

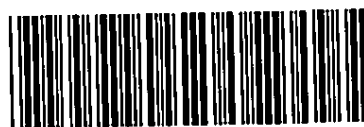
**AMSTRAD SATELLITE PRODUCTS LIMITED**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2007**

**Company Number: 3341215**

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The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 30 June 2007

**Business review and principal activities**

The principal activities of the Company are the design, development, marketing and distribution of satellite products

Overall, set top box volumes were lower than a year ago with the inevitable downward pressure on the selling price of more mature products being partially countered by cost reductions achieved through re-engineering and manufacturing and component cost reductions

The broadcasting industry is increasingly moving towards high definition television and the Company continues to work on developing HDTV set top boxes and HDTV PVR boxes. Delivery of HDTV boxes started at the end of the last financial year and deliveries of an HDTV PVR box are due to commence shortly. The Company is also in the final stages of developing a new PVR box.

On 31 July 2007, Sky Digital Supplies Limited, a wholly-owned subsidiary of British Sky Broadcasting Group plc, made a recommended cash offer (with a loan note alternative) for the entire issued and to be issued share capital of the immediate and ultimate parent company of Amstrad Satellite Products Limited, Amstrad plc.

On 5 September 2007, the directors of Sky Digital Supplies Limited announced that all of the conditions of the offer had been satisfied or waived. Accordingly, the offer was declared unconditional in all respects.

On 7 September 2007 the directors of Sky Digital Supplies Limited announced that as valid acceptances had been received in respect of more than 90% in value and voting rights of Amstrad plc's share capital, Sky Digital Supplies Limited would commence sending notices to non-assenting Amstrad shareholders implementing the procedures set out in the Companies Act 2006 to acquire compulsorily those Amstrad shares which have not assented to the offer. On the same date it was announced that an application would be made to the UK Listing Authority for the de-listing of Amstrad from the London Stock Exchange with effect from 8 October 2007.

**Principal risks and uncertainties**

Risk is present in all businesses and the Board regularly reviews the risks faced by the Company. The directors consider that the major risks and uncertainties to the Company at this point in time are

- **Market uncertainties.** The broadcasting industry is going through significant change with the convergence of technology and the move from standard definition to high definition broadcasting. This change presents both opportunities and uncertainties to the Company in terms of future products and potential volumes.
- **Imposition of duty.** The EU is currently considering whether to impose duty on the import of interactive satellite set top boxes to the EU. The Company currently manufactures outside of the EU. The imposition of duty will have no impact on current orders and the impact on future business is uncertain as non-duty considerations such as labour rates and labour efficiency may still make it more attractive to manufacture outside the EU.
- **Component lead times.** In the consumer electronics business there can be times where components are in short supply with long lead times. The Company regularly monitors the situation and adjusts plans accordingly.
- **Customer mix.** Most of the Company's sales are to two major broadcasting customers where there is also an ongoing relationship in terms of product evolution and support.
- **Exchange rate risk.** The Company principally sells in sterling and Euros and buys in dollars. There therefore can be risk in terms of adverse exchange rate movements. The Company mitigates this risk by entering forward foreign exchange contracts to buy and sell currency.

**Principal risks and uncertainties (continued)**

The Company has a strong balance sheet and as such the Board does not consider the Company is subject to undue financial risk

**Performance monitoring**

The Board monitors the Company's performance in a number of ways including key performance indicators. The key financial performance indicators together with the information for 2007 and 2006 are as follows -

	2007	2006
• Turnover	£56.8m	£74.2m
• Gross Margin %	26.1%	26.2%
• Pre-tax Profit	£8.8m	£14.2m

The turnover financial performance indicator represents what has been invoiced to customers in the year and measures sales growth or decline in value terms

The gross margin is calculated by dividing gross profit by turnover and measures the total profitability of product sales

Pre-tax profit is the profit generated by the Company before taxation. This indicator measures the overall profitability of the business

**Results and dividends**

The Company reported a profit before taxation of £8.8m (2006 £14.2m) on sales of £56.8m (2006 £74.2m). The directors approved and paid a dividend of £6,000,000 (2006 £28,000,000) on 29 June 2007 equating to £857,143 per share (2006 £4,000,000 per share)

**Research and development**

The expenditure on research and development is set out in note 3 to the financial statements

**Directors**

The following directors held office throughout the year -

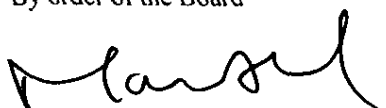
Sir Alan Sugar  
Mr M A G Bland  
Mr S Sugar

**Auditors**

To the best of each of the directors' knowledge and belief, and having made appropriate enquiries of other officers of the Company, all information relevant to enabling the auditors to provide their opinion on the financial statements has been provided. Each of the directors has taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the Company's auditors are aware of such information

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them and to authorise the directors to agree their remuneration will be proposed at the forthcoming Annual General Meeting

By order of the Board



M A G Bland  
Secretary  
31 October 2007

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We have audited the financial statements of Amstrad Satellite Products Limited for the year ended 30 June 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 law and United Kingdom 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 United Kingdom 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, in accordance with the relevant financial reporting framework, and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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 Director's 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 Company's affairs as at 30 June 2007 and its 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



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London

31 October 2007

**Profit and Loss Account**  
**Year Ended 30 June 2007**

**Amstrad Satellite Products Limited**

		<i>Year ended</i> <i>30 June</i> <i>2007</i> <i>£000</i>	<i>Year ended</i> <i>30 June</i> <i>2006</i> <i>£000</i>
	<i>Notes</i>		
<b>Turnover</b>	2	56,795	74,177
Cost of sales		<u>(41,976)</u>	<u>(54,753)</u>
<b>Gross profit</b>		14,819	19,424
Distribution costs		<u>(689)</u>	<u>(568)</u>
Administrative expenses		<u>(5,296)</u>	<u>(4,657)</u>
Net operating expenses		<u>(5,985)</u>	<u>(5,225)</u>
<b>Profit on ordinary activities before taxation</b>	3	8,834	14,199
Tax on profit on ordinary activities	6	<u>(2,466)</u>	<u>(4,231)</u>
<b>Profit on ordinary activities after taxation</b>		<u>6,368</u>	<u>9,968</u>

There are no recognised gains or losses other than those included within the profit and loss account  
 Consequently no statement of total recognised gains and losses is presented The turnover and operating  
 profit all relate to continuing operations

**Balance Sheet**  
As at 30 June 2007

**Amstrad Satellite Products Limited**

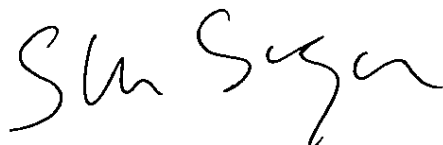
		30 June 2007 £000	30 June 2006 £000
	Notes		
<b>Current assets</b>			
Stocks	7	7,682	5,949
Debtors	8	1,324	3,403
		<u>9,006</u>	<u>9,352</u>
<b>Creditors amounts falling due within one year</b>	9	(1,120)	(1,834)
		<u>7,886</u>	<u>7,518</u>
<b>Net current assets</b>			
		<u>7,886</u>	<u>7,518</u>
<b>Total assets less current liabilities</b>		<u>7,886</u>	<u>7,518</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Share premium account	11	6,500	6,500
Profit and loss account	11	1,386	1,018
		<u>7,886</u>	<u>7,518</u>
<b>Shareholders' funds</b>	12	<u>7,886</u>	<u>7,518</u>

The financial statements were approved by the Board of Directors on 31 October 2007

M A G Bland



S Sugar



*Directors*

**1. Accounting policies**

- (a) The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom accounting standards. These accounting policies have been consistently applied in the current and preceding years except for the adoption of FRS 21 "events after the balance sheet date"
- (b) Turnover comprises invoiced sales and services less returns and VAT
- (c) Stocks are stated at the lower of cost and net realisable value
- (d) The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

- (e) Development costs, both internal and external, associated with the Company's products, are written off to the profit and loss account as they are incurred
- (f) **Cash flow statement**  
As permitted by FRS 1 (Revised 1996) "cash flow statements", the Company has not prepared a cash flow statement because it is a wholly owned subsidiary and consolidated financial statements in which the Company's results are included are publicly available

**2. Turnover**

All turnover derives from one class of business originating in the United Kingdom. An analysis of turnover by geographical destination is as follows -

	<i>Year ended 30 June 2007 £000</i>	<i>Year ended 30 June 2006 £000</i>
United Kingdom	52,207	55,880
Italy	4,588	18,297
	<u>56,795</u>	<u>74,177</u>

**3. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging the following -

	<i>Year ended 30 June 2007 £000</i>	<i>Year ended 30 June 2006 £000</i>
Research and development expenditure	2,520	2,616

**3 Profit on ordinary activities before taxation (continued)**

	<i>Year ended 30 June 2007 £000</i>	<i>Year ended 30 June 2006 £000</i>
<b>Auditors' remuneration</b>		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	5	5
Tax services	11	10
	<u>16</u>	<u>15</u>

**4. Emoluments of directors**

The directors received no emoluments for their services to the Company in this year or the prior year. The directors are also directors of other companies within the Amstrad group of companies. It is not practicable to allocate their emoluments between such companies.

**5. Staff numbers and costs**

The Company employed no staff in this year or the prior year. Services are provided and charged to the Company by Amstrad plc, the Company's immediate and ultimate parent company.

**6. Tax charge on profit on ordinary activities**

	<i>Year ended 30 June 2007 £000</i>	<i>Year ended 30 June 2006 £000</i>
Tax based on the profit on ordinary activities for the year		
UK corporation tax at 30% (2006 30%)	(2,516)	(3,924)
Group relief payable at 30% (2006 30%)	(3)	(299)
Adjustment in respect of prior periods	49	(69)
Current tax charge	<u>(2,470)</u>	<u>(4,292)</u>
Deferred tax credit	4	61
	<u>(2,466)</u>	<u>(4,231)</u>

The tax charge for the year differs from the tax charge which would result by applying the standard rate of corporation tax of 30% (2006 30%) as explained below.

	<i>Year ended 30 June 2007 £000</i>	<i>Year ended 30 June 2006 £000</i>
Profit on ordinary activities at the standard rate of corporation tax of 30%	(2,650)	(4,260)
Effects of		
Expenses treated differently for tax purposes	135	80
Movements in short term timing differences	(4)	(43)
Adjustment in respect of prior periods	49	(69)
	<u>(2,470)</u>	<u>(4,292)</u>

**7 Stocks**

	<i>30 June 2007 £000</i>	<i>30 June 2006 £000</i>
Finished goods and goods for resale	7,046	5,372
Raw materials and consumables	<u>636</u>	<u>577</u>
	<u>7,682</u>	<u>5,949</u>

**8 Debtors**

	<i>30 June 2007 £000</i>	<i>30 June 2006 £000</i>
Amounts owed by parent company	1,179	3,262
Deferred tax asset	<u>145</u>	<u>141</u>
	<u>1,324</u>	<u>3,403</u>

The deferred tax asset of £145,000 (2006 £141,000) represents short term timing differences

<i>Movement on deferred tax asset</i>	<i>30 June 2007 £000</i>	<i>30 June 2006 £000</i>
At 1 July	141	80
Credit to the profit and loss account	<u>4</u>	<u>61</u>
At 30 June	<u>145</u>	<u>141</u>

**9 Creditors amounts falling due within one year**

	<i>30 June 2007 £000</i>	<i>30 June 2006 £000</i>
Corporation tax payable	1,117	1,002
Group relief payable	<u>3</u>	<u>832</u>
	<u>1,120</u>	<u>1,834</u>

**10 Called up share capital**

	<i>30 June 2007</i>		<i>30 June 2006</i>	
	<i>No</i>	<i>£</i>	<i>No</i>	<i>£</i>
<i>Authorised</i>				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
<i>Allotted issued and fully paid</i>				
Ordinary shares of £1 each	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>

**11 Share premium and reserves**

	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>	<i>Total £000</i>
At 1 July 2006	6,500	1,018	7,518
Profit for the financial year	-	6,368	6,368
Dividend for the financial year	-	(6,000)	(6,000)
At 30 June 2007	<u>6,500</u>	<u>1,386</u>	<u>7,886</u>

The goodwill arising on the acquisition of an unincorporated business of £4,309,000 was written off directly to the profit and loss account in the period ended 30 June 1998, although it does not constitute a realised loss. For the purposes of calculating the Company's distributable reserves the goodwill is being realised over a period of twenty years. Accordingly, the Company's profit and loss account reserve includes £2,141,000 (2006 £2,356,000) of unrealised goodwill. On disposal of a business the goodwill previously written off directly to reserves is incorporated in the profit or loss on disposal of the business.

**12. Reconciliation of movements in shareholders' funds**

	<i>Year ended 30 June 2007 £000</i>	<i>Year ended 30 June 2006 £000</i>
At 1 July	7,518	35,550
Profit for the year	6,368	9,968
Dividends	<u>(6,000)</u>	<u>(38,000)</u>
At 30 June	<u>7,886</u>	<u>7,518</u>

**13. Related party transactions**

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8, not to disclose transactions with entities, 90% of whose voting rights are controlled within the Amstrad plc Group.

**14. Ultimate parent company and controlling entity**

As at 30 June 2007, the immediate and ultimate parent company and ultimate controlling entity was Amstrad plc which is incorporated in Great Britain and is registered in England and Wales. Amstrad plc is the parent company of the only group which includes the company and for which group financial statements are prepared. Copies of Amstrad plc's consolidated accounts are available to the public from Companies House or from Amstrad plc's website ([www.amstrad.com](http://www.amstrad.com)).

**15 Post balance sheet event**

On 31 July 2007, Sky Digital Supplies Limited, a wholly-owned subsidiary of British Sky Broadcasting Group plc (BSkyB), made a recommended cash offer (with a loan note alternative) for the entire issued and to be issued share capital of the immediate and ultimate parent company of Amstrad Satellite Products Limited, Amstrad plc

On 5 September 2007 the directors of Sky Digital Supplies Limited announced that all of the conditions of the offer had been satisfied or waived. Accordingly, the offer was declared unconditional in all respects

On 7 September 2007 the directors of Sky Digital Supplies Limited announced that as valid acceptances had been received in respect of more than 90% in value and voting rights of Amstrad plc's share capital, Sky Digital Supplies Limited would commence sending notices to non-assenting Amstrad shareholders implementing the procedures set out in the Companies Act 2006 to acquire compulsorily those Amstrad shares which have not assented to the offer. On the same date it was announced that an application would be made to the UK Listing Authority for the de-listing of Amstrad from the London Stock Exchange with effect from 8 October 2007