FOX KIDS EUROPE N.V.

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PRESS RELEASE

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

- **Revenues for the year ended June 30, 2002, up 8%[1] to $129.3 million**
- **EBITDA up 5% to $53.3 million**
- **Channels continue to perform strongly; 26% increase in households reached to 31.4 million**
- **Increase of 45% in total advertising revenues and 36% in subscription revenues**
- **Positive operating cash-flow of $8.9 million in the year ended June 30, 2002**
- **$61.2 million in net cash balances as at September 30, 2002**
- **Net loss of $28.9[2] million after a non-cash impairment charge of $26.1 million**
- **Broadcasting in 56 countries in 17 languages; most widely distributed children's channel in Europe and the Middle East, with a local service in every major market**

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 15-month period ended September 30, 2002 and its unaudited financial results for the year ended June 30, 2002.

[1] Unless otherwise stated, comparisons made in this press release are by reference to the financial performance for the 12-months ended June 30, 2002, versus the 12-months ended May 31, 2001.
[2] Before cumulative effect of change in accounting principle (adoption of SOP 00-2).

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Following the acquisition of ABC Family Worldwide Inc. (ABCW)[3] by The Walt Disney Company (Disney), FKE changed its fiscal period to be coterminous with that of Disney. Accordingly, the current fiscal period of FKE is the 15-month period ended September 30, 2002.

Ynon Kreiz, outgoing Chairman and CEO, said: “We are proud to report that FKE has continued its growth in challenging market conditions. Our core business, the channel operation, continues to perform well and is in the strongest position it has ever been. Our channels now reach more than 32 million households as at September 30, 2002, with a local channel in every major market. Not only have we maintained our position as the most widely distributed children’s channel in Europe and the Middle East, we have actually extended the lead over our competitors. In addition, being able to show a substantial increase of 45% in advertising revenues at a time when most markets are flat or down is a tribute to our strength in an increasingly competitive market.

We also remain very focused on maintaining our strong financial position and healthy balance sheet. As forecast, the company has achieved positive operating cash flow for the full year of $8.9 million. I am proud to say that, as of September 30, 2002, we had no net debt and $61.2 million of cash, which is more than we retained from the proceeds of our initial public offering some three years ago even with the substantial investments made across all our business lines.

During the period we incurred a one-off non-cash impairment charge of $26.1 million that had a material adverse effect on the reported income of the company. The impairment charge arises primarily as a result of a revision of the projected revenues to be earned by title, which saw increases on some titles and decreases on others. However, under US GAAP, for impairment purposes, we are unable to make a positive adjustment on titles that generate more revenues than expected to offset charges for titles that generate less revenues than expected. As at September 30, 2002, the net book value of the library even prior to the impairment charge was much lower than the projected revenues of the library.

Our major priority going forward remains to address the performance of our programme distribution business which has become our most challenging activity. This division has suffered most from the tough economic conditions and the shortfall in programming available from ABC Family Worldwide.

FKE is now ready to benefit from being more integrated with The Walt Disney Company, and further consolidate its position as the leading pan-European children’s entertainment company.”

OPERATING REVIEW

Continued Strong Growth in Channel Operations

- Households reached up 26% to 31.4 million as of June 30, 2002
- Channel advertising revenues up 39% to $20.4 million
- Key distribution agreements extended and major new deals concluded
- New channel launch in Greece (Oct 2001)
- Now broadcasting in 56 countries in 17 languages via 12 channel feeds

Key distribution agreements were renewed during the period, as our distribution continued to grow with the increase in the number of subscribers to cable and satellite operators that distribute our channels. Households reached increased by 26% to 31.4 million at June 30, 2002 from 24.9 million at June 30, 2001, extending the lead over our competitors. Of this increase, 0.2 million came from new channel launches and 6.3 million from channels launched prior to June 30, 2001. By September 30, 2002 our reach had increased yet further to 32.3 million households.

[3] Formerly Fox Family Worldwide, Inc.

Our agreement with BSkyB in the UK was extended by three years to October 2007 and our agreement with CanalSatellite in France was extended by five years to October 2007. As part of a long-term strategic relationship with UPC, our distribution agreements in Poland, Romania, Hungary, the Czech Republic and Slovakia were extended to December 2008.

A significant increase in distribution was achieved in Poland. A five-year agreement was signed with Cyfra Plus, the Polish DTH platform resulting from the merger between the Cyfra Plus and Wizja TV satellite platforms and which reaches 700,000 households. A five-year agreement with Polsat, the rival Polish DTH satellite platform that reaches 250,000 households also commenced as well as a five-year agreement with Aster City, Poland's second largest cable operator with 300,000 subscribers. This brought the reach of our Polish channel to 2.0 million households.

We also signed a five-year agreement with Spanish DTH satellite platform Via Digital, complementing our existing distribution by Canal Satellite Digital and making Fox Kids the only children's channel which is distributed on both DTH satellite platforms in Spain. In Scandinavia, we entered an agreement with TeleDenmark Cable, Denmark's largest cable operator with 600,000 subscribers.

In September 2001, our Israeli channel was launched on Yes, the Israeli DTH satellite platform, making the channel available to all digital pay-TV subscribers in the market. In October 2001, a new local Fox Kids channel was launched in Greece via the leading DTH satellite platform, Multichoice Hellas.

Three-year distribution agreements were also signed with the UK's two cable operators, Telewest and NTL, in December 2001 and January 2002 respectively, bringing the total number of households reached in the UK to 7.4 million at June 30, 2002. Through our daily one-hour channel block that is transmitted free-to-air in Italy, we reach an additional 14 million households. This block has performed very strongly since its launch in September 2001 and we expect to extend its hours in the near future.

In addition to increasing distribution, we also continued to perform well in terms of audience share. We remain the ratings leader among children in multichannel TV households in many of the markets we broadcast and ratings are measured. In the Netherlands, where we reach over 95% of TV households, we had a particularly strong performance with an average market share of 28% during the period. In the UK we have also improved our position where ratings have increased by 20% year-on-year despite the launch of two digital children's channels by the BBC.

Our pan-European channel reach has now achieved a critical mass in terms of attractiveness to advertisers and, coupled with continued ratings success and sponsorship initiatives such as the Fox Kids Cup, we anticipate our strong advertising growth to continue in the coming year.

As at September 30, 2002, the Fox Kids channels were broadcast in 56 countries, reaching 32.3 million households in 17 languages via 12 separate feeds.

Addressing the Shortfall of Programming Available For Programme Distribution

- Buena Vista International Television servicing programme distribution for FKE
- Expanded our pan-European programme acquisition team from 4 to 7 people
- Increasing acquisitions of third-party properties
- Restoring certain classic titles such as *Spiderman*
- Library expanded with addition of 279 new episodes and 2 family films

From May 1, 2002, our programme distribution activities have been serviced by Buena Vista International Television (BVITV), which services all of Disney's international programming, including feature films, prime-time series and children's programming.

As forecast during our first-half results, the performance of the programme distribution business is significantly lower than in the previous year. The downturn in Europe's advertising markets, along with financial difficulties experienced by some broadcasters, has led to downward pressure on programme license fees. This impact has been particularly acute in Germany.

Additionally, as previously communicated, there will be a requirement for FKE to increase the amount of programming acquired from third parties following a reduction in the volume of new programming that will be available from ABCW, which owns 76% of FKE. Historically, between 250 and 350 episodes per annum were available to FKE from ABCW under the rights acquisition agreement, but this is now expected to reduce to between 80 and 160 episodes per annum. These factors together have led to an increase in our amortisation rate in the current period.

We have initiated activities to supplement the amount of new programming that will be sourced from ABCW by increasing the amount of programming acquired from third parties, and by increasing international co-production activity. We have already acquired the rights to 26 episodes of *RoboRoach,* with an option to acquire a further 26 episodes, 50 episodes of *Quintuplets* and 26 episodes of *Pig City*. We have also expanded our pan-European programme acquisition team from 4 to 7 people, and are in the process of restoring some of our classic titles such as *Spiderman* using the latest digital technology.

We expect programme distribution revenues to reduce further in the fiscal year ending September 30, 2003 before resuming growth in the fiscal year ending September 30, 2004.

A total of 279 new episodes were added to our library, including local European co-productions. Titles added include new series such as *Mon Colle Knights, What's With Andy, Jason & The Heroes of Mount Olympus, So Little Time* and *Car Transformer Robots*, as well as additional seasons of *Digimon, Kids from Room 402* and *Power Rangers Time Force*. We also added 2 family films, '*Til Dad Do Us Part* and *Mom's on Strike*.

As at June 30, 2002 there were 154 episodes in progress compared to 270 at June 30, 2001. Titles in progress at June 30, 2002 included *Gadget and the Gadgetinis* as well as new seasons of *Power Rangers* and *Digimon*.

Steady Growth in Consumer Products

- *Power Rangers* and *Digimon* are strongest properties
- Acquired agency rights to new third party properties
- Successful *Wackel Elvis* campaign expanded outside Europe
- DVD and video rights for our library become available for exploitation again in May 2003
- Agreement for Fox Kids branded music albums with BMG extended to nine European markets

We continued to expand our consumer products portfolio by acquiring agency rights to leading third-party brands such as the pan-European (excluding Italy) agency rights to *Medabots*, produced by Nelvana in association with NAS/Kodansha and TV Tokyo. The series is a major success in the US where it achieved the highest ratings in its timeslot with kids aged 6-11 years and ranked the number one show in the morning block among cable and terrestrial competition. It is also currently performing strongly on the Fox Kids channels.

Additionally, we acquired the pan-European (excluding Germany) agency rights to *Totally Spies*. This is also a major ratings success and is currently rating strongly in most European markets.

Demand for *Digimon* merchandising rights has remained strong in the UK and France, although at levels lower than the previous year, on the back of continued high ratings performances for the show. *Power Rangers* and *Digimon* represented the two most important licensing properties for FKE in the period.

Another success has been the representation of the Elvis Presley estate in Germany. Following a very successful advertising campaign by Audi, the car manufacturer, sales of the dancing "*Wackel Elvis*" doll which featured in the advertisement soared and Elvis became one of the largest licensing properties for FKE in the period. Audi subsequently extended the advertising campaign to other geographic markets, with FKE appointed managing agent for "*Wackel Elvis*" licensing throughout the world (excluding the USA).

Further to the success of the Fox Kids branded music compilation albums in the Netherlands, the agreement with BMG has been extended to cover nine European markets. The first two albums released in the Netherlands, 'Fox Kids Hits' volumes 1 and 2, attained platinum and gold status respectively, while the third is having a similar success, already at gold status and still selling well.

The DVD and video rights for our library become available for exploitation again in the next fiscal year (May 2003), following the expiration of our video distribution agreement with Buena Vista Home Entertainment, and this is expected to drive further growth in coming years.

<u>Integration of Online & Interactive Activities With Channel Operations</u>

- Revenues nearly trebled whilst costs significantly reduced
- Fox Kids Play interactive games channels launched in the UK and France
- Online activities currently being integrated into channel division

FKE is a leading online community for children across Europe and the Middle East, with 17 fully localised websites offering a combination of children-friendly activities such as games, chat, news, sport, celebrity interviews, forums, competitions and downloads.

Despite a challenging economic environment, we remain on track to achieve our target of profitability for this business in the next fiscal year. Costs have been reduced significantly whilst revenues have nearly trebled.

The strong interest in our Fox Kids Play channels from both platforms and consumers continued. The launches in the UK and France have been followed by a launch in Israel on the cable operator, Golden Channels, with more launches expected. Our interactive service in the UK was closed in June 2002 following the insolvency of Energis, the operator carrying our service in the UK via satellite, with limited financial downside to FKE. We are currently in discussions with other operators in the UK for a relaunch of Fox Kids Play via satellite and have already reached an agreement with Telewest for a launch via cable.

Given the growing convergence between our online and interactive activities and our channel division, particularly in the area of interactive television, as announced previously, we are currently in the process of integrating the online & interactive operations into the channel division to bring additional benefits to both businesses. Accordingly, these operations will no longer be presented separately in our segmental reporting in the next fiscal period.

<u>FINANCIAL REVIEW</u>

Following the acquisition of ABCW by Disney, FKE changed its fiscal period to be coterminous with that of Disney. Accordingly, the current fiscal period of FKE is the 15-month period ended September 30, 2002, and these results are included in the appendix along with the audited results for the 13-month period ended June 30, 2001.

In order to present a comparable review of the group's performance, unaudited results for the 12-month periods ended June 30, 2002, and May 31, 2001, are also presented. Unless otherwise stated, comparisons made in this press release are by reference to the financial performance for these 12-month periods.

Revenues

FKE generates revenues from multiple sources, including, subscription fees, programme distribution fees, advertising revenues and consumer product royalties and commissions. Revenues for the year ended June 30, 2002, were $129.3 million, representing an 8% increase compared to the previous fiscal year. The major contributor to this growth was the channel group, where revenues grew by 39% to $81.2 million. Within the channel group, subscription revenues were $58.8 million, up 36%, while advertising revenues were $20.4 million, up 39%. Other channel revenues grew from $0.4 million to $2.0 million.

Revenues from our programme distribution division decreased by 32% as a result of challenging market conditions and a reduction in the volume of new programming available to FKE under the rights acquisition agreement with ABCW.

Consumer products revenues grew by 9% to $9.3 million, primarily following increased demand for *Power Rangers* and *Elvis* licences, partially offset by a reduction in revenues from *Digimon* and *Diabolik*.

Online & interactive revenues continued to grow rapidly, nearly trebling to $2.4 million.

Costs and Expenses

Total expenses increased by 9% to $76.0 million. The main drivers of the increase in costs were a full year of costs for our German and Israeli channels, a full year of consolidation of our channel in the Netherlands that was equity accounted until December 1, 2000, higher commissions on advertising revenues in Italy arising from the launch of the free-to-air block and the ongoing impact of SOP 00-2.

These increases were partially offset by a reduction in transponder fees in the channel business, following the migration to digital services in the UK, a reduction in music royalties and lower participation costs.

Earnings Before Interest, Tax, Depreciations and Amortisation (EBITDA)[4]

EBITDA increased by 5% to $53.3 million. Our channel group achieved a substantial increase in EBITDA, up 175% to $31.2 million, with every one of our channel operations EBITDA positive, including the most recent launches in Israel and Greece. EBITDA from programme distribution went down by 41% to $28.8 million, as a result of a decrease in revenues and an increase in distribution costs. The majority of the increase in distribution costs resulted from the ongoing impact of the adoption of SOP 00-2[5]. Certain marketing and development costs, which were previously required to be capitalized under US GAAP (FAS53), are now required to be expensed under US GAAP in accordance with SOP 00-2.

EBITDA from our consumer products operations was reduced by 5% to $4.4 million as increased revenues were more than offset by an increase in costs, primarily personnel and overhead as additional staff were recruited to cope with a planned increase in activity. Online & interactive operations showed a negative EBITDA of $2.8 million, that was $3.0 million better than the previous fiscal year as revenues increased significantly and costs were reduced, following a restructuring initiative at the beginning of the fiscal period.

[4] Consistent with prior years, EBITDA is stated before programme amortisation and impairment charges. Our channel in the Netherlands was consolidated with effect from December 1, 2000.
[5] In accordance with US GAAP, comparative figures have not been restated for the adoption of SOP 00-2.

Depreciation and Amortisation

Depreciation increased to $2.2 million from $1.7 million in the previous fiscal year primarily as a result of an increase in the number of software licenses required for the online division following a substantial increase in traffic.

Programme amortisation increased substantially from $39.0 million to $59.1 million due to a reduction in expected future revenues to reflect challenging market conditions, a higher proportion of non-European sales and a reduction in the projected amount of new programming that will be available from ABCW, which is expected to reduce the sales of library product.

Non-Cash Impairment Charge

At the time of our IPO in November 1999, FKE acquired for cost the European and Middle Eastern rights to the Saban library of children's programming ("the Library"), one of the largest libraries of children's programming in the world. In accordance with US generally accepted accounting principles (US GAAP), the net book value of the Library was allocated by title based on the estimated future revenues that were projected at that time to be generated by each title.

Under US GAAP[6], estimates are made of the total future revenues that will be generated by each title. These estimates are updated periodically and the company amortises the portion of the net book value of each title that relates to revenue recognised during the period.

Following the acquisition of our 76% owner ABCW by Disney, and the subsequent appointment of BVITV to service FKE's programme distribution business, such a review[7] was carried out to update the estimates of the revenues projected to be earned by each title in the Library. For some titles projected revenues were increased compared to original estimates, whereas for other titles projected revenues were decreased. However, in light of the challenging market conditions, and a projected reduction in the volume of new programming available to FKE from ABCW, the total projected revenues from the Library were reduced.

The titles within our Library are used interchangeably by our channels as there is typically no cash cost associated with usage of these rights, therefore usage depends solely on programme scheduling decisions.

However, under US GAAP[8], FKE continues to amortise the Library on a title-by-title basis, and cannot treat it as a whole. This means that if the projected mix of titles used from our Library on our channels is significantly different from assumptions made in previous periods, a significant non-cash impairment charge can result even though there is no impairment to the Library when taken as a whole. This is also the case if assumptions of projected revenues from non-channel usage (i.e. typically sales to free television broadcasters) are revised by title. This is because for the purpose of determining impairment under US GAAP, no benefit can be taken on titles that are being leased or used more frequently than expected, to offset impairment on titles that are leased or used less frequently than expected.

This exercise has resulted in a non-cash impairment charge of $26.1 million. As at September 30, 2002, the net book value of FKE's programme inventory was $128.1 million, substantially lower than the remaining projected revenues that will be generated from these titles.

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[6] SOP 00-2, Accounting by Producers or Distributors of Films.

[7] The review was carried out in order to determine any purchase price accounting adjustment required to be booked by Disney.

[8] APB16, Business Combinations. FKE was the subject of a reorganisation under common control. Accordingly, because FFW amortises its programming on a title-by-title basis, FKE did not treat the Library as a single asset under its accounting policy and therefore continues to amortise its programming on a title-by-title basis.

Net Financial Income

Net financial income decreased to $0.8 million from $1.9 million as a result of a reduction in interest rates for the dollar, sterling and euro in which the company's cash balances are held.

Joint Ventures

FKE's share of the profit of affiliates reduced from $1.5 million to $0.9 million. Following a restructuring of the business, our channel in the Netherlands was fully consolidated into our results as of December 1, 2000. This channel was previously equity accounted. The impact of this consolidation was partially offset by a stronger performance from our Spanish affiliate.

The increase in the participation of the minority interest is primarily due to an improvement in the profitability of our channel in Poland where we have a partner holding a 20% equity interest.

As a direct consequence of the change in control of our majority shareholder, ABCW, an option held by Middle East Communication Holdings BV (MEC) to sell to FKE its 49.5% stake in Fox Kids Israel Enterprises BV (FKI) became exercisable during the period. FKE currently owns 50.5% of FKI which, through a wholly owned local subsidiary, owns and operates the local Fox Kids pay TV channel and website, excluding any rights to the Saban library, in the Israeli market. FKE is in advanced negotiations to acquire MEC's stake in FKI, as well as the Israeli rights to the Saban library and certain other Israeli rights, outside the formal process set out in the option agreement. FKE expects this acquisition to be concluded very shortly for approximately $20 million.

Taxation

The tax credit for the year comprises a deferred tax credit offset by $1.0 million in taxes payable (primarily withholding, income and asset taxes). We remain conservative in approach to recognition of deferred tax assets and, accordingly, only $5.6 million has been recognised as a deferred tax asset in the 12-month period ended June 30, 2002. The deferred tax asset as at September 30, 2002, stands at $10.2 million.

Cumulative Effect of Adopting New Accounting Principle

Our library has been amortised historically over its expected useful life in accordance with US GAAP (FAS53). FAS53 has now been replaced by SOP00-2, which has been adopted by FKE with effect from July 1, 2001. As with other media companies, the adoption of SOP 00-2 has led to a one-off non-cash charge to income, which is a cumulative effect of the change in accounting principle. The amount of this charge was $15.1 million, marginally lower than our previous estimate of $18.4 million.

Earnings per Share

Basic and diluted earnings per share (before cumulative effect of change in accounting principle) declined to a loss of 35.0 cents per share from earnings of 19.6 cents per share in the previous fiscal year due to an increase in amortisation, a non-cash impairment charge, a deterioration in the performance of the programme distribution business, partially offset by improvements in the performance of the channel and online businesses.

Incorporating the cumulative effect of the change in accounting principle, basic and diluted earnings per share was a loss of 53.3 cents per share.

Cash Flow

Operating cash flow improved significantly from an outflow of $9.9 million to an inflow of $8.9 million. The improvement in cash flow was driven primarily by the improvement in performance of our channel operation, as well as a reduction in investment in programming, where the amount of programming added to our library decreased from 386 episodes and 17 family films to 279 episodes and 2 family films. This was partially offset by a reduction in programme distribution revenues and an increase in the amount of programming acquired solely for use on our channels.

Receivables and other assets reduced by $6.4 million year-on-year mainly as a result of the phasing of the distribution revenues towards the end of the previous fiscal year.

Capital expenditure was reduced from $3.6 million in the previous year to $1.3 million due to reduced new channel launch activity, reduced investment in our online and interactive division and reduced expenditure on leasehold improvements in the UK office.

As at June 30, 2002, the company had cash balances of $50.2 million, increasing to $61.2 million as at September 30, 2002. The company considers its cash reserves to be sufficient to allow it to increase its acquisition of programming from third parties as well as meet any amounts that are likely to be due in respect of the acquisition of the Israeli assets noted above.

Fox Kids Europe N.V.

Consolidated Statement of Income for the 12 months ended June 30, 2002 and May 31, 2001

In US $'000	12 months to 30 June 2002 Unaudited	12 months to 31 May 2001 Unaudited	% change
REVENUES	129,287	120,148	7.6
Costs and expenses	(76,027)	(69,546)	(9.3)
EBITDA	53,260	50,602	5.3
Programme amortisation	(59,133)	(38,953)	(51.8)
Impairment of programme rights	(26,063)	-	-
Depreciation	(2,220)	(1,712)	(29.7)
Operating (Loss) / Income	(34,156)	9,937	(443.7)
Financial income and expense, net	808	1,889	(57.2)
Foreign exchange loss	(279)	(445)	37.3
Equity in income of affiliates	901	1,521	(40.8)
(Loss) / Income before tax and other items	(32,726)	12,902	(353.7)
Taxation	4,594	3,731	23.1
(Loss) / Income from ordinary operations after tax	(28,132)	16,633	(269.1)
Minority interest	(805)	(470)	(71.3)
NET (LOSS) / INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(28,937)	16,163	(279.0)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(15,062)	-	-
NET (LOSS) / INCOME AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(43,999)	16,163	(372.2)

Fox Kids Europe N.V.

(Loss) / Earnings per Share for the 12 months ended June 30, 2002 and May 31, 2001

In cents per share	12 months to 30 June 2002 Unaudited	12 months to 31 May 2001 Unaudited
Basic and Diluted		
(Loss) / earnings per share after cumulative effect of change in accounting principle	(53.3)	19.6
Cumulative effect of change in accounting principle	18.3	-
(Loss) / earnings per share before cumulative effect of change in accounting principle	(35.0)	19.6
Basic weighted average number of ordinary shares outstanding, in thousands	82,519	82,519
Diluted weighted average number of ordinary shares outstanding, in thousands	82,519	82,608

Fox Kids Europe N.V.

Consolidated Balance Sheet
as at June 30, 2002 and May 31, 2001

In US $'000	30 June 2002 Unaudited	31 May 2001 Unaudited
Assets		
Cash and cash equivalents	50,229	37,465
Accounts receivable (net)	50,387	56,512
Programme rights	122,977	173,537
Investment in equity affiliates	1,633	803
Property and equipment	5,421	5,746
Deferred taxation	10,016	4,368
Intangible assets	9,698	9,720
Total Assets	250,361	288,151
Liabilities & Shareholders' Equity		
Accounts payable	15,684	19,002
Accrued liabilities	38,630	30,828
Long term note payable	104,114	104,114
Minority interest	860	26
Total Liabilities	159,288	153,970
Ordinary shares	21,426	21,426
Additional paid in capital	442,351	442,351
Other reserves	(204,114)	(204,114)
Note receivable contributed for equity	(109,499)	(106,152)
Cumulative translation adjustment	1,746	(1,580)
Accumulated deficit	(60,837)	(17,750)
Total Shareholders' Equity	91,073	134,181
Total Liabilities and Shareholders' Equity	250,361	288,151

Fox Kids Europe N.V.

Consolidated Cash Flow Statement for the 12 months ended June 30, 2002 and May 31, 2001

In US $'000	12 months to 30 June 2002 Unaudited	12 months to 31 May 2001 Unaudited
OPERATING ACTIVITIES		
Net (loss) / income after cumulative effect of change in accounting principle	(43,999)	16,163
Adjustments to reconcile net income to net cash flows used in operating activities:		
Cumulative effect of change in accounting principle	15,062	-
Depreciation and amortisation	61,353	40,665
Impairment	26,063	-
Equity in income of affiliates	(901)	(1,521)
Minority interests	805	470
Contributed revenues and other non cash items	-	(2,068)
Deferred tax	(5,648)	(4,368)
Changes in operating assets and liabilities		
Accounts receivable and other assets	6,394	(13,070)
Programme rights	(47,882)	(61,960)
Accounts payable	(7,058)	4,953
Accrued liabilities	4,687	10,854
Net cash flows provided by operating activities	8,876	(9,882)
INVESTING ACTIVITIES		
Investment in equity affiliates	130	(110)
Purchase of business	-	(450)
Purchases of property and equipment	(1,341)	(3,569)
Net cash flows used in investing activities	(1,211)	(4,129)
NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	7,665	(14,011)
NET (DECREASE) IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	-	(32)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	7,665	(14,043)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	42,564	51,508
CASH AND CASH EQUIVALENTS, END OF PERIOD	50,229	37,465

Fox Kids Europe N.V.

Operating Results by Segment for the 12 months ended June 30, 2002 and May 31, 2001

In US $'000	12 months to 30 June 2002 Unaudited	12 months to 31 May 2001 Unaudited	% change
BUSINESS SEGMENT			
Revenues			
Channel operations	81,224	58,360	39.2
Programme distribution	40,083	58,958	(32.0)
Consumer products	9,316	8,541	9.1
Online & interactive	2,359	794	197.1
Total revenue	132,982	126,653	5.0
Less : unconsolidated revenues of joint ventures	(3,695)	(6,505)	
Group revenues	129,287	120,148	7.6
EBITDA			
Channel operations	31,184	11,356	174.6
Programme distribution	28,842	49,237	(41.4)
Consumer products	4,394	4,614	(4.8)
Online & interactive	(2,789)	(5,773)	51.7
Shared costs not allocated to segments	(8,371)	(8,832)	5.2
	53,260	50,602	5.3
Operating (Loss) / Income [9]			
Channel operations	8,294	(8,521)	197.3
Programme distribution	(6,161)	31,338	(119.7)
Consumer products	1,693	2,289	(26.0)
Online & interactive	(3,275)	(6,157)	46.8
Impairment of programme rights	(26,063)	-	-
Shared costs not allocated to segments	(8,644)	(9,012)	4.1
	(34,156)	9,937	(443.7)

[9] Programme amortisation has been attributed to each operating segment. Prior year amounts have been reclassified accordingly.

Fox Kids Europe N.V.

Operating Results by Segment for the 12 months ended June 30, 2002 and May 31, 2001

In US $'000	12 months to 30 June 2002 Unaudited	12 months to 31 May 2001 Unaudited	% change
GEOGRAPHIC SEGMENT			
Revenues			
United Kingdom & Ireland	28,398	27,666	2.6
France	20,424	16,838	21.3
Americas	13,542	3,990	239.4
Germany	11,050	24,884	(55.6)
Spain & Portugal	10,959	10,367	5.7
Benelux	10,256	8,095	26.7
Italy	9,830	13,102	(25.0)
Central Europe	9,249	6,623	39.6
Israel	8,140	1,646	394.5
Poland	7,004	7,235	(3.2)
Nordic Region	4,130	5,324	(22.4)
Other	-	883	-
Total revenues	132,982	126,653	5.0
Less: unconsolidated revenues of joint ventures	(3,695)	(6,505)	
Revenues	129,287	120,148	7.6
EBITDA			
United Kingdom & Ireland	14,760	13,302	11.0
France	9,210	8,034	14.6
Americas	9,893	3,332	196.9
Germany	4,156	15,907	(73.9)
Spain & Portugal	4,799	4,613	4.0
Benelux	3,376	398	748.2
Italy	4,255	7,982	(46.7)
Central Europe	4,449	1,747	154.7
Israel	1,886	(1,460)	229.2
Poland	4,182	3,848	8.7
Nordic Region	665	992	(33.0)
Other	-	739	-
Shared costs not allocated to segments	(8,371)	(8,832)	5.2
EBITDA	53,260	50,602	5.3
Less: depreciation, amortisation and impairment	(87,416)	(40,665)	(115.0)
Operating (Loss) / Income	**(34,156)**	**9,937**	**(443.7)**

Fox Kids Europe N.V.

Consolidated Statement of Income for the 15 months ended September 30, 2002 and the 13 months ended June 30, 2001

In US $'000	15 months to 30 Sept 2002 Audited	13 months to 30 June 2001 Audited	% change
REVENUES	155,466	129,331	20.2
Costs and expenses	(96,611)	(75,428)	28.1
EBITDA	58,855	53,903	9.2
Programme amortisation	(64,391)	(41,180)	(56.4)
Impairment of programme rights	(26,063)	-	-
Depreciation	(3,019)	(2,068)	(46.0)
Operating (Loss) / Income	(34,618)	10,655	(424.9)
Financial income and expense, net	1,006	2,074	(51.5)
Foreign exchange loss	(611)	(379)	(61.2)
Equity in income of affiliates	1,190	1,492	(20.2)
(Loss) / Income before tax and other items	(33,033)	13,842	(338.6)
Taxation	4,099	3,731	9.9
(Loss) / Income from ordinary operations after tax	(28,934)	17,573	(264.7)
Minority interest	(950)	(498)	(90.8)
NET (LOSS) / INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(29,884)	17,075	(275.0)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(15,062)	-	-
NET (LOSS) / INCOME AFTER CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(44,946)	17,075	(363.2)

Fox Kids Europe N.V.

(Loss) / Earnings per Share
for the 15 months ended September 30, 2002 and
the 13 months ended June 30, 2001

In cents per share	15 months to 30 Sept 2002 Audited	13 months to 30 June 2001 Audited
Basic and Diluted		
(Loss) / earnings per share after cumulative effect of change in accounting principle	(54.5)	20.7
Cumulative effect of change in accounting principle	18.3	-
(Loss) / earnings per share before cumulative effect of change in accounting principle	(36.2)	20.7
Basic weighted average number of ordinary shares outstanding, in thousands	82,519	82,519
Diluted weighted average number of ordinary shares outstanding, in thousands	82,519	82,548

Fox Kids Europe N.V.

Consolidated Balance Sheet
as at September 30, 2002 and June 30, 2001

In US $'000	30 Sept 2002 Audited	30 June 2001 Audited
Assets		
Cash and cash equivalents	61,200	42,564
Accounts receivable (net)	44,846	56,850
Programme rights	128,130	175,353
Investment in equity affiliates	1,960	775
Property and equipment	4,914	5,790
Deferred taxation	10,155	4,368
Intangible assets	9,698	9,698
Total Assets	260,903	295,398
Liabilities & Shareholders' Equity		
Accounts payable	24,641	23,682
Accrued liabilities	42,382	33,942
Long term note payable	104,114	104,114
Minority interest	1,037	54
Total Liabilities	172,174	161,792
Ordinary shares	21,426	21,426
Additional paid in capital	442,351	442,351
Other reserves	(204,114)	(204,114)
Note receivable contributed for equity	(109,782)	(107,045)
Cumulative translation adjustment	632	(2,174)
Accumulated deficit	(61,784)	(16,838)
Total Shareholders' Equity	88,729	133,606
Total Liabilities and Shareholders' Equity	260,903	295,398

Fox Kids Europe N.V.

Consolidated Cash Flow Statement
for 15 months ended September 30, 2002 and the 13 months ended June 30, 2001

In US $'000	15 months to 30 Sept 2002 Audited	13 months to 30 June 2001 Audited
OPERATING ACTIVITIES		
Net (loss) / income after cumulative effect in change in accounting principle	(44,946)	17,075
Adjustments to reconcile net income to net cash flows used in operating activities:		
Cumulative effect of change in accounting principle	15,062	-
Depreciation and amortisation	67,410	43,248
Impairment	26,063	-
Equity in income of affiliates	(1,190)	(1,492)
Minority interests	950	498
Contributed revenues and other non cash items	-	(2,068)
Deferred tax	(5,787)	(4,368)
Changes in operating assets and liabilities		
Accounts receivable and other assets	10,798	(14,297)
Programme rights	(58,293)	(66,002)
Accounts payable	1,632	5,701
Accrued liabilities	8,473	17,300
Net cash flows provided by operating activities	20,172	(4,405)
INVESTING ACTIVITIES		
Investment in equity affiliates	130	(110)
Purchase of business		(450)
Purchases of property and equipment	(1,666)	(3,947)
Net cash flows used in investing activities	(1,536)	(4,507)
NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	18,636	(8,912)
NET (DECREASE) IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	-	(32)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	18,636	(8,944)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	42,564	51,508
CASH AND CASH EQUIVALENTS, END OF PERIOD	61,200	42,564

Fox Kids Europe N.V.

Operating Results by Segment for the 15 months ended September 30, 2002 and the 13 months ended June 30, 2001

In US $'000	15 months to 30 Sept 2002 Audited	13 months to 30 June 2001 Audited	% change
BUSINESS SEGMENT			
Revenues			
Channel operations	103,537	64,431	60.7
Programme distribution	43,186	61,389	(29.7)
Consumer products	10,731	9,291	15.5
Online & interactive	2,710	997	171.8
Total revenue	160,164	136,108	17.7
Less : unconsolidated revenues of joint ventures	(4,698)	(6,777)	
Group revenues	155,466	129,331	20.2
EBITDA			
Channel operations	38,898	13,402	190.2
Programme distribution	28,794	51,245	(43.8)
Consumer products	4,860	5,155	(5.7)
Online & interactive	(3,249)	(6,423)	49.4
Shared costs not allocated to segments	(10,448)	(9,476)	(10.3)
	58,855	53,903	9.2
Operating (Loss) / Income [10]			
Channel operations	12,752	(8,031)	258.8
Programme distribution	(8,393)	32,517	(125.7)
Consumer products	1,919	2,716	(29.3)
Online & interactive	(3,980)	(6,885)	42.2
Impairment of programme rights	(26,063)	-	-
Shared costs not allocated to segments	(10,853)	(9,662)	(12.3)
	(34,618)	10,655	(424.9)

[10] Programme amortisation has been attributed to each operating segment. Prior year amounts have been reclassified accordingly.

Fox Kids Europe N.V.

Operating Results by Segment for the 15 months ended September 30, 2002 and the 13 months ended June 30, 2001

In US $'000	15 months to 30 Sept 2002 Audited	13 months to 30 June 2001 Audited	% change
GEOGRAPHIC SEGMENT			
Revenues			
United Kingdom & Ireland	36,061	29,350	22.9
France	23,242	17,793	30.6
Americas	13,988	5,844	139.4
Germany	13,301	25,901	(48.6)
Benelux	12,458	9,161	36.0
Italy	12,271	13,515	(9.2)
Spain & Portugal	12,369	10,838	14.1
Central Europe	11,733	7,104	65.2
Israel	10,317	2,233	362.0
Poland	8,907	7,909	12.6
Nordic Region	5,371	5,558	(3.4)
Other	146	902	(83.8)
Total revenues	160,164	136,108	17.7
Less: unconsolidated revenues of joint ventures	(4,698)	(6,777)	
Revenues	155,466	129,331	20.2
EBITDA			
United Kingdom & Ireland	18,214	13,347	36.5
France	9,765	8,104	20.5
Americas	9,715	4,878	99.2
Germany	3,983	16,596	(76.0)
Benelux	4,164	747	457.4
Italy	5,356	8,476	(36.8)
Spain & Portugal	4,732	4,913	(3.7)
Central Europe	4,873	1,883	158.8
Israel	2,777	(1,403)	297.9
Poland	4,893	4,123	18.7
Nordic Region	728	965	(24.6)
Other	103	751	(86.3)
Shared costs not allocated to segments	(10,448)	(9,477)	(10.2)
EBITDA	58,855	53,903	9.2
Less: depreciation and amortisation	(93,473)	(43,248)	(116.1)
Operating (Loss) / Income	**(34,618)**	**10,655**	**(424.9)**