



FOX KIDS EUROPE N.V.

December 11, 2003: For immediate release

PRESS RELEASE

FOX KIDS EUROPE N.V. ANNOUNCES AUDITED RESULTS FOR THE YEAR ENDED SEPTEMBER 30, 2003 AND UNAUDITED RESULTS FOR THE YEAR ENDED JUNE 30, 2002

- **Total revenues up by 14% to \$152.0 million¹**
- **Advertising revenues up 36% to \$30.3 million**
- **Programme distribution revenue down 22% to \$31.4 million**
- **EBITDA² up by 5% to \$56.0 million**
- **Income before tax of \$5.6 million³, up from a loss of \$32.7⁴ million**
- **17% increase in operating cash flow to \$10.4 million**
- **Channel subscribers grow by 2.5 million to 34.8 million year on year**
- **\$51.5 million in net cash balances**

¹ Unless otherwise stated, comparisons made in this press release are by reference to the financial performance for the year end September 30, 2003 versus year end June 30, 2002.

² Consistent with prior years, EBITDA is stated before depreciation, programme amortisation and impairment. EBITDA less depreciation, amortisation and impairment is equal to Operating income.

³ Includes an impairment charge of \$4.7 million.

⁴ Includes an impairment charge of \$26.1 million.

Amsterdam, The Netherlands and London, UK - Fox Kids Europe N.V. (FKE) (AMEX: FKE; Reuters FOXK.AS; Bloomberg: FKE.NA), the leading pan-European integrated children's entertainment company, today announced its audited financial results for the year ended September 30, 2003. Revenues increased by 14% to \$152.0 million and income before tax improved substantially from a loss of \$32.7 million to income of \$5.6 million. This was a result of strong performances by our channel & online operations, which more than doubled operating income to \$11.9 million, and a \$26.1 million impairment charge to our programme library in the prior year. Subscribers increased by 2.5 million to 34.8 million households in 57 countries as at September 30, 2003.

Bruce Steinberg, Chairman & Chief Executive Officer, said: "It has been an exciting first year for me at Fox Kids Europe and I am pleased to announce a strong set of results. Our core channel business now reaches almost 35 million homes, maintaining its position as the most widely distributed children's channel in Europe and the Middle East. We expect continued subscriber growth next year as the pay television industry emerges from the economic downturn of the past few years, in a much leaner and stronger position than before. Our advertising revenue has also grown substantially, up 36%, despite a fairly flat advertising market in Europe.

We have also made significant progress in our programme distribution business, acquiring quality titles for our library such as *Tutenstein*, *Sonic X* and *Shaman King*. These shows will be delivered during the fiscal year ending September 30, 2004 and we believe will begin to help drive this business forward in future years. Output agreements were also concluded or extended in a number of key markets including Germany and Spain. In Germany we concluded our first ever output deal with Super RTL, the leading German terrestrial broadcaster amongst children, which is jointly owned by The Walt Disney Company ("Disney") and RTL, one example of the various synergies we are developing with Disney, our ultimate majority shareholder. In Spain, we extended our agreement with Antena 3, a leading terrestrial broadcaster, through 2006.

Our consumer products business showed strong revenue growth on the back of a solid performance from *Power Rangers*, which this year was awarded the accolade of being the most successful action figure brand of all time in the US⁵. We expect continued growth for *Power Rangers* through the appointment of Disney Consumer Products (DCP) as licensing agent for this property. Disney has one of the strongest licensing businesses in the world (and does not typically represent properties for third parties), and we expect this will continue the phenomenal success of *Power Rangers*.

FKE's operational success is mirrored in our financial performance as the company has made a strong return to profitability. Income before tax increased from a loss of \$32.7 million to income of \$5.6 million and operating cashflow increased by 17% to \$10.4 million. FKE ends the fiscal year with net cash balances of over \$50 million."

OPERATING REVIEW

Channels & Online

- Paul Taylor appointed as Group Managing Director, Channels and Online
- Subscribers grow by 2.5 million households to 34.8 million during the 12 months ended September 30, 2003
- Affiliate agreements renewed in Denmark, Turkey and the Middle East
- Italian branded block extended on the back of strong ratings

⁵ NPD Funworld

- Channel hours extended in a number of markets and an agreement signed for two new feeds in Turkey
- Equity ownership of Fox Kids Israel increased from 50.5% to 100%
- Fox Kids Play successfully relaunched in the UK with Telewest

Paul Taylor replaced Marc-Antoine d'Halluin as Group Managing Director of Channels and online in March 2003. Mr. Taylor brings substantial experience to the Company, joining from British Sky Broadcasting plc where he was responsible for running Sky Movies and Sky Box Office.

Subscribers increased by 2.5 million to 34.8 million, maintaining our position as the most widely distributed children's channel in Europe and the Middle East. Existing affiliate agreements were extended in many markets, including TDC Kabel in Denmark, which was extended through 2005, Digiturk in Turkey which was extended through 2007 and Star TV in the Middle East that was extended through 2008. Our channels now broadcast in 57 countries via 13 feeds in 17 languages.

We continue to connect with our audience both on and off air. Off-air events in the current fiscal year include the Fox Kids Cup and Fox Kids Planet Live. The 2003 Fox Kids Cup involved more than a million children participating in a global soccer tournament, with this year's final held at Sportclub Feyenoord's stadium in Rotterdam in June. The Fox Kids Cup won the Gold Award at the prestigious Kid Power Awards 2003 beating more than 60 entries including Nickelodeon, Hasbro and M&M/MasterFoods. The 2003 Fox Kids Planet Live was a series of pop concerts for families and children featuring global artists such as Blue, Gareth Gates, Liberty X and Atomic Kitten. Each of the three concerts was sold out. These shows were broadcast to over 100 million homes across Europe with presenters from the Netherlands, Italy, Germany and the UK adding a local flavour.

The Fox Kids channels performed strongly in a year that saw new channel competition. Fox Kids' audience shares lead the pack in many major markets, and several channels saw unprecedented performance. In the Netherlands, where we reach over 96% of all TV households, April's average monthly market share of 42%⁶ of all kids was the highest since launch. The first broadcast of Fox Kids Planet Live attracted a record-breaking 77% share of kids, up 30 share points versus 2002. Many other Fox Kids channels showed year-on-year increases in ratings and share, maintaining their leadership positions among kids channels. On the back of continued ratings success, our afternoon branded block in Italy, which reaches 16 million free television households daily, was expanded from one hour to one and a half hours, and a new 75 minute block was launched in the morning.

We also extended the hours of our channels in France, the Netherlands and Poland during the year, whilst our UK channel became a 24-hour channel in November, just after our fiscal year end. In Turkey, which was previously covered by a local language version of our Central and Eastern European feed, we signed an agreement to launch two channels targeting the Turkish market directly. These channels will allow dedicated local advertising to be sold in addition to pan-regional deals. The first channel launched in October 2003, and targets a slightly younger demographic than our existing CEE feed. It carries English, Russian and Polish language tracks in addition to Turkish, allowing the potential for further carriage in neighbouring markets. The second channel carries Turkish and English language tracks and is to launch in January 2004 replacing the existing CEE feed in Turkey.

In December 2002 we acquired the 49.5% shareholding in Fox Kids Israel which was owned by our joint venture partner Middle East Communication Holdings BV (MEC), as well as the

⁶ SKO, All homes, Mon-Sun 0600-1800, Kids 6-12

Israeli rights to the Saban library and certain other Israeli rights, for \$20.5 million⁷, which was in line with our forecast.

The integration of our online activities into the channel division, that we started last year, was successfully completed. We are now experiencing the benefits of this initiative both through lower costs and more effective co-ordination between the businesses. Our Fox Kids Play service was relaunched in the UK on Telewest in July and our first content deal for mobile was signed with WIND, one of the leading mobile telephone suppliers in Italy.

Programme Distribution

- Library expanded with addition of 205 new episodes
- First co-production of a new series with Disney underway
- Output deal in Germany concluded with Super RTL
- Output deal extended in Spain with Antena 3
- Classic titles (e.g. *Spiderman*, *Power Rangers*, *Incredible Hulk*) performing strongly
- Cost per episode for *Power Rangers* reduced by approximately 25% from last year

We have expanded our programme library, taking delivery of 205 new episodes in the period, including local European co-productions. Titles delivered include new series such as *Gadget and the Gadgetinis*, *RoboRoach*, *Quintuplets* and *Pig City*, as well as a new season of *Power Rangers Ninja Storm*. The number of episodes added to our library was significantly lower than in previous years, and as forecast at the time of our results last year, this has contributed to a fall in programme distribution revenues in the current period.

Our shows continue to perform well on air. During the year *Power Rangers* ranked number one in its time slot in all markets in which it aired, including the UK, France, Spain and Germany. Our Marvel catalogue has also performed strongly on the back of recent blockbuster movie releases such as *Spiderman*, *X-Men 2* and *The Incredible Hulk*. *Spiderman* ranked number one in its time slot during the year among kids in most major European markets whilst *The Incredible Hulk* was a top ranked programme amongst kids in its time slot in Germany, Spain, Italy and the UK. Other movie releases based on Marvel characters scheduled for release in coming years include: *Fantastic Four* and the sequel to *Spiderman* in 2004; and *Silver Surfer* and *Iron Man* in 2005.

For the second year, Buena Vista International Television has serviced our programme distribution business. During the year, a number of key output deals were concluded or extended. In Germany, a market which has been particularly difficult for most media companies in recent years, we signed a three-year agreement with Super RTL, the leading terrestrial broadcaster amongst children. As well as acquiring programming from us each year, Super RTL will also co-produce at least two series with us, and the first of these, which is also our first co-production of a new series with Disney, *W.I.T.C.H.*, has already been selected. In Spain, our output agreement with Antena 3, another leading terrestrial broadcaster, was extended by two years through 2006.

We maintain our focus on reducing our programming expenditure per series. Pursuant to this, our longest running show, *Power Rangers*, which was previously filmed entirely on location in California, is now shot on location in New Zealand, and this has reduced our cost per episode by approximately 25%.

Following the change in ownership of our majority shareholder, we anticipate that the amount of product for which we will acquire rights outside of Europe and the Middle East will continue to fall as the last of these acquisitions have now been delivered. As a result of this we anticipate that programme distribution revenues will reduce further in the next fiscal year

⁷ In addition to the \$20.5 million cash consideration, \$0.3 million of professional fees directly associated with the acquisition were incurred.

before resuming growth in the fiscal year ending September 30, 2005 on the back of an increase in product volumes and quality.

As at September 30, 2003 there were 180 episodes in progress, an increase of 67 episodes from the previous year. Titles in progress included the following new series: *Sonic X*, *Shaman King* and *Tofu Family* as well as new seasons of *Power Rangers*, *What's With Andy* and *RoboRoach*.

Consumer Products

- Strong increase in home entertainment activity, with units shipped up 60% to 1.1 million
- Agreement signed with Disney Consumer Products (DCP) to represent *Power Rangers*, effective October 1, 2003
- Video and DVD distribution agreement concluded with Buena Vista Home Entertainment
- *Power Rangers* 10th anniversary consolidates its position as the most successful action figure brand of all time in the US⁸
- Channel network leveraged to generate new revenue streams such as the band, *Ch!pz*
- German operations restructured to improve efficiency

As forecast last year, our home entertainment business has increased significantly on last year with 1.1 million units being shipped, up 60% from the previous year. This is due to the resurgence of interest in Marvel titles such as *Spiderman* and *X-Men*, as well as the leverage of Buena Vista Home Entertainment (BVHE), one of the world's leading distributors of video and DVD products. Based on the success of BVHE in distributing our home entertainment products since they took over the previous agreement with Fox Entertainment in May, we concluded a new three-year agreement with BVHE to distribute *Power Rangers* and a number of our Marvel properties on video and DVD.

We also concluded an agency agreement with DCP, one of the world leaders in children's licensing, to represent *Power Rangers*. The deal is for three years commencing October 1, 2003 and provides for a minimum guaranteed level of performance to be achieved by DCP in each year of the deal term. Our consumer products staff will now focus on other core in-house properties such as *Princess Sissi*, *Tofu Family* and *Gadget and the Gadgetinis* as well as third party properties such as *Totally Spies*, *Tutenstein*, *PUCCA* and *Shin chan*. The successful launch of *PUCCA* has opened up new relationships for us with creative companies in Korea.

Power Rangers continues to perform strongly and is now enjoying its tenth season in Europe, with almost 500 episodes produced to date. Cumulative worldwide merchandising sales are in excess of \$8 billion, and in the US, the property has earned the honour of best selling action figure brand of all time⁸. It also currently ranks as the number one action brand in the UK and, in celebration of this success, we have launched an integrated marketing campaign across Europe featuring programme distribution, channels and online alongside our consumer products activities.

We are using our pan-European channel network to generate new revenue streams for the company. One such initiative this year has been the formation of a new pop band called *Ch!pz* which was created following an audition of over 8,000 teenagers in conjunction with Glam Slam, the artist management company and EMI Music Publishing. The band has released two singles in the Netherlands this year, both singles have reached number one in the charts and achieved platinum and gold status, respectively. We are aiming to release an album in January as well as break the band into new markets. This will expand our current music activities which are primarily focused on compilation albums.

⁸ NPD Funworld

We also restructured our German operations during the period, relocating our consumer products business from Cologne to Munich, where our channels & online operations are based. This resulted in \$250,000 of one-off costs during the period but is expected to lead to operating efficiencies in future fiscal years.

FINANCIAL REVIEW

Revenues

On October 24, 2001, Disney acquired our majority shareholder, Fox Family Worldwide Inc., and subsequently changed its name to ABC Family Worldwide ("ABCW"). Following this acquisition, FKE changed its fiscal period to be coterminous with that of Disney. Accordingly, our results for the previous fiscal period covered the 15-months ended September 30, 2002 whereas the results for the current fiscal period are for the year ended September 30, 2003. As with our previous changes of fiscal period, in order to allow comparability, we also present results for the first twelve months of the 15-month fiscal period i.e. for the year ended June 30, 2002 that were previously released alongside our results for the 15-month fiscal period.

Total revenues in the year ended September 30, 2003 were \$152.0 million, up 14%. The primary drivers were increases in our channel & online and consumer products businesses, the strengthening of sterling and the euro versus the dollar, our reporting currency, partially offset by a reduction in programme distribution revenues.

Channel & online operations achieved an increase in revenues of 31% to \$109.4 million, as subscription revenues rose 28% to \$75.2 million and advertising revenues increased 36% to \$30.3 million despite a fairly flat television advertising market across Europe. Other channel revenues rose from \$2.4 million to \$3.9 million.

Programme distribution revenues fell by 22% to \$31.4 million. The primary reasons for the fall were lower volumes of new programming available to FKE (including family movies), a reduction in the level of sales outside of Europe and the Middle East and a continuation of challenging market conditions. However, the reduction was less than the guidance given previously due to some episodes being delivered ahead of schedule. We anticipate that programme distribution revenues will be up to 30% lower next year before we see growth resumed in this business.

Our consumer products revenues grew by 21% to \$11.3 million primarily due to a strong performance by our classic property *Power Rangers* as well as an increased contribution from home entertainment (i.e. video and DVD), with the Marvel titles selling particularly strongly.

Costs and Expenses

Costs and expenses increased by 19% to \$90.8 million. The primary reasons for the increase were the strengthening of sterling and the euro versus the dollar, higher participation expenses, restructuring costs incurred in respect of our German consumer products operations and additional personnel hired for our pan-European team in the areas of programming and advertising sales.

EBITDA⁹

EBITDA was \$56.0 million, up 5% on last year. Channel & online achieved an increase of 45% in EBITDA to \$41.2 million primarily due to increased subscription and advertising

⁹ Consistent with prior years, EBITDA is stated before depreciation, programme amortisation and impairment. EBITDA less depreciation, amortisation and impairment is equal to Operating income.

revenues. EBITDA from programme distribution fell by 29% to \$20.4 million due to lower revenues, partially offset by lower costs and expenses within this division.

FKE's consumer products operation saw a decrease in EBITDA to \$4.0 million primarily due to an increase in participation costs. Costs also increased due to the strengthening of the euro versus the dollar and costs incurred in restructuring our German operations.

Depreciation, Amortisation and Impairment

Depreciation increased by 10% from \$2.2 million to \$2.5 million. Programme amortisation and impairment reduced to \$49.4 million from \$85.2 million due to an impairment charge of \$26.1 million incurred in the previous year as well as lower programme distribution revenues in the current year. This was partially offset by an increase in amortisation on titles licensed from third parties solely for use on our channels as a result of increased acquisitions to compensate for reduced new product added to our programme library.

Equity Affiliates and Minority Interest

Equity in the income of affiliates increased by 84% to \$1.7 million due to the increased profitability of our Spanish channel, driven by higher subscription and advertising revenues following carriage on Via Digital in December 2001.

As a direct consequence of the change in control of our majority shareholder, an option held by MEC to sell to FKE its 49.5% stake in Fox Kids Israel Enterprises BV (FKI) became exercisable. Previously FKE owned 50.5% of FKI which, through a wholly owned local subsidiary, owned and operated the local Fox Kids pay TV channel, game channel and website, excluding any rights to the Saban library, in the Israeli market. During the period, outside of the option agreement, FKE acquired MEC's stake in FKI, as well as the Israeli rights to the Saban library and certain other Israeli rights, for cash consideration of \$20.5 million¹⁰, of which \$18.3 million has been recorded as goodwill.

The reduction in participation of the minority interest is due to the acquisition of our partner's share in FKI as well as a reduction in the profitability of our Polish channel following the expiration of a minimum guarantee in April 2003.

Income Before Tax and Other Items

Income before tax and other items increased substantially from a loss of \$32.7 million to income of \$5.6 million. This was a result of strong performances by our channel & online operations, which more than doubled operating income to \$11.9 million, and a \$26.1 million impairment charge to our programme library in the prior year.

Earnings per Share

Basic and diluted earnings per share (before cumulative effect of change in accounting principle) improved significantly from a loss of 35.0 cents per share to income of 4.6 cents per share due to the improvements in operating performance noted above and an impairment charge to our programme library of \$26.1 million in the prior year.

Taxation

The tax charge for the year of \$1.2 million comprises a tax charge of \$1.8 million partially offset by a deferred tax credit of \$0.6 million. The tax charge comprises primarily

¹⁰ In addition to the \$20.5 million cash consideration, \$0.3 million of professional fees directly associated with the acquisition were incurred.

withholding, income and asset taxes. \$0.6 million has been recognised as a deferred tax asset in the year bringing the deferred tax asset as at September 30, 2003 to \$10.8 million.

Cash Flow

Operating cash flow increased significantly by 17% to \$10.4 million. The improvement in cash flow was driven primarily by the increase in EBITDA from our channel and online operations and reduced investment in programming, partially offset by a reduction in EBITDA of our programme distribution business.

However, overall cash balances fell during the period due to the acquisition of MEC's 49.5% stake in FKI.

During the period, the Company settled both its loan payable to a subsidiary of ABCW and its loan receivable from International Family Entertainment Inc.

As at September 30, 2003, the Company had net cash balances of \$51.5 million.

Fox Kids Europe N.V.

Consolidated Statement of Income / (Loss)
for the years ended September 30, 2003 and June 30, 2002

In US \$'000	Year to 30 September 2003 Audited	Year to ¹¹ 30 June 2002 Unaudited	% Change
TOTAL REVENUES	152,017	132,982	14.3
Less: unconsolidated revenues of equity affiliates	(5,192)	(3,695)	
REVENUES	146,825	129,287	13.6
Costs and expenses	(90,843)	(76,027)	(19.5)
EBITDA	55,982	53,260	5.1
Programme amortisation and impairment	(49,373)	(85,196)	42.0
Depreciation	(2,451)	(2,220)	(10.4)
Operating income / (loss)	4,158	(34,156)	112.2
Financial income and expense, (net)	1,671	808	106.8
Foreign exchange loss	(1,861)	(279)	(567.0)
Equity in income of affiliates	1,655	901	83.7
Income / (loss) before tax and other items	5,623	(32,726)	117.2
Taxation	(1,239)	4,594	(127.0)
Income / (loss) from ordinary operations after tax	4,384	(28,132)	115.6
Minority interest	(556)	(805)	30.9
NET INCOME / (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	3,828	(28,937)	113.2
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE¹²	-	(15,062)	100.0
NET INCOME / (LOSS) AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	3,828	(43,999)	108.7

¹¹ The company has changed its year end twice in the past two years. On each occasion, in order to give a more meaningful comparison, the company has also disclosed the first 12 months of the extended fiscal periods. Accordingly, the 12 month period ended June 30, 2002 is presented as the comparative period in order to be consistent with the prior year.

¹² Application of SOP00-2, "Accounting by Producers or Distributors of Films".

Fox Kids Europe N.V.

Earnings / (Loss) per Share
for the years ended September 30, 2003 and June 30, 2002

	Year to 30 September 2003 Audited	Year to 30¹³ June 2002 Unaudited
<u>Basic and Diluted</u>		
Earnings / (Loss) per share after cumulative effect of change in accounting principle (in cents per share)	4.6	(53.3)
Cumulative effect of change in accounting principle (in cents per share)	-	18.3
Earnings / (Loss) per share before cumulative effect of change in accounting principle (in cents per share)	4.6	(35.0)
Basic weighted average number of ordinary shares outstanding, in thousands	82,519	82,519
Diluted weighted average number of ordinary shares outstanding, in thousands	82,614	82,519

¹³ The company has changed its year end twice in the past two years. On each occasion, in order to give a more meaningful comparison, the company has also disclosed the first 12 months of the extended fiscal periods. Accordingly, the 12 month period ended June 30, 2002 is presented as the comparative period in order to be consistent with the prior year.

Fox Kids Europe N.V.

Consolidated Balance Sheet
as at September 30, 2003 and June 30, 2002

In US \$'000	30 September 2003 Audited	30 June ¹⁴ 2002 Unaudited
<u>Assets</u>		
Cash and cash equivalents	51,450	50,229
Accounts receivable net of allowances	54,685	50,387
Programme rights, net	125,225	122,977
Investments in equity affiliates	1,210	1,633
Property and equipment, net	4,030	5,421
Deferred income taxes	10,770	10,016
Goodwill, net	28,016	9,698
Total Assets	275,386	250,361
<u>Liabilities, Minority Interests & Shareholders' Equity</u>		
Accounts payable	26,720	15,684
Accrued liabilities and deferred revenues	43,323	38,630
Long term note payable	-	104,114
Minority Interests	1,340	860
Total Liabilities and Minority Interests	71,383	159,288
Ordinary shares	21,426	21,426
Additional paid in capital	445,659	442,351
Other reserves	(204,114)	(204,114)
Note receivable contributed for equity	-	(109,499)
Cumulative translation adjustment	(1,012)	1,746
Accumulated other comprehensive loss	(57,956)	(60,837)
Total Shareholders' Equity	204,003	91,073
Total Liabilities, Minority Interests & Shareholders' Equity	275,386	250,361

¹⁴ The company has changed its year end twice in the past two years. On each occasion, in order to give a more meaningful comparison, the company has also disclosed the first 12 months of the extended fiscal periods. Accordingly, the 12 month period ended June 30, 2002 is presented as the comparative period in order to be consistent with the prior year.

Fox Kids Europe N.V.

**Consolidated Cash Flow Statement for the
years ended September 30, 2003 and June 30, 2002**

In US \$'000	Year to 30 September 2003 Audited	Year to¹⁵ 30 June 2002 Unaudited
OPERATING ACTIVITIES		
Net income / (loss)	3,828	(43,999)
Adjustments to reconcile net income to net cash flows used in operating activities:		
Cumulative effect of change in accounting principle	-	15,062
Depreciation, amortisation and impairment	51,824	87,416
Equity in income of affiliates	(1,655)	(901)
Minority interests	556	805
Deferred tax	(615)	(5,648)
Changes in operating assets and liabilities		
Working capital	540	4,023
Programme rights	(44,068)	(47,882)
Net cash flows generated by operating activities	10,410	8,876
INVESTING ACTIVITIES		
Investment in equity affiliates	2,297	130
Purchase of business	(20,800)	-
Purchases of property and equipment	(1,242)	(1,341)
Net cash flows used in investing activities	(19,745)	(1,211)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	(9,335)	7,665
NET DECREASE IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	(415)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(9,750)	7,665
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	61,200	42,564
CASH AND CASH EQUIVALENTS, END OF PERIOD	51,450	50,229

¹⁵ The company has changed its year end twice in the past two years. On each occasion, in order to give a more meaningful comparison, the company has also disclosed the first 12 months of the extended fiscal periods. Accordingly, the 12 month period ended June 30, 2002 is presented as the comparative period in order to be consistent with the prior year.

Fox Kids Europe N.V.

**Operating Results by Business Segment for the
years ended September 30, 2003 and June 30, 2002**

In US \$'000	Year to 30 September 2003 Audited	Year to ¹⁶ 30 June 2002 Unaudited	% Change
<u>BUSINESS SEGMENT</u>			
<u>Revenues</u>			
Channels & online	109,383	83,583	30.9
Programme distribution	31,362	40,083	(21.8)
Consumer products	11,272	9,316	21.0
Total revenue	<u>152,017</u>	<u>132,982</u>	<u>14.3</u>
Less : unconsolidated revenues of equity affiliates	(5,192)	(3,695)	
Group revenues	<u>146,825</u>	<u>129,287</u>	<u>13.6</u>
<u>EBITDA</u>			
Channels & online	41,239	28,395	45.2
Programme distribution	20,449	28,842	(29.1)
Consumer products	4,021	4,394	(8.5)
Shared costs not allocated to segments	(9,727)	(8,371)	(16.2)
	<u>55,982</u>	<u>53,260</u>	<u>5.1</u>
<u>Operating Income / (Loss)</u>			
Channels & online	11,926	5,019	137.6
Programme distribution	3,048	(32,224)	109.5
Consumer products	(931)	1,693	(155.0)
Shared costs not allocated to segments	(9,885)	(8,644)	(14.4)
	<u>4,158</u>	<u>(34,156)</u>	<u>112.2</u>

¹⁶ The company has changed its year end twice in the past two years. On each occasion, in order to give a more meaningful comparison, the company has also disclosed the first 12 months of the extended fiscal periods. Accordingly, the 12 month period ended June 30, 2002 is presented as the comparative period in order to be consistent with the prior year.

Fox Kids Europe N.V.

**Operating Results by Geographic Segment for the
years ended September 30, 2003 and June 30, 2002**

In US \$'000	Year to 30 September 2003 Audited	Year to ¹⁷ 30 June 2002 Unaudited	% Change
<u>GEOGRAPHIC SEGMENT</u>			
<u>Revenues</u>			
United Kingdom & Ireland	40,075	28,398	41.1
France	17,113	20,424	(16.2)
Benelux	15,286	10,256	49.0
Italy	14,408	9,830	46.6
Spain & Portugal	12,649	10,959	15.4
Central Europe	11,679	9,249	26.3
Germany	9,846	11,050	(10.9)
Americas	9,598	13,542	(29.1)
Middle East	8,309	8,140	2.1
Nordic Region	6,514	4,130	57.7
Poland	6,276	7,004	(10.4)
Other	264	-	-
Total revenues	<u>152,017</u>	<u>132,982</u>	<u>14.3</u>
Less: unconsolidated revenues of equity affiliates	(5,192)	(3,695)	
Revenues	<u>146,825</u>	<u>129,287</u>	<u>13.6</u>
<u>EBITDA</u>			
United Kingdom & Ireland	22,320	14,760	51.2
France	4,920	9,210	(46.6)
Benelux	5,945	3,376	76.1
Italy	6,351	4,255	49.3
Spain & Portugal	4,591	4,799	(4.3)
Central Europe	4,620	4,449	3.8
Germany	1,916	4,156	(53.9)
Americas	6,958	9,893	(29.7)
Middle East	3,444	1,886	82.6
Nordic Region	2,208	665	232.0
Poland	2,244	4,182	(46.3)
Other	192	-	
Shared costs not allocated to segments	(9,727)	(8,371)	(16.2)
EBITDA	<u>55,982</u>	<u>53,260</u>	<u>5.1</u>
Less: depreciation, amortisation and impairment	(51,824)	(87,416)	40.7
Operating income / (loss)	<u>4,158</u>	<u>(34,156)</u>	<u>112.2</u>

¹⁷ The company has changed its year end twice in the past two years. On each occasion, in order to give a more meaningful comparison, the company has also disclosed the first 12 months of the extended fiscal periods. Accordingly, the 12 month period ended June 30, 2002 is presented as the comparative period in order to be consistent with the prior year.

Fox Kids Europe N.V.

Consolidated Statement of Income / (Loss)
for the year ended September 30, 2003 and the 15 months ended
September 30, 2002

In US \$'000	Year to 30 September 2003 Audited	15 months to 30 September 2002 Audited
TOTAL REVENUES	152,017	160,164
Less: unconsolidated revenues of equity affiliates	(5,192)	(4,698)
REVENUES	146,825	155,466
Costs and expenses	(90,843)	(96,611)
EBITDA	55,982	58,855
Programme amortisation and impairment	(49,373)	(90,454)
Depreciation	(2,451)	(3,019)
Operating income / (loss)	4,158	(34,618)
Financial income and expense (net)	1,671	1,006
Foreign exchange loss	(1,861)	(611)
Equity in income of affiliates	1,655	1,190
Income / (loss) before tax and other items	5,623	(33,033)
Taxation	(1,239)	4,099
Income / (loss) from ordinary operations after tax	4,384	(28,934)
Minority interest	(556)	(950)
NET INCOME / (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	3,828	(29,884)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE¹⁸	-	(15,062)
NET INCOME / (LOSS) AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	3,828	(44,946)

¹⁸ Application of SOP00-2, "Accounting by Producers or Distributors of Films".

Fox Kids Europe N.V.

Earnings / (Loss) per Share
for the year ended September 30, 2003 and the 15 months ended
September 30, 2002

	<u>Year to</u> <u>30 September</u> <u>2003</u> <u>Audited</u>	<u>15 months to</u> <u>30 September</u> <u>2002</u> <u>Audited</u>
<u>Basic and Diluted</u>		
Earnings / (loss) per share after cumulative effect of change in accounting principle (in cents per share)	4.6	(54.5)
Cumulative effect of change in accounting principle (in cents per share)	-	18.3
Earnings / (loss) per share before cumulative effect of change in accounting principle (in cents per share)	4.6	(36.2)
Basic weighted average number of ordinary shares outstanding, in thousands	<u>82,519</u>	<u>82,519</u>
Diluted weighted average number of ordinary shares outstanding, in thousands	<u>82,614</u>	<u>82,519</u>

Fox Kids Europe N.V.

Consolidated Balance Sheet
as at September 30, 2003 and September 30, 2002

In US \$'000	30 September 2003 Audited	30 September 2002 Audited
<u>Assets</u>		
Cash and cash equivalents	51,450	61,200
Accounts receivable net of allowances	54,685	44,846
Programme rights, net	125,225	128,130
Investment in equity affiliates	1,210	1,960
Property and equipment, net	4,030	4,914
Deferred income taxes	10,770	10,155
Goodwill, net	28,016	9,698
Total Assets	275,386	260,903
<u>Liabilities, Minority Interests & Shareholders' Equity</u>		
Accounts payable	26,720	24,641
Accrued liabilities and deferred revenues	43,323	42,382
Long term note payable	-	104,114
Minority interest	1,340	1,037
Total Liabilities and Minority Interests	71,383	172,174
Ordinary shares	21,426	21,426
Additional paid in capital	445,659	442,351
Other reserves	(204,114)	(204,114)
Note receivable contributed for equity	-	(109,782)
Cumulative translation adjustment	(1,012)	632
Accumulated other comprehensive loss	(57,956)	(61,784)
Total Shareholders' Equity	204,003	88,729
Total Liabilities, Minority Interests & Shareholders' Equity	275,386	260,903

Fox Kids Europe N.V.

**Consolidated Cash Flow Statement for the
year ended September 30, 2003 and the 15
months ended September 30, 2002**

In US \$'000	Year to 30 September 2003 Audited	15 months to 30 September 2002 Audited
OPERATING ACTIVITIES		
Net income / (loss)	3,828	(44,946)
Adjustments to reconcile net income to net cash flows used in operating activities:		
Cumulative effect of change in accounting principle	-	15,062
Depreciation, amortisation and impairment	51,824	93,473
Equity in income of affiliates	(1,655)	(1,190)
Minority interests	556	950
Deferred tax	(615)	(5,787)
Changes in operating assets and liabilities		
Working capital	540	20,903
Programme rights	(44,068)	(58,293)
Net cash flows generated by operating activities	<u>10,410</u>	<u>20,172</u>
INVESTING ACTIVITIES		
Investment in equity affiliates	2,297	130
Purchase of business	(20,800)	-
Purchases of property and equipment	(1,242)	(1,666)
Net cash flows used in investing activities	<u>(19,745)</u>	<u>(1,536)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	<u>(9,335)</u>	<u>18,636</u>
NET DECREASE IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	(415)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	<u>(9,750)</u>	<u>18,636</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	61,200	42,564
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>51,450</u></u>	<u><u>61,200</u></u>

Fox Kids Europe N.V.

**Operating Results by Business Segment for the
year ended September 30, 2003 and the 15
months ended September 30, 2002**

In US \$'000	Year to 30 September 2003 Audited	15 months to 30 September 2002 Audited
<u>BUSINESS SEGMENT</u>		
<u>Revenues</u>		
Channels & online	109,383	106,247
Programme distribution	31,362	43,186
Consumer products	11,272	10,731
Total revenue	<u>152,017</u>	<u>160,164</u>
Less : unconsolidated revenues of equity affiliates	(5,192)	(4,698)
Group revenues	<u>146,825</u>	<u>155,466</u>
<u>EBITDA</u>		
Channels & online	41,239	35,649
Programme distribution	20,449	28,794
Consumer products	4,021	4,860
Shared costs not allocated to segments	(9,727)	(10,448)
	<u>55,982</u>	<u>58,855</u>
<u>Operating Income / (Loss)</u>		
Channels & Online	11,926	8,772
Programme distribution	3,048	(34,456)
Consumer products	(931)	1,919
Shared costs not allocated to segments	(9,885)	(10,853)
	<u>4,158</u>	<u>(34,618)</u>

Fox Kids Europe N.V.

**Operating Results by Geographic Segment for the
year ended September 30, 2003 and the 15
months ended September 30, 2002**

In US \$'000	Year to 30 September 2003 Audited	15 months to 30 September 2002 Audited
<u>GEOGRAPHIC SEGMENT</u>		
<u>Revenues</u>		
United Kingdom & Ireland	40,075	36,061
France	17,113	23,242
Benelux	15,286	12,458
Italy	14,408	12,271
Spain & Portugal	12,649	12,369
Central Europe	11,679	11,733
Germany	9,846	13,301
Americas	9,598	13,988
Middle East	8,309	10,317
Nordic Region	6,514	5,371
Poland	6,276	8,907
Other	264	146
Total revenues	<u>152,017</u>	<u>160,164</u>
Less: unconsolidated revenues of equity affiliates	(5,192)	(4,698)
Revenues	<u>146,825</u>	<u>155,466</u>
<u>EBITDA</u>		
United Kingdom & Ireland	22,320	18,214
France	4,920	9,765
Benelux	5,945	4,164
Italy	6,351	5,356
Spain & Portugal	4,591	4,732
Central Europe	4,620	4,873
Germany	1,916	3,983
Americas	6,958	9,715
Middle East	3,444	2,777
Nordic Region	2,208	728
Poland	2,244	4,893
Other	192	103
Shared costs not allocated to segments	(9,727)	(10,448)
EBITDA	<u>55,982</u>	<u>58,855</u>
Less: depreciation, amortisation and impairment	(51,824)	(93,473)
Operating income / (loss)	<u>4,158</u>	<u>(34,618)</u>

About Fox Kids Europe N.V.:

Fox Kids Europe N.V. (FKE) is the leading pan-European integrated children's entertainment company with localised television channels, programme distribution and consumer products businesses. FKE's business lines are driven by a localised approach and it has ownership of one of the largest and most recognised libraries of children's programming in the world, which includes approximately 6,500 episodes. FKE is listed on Euronext Amsterdam Stock Exchange.

Channels

FKE produces and broadcasts television channels for children aged 2-14. The content of each is tailored specifically to the local audience in each market, taking into account viewing habits, popularity of programmes, parental sensitivities and cultural trends. Fox Kids channels are currently broadcasting via cable and satellite to 57 countries, reaching 34.8 million households in 17 languages. FKE's main markets include the UK, the Netherlands, France, Germany, the Nordic Region, Spain, Poland, Romania, Turkey, Russia, Israel and Italy.

FKE also offers interactive TV games channels, 'Fox Kids Play', in the UK and Israel and operates 16 localised websites for the Netherlands, the UK, Germany, France, Israel, Spain, Sweden, Denmark, Romania, Norway, Italy, Poland, Russia, Turkey, Hungary and Czech Republic.

Programme Distribution

FKE owns one of the largest libraries of children's programming in Europe. Programming from its library is distributed to more than 120 different terrestrial, cable and satellite channels in over 50 markets across Europe and the Middle East. This library includes major global programming franchises such as *Power Rangers*, *Spiderman*, *X-Men*, *Inspector Gadget* and *Goosebumps*. The rights for the majority of the titles in the FKE library cover all markets in Europe and the Middle East and include many forms of media. The FKE library is serviced by Buena Vista International Television.

Consumer Products

FKE's consumer product activities include toys, merchandising, retail projects and home videos sold in 30 European countries. FKE is present in the UK, France, Germany, Israel, Italy, Russia, Spain and Benelux and also retains third party agents in other European markets. FKE's consumer product properties are sourced from the FKE library and include properties such as *Gadget and the Gadgetinis* as well as third party agreements for properties such as *PUCCA*, *flea-bag & friends*, *Shin chan*, *Medabots* and *Totally Spies*. Disney Consumer Products is FKE's agent for the *Power Rangers* brand.

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