(4) DTH subscribers include only primary subscriptions to Sky (no additional units are counted for Sky+ or Multiroom subscriptions). This does not include customers taking Sky's freesat offering or churned customers viewing free-to-air channels.

(5) DTH subscribers include subscribers taking Sky packages via DSL through Kingston Interactive Television and Homechoice.

(6) Multiroom includes households subscribing to more than one digibox. (No additional units are counted for the second or any subsequent Multiroom subscriptions.)

(7) Cash, cash-equivalents, short-term deposits, borrowings and borrowings related financial instruments

Appendix 2 - Subscribers to Sky Channels

	Year ended 30 June 2006	2005
DTH homes(1),(2) (3)	8,176,000	7,787,000
Total TV homes in the UK and Ireland(4)	26,684,000	26,321,000
DTH homes as a percentage of total UK and Ireland TV homes	31%	30%
Cable - UK	3,294,000	3,287,000
Cable - Ireland	604,000	585,000
Total Sky pay homes	12,074,000	11,659,000
Total Sky pay homes as a percentage of total UK and Ireland TV homes	45%	44%
Sky+ homes(5)	1,553,000	888,000

Multiroom homes(6)	1,047,000	645,000
DTT - UK(7)	7,326,000	4,940,000

(1) Includes DTH subscribers in Republic of Ireland. (427,000, as at 30 June 2006, 363,000 as at 30 June 2005.)

(2) DTH subscribers includes only primary subscriptions to Sky (no additional units are counted for Sky+, Multiroom or Sky HD subscriptions). This does not include customers taking Sky's freesat offering or churned customers viewing free-to-air channels.

(3) DTH homes include subscribers taking Sky packages via DSL through Kingston Interactive Television and Homechoice.

(4) Total UK homes estimated by BARB and taken from the beginning of the month following the period end (latest figures as at 1 July 2006). Total Ireland homes estimated by Nielsen Media Research, conducted on an annual basis in July with results available in September (latest figures as at July 2005).

(5) Sky+ includes Sky HD subscriptions (No additional units are counted for second or any subsequent Sky+ subscriptions.)

(6) Multiroom includes households subscribing to more than one digibox. (No additional units are counted for the second or any subsequent Multiroom subscriptions.)

(7) DTT homes estimated by BARB and taken from the beginning of the following month (latest figures as at 1 July 2006). These include Sky or Cable homes that already take multi-channel TV.

Appendix 3 - Glossary

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 in issue 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 number of DTH subscribers over a given period that terminate their subscription in its entirety, net of former subscribers who reinstate their subscription in that period (where such reinstatement is within a twelve month period of the termination of their original subscription),

	expressed as a percentage of total subscribers.
Digibox	Digital satellite reception equipment.
EBITDA	Earnings before interest, taxation, depreciation and amortisation is calculated as operating profit before depreciation and amortisation or impairment of goodwill and intangible assets.
Free cash flow	Cash generated from operations less net interest paid, taxation paid, purchase of property, plant & equipment and intangible assets plus net proceeds from joint ventures and associates.
Gross margin	Revenue less programming expenses as a proportion of revenue.
Gross Sky Bet revenue	Gross stakes placed by customers on events taking place in the period and net customer losses in respect of casino, online roulette and similar interactive casino style games.
HD	High Definition.
Mainstream corporation tax liability	Current corporation tax charge for the year.
Multichannel viewing share	Share of viewers of non-analogue terrestrial television.
Multiroom	Installation of an additional Digibox in the household of an existing DTH subscriber.
Net debt	Cash, cash-equivalents, short-term deposits, borrowings and borrowings related derivative financial instruments.
Sky +	Sky's fully-integrated Personal Video Recorder (PVR) and satellite decoder.
Viewing share	Number of people viewing a channel as a percentage of total viewing audience.

Consolidated Income Statement for the year ended 30 June 2006

	Notes	2006 GBPm	2005 GBPm
Revenue	1	4,148	3,842
Operating expense	2	(3,271)	(3,020)
Operating profit		877	822
Share of results of joint ventures and associates	11	12	14
Investment income	3	52	29
Finance costs	3	(143)	(87)
Profit on disposal of joint venture	4	-	9
Profit before tax		798	787
Taxation	5	(247)	(209)
Profit for the year		551	578
Earnings per share (in pence) from profit for the year			
Basic	6	30.2p	30.2p
Diluted	6	30.1p	30.2p

Adjusted earnings per share (in pence) from

profit for the year			
Basic	6	30.7p	28.2p
Diluted	6	30.6p	28.2p

Consolidated Income Statement for the quarter ended 30 June 2006

	Three months ended 30 June 2006 GBPm (unaudited)	Three months ended 30 June 2005 GBPm (unaudited)
Revenue	1,069	1,029
Operating expense	(852)	(780)
EBITDA	261	271
Depreciation and amortisation	(44)	(22)
Operating profit	217	249
Share of results from joint ventures and associates	3	3
Investment income	15	7
Finance costs	(46)	(18)
Profit before tax	189	241
Taxation	(63)	(48)
Profit for the quarter	126	193
Earnings per share (in pence) from profit for the quarter		
Basic and diluted	7.0p	10.3p

Consolidated Statement of Recognised Income and Expense for the year ended 30 June 2006

	2006 GBPm	2005 GBPm
Profit for the year	551	578
Net movements in hedging reserve		
Cash flow hedges	(54)	(18)
Tax on cash flow hedges	16	5
	(38)	(13)
Total recognised income and expense for the year	513	565

Consolidated Balance Sheet as at 30 June 2006

	Notes	2006 GBPm	2005 GBPm
Non-current assets			
Goodwill	8	623	417
Intangible assets	9	218	202
Property, plant and equipment	10	519	335
Investments in joint ventures and associates	11	28	23
Available for sale investments		2	2
Deferred tax assets	12	100	105
Derivative financial assets		-	9
		1,490	1,093
Current assets			
Inventories	13	324	321
Trade and other receivables	14	489	331
Short-term deposits		647	194
Cash and cash equivalents		816	503
Derivative financial assets		7	14
		2,283	1,363
Total assets		3,773	2,456
Current liabilities			
Borrowings	17	163	-
Trade and other payables	15	1,247	1,031
Current tax liabilities		68	100
Provisions	16	6	13
Derivative financial liabilities		49	6
		1,533	1,150
Non-current liabilities			
Borrowings	17	1,825	982
Other payables	17	66	25
Provisions	16	19	-
Derivative financial liabilities		209	112
		2,119	1,119
Total liabilities		3,652	2,269
Shareholders' equity	19	121	187
Total liabilities and shareholders' equity		3,773	2,456

Consolidated Cash Flow Statement for the year ended 30 June 2006

	2006 GBPm	2005 GBPm
Cash flows from operating activities		
Cash generated from operations	1,004	989
Interest received	43	28
Taxation paid	(172)	(103)
Net cash from operating activities	875	914
Cash flows from investing activities		
Dividends received from joint ventures and associates	7	12
Funding to joint ventures and associates	(3)	(4)
Repayments of funding from joint ventures and associates	1	8
Proceeds from the sale of a joint venture	-	14
Purchase of property, plant and equipment	(169)	(149)
Purchase of intangible assets	(43)	(92)
Proceeds from the sale of equity investments	-	1
Increase in short-term deposits	(453)	(60)
Purchase of subsidiaries (net of cash and cash equivalents purchased)	(209)	-
Net cash used in investing activities	(869)	(270)
Cash flows from financing activities		
Proceeds from issue of Guaranteed Notes	1,014	-
Proceeds from disposal of shares in Employee Share Ownership Plan ("ESOP")	13	4
Purchase of own shares for ESOP	(17)	(14)
Purchase of own shares for cancellation	(408)	(416)
Interest paid	(105)	(91)
Dividends paid to shareholders	(191)	(138)
Net cash from (used in) financing activities	306	(655)
Effect of foreign exchange rate movements	1	1
Net increase (decrease) in cash and cash equivalents	313	(10)
Cash and cash equivalents at the beginning of the year	503	513
Cash and cash equivalents at the end of the year	816	503

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 2006 or 2005, for the purpose of the Companies Act 1985, but it is derived from those financial statements. Statutory financial statements for 2005 have been filed with the Registrar of Companies and those for 2006 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) Companies Act 1985.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards

("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 press release "Restated financial information for the year ended 30 June 2005 under International Financial Reporting Standards ("IFRS") published on 14 September 2005, except that betting and gaming transactions have been treated as financial instruments, as detailed in the Group's press release "BSkyB follows industry practice in accounting for betting" published on 25 April 2006.

1. Revenue

	2006 GBPm	2005 GBPm
Direct-to-home ("DTH") subscribers	3,154	2,968
Cable subscribers	224	219
Advertising	342	329
Sky Bet	37	32
Sky Active	91	92
Other	300	202
	4,148	3,842

2. Operating expense

	2006 GBPm	2005 GBPm
Programming	1,599	1,635
Transmission and related functions	234	171
Marketing	622	527
Subscriber management	468	392
Administration	348	295
	3,271	3,020

3. Investment income and finance costs

	2006 GBPm	2005 GBPm
Investment income		
Investment income from cash, cash equivalents and short-term deposits	52	29

	2006 GBPm	2005 GBPm
Finance costs		
- Interest payable and similar charges		
GBP600 million RCF	-	(4)
GBP1 billion revolving credit facility ("RCF")	(2)	(2)

Guaranteed Notes	(123)	(84)
Finance lease interest	(4)	(1)
	(129)	(91)
- Other finance (expense) income		
Remeasurement of borrowings-related derivative financial instruments (not qualifying for hedge accounting)	(10)	5
Remeasurement of programming-related derivative financial instruments (not qualifying for hedge accounting)	(4)	(1)
	(14)	4
	(143)	(87)

4. Profit on disposal of joint venture

In November 2004, the Group sold its 49.5% investment in Granada Sky Broadcasting for GBP14 million in cash, realising a profit on disposal of GBP9 million. The Group realised no profit or loss on disposal during the year ended 30 June 2006.

5. Taxation

Taxation recognised in the income statement

	2006 GBPm	2005 GBPm
Current tax expense		
Current year	147	163
Adjustment in respect of prior years	(6)	(8)
Total current tax charge	141	155
Deferred tax expense		
Origination and reversal of temporary differences	106	71
Adjustment in respect of recoverable deferred tax asset	-	(17)
Total deferred tax charge	106	54
Taxation	247	209

6. Earnings per share

The weighted average number of shares for the year was:

	2006 Millions of shares	2005 Millions of shares

Ordinary shares	1,830	1,917
ESOP trust ordinary shares	(3)	(4)
Basic shares	1,827	1,913
Dilutive ordinary shares from share options	5	4
Diluted shares	1,832	1,917

Basic and diluted earning per share is 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.

	2006 GBPm	2005 GBPm
Reconciliation from profit for the year to adjusted profit for the year		
Profit for the year	551	578
Payment from ITV Digital liquidators	-	(13)
Profit on disposal of joint venture	-	(9)
Remeasurement of all derivative financial instruments (not qualifying for hedge accounting)	14	(4)
Tax effect of above items	(4)	5
Increase in estimate of recoverable tax assets in respect of prior years	-	(17)
Adjusted profit for the year	561	540

	2006 pence	2005 pence
Earnings per share from profit for the year		
Basic	30.2p	30.2p
Diluted	30.1p	30.2p
Adjusted earnings per share from profit for the year		
Basic	30.7p	28.2p
Diluted	30.6p	28.2p

7. Dividends

	2006 GBPm	2005 GBPm
Dividends declared and paid during the year		
2004 Final dividend paid: 3.25p per ordinary share	-	63
2005 Interim dividend paid: 4.00p per ordinary share	-	77
2005 Final dividend paid: 5.00p per ordinary share	92	-
2006 Interim dividend paid: 5.50p per ordinary share	99	-
	191	140

Dividends proposed after the balance sheet date and not recognised as a liability

2006 Final dividend proposed: 6.70p per ordinary share	120	-

8. Goodwill

	Total GBPm
Carrying value	
At 1 July 2004 and 30 June 2005	417
Purchase of the Easynet Group plc ("Easynet")	202
Other purchases	4
At 30 June 2006	623

9. Intangible assets

	Internally generated intangible assets GBPm	Other intangible assets GBPm	Internally generated intangible assets not yet available for use GBPm	Other intangible assets not yet available for use GBPm	Total GBPm
Cost					
At 30 June 2005	23	181	6	136	346
Business combinations	-	29	-	-	29
Other additions	5	24	-	9	38
Disposals	-	(22)	-	-	(22)
Transfers	6	115	(6)	(115)	-
At 30 June 2006	34	327	-	30	391
Amortisation					
At 30 June 2005	14	130	-	-	144
Amortisation for the year	2	49	-	-	51
Disposals	-	(22)	-	-	(22)
At 30 June 2006	16	157	-	-	173
Carrying amounts					
At 30 June 2005	9	51	6	136	202
At 30 June 2006	18	170	-	30	218

10. Property, plant and equipment

	Land and freehold buildings GBPm	Leasehold improvements GBPm	Equipment, furniture and fittings GBPm	Assets not yet available for use GBPm	Total GBPm
Cost					
At 30 June 2005	70	42	431	123	666
Business combinations	-	12	67	-	79
Other additions	-	1	163	30	194
Disposals	(3)	(2)	(125)	-	(130)
Transfers	48	-	55	(103)	-
At 30 June 2006	115	53	591	50	809
Depreciation					
At 30 June 2005	13	31	287	-	331
Depreciation	3	5	81	-	89
Disposals	(3)	(2)	(125)	-	(130)
Transfers	-	-	-	-	-
At 30 June 2006	13	34	243	-	290
Carrying amounts					
At 30 June 2005	57	11	144	123	335
At 30 June 2006	102	19	348	50	519

11. Investments in joint ventures and associates

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

	2006 GBPm	2005 GBPm
Beginning of year		
- Share of net assets	23	33
Movement in net assets		
- Net repayment of loans	2	(4)
- Dividends received	(7)	(12)
- Disposals	-	(4)
- Share of results	12	14
Transfers to subsidiaries	(1)	(1)
Movement in creditors	(1)	(3)
End of year		
- Share of net assets	28	23

12. Deferred tax

Recognised deferred tax assets

	Fixed asset timing differences GBPm	Tax losses GBPm	Short-term timing differences GBPm	Other GBPm	Total GBPm
At 1 July 2005	14	68	12	11	105
(Charge) credit to income	(71)	(35)	-	-	(106)
Credit to equity	-	-	-	18	18
Business combinations	83	-	-	-	83
At 30 June 2006	26	33	12	29	100

13. Inventories

	2006 GBPm	2005 GBPm
Television programme rights	277	291
Digiboxes and related equipment	41	28
Other inventories	6	2
	324	321

14. Trade and other receivables

	2006 GBPm	2005 GBPm
Trade receivables	207	134
Amounts receivable from joint ventures and associates	7	6
Amounts receivable from other related parties	1	1
Prepayments	156	114
Accrued income	107	72
Other receivables	11	4
	489	331

Included within the amounts shown above are the following receivables which are due in more than one year:

	2006 GBPm	2005 GBPm
Prepayments	73	32

15. Trade and other payables

	2006 GBPm	2005 GBPm

Trade payables	352	346
Amounts owed to joint ventures and associates	5	3
Amounts owed to other related parties	31	34
VAT	140	101
Accruals	428	308
Deferred income	246	186
Other payables	45	53
	1,247	1,031

16. Provisions

	At 1 July 2005 GBPm	Provided during the year GBPm	Utilised during the year GBPm	At 30 June 2006 GBPm
Current liabilities				
Provision for termination benefits	11	-	(11)	-
Other provisions	2	6	(2)	6
	13	6	(13)	6
Non-current liabilities				
Provisions	-	19	-	19

17. Borrowings and non-current other payables

	2006 GBPm	2005 GBPm
Current borrowings		
Guaranteed Notes	162	-
Bank loan	1	-
	163	-
Non-current borrowings		
Guaranteed Notes	1,757	975
Bank loan	1	-
Obligations under finance lease liabilities	67	7
	1,825	982
Non-current other payables		
Accruals	15	25
Deferred income	51	-
	66	25

18. Share capital

	2006 GBPm	2005 GBPm
Authorised 3,000,000,000 (2005: 3,000,000,000) ordinary shares of 50p	1,500	1,500
Allotted, called-up and fully paid 1,791,077,599 (2005: 1,867,523,599) ordinary shares of 50p	896	934

	2006 Number of ordinary shares	2005 Number of ordinary shares
Allotted and fully paid during the year		
Beginning of year	1,867,523,599	1,941,712,786
Options exercised under the Sharesave Scheme at between GBP3.720 and GBP6.112	-	129,813
Shares repurchased and subsequently cancelled	(76,446,000)	(74,319,000)
End of year	1,791,077,599	1,867,523,599

19. Reconciliation of shareholders' equity

	Share capital GBPm	Share premium GBPm	Capital redemption reserve GBPm	Special reserve GBPm	ESOP reserve GBPm	Merger reserve GBPm	Hedging reserve GBPm	Retained earnings GBPm	shareho
At 30 June 2005	934	1,437	37	14	(32)	222	(14)	(2,411)	
Purchase of own shares for cancellation	(38)	-	38	-	-	-	-	(408)	
Recognition and transfer of cash flow hedges	-	-	-	-	-	-	(54)	-	
Tax on items taken directly to equity	-	-	-	-	-	-	16	2	
Share-based payment	-	-	-	-	7	-	-	11	
Profit for the year	-	-	-	-	-	-	-	551	
Dividends	-	-	-	-	-	-	-	(191)	
At 30 June 2006	896	1,437	75	14	(25)	222	(52)	(2,446)	

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: 28 July 2006

By: /s/ Dave Gormley
Dave Gormley
Company Secretary