BRITISH SKY BROADCASTING GROUP PLC
Unaudited results for the nine months ended 31 March 2013

	Adjusted results		
Nine months to 31 March	2013	2012	Variance
Revenue	£5,381m	£5,078m	+6%
EBITDA	£1,253m	£1,161m	+8%
Operating profit	£994m	£908m	+9%
Earnings per share (basic)	43.7p	37.8p	+16%

Strong financial results

- Revenue of £5,381 million, up 6%
- Adjusted operating profit of £994 million, up 9%
- Adjusted basic earnings per share of 43.7p, up 16%

Broad product growth delivering good operating performance

- Total paid-for subscription product base exceeds 30 million for the first time
- Subscription product growth of 715,000 in Q3
- ARPU up £30 year on year to £576

Rapid growth in take-up of new connected TV services

- 2.3 million internet-connected Sky+HD boxes, up almost 600,000 in the quarter
- 4.5 million average weekly On Demand downloads, up more than fivefold year on year
- 3.5 million movie rental transactions, up 37% year on year

Jeremy Darroch, Chief Executive, commented:

"We have had a good third quarter and our multi-product strategy is delivering strong results. Increased take-up across our product set led to another improvement in financial performance with growth in revenues and profits accelerating in the third quarter. Group revenues are up 6%, operating profit up 9% and earnings per share up 16% for the first nine months.

"Despite the tough consumer environment, we added 715,000 more subscription products in three months, taking the total past 30 million for the first time. On the back of this growth, we are creating 550 new jobs to meet demand for our products and serve our growing customer base.

"In our television business, we continue to see rapid growth in our connected TV services as customers take advantage of new ways to watch our content. The number of internet-connected Sky+HD boxes grew by almost 45,000 every week in the quarter, leading to a fivefold increase in On Demand downloads and 37% growth in movie rentals against last year. Alongside the expansion of our mobile video service with the launch of Sky Go Extra, these trends are opening up new sources of future growth and value creation.

"These results highlight the way that our successful transition to more broadly-based growth has created a bigger, more profitable business. And having more ways to grow serves us particularly well at a time when household budgets look likely to remain stretched. We will continue to focus on overall product sales as the best means of delivering sustainable growth and returns for shareholders."

Results highlights

Customer Metrics (unaudited)

	As at 31-Mar-13	As at 31-Mar-12	Annual Growth	Quarterly Growth to 31-Mar-13
Paid-for subscription products ('000s)	**30,228**	**27,734**	**+2,494**	**+715**
TV	10,388	10,268	+120	+30
HD	4,669	4,222	+447	+108
Multiroom	2,476	2,378	+98	+9
Sky Go Extra	44	-	+44	+44
Broadband	4,387	3,863	+524	+152
Telephony	4,208	3,627	+581	+186
Line rental	4,056	3,376	+680	+186
Paid-for products per retail customer	2.8	2.6		
New connected TV services ('000s)				
Internet-connected Sky+HD boxes	2,284	604	+1,680	+569
Sky Go unique users	3,262	2,607	+655	+196
Other metrics				
Total customers ('000s)	**14,613**	**14,206**	**+407**	**+120**
Retail customers	10,812	10,549	+263	+70
Wholesale customers (4)	3,801	3,657	+144	+50
ARPU (2)	£576	£546	+£30	+£8
Customers taking each of TV, broadband & talk	34%	31%		
Churn (2)	10.8%	10.1%		

An additional KPI summary table containing further detailed disclosure can be found in Schedule 1.

Business Performance (1) (unaudited)

	9 months to 31-Mar-13	9 months to 31-Mar-12	Movement
Revenue	£5,381m	£5,078m	+6%
Adjusted operating profit	£994m	£908m	+9%
% Adjusted operating profit margin	*18.5%*	*17.9%*	+60bps
Adjusted profit before tax	£934m	£853m	+9%
Adjusted basic earnings per share (3)	43.7p	37.8p	+16%

[1] A reconciliation of adjusted operating profit and adjusted EBITDA to reported measures is set out in Appendix 2.

[2] Quarterly annualised.

[3] Adjusted basic EPS is calculated from adjusted profit for the period. A reconciliation of reported profit to adjusted profit is set out in note 3 to the consolidated financial information.

[4] Wholesale customers taking at least one paid for Sky channel.

Operating review

We performed well in the third quarter as the successful execution of our multi-product strategy and improved operational efficiency delivered strong financial results. Revenues for the first nine months were up 6%, adjusted operating profit up 9% and adjusted basic earnings per share grew by 16% as we saw acceleration in revenue and profit growth during the third quarter.

In what remains a tough economic environment, we added 715,000 new subscription products in the three months to 31 March 2013. This took the total base of paid-for subscription products to 30.2 million, up 9% year on year. Over the last five years, our base of paid-for subscription products has more than doubled. Overall, customers now take an average of 2.8 paid-for products from Sky, up from 2.6 a year ago.

ARPU continued to grow reaching £576, £30 higher than the previous year. Quarterly annualised churn was slightly up year on year at 10.8% reflecting the continuing pressure on household budgets.

Our growth was broadly-based in the quarter. We saw good growth in our TV products with a further 108,000 HD customers, 9,000 multiroom and 44,000 paying customers to our new mobile TV service Sky Go Extra. We also enjoyed another strong quarter in home communications, adding 152,000 broadband customers and 186,000 customers to each of telephony and line rental. This helped us end the quarter with 34% of our customer base taking all three of TV, broadband and telephony, up from 31% a year ago. In broadband, we have continued to expand our network reach with a presence in 2,202 exchanges at the end of the quarter. We have also continued to improve the economics of broadband, moving more customers over to our fully unbundled product. At the end of Q3, 96% of customers were on-net, with 75% of these customers on our fully-unbundled MPF product.

Over the quarter, we added 70,000 retail customers and 50,000 wholesale customers. This gave us a total of 14.6 million customers, across retail and wholesale, at the end of Q3 (10.8 million retail customers and 3.8 million wholesale customers) as we continue to seek to broaden the reach of our channels across all platforms where we see scale and opportunity.

Content

We continue to bring the best new content to Sky customers and to develop new ways for them to enjoy that content.

In movies, we built on our longstanding relationship with Disney with the creation of a brand new channel, Sky Movies Disney – the first time that Disney has ever been involved in a co-branded linear movie channel and the first time that viewers in the UK and Ireland have been able to watch all Disney movies on one channel. The launch of the channel on 28 March was a big hit with customers, with Disney titles accounting for 40% of all downloads through On Demand and attracting 685,000 views across Sky Go in its first weekend.

In sport, we have announced the renewal of both ATP and US Open tennis contracts and have, for the first time, secured the rights for RaboDirect Pro 12 rugby. These rights further reinforce the strength of our sports offering in what promises to be a fantastic year on Sky Sports.

Products

Our focus on giving customers new ways to consume content – and giving ourselves new opportunities for future growth – is working well, with a rapid increase in the take-up and usage of our On Demand and mobile video services in the third quarter.

The number of internet-connected Sky+HD set-top boxes rose by 33% on the previous quarter to 2.3 million. The launch of 4oD in the quarter, along with on demand content from leading partners including National Geographic and The History Channel, means that we now offer the UK's most complete catch-up service at no extra cost to customers. We also expanded the range of movies available on Sky Store. Recent blockbusters like Skyfall, Argo and Taken 2 were all available to customers at the same time as the DVD release, helping to drive significant demand. The number of average weekly On Demand downloads in the quarter increased by almost 500% year on year to 4.5 million, while the number of movie rental transactions, through both Sky Store and Sky Box Office, increased 37% over the same time period.

Customers using our On Demand services consistently report the highest levels of satisfaction: they are more loyal, more likely to recommend Sky and more likely to take up additional products. As a result, we are offering wireless connectors to selected Sky Movies customers – a segment that derives a particularly strong benefit from our On Demand service. These devices will make it easy for them to connect their Sky+HD box to the internet at no extra cost and enable them to access the full range of On Demand services including over a thousand movie rentals on Sky Store.

In Sky Go, we have developed the UK's leading mobile video service which continues to get a great response from customers. Quarterly unique users were up 25% year on year to 3.3 million, and a record 319,000 customers used the service to watch the recent UEFA Champions League match between Real Madrid and Manchester United. During the quarter, we launched our new paid-for service Sky Go Extra, the first subscription service to allow customers in the UK and Ireland to download movies and TV shows to watch offline. This has got off to a good start with 44,000 customers paying for the service by the end of the quarter.

We continued to develop our internet TV service NOW TV in the quarter with the launch in March of the new 24-hour pass to Sky Sports. This gives customers unlimited access for a 24-hour period to the full range of sports that we offer over all six Sky Sports channels for just £9.99.

Service

Our continued work on quality of service and operating efficiency delivered improvements across all aspects of customer service in the quarter. Increasing penetration of our most reliable Sky+HD box contributed to a 25% reduction in service visits in the quarter versus the prior year, and we are on track to report the lowest level of annual service visits for nine years despite significant product growth throughout that time. Meanwhile, the number of upgrading customers choosing to self-set-up their equipment rose 7 percentage points in the quarter to 27% and the re-launch of our online Help Centre led to a 40% increase in usage year on year.

Additionally, we are creating 550 new jobs to meet demand for our products and serve our growing customer base over the next 12 months. These will be based across the UK with 200 in Sky Retail Sales, Sky's in-house sales team, and 350 in our customer service centre in Newcastle, supporting growth in our broadband customer base following the acquisition of the O2 and BE consumer broadband and fixed-line telephony business.

Financial Performance

We have delivered a strong financial performance for the nine months to 31 March 2013 ("the period"). Revenue growth of 6% combined with good cost control to deliver adjusted operating profit of £994 million, up 9%, and adjusted basic earnings per share of 43.7 pence, up 16%.

Unless otherwise stated, all figures and growth rates included below exclude adjusting items.

Revenue

Group revenue increased by 6% to £5,381 million (2012: £5,078 million) with good growth in retail, wholesale and Sky Bet revenues more than offsetting slight declines in advertising and installation, hardware and service revenue.

Costs

We delivered a strong performance on costs, with the operating efficiencies which we created being used for greater investment on screen whilst still allowing the Group's operating margin to expand by 60 basis points to 18.5%.

Programming costs increased by £151 million (9%) to £1,860 million (2012: £1,709 million). Sports accounted for £69 million of the increase predominantly driven by the inclusion of Formula 1 and Ryder Cup rights, and England football World Cup qualifying matches in the recent quarter. Entertainment costs increased by £33 million year on year as we continued to invest in new and exclusive UK-commissioned content. Movie costs accounted for £30 million of the increase reflecting the recent rights agreements which support new product offerings such as Sky Go Extra, and the increased usage of our movie rental services.

Our work on network efficiency within our communications business, combined with lower access charge controls, resulted in excellent operating leverage in direct network costs, up only 4% to £529 million (2012: £510 million) despite a 16% increase in home communications products.

Our focus on efficiency saw a further reduction in other operating costs as a percentage of sales which fell by 130 basis points to £1,998 million (2012: £1,951 million). Despite a higher product and customer base, each of marketing, subscriber management, transmission and technology, and administration costs grew well below the rate of revenue growth.

Earnings

Profit before tax increased by 9% to £934 million (2012: £853 million), which included the Group's share of joint ventures and associates' profits of £28 million (2012: £25 million) and a net interest charge of £88 million (2012: £80 million). Taxation for the period was £224 million (2012: £198 million), resulting in profit after tax of £710 million (2012: £655 million) and basic earnings per share of 43.7 pence (2012: 37.8 pence), an increase of 16%.

Exceptional items

Reported operating profit of £1,007 million includes a net exceptional gain of £13 million in the period. This represented the net impact of two exceptional credits from the positive settlement of former supplier disputes, the benefit of which we have passed back to customers via two one-time initiatives.

In December we recognised an exceptional gain of £32 million relating to a credit note received from BT following an Ofcom determination that BT had overcharged for Ethernet services between 2006 and 2009. During the quarter we also reached a final settlement of disputes with a former manufacturer of set-top boxes supplied between 2004 and 2008, resulting in a further exceptional gain of £33 million.

In each of these instances it was our customers who were most impacted. Accordingly, we have decided to pass the benefits of the resolution of these disputes back to customers with two one-time programmes. First, we are targeting a small cohort of around 150,000 of our customers who currently have one of the earliest versions of our Sky+ HD box to offer them a free upgrade to the current version allowing them the same functionality as the vast majority of HD customers. Second, we are offering wireless connectors to selected Sky Movies customers, enabling them to connect their existing Sky+ HD box to the full range of On Demand services. We recognised an exceptional cost in the quarter for these two one-off initiatives of £52 million.

Reported profit after tax of £736 million (2012: £689 million) includes an additional net exceptional gain of £13 million; see Appendix 2 for further details.

CORPORATE

As we announced in March, the Group has reached an agreement with Telefónica UK for the acquisition of its O2 and BE consumer broadband and fixed line telephony business. The transaction completed on 30 April 2013 and both subscriber and financial impacts will be included in future periods, including any exceptional costs incurred as a result of the transaction.

On 26 April 2013, the Court of Appeal granted BT permission to appeal the Competition Appeal Tribunal's judgment of August 2012 in the appeals against Ofcom's decision to impose wholesale must-offer obligations on Sky. The Court will schedule the appeal hearing in due course. In the meantime, the limited wholesale must-offer obligations which were established on an interim basis at the outset of Sky's original appeal of Ofcom's decision in April 2010, remain in place.

Enquiries:

Analysts/Investors:

Edward Steel	Tel:	020 7032 2093
Lang Messer	Tel:	020 7032 2657

E-mail: investor-relations@bskyb.com

Press:

Alice Macandrew	Tel:	020 7705 3000
Stephen Gaynor	Tel:	020 7705 3000

E-mail: corporate.communications@bskyb.com

A conference call for UK and European analysts and investors will be held at 8.30 a.m. (BST) today. Participants must register by contacting Camilla Regan on +44 20 7251 3801 or at Camilla.regan@RLMFinsbury.com.

There will be a separate conference call for US analysts and investors at 10.00 a.m. (EDT) today. Details of this call have been sent to US institutions and can be obtained from Dana Diver at Taylor Rafferty on +1 212 889 4350.

The live conference calls of the UK and US calls will be available to analysts and investors via the BSkyB website at http://www.sky.com/corporate. Replays will be subsequently available.

Schedule 1 – KPI Summary

All figures (000) unless stated	FY10/11		FY11/12				FY12/13		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total paid-for subscription products	**24,591**	**25,375**	**26,058**	**26,830**	**27,734**	**28,365**	**28,898**	**29,513**	**30,228**
TV	10,147	10,187	10,213	10,253	10,268	10,288	10,308	10,358	10,388
Sky+HD	3,686	3,822	3,925	4,063	4,222	4,343	4,468	4,561	4,669
Multiroom	2,237	2,250	2,295	2,350	2,378	2,402	2,423	2,467	2,476
Sky Go Extra	-	-	-	-	-	-	-	-	44
Broadband	3,161	3,335	3,485	3,651	3,863	4,001	4,103	4,235	4,387
Telephony	2,916	3,101	3,248	3,407	3,627	3,768	3,888	4,022	4,208
Line Rental	2,444	2,680	2,892	3,106	3,376	3,563	3,708	3,870	4,056
New connected TV services	**-**	**-**	**1,829**	**2,549**	**3,211**	**3,735**	**4,023**	**4,781**	**5,546**
Connected HD boxes	-	-	204	442	604	995	1,255	1,715	2,284
Sky Go unique users	-	-	1,625	2,107	2,607	2,740	2,768	3,066	3,262
Total products and services	**24,591**	**25,375**	**27,887**	**29,379**	**30,945**	**32,100**	**32,921**	**34,294**	**35,774**
Other metrics									
Total customers	**13,758**	**13,816**	**13,940**	**14,100**	**14,206**	**14,278**	**14,368**	**14,493**	**14,613**
Retail customers	10,223	10,294	10,371	10,471	10,549	10,606	10,654	10,742	10,812
Wholesale customers	3,535	3,522	3,569	3,629	3,657	3,672	3,714	3,751	3,801
ARPU (£)	£537	£538	£535	£544	£546	£548	£550	£568	£576
Triple-play %	26%	27%	28%	29%	31%	32%	33%	33%	34%
Churn	10.4%	10.4%	11.1%	9.6%	10.1%	9.9%	10.9%	10.3%	10.8%
Fixed Network Metrics									
On-net base	**2,856**	**3,045**	**3,205**	**3,403**	**3,636**	**3,778**	**3,882**	**4,031**	**4,190**
MPF base	1,435	1,686	1,869	2,146	2,423	2,588	2,762	2,926	3,159
SMPF base	1,421	1,359	1,336	1,257	1,213	1,190	1,120	1,105	1,031
MPF %	50%	55%	58%	63%	67%	69%	71%	73%	75%
SMPF %	50%	45%	42%	37%	33%	31%	29%	27%	25%
Off-net base	305	290	280	248	227	223	221	204	197
Total Broadband	**3,161**	**3,335**	**3,485**	**3,651**	**3,863**	**4,001**	**4,103**	**4,235**	**4,387**
On-net %	90%	91%	92%	93%	94%	94%	95%	95%	96%
Total no. of LLU exchanges	1,549	1,577	1,732	1,907	1,964	1,965	2,036	2,108	2,202

Use of measures not defined under IFRS

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

Forward looking statements

This document contains certain forward looking statements with respect to the Group's financial condition, results of operations and business, and our strategy, plans and objectives for the Group. These statements include, without limitation, those that express forecasts, expectations and projections, such as forecasts, expectations and projections in relation to new products and services, the potential for growth of free-to-air and pay television, fixed-line telephony, broadband and bandwidth requirements, advertising growth, DTH and OTT customer growth, On Demand (previously Anytime+), NOW TV, Sky Go, Sky Go Extra, Sky+HD and other services penetration, revenue, administration costs and other costs, advertising growth, churn, profit, cash flow, products and our broadband network footprint, content, wholesale, marketing and capital expenditure and proposals for returning capital to shareholders.

Although the Company believes that the expectations reflected in such forward looking statements are reasonable, these statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our 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. Information on the significant risks and uncertainties are described in the "Principal risks and uncertainties" section of Sky's Annual Report for the full year ended 30 June 2012 (as updated in Sky's results for the six months ended 31 December 2012). Copies of the Annual report and 31 December 2012 results are available from the British Sky Broadcasting Group plc 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.

Glossary of Terms

A glossary of terms is included within the Annual Report and on our corporate investor relations web page at http://corporate.sky.com/investors/glossary. Copies of the Annual Report are available from the British Sky Broadcasting Group plc web page at www.sky.com/corporate and in hard copy from the Company Secretary, British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex TW7 5QD.

Appendix 1 - Consolidated Financial Information

Consolidated Income Statement for the nine months ended 31 March 2013

	Notes	2012/13 Nine months ended 31 March £m (unaudited)	2011/12 Nine months ended 31 March £m (unaudited)
Revenue	1	**5,381**	5,078
Operating expense	2	**(4,374)**	(4,139)
EBITDA		**1,272**	1,192
Depreciation and amortisation		**(265)**	(253)
Operating profit		**1,007**	939
Share of results of joint ventures and associates		**37**	32
Investment income		**9**	15
Finance costs		**(87)**	(87)
Profit before tax		**966**	899
Taxation		**(230)**	(210)
Profit for the period		**736**	689
Earnings per share from profit for the period (in pence)			
Basic		**45.3p**	39.7p
Diluted		**44.9p**	39.5p
Adjusted earnings per share from adjusted profit for the period (in pence)			
Basic	3	**43.7p**	37.8p
Diluted	3	**43.3p**	37.5p

Notes:

1 Revenue

	2012/13 Nine months ended 31 March £m (unaudited)	2011/12 Nine months ended 31 March £m (unaudited)
Retail subscription	**4,422**	4,172
Wholesale subscription	**295**	259
Advertising	**327**	334
Installation, hardware and service	**68**	76
Other	**269**	237
	5,381	5,078

2 Operating expense

	2012/13 Nine months ended 31 March £m (unaudited)	2011/12 Nine months ended 31 March £m (unaudited)
Programming	**1,860**	1,709
Direct networks	**497**	510
Marketing	**818**	797
Subscriber management and supply chain	**512**	483
Transmission, technology and fixed networks	**295**	288
Administration	**392**	352
	4,374	4,139

3 Earnings per share

The weighted average number of shares for the period was:

	2012/13 Nine months ended 31 March Millions of shares	2011/12 Nine months ended 31 March Millions of shares
Ordinary shares	**1,642**	1,744
ESOP trust ordinary shares	**(18)**	(10)
Basic shares	**1,624**	1,734
Dilutive ordinary shares from share options	**14**	12
Diluted shares	**1,638**	1,746

Basic and diluted earnings per share are calculated by dividing profit for the period into the weighted average number of shares for the period. In order to provide a measure of underlying performance, management have chosen to present an adjusted profit for the period 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.

3 Earnings per share (continued)

	2012/13 Nine months ended 31 March £m (unaudited)	2011/12 Nine months ended 31 March £m (unaudited)
Reconciliation from profit for the period to adjusted profit for the period		
Profit for the period	**736**	689
Credit received following an Ofcom determination	**(32)**	-
Credit received following final settlement of disputes with a former manufacturer of set-top boxes	**(33)**	-
Costs relating to one-off upgrade of set-top boxes	**31**	-
Costs relating to programme to offer wireless connectors to selected Sky Movies customers	**21**	-
Net recovery of costs in relation to News Corporation proposal	**-**	(31)
Profit on disposal of joint venture	**(9)**	(7)
Revolving Credit Facility ("RCF") fee write-off	**-**	5
Remeasurement of all derivative financial instruments not qualifying for hedge accounting and hedge ineffectiveness	**(10)**	(13)
Tax effect of above items	**6**	12
Adjusted profit for the period	**710**	655

4 Shareholders' equity

Purchase of own equity shares for cancellation

On 29 November 2011, the Company's shareholders approved a resolution at the AGM for the Company to return up to £750 million of capital to shareholders via a share buy-back programme. On 1 November 2012, the Company's shareholders approved a resolution at the AGM for the Company to return up to a further £500 million of capital to shareholders via a share buy-back programme.

The Company has entered into an agreement with News Corporation under which, following any market purchases of shares by the Company, News Corporation will sell to the Company sufficient shares to maintain its percentage shareholding at the same level as applied prior to those market purchases. The price payable to News Corporation is the price payable by the Company in respect of the relevant market purchases. The effect of the agreement is to provide that there will be no change in News Corporation's economic or voting interests in the Company as a result of the share buy-back programme.

During the period, the Company purchased, and subsequently cancelled, 57,584,373 ordinary shares at an average price of £7.55 per share, with a nominal value of £29 million, for a consideration of £437 million. Consideration included stamp duty and commission of £2 million. This represents 3% of called-up share capital at the beginning of the period. Of these purchases, the Company purchased, and subsequently cancelled, 22,537,213 ordinary shares from News Corporation at an average price of £7.55 per share, with a nominal value of £11 million, for a consideration of £171 million. Consideration included stamp duty of £1 million.

On 27 March 2013, the Company entered into an arrangement with its broker, Barclays Bank plc, to repurchase on its behalf, ordinary shares in the Company for cancellation during the Company's close period. Accordingly, following the period end date, the Company purchased, and subsequently cancelled, 5,170,090 ordinary shares at an average price of £8.58 per share, with a nominal value of £3 million, for a consideration of £45 million. Of these purchases, the Company purchased, and subsequently cancelled, 2,023,456 ordinary shares from News Corporation at an average price of £8.58 per share, with a nominal value of £1 million, for a consideration of £17 million.

Appendix 2 – Non-GAAP measures

Reconciliation of operating profit to adjusted operating profit and adjusted EBITDA
for the nine months ended 31 March 2013

	2012/13 Nine months ended 31 March £m	2011/12 Nine months ended 31 March £m
Operating profit	**1,007**	939
Credit received following an Ofcom determination	**(32)**	-
Credit received following final settlement of disputes with a former manufacturer of set-top boxes	**(33)**	-
Costs relating to one-off upgrade of set-top boxes	**31**	-
Costs relating to programme to offer wireless connectors to selected Sky Movies customers	**21**	-
Net recovery of costs in relation to News Corporation proposal	**-**	(31)
Adjusted EBITDA	**1,253**	1,161
Depreciation and amortisation	**(259)**	(253)
Adjusted operating profit	**994**	908

Consolidated Income Statement - reconciliation of reported and adjusted numbers

		2012/13			2011/12		
		Reported	**Adjusting Items**	**Adjusted**	Reported	Adjusting Items	Adjusted
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Revenue							
Retail subscription		**4,422**	**-**	**4,422**	4,172	-	4,172
Wholesale subscription		**295**	**-**	**295**	259	-	259
Advertising		**327**	**-**	**327**	334	-	334
Installation, hardware and service		**68**	**-**	**68**	76	-	76
Other		**269**	**-**	**269**	237	-	237
		5,381	**-**	**5,381**	5,078	-	5,078
Operating expense							
Programming		**(1,860)**	**-**	**(1,860)**	(1,709)	-	(1,709)
Direct networks	A	**(497)**	**(32)**	**(529)**	(510)	-	(510)
Marketing		**(818)**	**-**	**(818)**	(797)	-	(797)
Subscriber management and supply chain	B	**(512)**	**19**	**(493)**	(483)	-	(483)
Transmission, technology and fixed networks		**(295)**	**-**	**(295)**	(288)	-	(288)
Administration	C	**(392)**	**-**	**(392)**	(352)	(31)	(383)
		(4,374)	**(13)**	**(4,387)**	(4,139)	(31)	(4,170)
EBITDA		**1,272**	**(19)**	**1,253**	1,192	(31)	1,161
Operating profit		**1,007**	**(13)**	**994**	939	(31)	908
Share of results of joint ventures and associates	D	**37**	**(9)**	**28**	32	(7)	25
Investment income		**9**	**-**	**9**	15	-	15
Finance costs	E	**(87)**	**(10)**	**(97)**	(87)	(8)	(95)
Profit before tax		**966**	**(32)**	**934**	899	(46)	853
Taxation	F	**(230)**	**6**	**(224)**	(210)	12	(198)
Profit for the period		**736**	**(26)**	**710**	689	(34)	655
Earnings per share (basic)		**45.3p**	**(1.6)p**	**43.7p**	39.7p	(1.9)p	37.8p

Notes: explanation of adjusting items for the period ended 31 March 2013

A. A credit of £32 million in relation to a credit note received following an Ofcom determination.

B. A credit of £33 million relating to the final settlement of disputes with a former manufacturer of set-top boxes (net of associated costs), costs of £31 million relating to one-off upgrade of set-top boxes, and costs of £21 million relating to programme to offer wireless connectors to selected Sky Movies customers.
Included within this adjusting item is an impairment of £6 million in relation to associated intangible assets.

D. Profit on disposal of the Group's interest in MUTV Limited.

E. Remeasurement of all derivative financial instruments not qualifying for hedge accounting and hedge ineffectiveness.

F. Tax effect of adjusting items.

Notes: explanation of adjusting items for the period ended 31 March 2012

C. A credit of £31 million in relation to the News Corporation proposal, consisting of costs incurred offset by the receipt of the break fee.

D. Profit on disposal of the Group's interest in Chelsea Digital Media Limited.

E. A write-off of £5 million relating to the facility fee on the £750 million RCF which has now been replaced with the £743 million RCF and the remeasurement of all derivative financial instruments not qualifying for hedge accounting and hedge ineffectiveness (credit of £13 million).

F. Tax effect of adjusting items.