



FOX KIDS EUROPE N.V.

September 26, 2001: For immediate release

PRESS RELEASE

FOX KIDS EUROPE N.V. ANNOUNCES STRONG INCREASE IN REVENUES AND PROFITS FOR THE YEAR ENDED MAY 31, 2001, AND THIRTEEN MONTHS ENDED JUNE 30, 2001

- **Total revenues for the year ended May 31, 2001, up 26% to \$126.7 million¹**
- **Net Income \$16.2 million; EPS up from 0.4 cents to 19.6 cents; EBITDA up 45% to \$50.6 million**
- **57% increase in advertising revenues**
- **24% increase in channel subscribers; currently reaching more than 25 million households**
- **Broadcasting in 54 countries via 11 channel feeds in 16 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. (AMEX: FKE; Reuters: FOXK.AS; Bloomberg: FKE.NA), the leading pan-European integrated children's entertainment company, today announced its unaudited financial results for the year ended May 31, 2001, and its audited financial results for the 13-month period ended June 30, 2001, following a change in fiscal year end. FKE showed substantial growth in all areas compared to the fiscal year ended May 31, 2000.

¹ Unless otherwise stated, comparisons made in this press release are by reference to the financial performance for the year ended May 31, 2001, versus the fiscal year ended May 31, 2000

Ynon Kreiz, Chairman and CEO, said: "We are proud to announce strong progress in all business areas, both operationally and financially. Fox Kids has become the most widely distributed children's channel in Europe and the Middle East, reaching more than 25 million households in 54 markets, with a local service in every major market. We have also strengthened our position as a major provider of children's content throughout all our markets. In addition, we have developed a leading online community for kids with 17 local websites and have built a growing consumer products operation with great upside potential.

During the last year, we achieved substantial growth in revenues while keeping our costs firmly under control. Our total revenues reached \$126.7 million, representing an increase of 26%, as we managed to grow our advertising revenues by 57% despite adverse market conditions. A particular tribute to this success is the fact that revenues have increased in every geographical market and in each of our lines of business. The result of this performance is a substantial increase in profitability, with net income up from \$0.3 million to \$16.2 million and EBITDA up by 45% to \$50.6 million.

Following the recent agreement for the Walt Disney Company to acquire our majority shareholder Fox Family Worldwide, Inc., we will now benefit from the support and resources of the world's leader in family entertainment. We will look to take advantage of this opportunity and continue to build on the success we have achieved to date and consolidate our position as the leading pan-European children's entertainment company."

FINANCIAL REVIEW

The company changed its fiscal year end from May 31 to June 30 during the period in order to be coterminous with its majority shareholder, Fox Family Worldwide Inc. In order to present a comparable review of the group's performance, unaudited results for the year ended May 31, 2001 are also presented. Unless otherwise stated, comparisons made in this press release are by reference to the financial performance for the year ended May 31, 2001 versus the fiscal year ended May 31, 2000.

Revenues

FKE generates revenues from multiple sources, including programme distribution fees, subscription fees, advertising revenues and consumer product royalties and commissions.

Total revenues for the year ended May 31, 2001 were \$126.7 million, representing a 26% increase compared to the previous fiscal year. The major contributor to this growth was the channel group, where revenues grew by 47%. Within the channel group, subscription revenues were \$43.7 million, up 46% from \$30.0 million achieved in the previous fiscal year, while advertising revenues were up 50% to \$14.7 million. Subscription revenues represented 75% of channel revenues. Advertising represented 25% of channel revenues and 12% of total revenues.

Revenues from our programme distribution division increased by 9%. This year, for the first time, we were able to leverage our pan-European infrastructure to acquire not only European rights, but also other international rights to a number of series, including *So Little Time*, a live action series of 26 episodes featuring the "tween" superstars Mary Kate and Ashley Olsen. The other international rights to these series were sold to Fox Family Worldwide, accounting for \$4.0 million of our revenues.

Consumer products revenues grew by 31% to \$8.5 million, primarily due to strong demand for *Digimon* licences. Online & interactive revenues grew rapidly from \$31,000 to \$0.8 million.

EBITDA

EBITDA reached \$50.6 million, up 45% compared to the fiscal year ending May 31, 2000.

Our channel group achieved a substantial increase in EBITDA, up \$9.9 million to \$11.4 million, with every one of our channel operations now EBITDA positive except for the most recent launches in Germany and Israel. EBITDA from programme distribution grew 21% to \$49.2 million, as a result of an increase in revenues and a reduction in distribution expense. EBITDA from our consumer products operations more than doubled to \$4.6 million as a result of increased revenues, partially offset by the full-year operating costs of the new operations in the Netherlands and Spain which were opened in the second half of the last fiscal year. Online & interactive operations showed a negative EBITDA of \$5.8 million due to increased expenditure as activities in this new division were expanded. The online & interactive operations remain on track to achieve our target of profitability by fiscal year 2003.

Expenses

Operating expenses increased by just 1% following new channel launches in Germany, Hungary, the Middle East and Israel, a full year of technical costs for our Italian channel service which launched in April 2000 and higher investment in our online & interactive division. Most of this increase was offset by reduced transponder fees in the channel business, following the migration to digital services in the UK.

As anticipated, a final charge of \$1.2 million was incurred in relation to the planned early termination of the analogue transponder sublease used by the Fox Kids UK channel. The final migration of Fox Kids UK from analogue to digital services will have a beneficial impact on technical costs in future years.

Selling, general and administrative expenses increased by 25%, primarily due to the channel launches referred to above, consolidation of six months of expenses from our channel operation in the Netherlands that was previously equity accounted, increased staff levels in our online & interactive division, one-off professional fees associated with a transaction that did not proceed, and a full year of costs in respect of the newly established consumer products operations in Spain and the Netherlands. Excluding the one-off costs associated with the above transaction of \$950,000, corporate overhead was flat year on year at \$8.1 million.

Depreciation increased to \$1.5 million from \$1.3 million in the previous fiscal year. Programme amortisation increased to \$39.2 million from \$28.5 million due to the increase in programme distribution and consumer products revenues and higher amortisation rates applied on family films and non-European sales. Our library has been amortised historically over its expected useful life in accordance with FAS53. This has now been replaced by SOP2, which will be adopted for future years. As with other media companies, the adoption of SOP2 is expected to result in a one-off non-cash charge to income in the first half of the next fiscal year.

Net financial income increased to \$1.9 million from \$1.2 million through interest earned on the company's cash balances for a longer period than in the previous fiscal year.

Joint Ventures

FKE's share of the profit of affiliates was \$1.5 million. This compares favourably to a loss of \$2.3 million in the previous fiscal year and is a result of stronger operating performances by our channels in the Netherlands and Spain. Following a restructuring of the business, the financial performance of our channel in the Netherlands was fully consolidated into our results as of December 1, 2000.

The increase in the participation of the minority interest is due to the substantial operating improvement of our channel in Poland, where a subsidiary of UPC has a 20% shareholding.

Taxation

The majority of our current tax charge for the year relates to withholding taxes payable. With respect to deferred tax, we have historically adopted a conservative approach to the recognition of our deferred tax assets and, given the adverse economic climate and the pending change of ownership of our majority shareholder, Fox Family Worldwide, we have adopted a similar stance in the current year. Accordingly, only \$4.4 million has been recognised as a deferred tax asset.

Earnings per Share

Earnings per share (basic) improved to 19.6 cents per share, up from 0.4 cents per share in the previous fiscal year, driven by the improvements in operating and financial performance discussed above.

Cash Flow

Operating cash flow improved significantly from an outflow of \$15.6 million to an outflow of \$9.9 million. The underlying improvement in cash flow, driven primarily by increased revenues, was partially offset by increased investment in programming and in our online & interactive operations. The primary factors behind the increase in our investment in programming were the acquisition of the US television rights to *So Little Time*, an increase in the number of episodes produced from 263 to 386 and the acquisition of 17 family films.

Receivables increased by \$18.5 million to \$56.5 million as at May 31, 2001, mainly as a result of the phasing of the distribution revenues towards the end of the year, whereas in the previous fiscal year they had been phased towards the first half. The newly launched channels and overall increase in revenues also contributed to this increase.

Capital expenditure totalled \$3.6 million in the year. The main areas of expenditure were investment in our online and interactive division, leasehold improvements associated with our expansion, general office equipment and equipment required for our new channel launches, primarily in Germany and Israel.

As at June 30, 2001, the company had cash balances of \$42.6 million.

OPERATING REVIEW

Continued Expansion of Fox Kids Channels Across All Markets

- New channels launched in Germany, Hungary, the Middle East and Israel; now broadcasting in 54 countries via 11 channel feeds in 16 languages
- 24% increase in subscribers; currently reaching more than 25 million households
- Channels' advertising revenues up 50% following strong ratings performance
- Most widely distributed children's channel in Europe and the Middle East, with a local service in every major market

Our channel group had another year of strong growth, driven by both organic expansion of our existing channels and new launches. Distribution increased in all existing markets as well as through new launches, with subscribers up 24% from 19.9 million to 24.7 million as at May 31, 2001. Following our recent launches in Germany, Hungary, the Middle East and Israel, Fox Kids has become the most widely distributed children's channel in Europe and the Middle East, reaching more than 25 million households in 54 markets, with a local service in every major market.

Tactical programming acquisitions coupled with increased participation in European co-production activity were instrumental in achieving another strong year of increase in audience share. Fox Kids channels consolidated market leadership amongst their target audience in France, the Netherlands, Scandinavia, Spain and Poland, representing five out of the six markets where independent ratings data is available. In the UK, our channel was ranked third among the other pay-TV children's channels but has been showing consistent ratings improvement in the growing universe of Sky Digital homes among children 4-9 and children 4-15.

Our German channel launched successfully in October 2000 on the Premiere World pay-TV platform, broadcasting between 6am and 10pm every day. This channel has also been well received and ranked as the favourite channel amongst children 6-13 in Premiere World households according to research conducted in July 2001 by SevenOne Media.

Our Central & Eastern European coverage was extended by adding a Hungarian channel in November 2000 on UPC's newly developed digital satellite platform, UPC Direct. This channel was subsequently extended with a Czech language feed to cover the Czech Republic and Slovakia in February 2001.

Also in November 2000, we launched a new channel service for the Middle East (excluding Israel) via the Star Select bouquet, available exclusively on the Orbit satellite platform. The geographical coverage of this channel includes Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates and Yemen.

In February 2001, through a joint venture with Middle East Communication Holdings B.V., an entity controlled by children's programme distributor Arie Saban, we launched a fully localised channel for Israel on Tevel Digital cable systems. Distribution of this channel was subsequently extended to the other cable operators in the market, Golden Channels and Matav, followed by a launch in September 2001 on Yes, the local DTH satellite platform.

As at June 30, 2001, we had over 500 active distribution agreements with cable and satellite operators across Europe and the Middle East.

Continued Solid Growth in Programme Distribution

- Library expanded with addition of 386 episodes and 17 family films
- New episodes added include *Action Man*, *Digimon*, *Flint the Time Detective*, *Pigs Next Door*, *So Little Time* and *Wunschpunsch*.
- Number of markets covered rises from 36 to 50
- New branded block initiatives including REN TV in Russia and syndicated channel block in Italy

FKE has successfully continued to grow its programming library, adding 386 new episodes in the year. Titles added include new series such as *Action Man*, *Dinozaurs*, *Escaflowne*, *Flint the Time Detective*, *Mashrambo*, *Nascar Superchargers*, *Pigs Next Door*, *Power Rangers Timeforce*, *Scary but True*, *So Little Time* and *Wunschpunsch*, as well as additional series of *Digimon*, *Kids from Room 402*, *Power Rangers Lightspeed Rescue* and *Xyber 9*. In addition, the rights for the European and Middle Eastern territories to a package of 17 family films, including major properties such as *The Addams Family*, *Casper the Ghost* and *Richie Rich*, were acquired from Fox Family Worldwide.

As at June 30, 2001, 270 episodes were in production, including local European co-productions *Jason & the Heroes of Mount Olympus*, to broadcast on TF1 in France, and *Gadget and the Gadgetinis*, to broadcast on M6 in France, based on the worldwide classic character *Inspector Gadget*, for which Disney recently launched a major feature film.

The strength and depth of our library has allowed us to maintain our position as a leading distributor of children's programming across Europe and the Middle East, with programming now supplied to more than 120 broadcasters in 50 countries, up from 36 countries in the previous fiscal year.

Significant new programme distribution agreements signed during the period included an agreement with Portugal's leading terrestrial broadcaster Sociedade Independente de Comunicacao (SIC). Under the terms of this new two-year output deal with SIC, we will supply 450 episodes for airing next year, accounting for 25% of SIC's weekend children's schedule. Other significant programming deals concluded during the period included a package deal with the BBC for *So Little Time*, *Flint the Time Detective* and *Big Wolf on Campus*, the sale of *Digimon, the Movie* throughout Europe, as well as the sale of *State of Grace* and *New Addams Family* to RTL.

The final deliveries of *Wunschpunsch*, from the critically acclaimed German author Michel Ende, were made to ARD. This accounted for a significant proportion of the programme distribution revenues recognised in the second-half of the period.

Pursuant to our strategy of increasing the number of Fox Kids branded blocks on-air, a two-hour branded block airing during the peak children's viewing time was launched on REN TV, one of the largest terrestrial broadcasters in Russia, reaching 105 million viewers. This consolidated FKE's position in the Russian market where the Fox Kids channel is the most widely distributed children's pay-TV channel in Russia. In September 2001, we also launched a daily one-hour syndicated block with 13 regional terrestrial television stations in Italy, representing 80% national coverage and reaching 14 million households every day. The block takes the feed directly from our Italian channel. As well as generating additional advertising revenues, the block will also allow us to increase FKE's brand profile in Italy, which will benefit our other activities in that market.

Successful Integration of Consumer Products Business

- Expanding portfolio by acquiring agency rights to leading third party brands
- Focus on fewer but bigger hit properties in order to improve yield and margins
- Digimon franchise a major success
- Successful first Fox Kids branded music initiative

Following the opening of new consumer products operations in the last fiscal year, we successfully integrated this division with our other lines of business, maximizing the synergies wherever possible. Our strategy has been to expand our portfolio by acquiring agency rights to leading third party brands and at the same time focus our effort on revenue-generating properties in order to improve average yield and total margins. As a result, we decreased the number of our active properties from 32 to 20 and more than doubled the average yield from \$203,000 to \$427,000. This successful strategy increased the division's revenues by 31% and almost doubled its operating income.

In addition, our licensee base throughout Europe has seen significant expansion. We currently have more than 200 licence agreements with over 160 licensees in 30 markets.

Pursuant to our expansion strategy, in January 2001 the company acquired certain pan-European merchandising and promotional agency rights to the Harvey portfolio, which includes several popular properties such as *Casper the Ghost*, *Little Audrey* and *Richie Rich*. We also acquired the pan-European merchandising agency rights to the recently released *Final Fantasy* movie, which was released in Europe in August 2001, together with the latest version of the very popular *Final Fantasy* computer game, in addition to *Totally Spies*, a co-production between Marathon, TF1, Mediaset and Prosieben.

Demand for *Digimon* merchandising rights remained strong in the period in the UK and France, following high ratings performances for the television series as well as the feature film spin-off. We expect *Digimon* to remain a major property in the coming fiscal year.

We also expanded our operation in new directions, including music, video games and promotions. Two Fox Kids branded music albums were released in the Netherlands in conjunction with BMG. The first album reached #1 position in the Dutch official sales charts before Christmas and remained there for 13 weeks, achieving platinum status. The second album has also enjoyed similar success, already at gold status and still selling well.

Publishing became an important part of our activities, with Fox Kids magazines published in the UK and Poland, *Digimon* magazines published in the UK and France and a *Princess Sissi* magazine published in Italy.

We also succeeded in forming several strong retail alliances, including promotions with Woolworths, Tesco, Hamleys, Toys R Us, Giocheria, Deichmann and Auchan. In addition to these, our properties and brands were promoted by leading consumer goods companies, including Fromageries Bel (28 million cheese boxes), United Biscuits (24 million packs of various products), Schweppes (15 million soft drinks), Danone (13 million packets of biscuits), Kellogg's (6 million cereal packs), CPW (5.5 million cereal packs) and Procter & Gamble (1.35 million products). We also secured several major promotions with quick-service restaurants such as McDonald's (12.65 million Digimon Happy Meals in the UK, France and Switzerland) and KFC (0.7 million Digimon Kids Meals in the UK). As well as generating revenues, these character-driven promotions cross-marketed the Fox Kids channels and online businesses to millions of children across Europe.

The strength of the properties that we represent is the major driver of success in this line of business. We anticipate continued strong demand from licensees in the coming fiscal year.

The Leading Online Community for Children in Europe and the Middle East

- More than 850,000 unique visitors generating over 31 million page views per month
- 17 fully localised websites across Europe
- Significant new gaming and research ventures established
- Remain on track to reach profitability by FY03

Following the launch of seven new sites this year for Germany, Turkey, Israel, Hungary, Slovakia, Romania and the Czech Republic, FKE has established its position as the leading online community for children across Europe and the Middle East. We now operate 17 fully localised websites, offering a combination of children-friendly activities such as games, chat, news, sport, celebrity interviews, forums, competitions, downloads and other goodies.

The next-generation version of our websites, featuring new design, functionality and content, were launched successfully throughout the year for the UK, France, Spain, Italy, the Netherlands, Germany, Norway, Sweden and Denmark. These launches were very successful, achieving a significant increase in traffic with total page views per month rising five-fold from 5 million in May 2000 to over 26 million by June 2001, collectively reaching more than 850,000 unique users per month. Since June 30, 2001, the number of page views has increased yet further to over 31 million page views per month. Our next-generation websites achieved strong user loyalty, with users in most markets visiting almost once a week and spending on average between 25 and 30 minutes per visit.

In June 2001 we concluded an agreement with a leading Italian internet portal, Ciaoweb, to become its exclusive provider of children's content. In July 2001, we concluded an agreement with the leading German and European internet service provider, T-Online, to become its preferred supplier of children's content. T-Online reaches more than 9 million homes across Europe of which 7.5 million are in Germany. These agreements should significantly expand our reach in Italy and Germany.

In March 2001 we announced a joint venture with Paris-based interactive TV company Visiware to launch a new subscription-based interactive games channel for children aged 4-14. The channels, which are branded "Fox Kids Play", are the first of their kind to be launched in Europe and draw upon popular characters within the Fox Kids library. The first distribution agreements were concluded shortly after the end of the fiscal period with Energis, which is expected to launch Fox Kids Play in October 2001 on BSkyB, and with CanalSatellite which is expected to launch in November 2001 in France.

Also in March 2001, we concluded a strategic alliance with Lightspeedresearch.com, part of the leading media group WPP, to launch an independent children's online research platform. This alliance combines Lightspeedresearch.com's research expertise with FKE's access to children via our extensive website coverage across Europe and is our first step into the children's research market.

In the rapidly growing market of Short Messaging Service (SMS), we concluded agreements with M-Wise in the UK and France and Air Media in Germany, whereby users will be able to download ring-tones and icons based on Fox Kids characters to their mobile telephones for a fee. These services launched just after the period-end and are expected to generate revenues in the coming fiscal year.

The company believes that the success of its online & interactive operation demonstrates its ability to leverage its programming library, pan-European channel coverage and consumer product activities to launch and promote new businesses at low incremental cost. We reiterate our target to achieve profitability for this division by fiscal year 2003.

Fox Kids Europe N.V.

Consolidated Statement of Income for the year ended May 31, 2000 and the thirteen months ended June 30, 2001

In US \$'000	13 months to 30 June 2001 <u>Audited</u>	12 months to 31 May 2001 <u>Unaudited</u>	12 months to 31 May 2000 <u>Audited</u>
TOTAL REVENUES (including share of joint ventures)	136,108	126,653	100,413
Less: unconsolidated revenues of joint ventures	(6,777)	(6,505)	(5,799)
REVENUES	<u>129,331</u>	<u>120,148</u>	<u>94,614</u>
<i>Revenues</i>	<i>123,515</i>	<i>116,158</i>	<i>94,614</i>
<i>Revenues – sales to parent company</i>	<i>5,816</i>	<i>3,990</i>	<i>-</i>
Operating expenses	(25,354)	(22,595)	(22,283)
Selling, general & administrative expenses	<u>(50,074)</u>	<u>(46,951)</u>	<u>(37,434)</u>
EBITDA	53,903	50,602	34,897
Depreciation and Amortisation	(43,248)	(40,665)	(29,797)
<i>Depreciation and Amortisation</i>	<i>(37,696)</i>	<i>(36,874)</i>	<i>(29,797)</i>
<i>Amortisation on sales to parent company</i>	<i>(5,552)</i>	<i>(3,791)</i>	<i>-</i>
Operating Income	<u>10,655</u>	<u>9,937</u>	<u>5,100</u>
Financial income and expense, net	2,074	1,889	1,204
Foreign exchange loss	(379)	(445)	(2,945)
Equity in income / (loss) of affiliates	<u>1,492</u>	<u>1,521</u>	<u>(2,342)</u>
Income before tax and minority interest	13,842	12,902	1,017
Taxation on result from ordinary operations	(637)	(637)	(591)
Deferred taxation	<u>4,368</u>	<u>4,368</u>	<u>-</u>
Income from ordinary operations after tax	17,573	16,633	426
Minority interest	<u>(498)</u>	<u>(470)</u>	<u>(153)</u>
NET INCOME	<u><u>17,075</u></u>	<u><u>16,163</u></u>	<u><u>273</u></u>

Fox Kids Europe N.V.

Earnings per Share

In cents per share

	13 months to 30 June 2001 Audited	12 months to 31 May 2001 Unaudited	12 months to 31 May 2000 Audited
Earnings per share, basic	20.7	19.6	0.4
Earnings per share, diluted	20.7	19.5	0.4
Basic weighted average number of ordinary shares outstanding, in thousands	82,519	82,519	64,078
Diluted weighted average number of ordinary shares outstanding, in thousands	82,548	82,608	64,429

Fox Kids Europe N.V.

Consolidated Balance Sheet as at May 31, 2000 and June 30, 2001

In US \$'000	13 months to 30 June 2001 <u>Audited</u>	12 months to 31 May 2001 <u>Unaudited</u>	12 months to 31 May 2000 <u>Audited</u>
<u>Assets</u>			
Cash and cash equivalents	42,564	37,465	51,508
Accounts receivable (net)	56,850	56,512	37,973
Programme rights	175,353	173,537	150,530
Investment in equity affiliates	775	803	9,771
Property and equipment	5,790	5,746	3,426
Deferred taxation	4,368	4,368	-
Intangible assets	9,698	9,720	-
Total Assets	<u>295,398</u>	<u>288,151</u>	<u>253,208</u>
<u>Liabilities & Shareholders' Equity</u>			
Accounts payable	10,611	9,060	4,832
Accrued liabilities	33,942	30,828	13,769
Amounts due to related parties	13,071	9,942	11,760
Long term note payable	104,114	104,114	104,114
Minority interest	54	26	(444)
Total Liabilities	<u>161,792</u>	<u>153,970</u>	<u>134,031</u>
Ordinary shares	21,426	21,426	21,426
Additional paid in capital	442,351	442,351	446,095
Other reserves	(204,114)	(204,114)	(204,114)
Note receivable contributed for equity	(107,045)	(106,152)	(109,978)
Cumulative translation adjustment	(2,174)	(1,580)	(339)
Accumulated deficit	(16,838)	(17,750)	(33,913)
Total Shareholder's Equity	<u>133,606</u>	<u>134,181</u>	<u>119,177</u>
Total Liabilities and Shareholders' Equity	<u>295,398</u>	<u>288,151</u>	<u>253,208</u>

Fox Kids Europe N.V.

Consolidated Cash Flow Statement for the year ended May 31, 2000 and the thirteen months ended June 30, 2001

In US \$'000	13 months to 30 June 2001 <u>Audited</u>	12 months to 31 May 2001 <u>Unaudited</u>	12 months to 31 May 2000 <u>Audited</u>
OPERATING ACTIVITIES			
Net income	17,075	16,163	273
Adjustments to reconcile net income to net cash flows used in operating activities:			
Depreciation and amortisation	43,248	40,665	29,797
Equity in (income) / loss of affiliates	(1,492)	(1,521)	2,342
Minority interests	498	470	153
Contributed revenues and other non cash items	(2,068)	(2,068)	-
Foreign exchange loss	411	477	2,945
Changes in operating assets and liabilities			
Accounts receivable and other assets	(18,665)	(17,438)	(18,545)
Programme rights	(66,002)	(61,960)	(48,619)
Accounts payable	5,490	4,683	2,646
Accrued liabilities	17,100	10,647	13,365
Net cash flows used in operating activities	(4,405)	(9,882)	(15,643)
INVESTING ACTIVITIES			
Investment in equity affiliates	(110)	(110)	(1,922)
Purchase of business	(450)	(450)	-
Purchases of property and equipment	(3,947)	(3,569)	(1,734)
Net cash flows used in investing activities	(4,507)	(4,129)	(3,656)
FINANCIING ACTIVITIES			
Net proceeds from IPO	-	-	159,236
Programming rights acquisition	-	-	(100,000)
Other common stock and contributions	-	-	12,512
Net cash flows provided by financing activities	-	-	71,748
NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	(8,912)	(14,011)	52,449
NET DECREASE IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	(32)	(32)	(2,945)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,944)	(14,043)	49,504
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	51,508	51,508	2,004
CASH AND CASH EQUIVALENTS, END OF PERIOD	42,564	37,465	51,508

Fox Kids Europe N.V.

Operating Results by Segment for the year ended May 31, 2000 and the thirteen months ended June 30, 2001

In US \$'000	13 months to 30 June 2001 Audited	12 months to 31 May 2001 Unaudited	12 months to 31 May 2000 Audited
<u>BUSINESS SEGMENT</u>			
<u>Revenues</u>			
Programme distribution	61,389	58,958	54,100
Channel operations	64,431	58,360	39,774
Consumer Products	9,291	8,541	6,508
Online & Interactive	997	794	31
Total revenue	136,108	126,653	100,413
Less : unconsolidated revenues of joint ventures	(6,777)	(6,505)	(5,799)
Group revenues	129,331	120,148	94,614
<u>EBITDA</u>			
Programme distribution	51,245	49,237	40,767
Channel operations	13,402	11,356	1,448
Consumer Products	5,155	4,614	2,221
Online & Interactive	(6,423)	(5,773)	(1,703)
Shared costs not allocated to segments	(9,476)	(8,832)	(7,836)
	53,903	50,602	34,897
<u>Operating Income</u>			
Programme distribution	12,620	12,667	13,506
Channel operations	9,545	7,938	(779)
Consumer Products	5,037	4,501	2,185
Online & Interactive	(6,885)	(6,157)	(1,737)
Shared costs not allocated to segments	(9,662)	(9,012)	(8,075)
	10,655	9,937	5,100

Fox Kids Europe N.V.

Operating Results by Segment for the year ended May 31, 2000 and the thirteen months ended June 30, 2001

In US \$'000	<u>13 months</u> <u>to June 30</u> <u>2001</u> <u>Audited</u>	<u>12 months</u> <u>to May 31</u> <u>2001</u> <u>Unaudited</u>	<u>12 months</u> <u>to 31 May</u> <u>2000</u> <u>Audited</u>
<u>GEOGRAPHIC SEGMENT</u>			
<u>Revenues</u>			
United Kingdom & Ireland	29,350	27,666	22,603
Germany	25,901	24,884	22,033
France	17,793	16,838	16,632
Italy	13,515	13,102	8,393
Spain & Portugal	10,838	10,367	10,225
Benelux	9,161	8,095	7,992
Poland	7,909	7,235	5,276
Central Europe	7,104	6,623	2,582
USA	5,844	3,990	-
Nordic Region	5,558	5,324	3,685
Israel	2,233	1,646	-
Other	902	883	992
Total revenues	<u>136,108</u>	<u>126,653</u>	<u>100,413</u>
Less: unconsolidated revenues of joint ventures	(6,777)	(6,505)	(5,799)
Revenues	<u>129,331</u>	<u>120,148</u>	<u>94,614</u>
<u>EBITDA</u>			
United Kingdom & Ireland	13,347	13,302	1,535
Germany	16,596	15,907	15,897
France	8,104	8,034	7,274
Italy	8,476	7,982	4,995
Spain & Portugal	4,913	4,613	6,321
Benelux	747	398	3,030
Poland	4,123	3,848	2,434
Central Europe	1,883	1,747	534
USA	4,878	3,332	-
Nordic Region	965	992	(33)
Israel	(1,403)	(1,460)	-
Other	751	739	746
Shared costs not allocated to segments	<u>(9,477)</u>	<u>(8,832)</u>	<u>(7,836)</u>
EBITDA	53,903	50,602	34,897
Less: depreciation and amortisation	(43,248)	(40,665)	(29,797)
Operating Income	<u>10,655</u>	<u>9,937</u>	<u>5,100</u>