

# **Satellite Information Services (Holdings) Limited**

**Directors' report and financial statements  
for the year ended 31 March 2008**

**Registered No. 1939932**

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# **Satellite Information Services (Holdings) Limited**

## **Report of the directors for the year ended 31 March 2008**

The directors present their report and the audited financial statements of Satellite Information Services (Holdings) Limited ("the Group") for the year ended 31 March 2008

### **Principal activities, review of business and future developments**

The Group's principal activities are

- the provision of satellite news-gathering and associated transmission services through its market-leading SISLink division, which now accounts for the major contribution to the Group's continuing profitability (Uplink services),
- its long-established business of providing integrated television and information services delivered via satellite to licensed betting offices in the United Kingdom, Ireland and overseas (Racing Services), and
- the provision of television production services for other broadcasters (Other services)

On 1<sup>st</sup> April 2008 SIS Outside Broadcast Limited ("SISOB"), a newly created wholly owned subsidiary of Satellite Information Services Limited ("SIS") purchased the assets of BBC Outside Broadcasts, a division of BBC Resources Limited

The acquired fleet of outside broadcast television production units, plus sound, support and communication vehicles, and award winning special cameras is an ideal complement to the satellite uplink fleet that SIS has built up to be the largest such fleet in Europe, since building its first uplink vehicle in 1989

### **Results and dividends**

The detailed results for the year and proposed transfer to reserves of the retained profit of £17,935,000 (2007 £16,951,000) are set out in the consolidated profit and loss account on page 7

Dividends totalling £9,999,443 were proposed and paid out during the year in respect of ordinary shares (2007 NIL)

Preference dividends were proposed during the year of £3,355 (2007 £3,660)

### **Business environment**

During the year Turf TV launched a television service providing coverage of horseracing to the UK and Ireland's bookmakers. Despite this, the Group has strengthened its position and is delivering all of the televised services into more than 65% of the UK market. The Group intends to stay ahead of the competition by offering visual and data services that are of the highest quality and competitively priced.

The Group is now one of the most experienced television, production and outside broadcast service providers in Europe, its position being particularly enhanced by the post balance sheet acquisition of the BBC OB business. With a fleet of over 110 uplinks covering the spectrum of state-of-the-art uplink trucks, its proprietary automated uPOD technology and its rapid deployment dismountable Drive Fly kits, it is now the largest provider of transportable satellite uplink services in the world, transmitting tens of thousands of hours of live coverage every year to broadcasting customers worldwide.

In all its areas of activity the Group believes it differentiates itself from the competition by adopting best-of-breed technologies which have been tried and tested. This is further enhanced by ensuring

# Satellite Information Services (Holdings) Limited

## Report of the directors for the year ended 31 March 2008 (continued)

the management team is made up of highly experienced, leading industry experts

### Strategy

The Group's overriding objective is to achieve sustainable levels of growth and returns through a combination of organic growth and, where appropriate, acquisitions

The key elements to the Group's strategy are

- Content
- Delivery of Service
- Needs of the Customer
- Training and development

### *Content*

The Group ensures that wherever possible long-term contracts are in place for the content and data licences to provide its principal services. Contracts are negotiated to ensure rates remain competitive to deliver value to the customer base

### *Delivery of Service*

Every year, the Group produces and broadcasts thousands of hours of live programming from around the world using advanced satellite technology. This information is collated, managed and distributed in real time all year round. The Group broadcasts and transmits uninterrupted programmes, using technically advanced studios and editing suites that ensure the integrity of the output, and that it is produced and presented at the highest quality.

Following the acquisition, the Group has increased delivery of service offering through the ex-BBC Outside Broadcasts fleet of television production units, plus sound, support and communications vehicles.

### *Needs of the Customer*

The Group has established relationships with its customers' long term needs in mind. It strives to provide high quality products and services that are competitively priced and present business value to the customer.

### *Training and development*

The Group's biggest asset is its employees. It consistently aims to recruit and retain the best employees to meet the changing needs of the business.

### Principal risks and uncertainties

As part of Corporate Governance, the Group's risks are formally reviewed by the Board of Directors twice a year, and appropriate processes are put in place to monitor and mitigate them.

The key business risks affecting the Group are set out below.

### *Competition*

The Group operates in a number of competitive markets. This can result in a downward pressure on prices and loss of customers. The Group aims to mitigate this risk by continually expanding the

# Satellite Information Services (Holdings) Limited

## Report of the directors for the year ended 31 March 2008 (continued)

range of products and services, monitoring the competition and its pricing strategy and continually investing in technology to ensure that the quality of service delivery remains unrivalled

### *Data and Transmission services*

The Group's customers rely on real time data and uninterrupted content delivery. Loss of content would result in reduced quality in its services and potentially reduce income. Therefore, the Group has developed advanced disaster recovery solutions and has built back up facilities which are located around the country.

### *Employees*

The Group recognises that its employees are a key asset within the business. Losing key employees and being unable to recruit replacements with the right experience and skills could adversely impact the Group's performance. To manage this, the Group has training programmes to develop employees and has implemented several reward schemes that are linked to the Group's results and designed to retain key individuals.

### **Key Performance Indicators ("KPIs")**

The Group has made progress on its strategies during the year. The monitoring process is through KPIs, which are shown below.

	2008	2007	Definition, calculation and analysis
Growth in Turnover (%)	14.8%	8.5%	Year on year sales growth expressed as a percentage. Sales have improved through additional product offerings, increasing the customer base and higher customer retention.
Operating profit margin (%)	15.2%	16.8%	Operating profit margin is the ratio of operating profit before goodwill amortisation to sales, expressed as a percentage. The decrease is due to one off costs within 2007/08.
Net Cash inflow from Operating activities	£26.8m	£38.4m	Net Cash inflow is calculated by reconciling Operating profit to cash generated from the Group's activities. The decrease includes a dividend payment of £10m paid in August 2007.
Average number of Employees	456	430	The average number of employees in employment with the Group. As the Group continues to grow we aim to recruit the best labour talent around.

### **Charitable donations**

Donations totalling £7,036 (2007: £20,927) were paid during the year.

### **Disabled persons**

The Group's policy is that applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. Furthermore, in the event of members of staff becoming disabled every effort would be made to ensure that their employment with the Group continued and appropriate training arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should be, as far as possible, identical to that of a person who does not suffer from a disability.

# Satellite Information Services (Holdings) Limited

## Report of the directors for the year ended 31 March 2008 (continued)

### Policy on payment of creditors

The Group agrees terms and conditions for business transactions with their suppliers. Payment is made on these terms, subject to these terms being met by the supplier. The Group has approximately 36 days purchases outstanding at 31 March 2008 (2007: 35 days) based on the average daily amount invoiced by suppliers during the year.

### Employee involvement

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account in decisions which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the Group as a whole.

The following held office during the year, unless stated otherwise.

### Directors

H S Perlin (Chairman)	D K Holdgate (Chief Executive)
D Harding (resigned 30 <sup>th</sup> September 2007)	I J Spearing
W W Bartlett	J M May
M A M Carver (resigned 31st March 2008)	M S Rosenberg (resigned 30th December 2007)
F Done	A Ross
A J Hales CBE	M J J Scanlon
C H B Mills (appointed 17 <sup>th</sup> January 2008)	

### Alternates

R B S Fisher	Alt for J M May (resigned 25 <sup>th</sup> May 2007)
A Lindley	Alt for M J J Scanlon
A M Prestwich	Alt for M S Rosenberg (resigned 30 <sup>th</sup> December 2007)
B G Wallace	Alt for A Ross (appointed 2 <sup>nd</sup> August 2007)
M S D Masters	Alt for J M May (appointed 2 <sup>nd</sup> August 2007)
M B Hawtin	Alt for C H B Mills (appointed 17th January 2008)

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## Satellite Information Services (Holdings) Limited

### Report of the directors for the year ended 31 March 2008 (continued)

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Provision of information to auditors

The directors confirm that so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware, and the directors have taken all the steps that ought to have been taken as directors, in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### Auditors

The auditors, Ernst & Young LLP were appointed during the year ended 31<sup>st</sup> March 2008. In accordance with s 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Group.



BY ORDER OF THE BOARD

K Smith  
Company Secretary  
Satellite Information Services (Holdings) Limited,  
17 Corsham Street,  
London  
N1 6DR

~~July 2008~~  
26 AUG 2008

# Independent auditors' report to the members of Satellite Information Services (Holdings) Limited

We have audited the group and parent company financial statements (the "financial statements") of Satellite Information Services (Holdings) Limited for the year ended 31 March 2008 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group cash flow statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of audit opinion

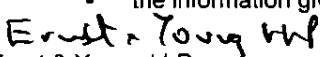
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2008 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

  
Ernst & Young LLP  
Registered auditor  
London

5 September 2008

# Satellite Information Services (Holdings) Limited

## Group profit and loss account for the year ended 31 March 2008

	Notes	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000 Restated *
Turnover	2	158,973	138,485
Operating expenses		(134,844)	(115,087)
Operating profit	3	24,129	23,398
Net interest receivable	5	1,955	928
Profit on ordinary activities before taxation		26,084	24,326
Tax on profit on ordinary activities	6	(8,149)	(7,375)
Retained profit transferred to reserves	19	17,935	16,951

All operations are continuing

As permitted under Section 230 of the Companies Act 1985, the profit and loss account of the Company is not published as part of these financial statements. The profit for the year of the Company is shown in note 19 to the financial statements.

The Group has recognised gains or losses due to a change in the accounting policy, therefore a separate statement of total gains and losses has been presented.

## Statement of Total Recognised Gains and Losses for the year ended 31 March 2008

	Note	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000 Restated
Total recognised gains and losses for the financial year		17,935	16,951
Prior year adjustment	8	(113)	
Total gains and losses recognised since last annual report		17,822	

\* The restated 31<sup>st</sup> March 2007 figures relate to a change in accounting policy for stock recognition (see note 8)

# Satellite Information Services (Holdings) Limited

## Group balance sheet as at 31 March 2008

	Notes	31 March 2008 £'000	31 March 2007 £'000 Restated
<b>Intangible Fixed assets</b>			
Goodwill	9	833	-
<b>Fixed assets</b>			
Tangible assets	10	22,971	20,924
<b>Total fixed assets</b>		<b>23,804</b>	<b>20,924</b>
<b>Current assets</b>			
Stock	8,12	1,513	1,835
Debtors	13	10,662	4,871
Cash at bank and in hand	25	32,170	30,346
		<b>44,345</b>	<b>37,052</b>
<b>Creditors amounts falling due within one year</b>	14	<b>(27,024)</b>	<b>(25,980)</b>
<b>Net current assets</b>		<b>17,321</b>	<b>11,072</b>
<b>Total assets less current liabilities</b>		<b>41,125</b>	<b>31,996</b>
<b>Creditors amounts falling due after more than one year</b>	15	<b>(550)</b>	<b>-</b>
Provisions for liabilities and charges	16	(2,490)	(1,714)
<b>Net assets</b>		<b>38,085</b>	<b>30,282</b>
<b>Capital and reserves</b>			
Called up equity share capital	18	20	20
Share premium account	19	9,836	9,836
Capital redemption reserve	19	2	2
Profit and loss account	19	28,227	20,424
<b>Equity shareholders' funds</b>	20	<b>38,085</b>	<b>30,282</b>

26 AUG 2008

The financial statements on pages 7 to 24 were approved by the board of directors on ~~2008~~ and signed on its behalf by

  
D K Holdgate  
Director

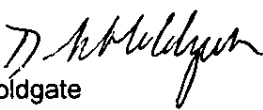
# Satellite Information Services (Holdings) Limited

## Company balance sheet as at 31 March 2008

	Notes	31 March 2008 £'000	31 March 2007 £'000
<b>Fixed assets</b>			
Investment in subsidiary undertakings	11	55	55
		<b>55</b>	<b>55</b>
<b>Current assets</b>			
Debtors	13	10,549	10,678
Cash at bank and in hand		70	70
		<b>10,619</b>	<b>10,748</b>
<b>Total assets</b>		<b>10,674</b>	<b>10,803</b>
<b>Capital and reserves</b>			
Called up equity share capital	18	20	20
Share premium account	19	9,836	9,836
Capital redemption reserve	19	2	2
Profit and loss account	19	816	945
<b>Equity shareholders' funds</b>	20	<b>10,674</b>	<b>10,803</b>

26 AUG 2008

The financial statements on pages 7 to 24 were approved by the board of directors on ~~2008~~ and signed on its behalf by

  
D K Holdgate  
Director

# Satellite Information Services (Holdings) Limited

## Group cash flow statement for the year ended 31 March 2008

	Note	Year ended 31 March 2008		Year ended 31 March 2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	24		26,830		38,441
<b>Returns on investments and servicing of finance</b>					
Interest received		1,955		1,158	
Interest paid		-		(317)	
Non-equity dividends paid to shareholders		(4)		-	
Net cash inflow from returns on investments and servicing of finance			1,951		841
Taxation			(8,551)		(6,887)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(7,962)		(6,178)	
Sale of tangible fixed assets		121		203	
Investment in subsidiaries		(437)		-	
			(8,278)		(5,975)
Net cash inflow before financing			11,952		26,420
Equity dividends paid to shareholders			(9,999)		-
<b>Financing</b>					
Decrease in borrowings			-		(6,500)
Purchase of own shares			(129)		(117)
Increase in cash flow			1,824		19,803

## Reconciliation to net funds

	2008 £'000	2007 £'000
Net funds at 1 April	30,346	4,043
Increase in cash flow	1,824	19,803
Decrease in borrowings	-	6,500
Net funds at 31 March	32,170	30,346

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008

### 1 Accounting policies

#### a) Basis of preparation

The financial statements have been prepared under the historical cost convention. There has been a change in accounting policy during the financial year, stock has been recognised separately to fixed assets which is explained in accounting policy note 1(i) and in note 8. The principal accounting policies are set out below.

#### b) Basis of consolidation

The Group financial statements are the result of the consolidation of the financial statements of the Company and its subsidiaries.

#### c) Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied. Amounts received in advance from customers are deferred and recognised in the profit and loss, only once the service has been provided and if for a period over the term of the related contract.

Turnover is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Turnover is recognised at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

#### d) Tangible fixed assets, depreciation and impairment.

Tangible fixed assets are stated at their purchase price, together with any expenses of acquisition and installation.

Tangible fixed assets are written off in equal instalments over the following estimated useful asset lives:

Installed equipment	3 - 8 years
Studio equipment	5 years
Motor vehicles	4 - 5 years
Fixtures, fittings and other equipment	4 - 7 years
Leasehold improvements	4 years or over the life of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Dilapidation costs relating to contractual obligations of the Group on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal are accounted for in provisions for liabilities and charges in note 16.

#### e) Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 1 Accounting policies (Continued)

#### f) Pension scheme arrangements

The Group operates a contributory money-purchase pension scheme. Payments made to the fund are charged in the financial statements as part of employment costs as incurred.

#### g) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the end of the financial year. Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling on the date payment takes place unless related or matching forward foreign exchange contracts have been entered into when the rate specified in that contract is used. Any resultant foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Profits and losses and assets and liabilities of subsidiaries which have currencies of operation other than sterling are translated into sterling at year-end exchange rates. Exchange differences arising from retranslation of the opening net assets of subsidiaries, which have currencies of operation other than sterling are taken to reserves.

#### h) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profit or loss and its results as stated in the consolidated financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### i) Stock valuation

All stock receipted into the warehouses will be accounted for as stock until transferred to an uplink vehicle or licensed betting office (LBO). At this point the stock will be transferred to fixed assets. Stock has been valued at the lower of cost and net realisable value.

#### j) Goodwill

Position goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carry value may not be recoverable.

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 1 Accounting policies (Continued)

#### k) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

### 2 Segmental analysis

Revenue earned by destination is split as follows

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
UK and Ireland	151,847	131,995
Other	7,126	6,490
	<b>158,973</b>	<b>138,485</b>

Revenue generated from the UK companies is £157,974,000 (2007 £137,947,000) and France is £998,909 (2007 £538,000). Profit before tax relating to the UK companies is £25,986,409 (2007 £24,210,000) and France is £97,591 (2007 £3,000). Net assets relating to the UK companies amount to £37,976,391 (2007 £30,269,000) and net assets relating to France are £108,248 (2007 £13,000). Revenue and profit split by business unit

	UK racing pictures	UK racing pictures	Uplink services	Uplink services	Other services	Other services	Total	Total
	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Turnover								
Total sales	121,856	102,000	26,243	20,773	23,282	24,715	171,382	147,488
Inter-segment sales	-	-	(12,321)	(9,338)	(87)	335	(12,408)	(9,003)
Sales to third parties	121,856	102,000	13,922	11,435	23,195	25,050	158,973	138,485
Operating profit								
Segmental profit	8,182	7,011	10,014	7,864	5,933	8,523	24,129	23,398

Analyses by business unit are based on the Group's management structure. UK racing pictures supply horse and dog racing pictures to the UK licensed betting offices. Uplink services supplies satellite uplinks from sport and news events to network providers. Other services include the production of pictures to the licensed betting offices and services offered to overseas customers.

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 3 Operating profit

Operating profit is stated after charging/(crediting)

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Amortisation of goodwill (note 9)	102	-
Depreciation of tangible fixed assets (Note 10)	8,071	7,360
Profit on disposal of fixed assets	(94)	(80)
Operating lease rentals		
Plant & Machinery	2,126	2,032
Other	1,397	1,371
Services provided by the company's auditor and its associates		
Fees payable for the audit of the parent company and consolidated accounts	70	72
Fees payable for other services	-	226
Fees payable for tax services	30	73

Auditors' remuneration includes £5,000 (2007 £5,000) in respect of the parent company audit

### 4 Employees and directors

The monthly number of persons employed by the Group, including executive directors, during the year was 456 (2007 430)

Employment costs were

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Wages and salaries	18,611	16,085
Social security costs	1,662	1,603
Pension contributions	827	745
	<b>21,100</b>	<b>18,433</b>
Directors' emoluments (excluding pension contributions)	577	582
Emoluments (excluding pension fund contributions) of the highest paid director were	331	311

The Group made contributions to a money-purchase pension scheme totalling £18,921 (2007 £18,124) for the highest paid director

No share options have been granted to or exercised by any of the directors. During the year no director had an interest in the shares of the company

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 5 Interest

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Bank interest receivable	1,955	1,312
Interest payable on overdrafts and bank loans	-	(384)
<b>Net Interest receivable</b>	<b>1,955</b>	<b>928</b>

### 6 Taxation

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
UK corporation tax charge for the period	7,380	7,264
Group relief payable	517	-
Adjustment to current taxation in respect of prior years	350	(52)
Overseas tax	206	-
Double tax relief	(206)	-
<b>Total current tax</b>	<b>8,247</b>	<b>7,212</b>
Deferred tax – origination and reversal of timing differences	(98)	163
	<b>8,149</b>	<b>7,375</b>

The Group's effective tax rate reconciliation is as follows

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000 Restated
<b>Profit on ordinary activities before taxation</b>	<b>26,084</b>	<b>24,398</b>
Profit before taxation multiplied by the UK statutory rate of 30% (2007 30%)	7,825	7,319
Effects of		
Capital allowances in excess of depreciation	(19)	(71)
Overseas tax	(231)	-
Other adjustments not deductible for taxation purposes	328	71
Other differences / (marginal relief)	(6)	-
Adjustments in respect of prior year periods	350	(107)
<b>Actual current tax charge</b>	<b>8,247</b>	<b>7,212</b>

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 7 Dividends

	Year ended 31 March 2008	Year ended 31 March 2007
Equity Dividend Paid £50 118 per share	10,000	-
Less Dividend arising on own shares	(1)	-
	<u>9,999</u>	-
Non-equity - 6% preference dividend proposed	3	4
Non-equity - 6% preference dividend paid	<u>4</u>	-
	<u>7</u>	<u>4</u>

### 8 Prior period adjustment

Through review of the accounting policies of Satellite Information Services Limited and changes to processes and procedures within the business it was deemed necessary to adopt SSAP 9 "stocks and long-term contracts" to value stock, items held within warehouse prior to installation within a uplink vehicle of licensed betting office, within the Group. All assets received and stored in the Group will be accounted for as stock until such time as they are despatched to either a licensed betting office or an uplink vehicle.

The change to the accounting policy relating to the previous year has been recognised in the financial statements as a prior year adjustment and comparative figures for 2006/07 have been restated. The effect on the continuing operations of implementing this new accounting policy was to increase trading profit for the year by £0.2m (2006/07 £0.1m) and to increase the value of the Group reserves at 31<sup>st</sup> March 2008 by £0.2m (2006/07 £0.1m).

### 9 Goodwill

	£'000
<b>Cost:</b>	
At 1 April 2007	-
Acquisitions	<u>935</u>
<b>At 31 March 2008</b>	<u>935</u>
<b>Amortisation</b>	
At 1 April 2007	-
Charge for the year	<u>102</u>
<b>At 31 March 2008</b>	<u>102</u>
<b>Net book amount</b>	
<b>At 31 March 2008</b>	<u>833</u>
At 31 March 2007	-

Satellite Information Services Limited purchased 100% of the share capital of Fatpipe Satcom Limited on 5<sup>th</sup> September 2007.

Goodwill is amortised on a straight line basis over a period of five years from 5<sup>th</sup> September 2007.

# Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

## 10 Tangible fixed assets – Group

	Installed equipment £'000	Studio equipment £'000	Motor vehicles £'000	Fixtures, fittings and other equipment £'000	Leasehold improvements £'000	Total £'000
<b>Cost.</b>						
At 1 April 2007	31,737	7,021	20,217	3,566	2,740	65,281
Prior year adjustment	(2,632)	-	-	-	-	(2,632)
At 1 April 2007 restated	29,105	7,021	20,217	3,566	2,740	62,649
Additions	1,731	813	5,122	880	1,598	10,144
Disposals	(872)	-	-	-	-	(872)
<b>At 31 March 2008</b>	<b>29,964</b>	<b>7,834</b>	<b>25,339</b>	<b>4,446</b>	<b>4,338</b>	<b>71,921</b>
<b>Depreciation</b>						
At 1 April 2007	23,259	3,508	13,324	1,294	1,250	42,635
Prior year adjustment	(911)	-	-	-	-	(911)
At 1 April 2007 restated	22,348	3,508	13,324	1,294	1,250	41,724
Charge for the year	2,739	1,174	2,321	915	922	8,071
Disposals	(845)	-	-	-	-	(845)
<b>At 31 March 2008</b>	<b>24,242</b>	<b>4,682</b>	<b>15,645</b>	<b>2,209</b>	<b>2,172</b>	<b>48,950</b>
<b>Net book amount at 31 March 2008</b>	<b>5,722</b>	<b>3,152</b>	<b>9,694</b>	<b>2,237</b>	<b>2,166</b>	<b>22,971</b>
Net book amount at 31 March 2007	6,756	3,513	6,893	2,272	1,490	20,924

Where appropriate, opening balances have been reclassified as stock per note 8

# Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

## 11 Investments in subsidiaries and own shares

Name	Country of Incorporation	Ownership	31 March 2008 £'000	31 March 2007 £'000
<b>Cost of investment</b>				
Satellite Information Services Limited	UK	100%	-	-
Fatpipe Satcom Limited	UK	100%	-	-
Independent Betting Adjudication Services	UK	100%	-	-
Satellite Sports Services Limited *	UK	100%	-	-
Satellite Racing Services Limited *	UK	100%	-	-
Frontrelay Limited *	UK	100%	-	-
Spacebit Limited	UK	100%**	39	39
Intercontinental Racing Limited*	UK	50%	-	-
Sister Networks plc*	UK	100%	12	12
SISBet Limited*	UK	100%	-	-
Spacedish Limited*	UK	100%	-	-
SISLink SARL	France	100%	347	347
<b>Total cost of investment</b>			<b>398</b>	<b>398</b>
<b>Provision for impairment against cost of investment</b>				
SISLink SARL			(343)	(343)
<b>Total provision for impairment</b>			<b>(343)</b>	<b>(343)</b>
<b>Net book amount of investments</b>			<b>55</b>	<b>55</b>

\* Dormant

\*\* The Company owns 100% of the ordinary shares in Spacebit Limited 100% of the 6% preference shares in Spacebit Limited (which represent 61% of the shareholder voting rights) are owned by related parties Decision making and control of the company is undertaken by Satellite Information Services (Holdings) Limited

The trading activities of subsidiaries are the same as the principal activity of the Group Intercontinental Racing Limited has been treated as a subsidiary of Satellite Information Services (Holdings) Limited on the basis that Satellite Information Services (Holdings) Limited has a participating interest in Intercontinental Racing Limited and the two companies are managed on a unified basis The above companies have been consolidated in the Group financial statements

During the year the company made no investments (2007 £nil) in its French subsidiary, SISLink SARL This amount has been provided against as at 31 March 2008 The SISLink France subsidiary has been consolidated into Satellite Information Services (Holdings) Limited at the year end exchange rate of 1 26205

Fatpipe Satcom Limited was purchased on 5th September 2007 For the period from acquisition to 31st March 2008 it has generated a profit of £15,939, net assets at date of purchase were £52,000 The goodwill recognised during this period was £833,000 Satellite Information Services Limited became principle owners of Independent Betting Adjudication Services (IBAS) from 1st January 2008 It has made a loss of £4,552 during the three months to 31st March 2008, net liabilities at the date of ownership were £1,985 SISLink Inc was formed on 5<sup>th</sup> December 2007 and as at 31<sup>st</sup> March 2008 the company was dormant

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### Investment in own shares

As at 31 March 2008, the Group owned the entire share capital of Frontrelay Limited, a company incorporated in the United Kingdom, which acts as a trustee to the Satellite Information Services Limited Profit Sharing Share Scheme. The investment in these shares has been written down to a nominal value.

### 12 Stock

	31 March 2008 £'000 Group	31 March 2008 £'000 Company	31 March 2007 £'000 Group restated	31 March 2007 £'000 Company
Finished goods	1,513	-	1,835	-
	1,513	-	1,835	-

### 13 Debtors

	31 March 2008 Group £'000	31 March 2008 Company £'000	31 March 2007 Group £'000	31 March 2007 Company £'000
Trade debtors	3,025	-	1,659	-
Amounts owed by Group undertakings	-	10,549	-	10,678
Other debtors	1,812	-	398	-
Prepayments and accrued income	5,825	-	2,814	-
	10,662	10,549	4,871	10,678

### 14 Creditors: amounts falling due in less than one year

	31 March 2008 Group £'000	31 March 2008 Company £'000	31 March 2007 Group £'000	31 March 2007 Company £'000
Trade creditors	5,582	-	4,160	-
Other creditors	2,449	-	1,765	-
UK corporation and overseas tax	3,310	-	3,661	-
Other taxation and social security	1,220	-	1,540	-
Deferred income and payments in advance	6,783	-	8,398	-
Accruals	7,680	-	6,456	-
	27,024	-	25,980	-

The preference shares proposed within Spacebit Limited during the year have been accounted for within the Group accruals balance.

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

### 15 Creditors: amounts falling due after more than one year

	31 March 2008 Group £'000	31 March 2008 Company £'000	31 March 2007 Group £'000	31 March 2007 Company £'000
Other creditors	550	-	-	-
	550	-	-	-

Other creditors falling due after more than one year of £550,000 represent the deferred consideration due to the original owners of Fatpipe Satcom Limited, on the acquisition of Fatpipe Satcom Limited by Satellite Information Services Limited

### 16 Provisions for liabilities and charges

	Dilapidations £'000	Deferred tax £'000	WEEE £'000	Total £'000
At 1 <sup>st</sup> April 2007	813	232	669	1,714
Charge for the year	1,174	-	-	1,174
	1,987	232	669	2,888
Utilised in the year	-	(98)	(300)	(398)
At 31 <sup>st</sup> March 2008	1,987	134	369	2,490

#### Dilapidation

The dilapidation provision relates to contractual obligations of the Company on surrender of property leases to re-instate the premises to the same state and condition as before occupancy including making good all damage caused by removal. A survey of all properties leased by SIS was undertaken by Lewis Berkeley, Chartered Surveyor, in February 2008 to provide a qualified estimate of the probable dilapidation cost.

#### WEEE

The Waste Electrical and Electronic Equipment Directive (WEEE Directive) aims to minimise the impact of electrical and electronic goods on the environment by increasing re-use and recycling and reducing the amount of WEEE going to landfill. It seeks to achieve this by making producers responsible for financing the collection, treatment, and recovery of waste electrical equipment, and by obliging distributors to allow consumers to return their waste equipment free of charge. Therefore the WEEE provision relates to the collection, treatment and recovery of waste electrical equipment that is leased to licensed betting offices in the UK.

#### Deferred Tax

A detailed analysis of the movement in deferred tax is shown in note 17.

# Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

## 17 Deferred tax

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Accelerated capital allowances	(141)	(284)
Short term timing differences	7	52
<b>Deferred tax liability</b>	<b>(134)</b>	<b>(232)</b>

The opening and closing deferred tax positions can be reconciled as follows

	£'000
Deferred tax liability March 2007	232
Charged / (credit) to profit and loss account (note 6)	(98)
<b>Deferred tax liability as 31 March 2008</b>	<b>134</b>

There are no unprovided amounts in respect of deferred tax

## 18 Share capital

	Authorised Number of Shares	£	Allotted, called up and fully paid Number of shares	£
Ordinary shares of 10p				
At 1 April 2007	295,000	29,500	199,776	19,978
Share buyback	-	-	(247)	(25)
<b>At 31 March 2008</b>	<b>295,000</b>	<b>29,500</b>	<b>199,529</b>	<b>19,953</b>

## 19 Reserves - Group

	Share premium account £'000	Capital Redemption Reserve £'000	Profit and loss account £'000 restated	Total £'000
At 1 April 2007	9,836	2	20,424	30,262
Retained profit for the year	-	-	17,935	17,935
Dividends	-	-	(10,003)	(10,003)
Share buyback	-	-	(129)	(129)
<b>At 31 March 2008</b>	<b>9,836</b>	<b>2</b>	<b>28,227</b>	<b>38,065</b>

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

During the year, 247 ordinary shares were purchased by the Group for a total cost of £129,000. They were repurchased from Devon & Exeter Steeplechase (Holdings) Limited at £518.93 per share. These shares were subsequently cancelled.

### Reserves – Company

	Share premium account £'000	Capital Redemption Reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2007	9,836	2	945	10,783
Share buyback	-	-	(129)	(129)
<b>At 31 March 2008</b>	<b>9,836</b>	<b>2</b>	<b>816</b>	<b>10,654</b>

## 20 Reconciliation in movements in shareholders' funds – Group

	31 March 2008 £'000	31 March 2007 £'000 Restated
Opening shareholders' funds	30,282	13,452
Retained profit for the year	17,935	16,951
Dividends paid	(10,003)	(4)
Cancellation of purchased shares	(129)	(117)
<b>Closing shareholders' funds</b>	<b>38,085</b>	<b>30,282</b>

### Reconciliation in movements in shareholders' funds – Company

	31 March 2008 £'000	31 March 2007 £'000
Opening shareholders' funds	10,803	10,920
Cancellation of purchased shares	(129)	(117)
<b>Closing shareholders' funds</b>	<b>10,674</b>	<b>10,803</b>

## 21 Capital commitments – Group

The Group has the following capital commitments

	31 March 2008 £'000	31 March 2007 £'000
Capital expenditure	8,971	4,668

# Satellite Information Services (Holdings) Limited

## Notes to the financial statements for the year ended 31 March 2008 (continued)

The committed capital expenditure principally relates to the purchase of uplink trucks, service delivery equipment and expansion at the Milton Keynes office

### 22 Financial commitments – Group

The Group has annual commitments under non-cancellable operating leases expiring as follows

	31 March 2008		31 March 2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	49	424	13	44
Within 2 & 5 years	172	2,270	199	1,406
After 5 years	686	-	686	866

### 23 Related party transactions

The Company and its shareholders are members of a consortium for corporation taxation purposes

During the year the following tax payments were made to Catalyst Media Group plc, £808,463 (2007 £236,983)

At 31 March 2008 the following amounts were owed to / (from) shareholders

	31 March 2008 £'000	31 March 2007 £'000
Catalyst Media group plc	-	(11)
	-	(11)

### Trading and Material Contracts

During the year the Group earned revenue from Ladbrokes plc of £24,228,239 (2007 £20,039,084), William Hill Organization Limited of £22,089,436 (2007 £17,319,489) and the Horserace Totalisator Board of £5,221,017 (2007 £4,286,702)

Ladbrokes plc, William Hill Organisation Limited and the Horserace Totalisator Board are all shareholders of Satellite Information Services (Holdings) Limited

# Satellite Information Services (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2008 (continued)

## 24 Reconciliation of operating profit to net cash inflow from operating activities

	31 March 2008 £'000	31 March 2007 £'000 Restated
Operating profit	24,129	23,398
Depreciation	8,071	7,247
Profit on sale of fixed assets	(94)	(80)
(Decrease) in stock	322	-
(Increase)/Decrease in debtors	(8,362)	4,688
Increase in creditors	2,764	3,188
<b>Net cash inflow from operating activities</b>	<b>26,830</b>	<b>38,441</b>

## 25 Reconciliation of movement in net funds

	1 April 2007 £000	Cash flow £000	31 March 2008 £000
Cash in hand and at bank	30,346	1,824	32,170

## 26 Post balance sheet event

On 1<sup>st</sup> April 2008 SIS Limited purchased the assets of BBC Outside Broadcasts, a division of BBC Resources Limited

As the new subsidiary of Satellite Information Services Limited, Satellite Information Services Outside Broadcast Limited will now own and operate the ex-BBC Outside Broadcasts fleet of television production units, plus sound, support and communications vehicles, and award-winning special cameras, adding to the biggest satellite uplink fleet in Europe that SIS has built since it commenced broadcasting in 1987