

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31 March 2003

Registered No. 1939932



SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Report of the Directors for the year ended 31 March 2003

The directors present their report and the audited financial statements for the year ended 31 March 2003.

Principal activities, review of business and future developments

The Group's principal activity is the provision of an integrated television and information service delivered via satellite to licensed betting offices, in the United Kingdom, Ireland and overseas.

The media rights agreement between Satellite Information Services Limited (SIS) and The Racecourse Association ended on 30 April 2002. With effect from 1 May 2002, SIS acquired the rights to allow the inclusion of pictures from the 49 UK racecourses, which have contracted with Bookmakers Afternoon Greyhound Services, within its service.

Results and dividends

The detailed results for the year and proposed transfer to reserves are set out in the consolidated profit and loss account on page 5.

A dividend of £30,000,000 (2002: £nil) was proposed and paid during the year.

Charitable donations

Donations totalling £7,632 (2002: £2,590) 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, as far as possible, be identical to that of a person who does not suffer from a disability.

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 Company as a whole.

Policy on payment of creditors

The Group agrees terms and conditions for their business transactions with their suppliers. Payment is made on these terms, subject to these terms and conditions being met by the supplier. The Group has approximately 35 days purchases outstanding at 31 March 2003 (2002: 42 days) based on the average daily amount invoiced by suppliers during the year.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Report of the Directors for the year ended 31 March 2003 (continued)

Directors

The following held office during the year:

H S Perlin	Chairman
D K Holdgate	Chief Executive
C Bell	
J M Brown	
M A M Carver	
P I Jones	
N Topazio	(resigned 7 November 2002)
A J Hales	(appointed 7 November 2002)
T O'Neill	(appointed 7 November 2002)
W W Bartlett	(appointed 15 May 2003)

Alternates

W J Heaton	Alternate for P I Jones
I J Spearing	Alternate for J M Brown
A Ross	Alternate for C Bell
C Gregson	Alternate for MAM Carver

Directors' interests

None of the directors had an interest in the share capital of the Company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company, and the Group for that period. In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgments and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

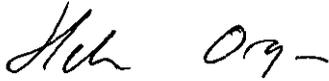
SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Report of the Directors for the year ended 31 March 2003 (continued)

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 6 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

BY ORDER OF THE BOARD



H Organ
Secretary

Satellite Information Services (Holdings) Limited
17 Corsham Street
London N1 6DR

31 July 2003

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

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

We have audited the financial statements, which comprise the profit and loss account, the balance sheets, cash flow statement and the related notes.

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 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the Directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' report.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the affairs of the Company and the Group at 31 March 2003, and the profit and cash flows of the Group for the year then ended.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

3 July 2003

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £'000	2002 £'000
Turnover	2	102,441	96,618
Operating expenses		(91,099)	(70,868)
Operating profit	3	11,342	25,750
Interest receivable	5	1,294	880
Interest payable	5	(484)	(535)
Profit on ordinary activities before taxation		12,152	26,095
Tax on profit on ordinary activities	6	(3,148)	(7,660)
Profit for the financial year		9,004	18,435
Dividends	7	(29,867)	-
Transfer (from) /to reserves	15	(20,863)	18,435

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 accounts. The profit for the year of the Company is shown in note 15 to the accounts.

There is no difference between the profit on ordinary activities before taxation and the retained (loss)/ profit for either of the years stated above and their historical cost equivalents.

The Group has no recognised gains or losses other than shown above therefore no separate statement of total gains and losses has been presented.

All operations are continuing.

The accounting policies and notes on pages 10 to 23 form part of these financial statements.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	8	22,882	17,983
Investment in own shares	9	-	-
		<hr/>	<hr/>
		22,882	17,983
		<hr/>	<hr/>
Current assets			
Debtors	10	11,003	10,938
Cash at bank and in hand		15,202	15,436
		<hr/>	<hr/>
		26,205	26,374
Creditors: amounts falling due within one year	11	(24,143)	(26,111)
		<hr/>	<hr/>
Net current assets		2,062	263
Total assets less current liabilities		24,944	18,246
Creditors: amounts falling due after more than one year	12	(27,561)	-
		<hr/>	<hr/>
Net (liabilities) / assets		(2,617)	18,246
		<hr/>	<hr/>
Capital and reserves			
Called up equity share capital	14	22	22
Share premium account	15	9,836	9,836
Profit and loss account	15	(12,475)	8,388
		<hr/>	<hr/>
Equity shareholders' funds/(deficit)	15	(2,617)	18,246
Equity minority interest		-	-
		<hr/>	<hr/>
Equity shareholders' funds		(2,617)	18,246
		<hr/>	<hr/>

Approved by the board of directors on 31/7/03 and signed on its behalf by

D Holdgate



The notes on pages 10 to 23 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

COMPANY BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Investments in own shares	9	-	-
Investment in subsidiaries	9	55	16
		<hr/>	<hr/>
		55	16
		<hr/>	<hr/>
Current assets			
Debtors	10	11,003	11,003
Cash at bank and in hand		155	7
		<hr/>	<hr/>
		11,158	11,010
		<hr/>	<hr/>
Creditors (amounts falling due within one year)	11	(585)	(526)
		<hr/>	<hr/>
Net current assets		10,573	10,484
		<hr/>	<hr/>
Total assets less current liabilities		10,628	10,500
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up equity share capital	14	22	22
Share premium account	15	9,836	9,836
Profit and loss account	15	770	642
		<hr/>	<hr/>
Equity shareholders' funds	15	10,628	10,500
		<hr/> <hr/>	<hr/> <hr/>

Approved by the board of directors on 3/7/03 and signed on its behalf by

D Holdgate



The notes on pages 10 to 23 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2003

	Note	2003		2002	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	19		11,599		35,902
Returns on investments and servicing of finance					
Interest received	5	1,294		880	
Interest paid	5	(42)		(1,060)	
			1,252		(180)
Taxation			(1,752)		(8,993)
Capital expenditure and financial investment					
Purchase of tangible fixed assets	8	(11,904)		(9,022)	
Sale of tangible fixed assets		438		184	
Purchase of shares in subsidiary		-		(3)	
			(11,466)		(8,841)
Net Cash (outflow) / inflow before financing			(367)		17,888
Equity dividends paid to shareholders	7		(29,867)		-
Financing					
Increase / (decrease) in borrowings			30,000		(15,000)
(Decrease) / increase in net cash			(234)		2,888

The notes on pages 10 to 23 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2003 (continued)

Reconciliation to net (debt) / cash

	2003 £000	2002 £'000
Net cash at 1 April 2002	15,436	(2,452)
(Decrease) / increase in net cash	(234)	2,888
(Increase) / decrease in borrowings	(30,000)	15,000
	<hr/>	<hr/>
Net debt at 31 March 2003	(14,798)	15,436
	<hr/>	<hr/>

The notes on pages 10 to 23 form part of these accounts.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable United Kingdom Accounting Standards all of which have been consistently applied.

The financial statements have been prepared on a going concern basis as the directors are confident that the Group will be able to meet its liabilities as and when they fall due.

(b) Basis of consolidation

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

(c) Turnover

Turnover, which excludes value added tax, represents the invoiced value of services supplied less any amounts deferred into the following year plus any deferred from the previous year.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase price, together with any incidental 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 years
Fixtures, fittings and other equipment	:	4-7 years

(e) Goodwill

Goodwill is capitalised and amortised over its economic life.

(f) Operating leases

Costs in respect of operating leases are charged in arriving at the operating profit.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

1 Accounting policies (continued)

(g) 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.

(h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

(i) 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.

2 Segmental analysis

Revenue earned by destination is split as follows:

	2003 £'000	2002 £'000
UK	93,350	89,614
Other	9,091	7,004
	<hr/>	<hr/>
	102,441	96,618
	<hr/>	<hr/>

Revenue is generated from the UK (£101.6 million) and France (£0.8 million).

The directors consider that operating profit relates to the UK (£11.4 million) and an operating loss to France (£34,000). Net liabilities relating to the UK amount to £2.6 million and net liabilities relating to France £69,000.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

3 **Operating profit**

Operating profit is stated after charging:

	2003	2002
	£'000	£'000
Employment costs (Note 4)	11,787	13,634
Depreciation (Note 8)	6,480	6,107
Amortisation of goodwill	-	104
Loss on disposal of fixed assets	87	181
Operating lease rentals:		
Plant & Machinery	5,196	5,087
Other	899	996
Refinancing costs	600	-
Loss / (gain) on foreign exchange	-	119
Auditors' remuneration		
Audit Services	35	30
Non-audit services	177	12

Auditors' remuneration includes £5,000 (2002: £5,000) in respect of the parent Company audit.

4 **Employees and directors**

The average number of persons employed by the Group, including executive directors, during the year was 296 (2002: 324).

Employment costs were:

	2003	2002
	£'000	£'000
Wages and salaries	10,088	11,796
Social security costs	1,080	1,191
Pension contributions	619	647
	<hr/>	<hr/>
	11,787	13,634
	<hr/>	<hr/>
Directors' emoluments (excluding pension contributions)	436	497
	<hr/>	<hr/>
Emoluments (excluding pension fund contributions) of the highest paid director were:	284	472
	<hr/>	<hr/>

The Group made contributions to a money-purchase pension scheme totalling £16,080 for the highest paid director (2002: £15,450).

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

5 **Interest**

	2003 £'000	2002 £'000
Bank interest receivable	1,294	880

	2003 £'000	2002 £'000
Interest payable on bank loans and overdrafts	484	535

6 **Taxation**

	2003 £'000	2002 £'000
Corporation tax at 30% (2002: 30%)	3,445	7,698
Adjustment of current taxation in respect of prior years	(386)	(225)
Provision for deferred taxation	89	187
	<u>3,148</u>	<u>7,660</u>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

6 Taxation (continued)

The Group's effective tax rate reconciliation is as follows:

	2003 £'000	2002 £'000
Profit / (loss) before taxation	12,152	26,095
Corporation tax at UK statutory rate (30%)	3,646	7,829
Effects of:		
Capital allowances in excess of depreciation	(185)	(147)
Short term timing differences	(54)	-
Other adjustments not deductible for taxation purposes	38	71
Disposal of fixed assets	-	(55)
Prior year adjustment	(386)	(225)
Actual current tax charge	3,059	7,473

The deferred taxation asset (Note 10) relates to:

	2003 £'000	2002 £'000
Accelerated capital allowances	563	673
Other short term timing differences	75	54
	638	727

7 Dividends

	2003 £'000	2002 £'000
Equity dividend paid: £135.38 per share	30,000	-
Less dividend arising on own shares	(133)	-
	29,867	-

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

8 Fixed assets - Group

Cost	Installed equipment £'000	Studio equipment £'000	Motor vehicles £'000	Other equipment £'000	Total £'000
At 1 April 2002	45,250	6,202	10,570	21,614	83,636
Additions	8,852	462	1,239	1,351	11,904
Disposals	(20,610)	-	(172)	(1,145)	(21,927)
At 31 March 2003	33,492	6,664	11,637	21,820	73,613
Depreciation					
At 1 April 2002	35,554	4,749	9,554	15,796	65,653
Charge for the year	3,119	440	592	2,329	6,480
Disposals	(20,561)	-	(328)	(513)	(21,402)
At 31 March 2003	18,112	5,189	9,818	17,612	50,731
Net book value					
At 31 March 2003	15,380	1,475	1,819	4,208	22,882
At 31 March 2002	9,696	1,453	1,016	5,818	17,983

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

9 **Investments in subsidiaries and own shares**

Name	Country of Incorporation	Ownership	Cost of investment	Cost of investment
			31 March 2003 £'000	31 March 2002 £'000
Satellite Information Services Ltd	UK	100%	-	-
Satellite Sports Services Ltd *	UK	100%	-	-
Satellite Racing Services Ltd *	UK	100%	-	-
Frontrelay Ltd *	UK	100%	-	-
Spacebit Ltd	UK	100%**	39	-
Intercontinental Racing Ltd	UK	50%	-	-
Sister Networks plc	UK	100%	12	12
SISLink SARL	France	100%	4	4
			<u>55</u>	<u>16</u>

* Dormant

** The Company owns 100% of the ordinary shares in Spacebit Limited. 6% preference shares in Spacebit Limited (which represent 61% of the shareholder voting rights) are owned by third parties.

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 accounts.

Investment in own shares

	£'000
Cost	
At 1 April 2002 and 31 March 2003	516
Provision	
At 1 April 2002 and 31 March 2003	(516)
Net	
At 1 April 2002 and 31 March 2003	<u>-</u>

The shares in Satellite Information Services (Holdings) Limited have been written down to a nominal value.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

The Group also owns the entire issued share capital of Frontrelay Limited, a Company incorporated in the United Kingdom, which acts as trustee to the Satellite Information Services Limited Profit Sharing Share Scheme. The Profit Sharing Share Scheme allows for the allocation to employees on an annual basis of shares in Satellite Information Services (Holdings) Limited, the number of shares allocated to an employee being determined by that employee's salary. The most recent allocation was in the year ended 31 March 1994. Frontrelay Limited holds 978 10p ordinary shares in Satellite Information Services (Holdings) Limited and receives any dividends paid on the shares. Shares held by Frontrelay Limited are recorded in the balance sheet of Satellite Information Services (Holdings) Limited within fixed asset investments at cost less amounts written off.

10 Debtors

	2003	2003	2002	2002
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Trade debtors	2,059	-	2,042	-
Amounts owed by Group undertakings	-	11,003	-	11,003
Other debtors	6,545	-	6,240	-
Prepayments and accrued income	1,761	-	1,929	-
Deferred taxation asset (Note 6)	638	-	727	-
	<hr/>	<hr/>	<hr/>	<hr/>
	11,003	11,003	10,938	11,003
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11 Creditors: amounts falling due in less than one year

	2003	2003	2002	2002
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Bank Loan (Note 13)	2,500	-	-	-
Trade creditors	712	-	1,540	-
Amounts owed to Group undertakings	-	585	-	526
Other creditors	2,639	-	5,337	-
UK corporation and overseas tax	1,082	-	4,338	-
Other taxation and social security	70	-	946	-
Deferred income and payments in advance	4,950	-	3,811	-
Accruals	12,190	-	10,139	-
	<hr/>	<hr/>	<hr/>	<hr/>
	24,143	585	26,111	526
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

12 **Creditors: amounts falling after more than one year**

	2003 Group £'000	2003 Company £'000	2002 Group £'000	2002 Company £'000
Bank Loan (Note 13)	27,500	-	-	-
Other creditors	61			
	<hr/>		<hr/>	<hr/>
	27,561	-	-	-
	<hr/> <hr/>		<hr/> <hr/>	<hr/> <hr/>

13 **Loans and other borrowings**

	Year ended 31 March 2003 £'000	Year ended 31 March 2002 £'000
Bank loans and overdrafts	30,000	-
	<hr/>	<hr/>
In one year or less, or on demand	2,500	-
In more than one year, but not more than two years	6,750	-
In more than two years, but not more than five years	20,750	-
In more than five years	-	-
	<hr/>	<hr/>
	30,000	-
	<hr/> <hr/>	<hr/> <hr/>

The bank loan is secured by a fixed and floating charge over the assets of the Company. Interest is payable on the bank loan at a fixed rate of 4.55%.

14 **Share capital**

Ordinary shares of 10p	Authorised		Allotted and fully paid	
	Number of shares	£	Number of shares	£
At 1 April 2002 and 31 March 2003	295,000	29,500	221,606	22,161
	<hr/>	<hr/>	<hr/>	<hr/>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

15 Reserves - Group

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2002	9,836	8,388	18,224
Retained loss for the year	-	(20,863)	(20,863)
	<hr/>	<hr/>	<hr/>
At 31 March 2003	9,836	(12,475)	(2,639)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Reserves - Company

	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2002	9,836	642	10,478
Retained profit for the year	-	128	128
	<hr/>	<hr/>	<hr/>
At 31 March 2003	9,836	770	10,606
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Company profit for the year ended 31 March 2003 was £128,000.

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

15 **Reconciliation in movements in shareholders' funds - Group**

	2003 £'000	2002 £'000
Opening shareholders' funds / (deficit)	18,246	(1,103)
Prior year adjustment	-	914
	<hr/>	<hr/>
Opening shareholders' funds / (deficit)	18,246	(189)
Retained (loss) / profit for the year	(20,863)	18,435
	<hr/>	<hr/>
Closing shareholders' (deficit) / funds	(2,617)	18,246
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation in movements in shareholders' funds - Company

	2003 £'000	2002 £'000
Opening shareholders' funds	10,500	10,500
Retained profit for the year	128	-
	<hr/>	<hr/>
Closing shareholders' funds	10,628	10,500
	<hr/> <hr/>	<hr/> <hr/>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

16 Capital commitments - Group

The Group has the following capital commitments:

	2003 £'000	2002 £'000
Capital expenditure	5,968	11,921

The committed capital expenditure principally relates to the conversion of Licensed Betting Offices from an analogue to digital service and purchase of new text systems.

17 Financial commitments - Group

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

	2003		2002	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	347	74	364
Within 2 & 5 years	451	2,468	384	1,969
After 5 years	135	-	188	-

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

18 Related party transactions

The Company and its shareholders are members of a consortium for corporation taxation purposes. During the year tax repayments totalling £3.2million (2002- £0.4million) were paid to Hilton Group plc, £3.2million (2002- £0.3million) to Alternatport Limited, a subsidiary of United Business Media plc, £1.2million (2002- £0.3million) to William Hill Organization Limited and £2.5m (2002-£nil) to Thales Electronics plc.

At 31 March 2003 the following amounts were owed to shareholders:

	2003 £'000	2002 £'000
Hilton Group plc	1,161	5,123
Alternatport Limited	584	1,599
William Hill Organization	-	1,519
Thales Electronics plc	602	-
	<u>2,347</u>	<u>8,241</u>

Trading and Material Contracts

During the year the Group earned revenue from Hilton Group plc £11.3 million (2002 - £13.6 million), William Hill Organization Limited £8.2 million (2002 - £11.2 million) and Horserace Totalisator Board £2.1 million (2002 - £2.4 million).

During the year the Racecourse Association Limited (a 10% shareholder in Satellite Information Services (Holdings) Limited) earned £1.1 million (2002 - £13.7 million) from the Group.

19 Reconciliation of operating profit to net cash inflow from operating activities

	2003 £'000	2002 £'000
Operating profit	11,342	25,750
Depreciation charges	6,480	6,107
Loss on sale of fixed assets	87	181
(Increase) / decrease in debtors	(153)	554
(Decrease) / increase in creditors	(6,157)	3,310
	<u>11,599</u>	<u>35,902</u>

SATELLITE INFORMATION SERVICES (HOLDINGS) LIMITED

Notes to the financial statements for the year ended 31 March 2003 (continued)

20 **Reconciliation of movement in net (debt) / cash**

	1 April 2002 £000	Cash flow £000	31 March 2003 £000
Cash in hand and at bank	15,436	(234)	15,202
Debt due after 1 year	-	(27,500)	(27,500)
Debt due within 1 year	-	(2,500)	(2,500)
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Total	15,436	(30,234)	(14,798)
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21 **Post balance sheet events**

On the 14 April 2003 Satellite Information Services Limited acquired a supply, installation and maintenance business from Granada Business Technology Limited.