



**JETIX EUROPE N.V.**

November 28, 2006: For immediate release

## **PRESS RELEASE**

# **JETIX EUROPE N.V. ANNOUNCES RESULTS FOR THE YEAR ENDED SEPTEMBER 30, 2006**

- **Financial results published under IFRS and in Euros<sup>1</sup>**
- **Revenue<sup>2</sup> up by 12%<sup>3</sup> to €162.8million**
- **EBITDA<sup>4</sup> increased by 27% to €62.4 million**
- **Operating profit up by 535% to €18.4 million**
- **Net profit attributable to shareholders increased by 285% to €23.4 million**
- **Diluted Earnings Per Share up by 283% to 27.6 cents per share**
- **Channel subscribers increased by 5.0 million to 46.8 million households**
- **Operating cash flow decreased by 26% to €16.9 million**
- **Financial position strong with €127.1 million cash balances and no debt**

---

**Amsterdam, The Netherlands and London, UK** – Jetix Europe N.V. (Jetix Europe or the Company, “we”, “our”), formerly Fox Kids Europe N.V., (AMEX: JETIX; Reuters JETIX.AS; Bloomberg: JETIX.NA), a leading pan-European integrated kids’ entertainment company, today announced its financial results for the year ended September 30, 2006. Revenue increased by 12%, compared with the year ended September 30, 2005, to €162.8 million and net profit attributable to shareholders increased by 285% to €23.4 million. Subscribers increased by 5.0 million to 46.8 million households in 58 countries as at September 30, 2006.

<sup>1</sup> A reconciliation between IFRS and US GAAP for fiscal 2005 is set out in Note 5.

<sup>2</sup> Throughout this release, revenue excludes our share of non-consolidated joint ventures. In order to facilitate comparison with our prior releases, revenue including our share of non-consolidated joint ventures was €168.2 million in fiscal 2006, compared to €150.0 million in the year ended September 30, 2005.

<sup>3</sup> All comparisons and percentage changes are stated versus the year ended September 30, 2005.

<sup>4</sup> Consistent with prior years, EBITDA is stated before programme amortisation, impairment and depreciation. EBITDA less programme amortisation, impairment and depreciation is equal to operating profit.

Bergweg 50, 1217 SC Hilversum, The Netherlands.  
PO Box 901, 1200 AX Hilversum, The Netherlands.

Official Seat: Rotterdam. Trade Register Number: 32076694.

[www.jetixeuropa.com](http://www.jetixeuropa.com)

Paul Taylor, Chief Executive Officer, said “I am very pleased to announce strong full-year results for 2006. This year we have continued to pursue our long term strategic objectives, and we have made significant progress. The Jetix alliance with The Walt Disney Company (Disney), our content and our brand continue to be the core strategic assets of our business.

The Jetix brand alliance with Disney has continued to develop this year. I am delighted that several Jetix Europe productions/co-productions have been sold to Disney ABC Cable Networks Group in the US. They have acquired *Oban-Star Racers*, *Pucca* and *A.T.O.M. Alpha Teens on Machines* and are airing these shows in the Jetix branded block on the Toon Disney channel. We have also continued our content creation partnership with Disney. During the year we jointly commissioned, *Yin Yang Yo!*, which is produced by Disney’s Jetix Animation Concepts division. This has recently begun airing in the US, and on launch was the number one show on the Jetix block.

Content is central to all of our operations, and this year we have taken delivery of a strong slate of programming. *Power Rangers* has continued to maintain its popularity on our channels, and the benefits of this can be seen in its strong free-to-air television sales, and in the continued revenue growth of this exceptional consumer products property. *Pucca*, which was originally a consumer products property, has now been made into a television series, and we have just commissioned a second season. Our epic co-production *Oban-Star Racers* is beginning to air on our channel network and on free-to-air television across Europe. *A.T.O.M. Alpha Teens on Machines* and *Sonic X* have also continued to impress this year, with Jetix Europe benefiting from selling master toy licences on both properties.

The Jetix brand is now in its second full year of operations across all of our activities, and has continued to build its market presence with both our audiences and our commercial partners. We believe that Jetix is now widely recognised as one of the leading brands in the European kids’ entertainment market.

During the year, we have continued to secure the long-term distribution of our television channels, most notably through the early renewal of our Sky deal in the UK which we announced in our interim results. We have also significantly increased our focus on developing new means of delivering our content to our audiences, taking advantage of the rapid technological developments being seen across the media industry. We remain committed to our long term strategy of delivering great content to our audiences, whenever and wherever they wish.

As part of this strategy, we have developed an advertiser supported broadband video service, which allows content to be viewed from our websites. The first country to launch this service was the Netherlands, and they have already streamed over 4 million pieces of content<sup>5</sup> since the service was launched in June.

Alongside our television content, we reach our audience in a wide range of different ways. Our consumer products division has continued to develop, expanding into new product categories and securing home entertainment deals in new markets. *Power Rangers*, represented by Disney Consumer Products, has again been a notable success, with strong growth against the prior year. We have also continued to build our reach online, with a significantly increased number of visitors to our websites, and we have increased our print presence with the launch of a new magazine in Spain.

Overall, we have had a strong year. As the kids’ entertainment market continues to change rapidly, our powerful brand, large audience, geographical reach, mix of businesses and the alliance with our parent company, The Walt Disney Company, leave us well positioned for the future, as one of the leading European kids’ entertainment companies.”

---

<sup>5</sup> Each individual advertisement and programme are counted as a unique piece of content.

Dene Stratton, Chief Financial Officer, said "We are delighted to have achieved solid revenue, EBITDA and operating income growth in 2006, which meets or exceeds the guidance that we gave last year. Operating cash flow was adversely affected by paying down net related party liabilities to our parent company. I am particularly pleased with the performance of our consumer products division, which grew top line revenue by more than 60%.

This is the first full year in which the Company has prepared financial information under International Financial Reporting Standards (IFRS). The transition to IFRS has changed the reported profitability of the Company, but has not impacted the underlying economics of the business or its ability to generate cash."

## **OPERATING REVIEW**

### **Channels and Online**

- Continues to reach one of the largest kids' audiences across Europe and the Middle East
  - Channels broadcasting in 58 countries and 18 languages via 15 channel feeds
  - Subscribers grew by 12% to 46.8 million
  - Sky distribution deal extended in the UK
  - Jetix Kids Cup international final held in Germany during FIFA World Cup
- Developing new opportunities to reach our audience through digital media
  - Average of over 100 million page views per month on our websites
  - Jetix advertising supported broadband video service launched through our website in the Netherlands

Our strategy is to deliver great content which our audience loves, aggregated under the Jetix brand, whenever and wherever they wish. At present, our leading distribution mechanism is the network of Jetix branded kids television channels which we run across Europe and the Middle East. This channel network delivers the majority of our audience, and our revenue, and we expect this to continue in the short to medium term. However, alongside this channel network, we are also capturing the opportunities emerging from developments in technology, which allow us to reach our audience in new ways and in new places. Many of these markets are currently small, although some are growing rapidly with kids often driving their development.

Our network remains one of the most widely distributed kids' channels in Europe and the Middle East, reaching 58 countries through 15 channel feeds broadcasting in 18 languages. We have continued to grow the number of households that we reach across Europe and the Middle East, with our channels now available in 46.8 million homes at the end of the year, up 12% on the prior year.

The increase in the number of households reached has come primarily from growth in the reach of our existing distributors, as well as from securing carriage on new distributors. In Spain, Poland and Central and Eastern Europe (CEE) we have seen strong growth from our established platforms. These markets have all grown by over 20%, and notably in CEE we added over 1 million homes. However, in the UK and Germany our household reach remained substantially flat, following a restructuring of the basic package on Sky in the UK and the continued modest penetration of pay television in Germany. In other markets, most notably in Scandinavia and Hungary, our strong growth has come from securing carriage with new distributors.

We renewed several channel distribution deals this year. As we announced at the interim results, we have extended our deal with Sky in the UK through 2009, with an option for the Company to further extend the deal through 2012. This has secured our position with the leading platform in Europe's largest pay-television market. As part of this deal there will be a stepped reduction in our subscriber revenue per household, with an initial reduction in this fiscal year, and a further reduction in fiscal 2008<sup>6</sup>. Deals were also renewed or extended with NTL and Telewest in the UK, pending their merger, and with ONO in Spain.

---

<sup>6</sup> A further reduction will occur after 2008 if the distribution option is exercised.

Advertising revenue overall has continued to grow by more than 8%. We have seen strong growth in Italy, following the launch of our new GXT channel last year, as well as in France, Germany and CEE.

Alongside and in support of our channel operations, we also hold a number of live events each year. The highlight this year was the Jetix Kids Cup, with the international final being held in Germany at the Munich Olympic Stadium in July, at the same time as the FIFA World Cup. The international five-a-side football tournament for under thirteens included teams from 14 countries covering four continents, with Japan taking part for the first time. This gave us an opportunity to engage directly with our audience, reinforcing our brand loyalty, as well as allowing us to raise money for our charity partner UNICEF and to promote an active lifestyle.

In line with our strategy of reaching our audience through all platforms, whenever and wherever, we have continued to develop our online presence and have increased our focus on other digital media services.

Our online presence has continued to grow strongly. We have 17 websites supporting all of our local channel operations. This year traffic on our sites has grown by almost 50%, reaching an average of over 100 million page views per month. This growth has been driven by infrastructure improvements, which enhanced our user experience, and an increased focus on refreshing content. We also have an in-house online production capacity, which creates the content for our websites. This content can either promote the Jetix brand and our programming, or our commercial partners' brands. This enables us to access online marketing budgets from a number of routes, both by selling online advertising and by creating branded content, such as games and micro-sites, and driving traffic to this content.

We have launched an advertiser supported broadband video service for full-length content on our website in the Netherlands, and in Italy and the UK we have a broadband video service featuring programme clips, supported by commercials. These services allow our audience to view their favourite content streamed to their PC's, with advertising before and during the content. Our first service to launch was in the Netherlands and we are pleased with the early performance, with over 4 million pieces of content being streamed since the service launched.<sup>7</sup>

We are also building on the rapid development of broadband networks through third party video-on-demand (VOD) services and trialling distribution of our channels through internet based (IPTV) services. We are involved in subscription or pay-per-view VOD services in the UK, Germany and Israel and we are trialling IPTV distribution in France. On mobile platforms we have been involved in trials which simulcast our full channels in France, Sweden and Spain, and we have also experimented with supplying individual pieces of content in a number of markets. Whilst most of these services are still nascent, we expect them to continue developing and to become important distribution channels in the future.

### **Programme Distribution**

- Flagship programming sold to Jetix alliance partners in US
- Core third party programme sales business stabilised
  - Performance of flagship co-productions drives third-party sales
  - 248 episodes of new programming delivered
  - Four new series commissioned
  - Programme pipeline of 93 episodes

The programme distribution division has shown moderate revenue growth, primarily due to the sale of a number of Jetix Europe led co-productions to Disney owned Jetix operations in the US and Latin America. Our core third party programme sales business, serviced by Disney's Buena Vista International Television (BVITV), has stabilised with revenue in line with the prior year.

---

<sup>7</sup> Each individual advertisement and programme are counted as a unique piece of content.

The first sale of programme rights to our Jetix partners highlights the continued development of the alliance with Disney owned Jetix operations around the world. These sales are on a title by title basis, and are expected to occur occasionally, primarily on flagship titles where Jetix Europe is investing more heavily to acquire a broader set of rights than it typically secures. This year, Disney ABC Cable Networks Group (US) has acquired three programmes, *A.T.O.M. Alpha Teens on Machines*, *Pucca* and *Oban-Star Racers*, and these shows have begun airing on the Jetix branded block on Toon Disney. Jetix Latin America bought a number of titles including *Sonic X*, *A.T.O.M. Alpha Teens on Machines* and *Pucca*.

Our third-party programme sales business has stabilised, with our major 2006 titles selling well in the marketplace. *Power Rangers* has remained popular, and continues to be one of our strongest titles. With the new season in production, *Power Rangers* is now into its 15<sup>th</sup> year in the European market. Other strong selling titles have been our Jetix led co-productions, *A.T.O.M. Alpha Teens on Machines*, *W.I.T.C.H.* and *Oban-Star Racers*, as well as our US led co-production *Super Robot Monkey Team Hyperforce Go!*. Alongside these co-productions, our acquired title *Sonic X* also sold well.

These leading titles have continued to deliver good terrestrial audiences for our broadcast partners. *W.I.T.C.H.* aired in all five of the major European markets, and ranked as one of the top two shows in its timeslot amongst kids in all of its markets. *Power Rangers* led its timeslot in the UK, France and Germany; and *A.T.O.M. Alpha Teens on Machines* ranked as the leading show in its timeslot in the UK and Germany, and was ranked number two for its timeslot in Italy. *Sonic X* had a notably strong performance in Italy, where it attracted over 40% of the kids audience during its airings.

During the period, we have had 248 new episodes delivered to Jetix Europe, up significantly from the prior year. This growth has been driven both by the increase in new productions entered into in prior years, as well as the timing of the delivery of specific shows. As titles are expected to generate revenue over a number of years, and may not be sold as soon as they are delivered, there is not a direct correlation between deliveries and sales.

Deliveries during the period included 102 episodes of Jetix Europe led co-productions, including *Oban-Star Racers*, *Pucca*, *A.T.O.M. Alpha Teens on Machines* and *Monster Warriors*; 118 episodes of co-productions with our US alliance partners, including *Power Rangers*, *Get Ed*, *Yin Yang Yo!*, *Super Robot Monkey Team Hyperforce Go!* and *W.I.T.C.H.*; as well as 28 episodes of acquisitions, including *Captain Flamingo*.

The number of episodes we had in production at the year end was 93. This is lower than in previous years, due to the high level of deliveries during the period, as well as the timing of new commissions and acquisitions.

During the year we have commissioned four new series, with new product secured from both our alliance partners and external producers. *Power Rangers* and *Yin Yang Yo!* continue our on-going relationship with our US Jetix partners. *Yin Yang Yo!* is a new global Jetix co-production, and is being produced by Disney's Jetix Animation Concepts division in the US. The series is an animated action-comedy series about twin rabbits, Yin and Yang, who live in a strange and mysterious world filled with magic, monsters and mythical creatures. This is the fourth series Jetix Europe has co-produced under the global Jetix brand alliance, and follows the success of *Super Robot Monkey Team Hyperforce Go!*, *W.I.T.C.H.* and *Get Ed*.

We have also greenlit the second series of the unique Korean originated "kiss-chase meets kung-fu" property, *Pucca*. This will continue to be produced by Studio B Productions in Canada, and will further develop on the exploits of *Pucca*, the daughter of a Chinese restaurant owner, as she pursues Garu, a loyal ninja student. This commission follows the success of *Pucca* as a consumer products property, and will help to continue building the profile of this hit property with a wider audience. The series is being produced in flash animation, and will be in a shorter format than the traditional half-hour. The segments can be combined for airing on our core television channels, or can stand alone as shorter pieces more suited to our developing distribution channels.

*Captain Flamingo* has been acquired from Breakthrough Entertainment, following its success on YTV in Canada. The series follows the adventures of an imaginative superhero who, tired of being overlooked by the big kids, transforms himself into the hero of little kids everywhere.

## **Consumer Products**

- Strong growth driven by performance of key flagship properties
  - *A.T.O.M. Alpha Teens on Machines* delivered master toy license revenue and successful home entertainment sales
  - Strong performance from *Power Rangers*, represented by Disney Consumer Products (DCP)
  - *Pucca* and *Sonic X* remain popular merchandising properties
- New rights and distribution deal underpin future business
  - New rights secured for *Yin Yang Yo!*, *Captain Flamingo* and the classic *Sonic the Hedgehog*
  - Distribution deal with Buena Vista Home Entertainment (BVHE) renewed for UK and Ireland

Jetix Europe has maintained its dual strategy for exploiting consumer products rights. First, Jetix Consumer Products (JCP), our in-house division, exploits the majority of our rights through its merchandising and home entertainment arms. Secondly, our global hit property, *Power Rangers*, is primarily exploited through DCP, allowing us to access their global scale and reach.

The consumer products division overall has again shown strong revenue growth this year. One of the key factors driving this growth has been the minimum guaranteed revenue related to master toy deals with Hasbro for *A.T.O.M. Alpha Teens on Machines* and with Spin Master (who acquired the rights from FEVA) for *Sonic X*. This reflects the value created from our strategy of acquiring a wider set of rights in our core flagship properties.

*Power Rangers* has also shown strong growth as DCP has developed the range of branded product available. Whilst Toys, particularly Action Figures, has continued to grow and remains the key category, the strong increase in revenue has come from the development of new categories, notably in health and beauty, accessories and stationery. The UK remains the most important territory, however we have seen strong growth in Italy and Germany as the property continues to develop further in other major markets.

Within JCP, our in-house merchandising division, we continued to see a strong performance, notably from *Pucca* and *Sonic X*, as well as a significant contribution from Jetix branded products. *Pucca* has continued to develop and we now have agreements with over 80 licensees. Fashion apparel, accessories and stationery have remained the key categories, but we have also had success in developing new categories. The *Pucca* brand is expected to develop further as the new television series which Jetix has produced becomes available, and starts airing across our markets. *Sonic X* has also proved popular with promotional licensees, and continues to perform well in apparel and in its core market of toys.

The Jetix brand is exploited in a number of different markets, with magazines being a notable success this year. During the year we have launched a new magazine in Spain, and now have magazines in the UK, Netherlands and Spain. The success of the Spanish magazine since its launch in January led us to recently double the production run. Since the period end we have also launched Jetix magazines in Italy and Poland. These magazines have a double benefit for Jetix, both generating revenue and promoting the brand, enabling us to reach our audience through whichever media they prefer. It also enables us to offer a full range of advertising opportunities to our commercial partners.

Our home entertainment business has continued its strong growth. The performance of *A.T.O.M. Alpha Teens on Machines* has been a notable highlight. The series has now sold in over 50 countries, making it one of our most successful video/DVD titles. As we own the worldwide rights to this property, we have been able to secure our first home entertainment sale into the major US

market, as well as a sale to the rapidly growing Indian market. We have also seen interest in our catalogue, with deals for the first time in Brazil and Latin America, as well as increased interest in multi-property deals which allows access to a range of Jetix characters.

In the UK we also secured a major two week national newspaper promotion with the Daily and Sunday Mirror which allowed us to benefit from both licence fees to our properties, and the significant promotional benefit that comes from a Jetix branded promotion on titles which reach over 1.5 million people each day.

We have renewed our distribution deal with BVHE, although the scale and scope of the deal has been adjusted. We have renewed their license for *Power Rangers* in the UK and Ireland, enabling us to benefit from their strength in these markets. Whilst the deal has been renewed on significantly improved terms, it also allows our successful in-house division access to some of the rights previously represented by BVHE.

We have also chosen to pick up the consumer products rights to our new US co-production, *Yin Yang Yo!*. This reflects a further development in our alliance as previously all consumer products rights had been represented by DCP. We have also picked up the rights to *Monster Buster Club*, the latest property from the highly successful Marathon Animation. We have been appointed as the agent for *Captain Flamingo*, and, following the success we have had with the new *Sonic X*, we have secured the consumer products rights to the original hit property, *Sonic the Hedgehog*. As *Sonic* celebrates his 15<sup>th</sup> anniversary we hope to benefit from renewed interest in the original character.

## **FINANCIAL REVIEW**

### **Revenues**

Revenue increased by 12% to €162.8 million. Channels and online revenue increased by 6% to €120.3 million, with subscription revenue increasing by 5% to €77.6 million and advertising revenue increasing by 8% to €39.5 million. Other channel and online revenue, including live events, research and interactive, was up 19% at €3.2 million. The primary drivers of growth in channel and online revenue were an increase in the number of subscribers, partially offset by the year impact of the Sky UK deal, and strong advertising growth, notably in Italy, following full year revenue related to GXT, and in CEE.

Programme distribution revenue increased by 6% to €19.0 million. The increase is primarily driven by significant sales to Jetix U.S. of flagship titles *Oban-Star Racers* and *A.T.O.M. Alpha Teens on Machines*.

Our consumer products revenue increased by 63% to €23.6 million. This increase was driven by significant growth in sales related to *Power Rangers*, represented by DCP, and minimum guaranteed revenues related to the master toy licensing deal on *A.T.O.M. Alpha Teens on Machines* with Hasbro.

### **Marketing, Selling and Distribution Costs**

Marketing, selling and distribution costs increased by 13% to €54.1 million principally due to an increase in sales commissions in line with higher channel advertising sales and higher *Power Rangers* revenues within consumer products. During the year there were also increases in channel related costs including music license fees, increases in Jetix brand pan-European promotional and marketing expenses, full year costs associated with GXT and higher technical costs. These increases were partially offset by lower participation fees on the programme library primarily related to the channels and online business.

## **General and Administrative Costs**

General and administrative costs decreased by 3% to €48.1 million principally due to the recognition of a provision in the prior year for indirect taxes and a decrease in the bad debt expense. These decreases were largely offset by additional lease exit costs and an increase in payroll related expenses, including termination costs.

## **EBITDA**

EBITDA increased by 27% to €62.4 million. Channels and online EBITDA increased by 6% to €48.2 million. This was driven primarily by subscription and advertising revenue growth being only partially offset by channel cost increases described above. Programme distribution EBITDA decreased by 2% to €11.5 million driven primarily by increased mastering and selling costs due to the increased volume of new episodes delivered. Consumer products EBITDA increased by 145% to €12.2 million, with strong revenue growth partially offset by increased costs from sales commissions. Shared costs not allocated to segments decreased by 27% primarily due to the recognition of a provision in the prior year for indirect taxes.

## **Amortisation and Impairment of Programme Rights**

Amortisation and impairment of programme rights (defined as cost of sales in the income statement) decreased by 6% to €42.3 million primarily due to the net impairment of programme rights in the prior year. The key accounting difference compared to the prior year is the change in estimate related to the amortisation of the programme library, referred to in note 1 H(2). This revised method of estimation has not lead to a significant impact on the programme rights amortisation charge for the full year results.

## **Financial Income (net)**

Financial income (net) increased by 88% to €3.6 million due to an increase in interest income earned from higher cash balances and higher interest rates.

## **Gain on Foreign Exchange**

The gain on foreign exchange recognised during the year of €5.9 million primarily relates to gains on inter-company transactions which reflect the risk of doing business with foreign group members where the functional currency is not in Euros.

## **Profit Before Tax Expense**

Profit before tax and minority interest increased by 310% to €30.2 million, resulting from increased EBITDA as discussed above, a gain on foreign exchange and increased financial income.

## **Tax Expense**

The effective tax rate was 22% compared with 13% in the prior period. The increase was primarily due to the recording in the prior period of a deferred tax asset resulting from an intragroup transfer of programming rights. This asset will be charged to the income statement over a period of six years beginning with the current fiscal year.

## **Minority Interest<sup>8</sup>**

Net profit attributable to minority interest decreased by 35% to €0.2 million as higher profits from the Polish channel were partially offset by a one-off adjustment to minority interest in the prior year.

---

<sup>8</sup> Minority interest relates to a third party's 20% interest in Jetix Poland Limited.

## **Earnings per Share**

Basic and diluted earnings per share increased to 27.7 cents and 27.6 cents, respectively, resulting from higher net profit attributable to shareholders.

## **Cash Flow**

Cash and cash equivalents increased by €24.0 million to €127.1 million from September 30, 2005. Net cash generated from operations during the period decreased by €5.9 million to €16.9 million as the increase in net income was more than offset primarily by the paying down of net related party liabilities to our parent company, Disney, and significant non-cash charges in 2005.

## **OUTLOOK**

For financial year 2007 we expect that revenue will grow in the low single digits and that EBITDA will grow in the mid single digits. Revenue growth is limited by a structural change to the *Power Rangers* contract with DCP, which will lead to revenues being recognised net of commission (no EBITDA impact), challenging advertising markets in the UK and Netherlands, and the first full year effect of the Sky renewal in the UK. We also expect that operating income may be adversely affected by an increase in programme amortisation, due to the high number of episodes delivered in 2006, compared to 2005.

**Jetix Europe N.V.**

**Consolidated Statement of Income**  
**for the Years ended September 30, 2006 and September 30, 2005**

In Euro' 000 Unaudited	Year ended September 30, 2006	Year ended September 30, 2005	% Change
<b>Revenue</b>	<b>162,838</b>	<b>145,323</b>	<b>12%</b>
Cost of sales	(42,268)	(45,108)	6%
<b>Gross Profit</b>	<b>120,570</b>	<b>100,215</b>	<b>20%</b>
Marketing, selling and distribution costs	(54,121)	(47,770)	(13%)
General and administrative costs	(48,098)	(49,556)	3%
<b>Operating profit</b>	<b>18,351</b>	<b>2,889</b>	<b>535%</b>

**Analysed as:**

<b>EBITDA</b>	<b>62,410</b>	<b>49,227</b>	<b>27%</b>
Amortisation and impairment of programme rights	(42,268)	(45,108)	6%
Depreciation of property and equipment	(1,016)	(1,016)	-
Amortisation of other intangibles	(775)	(214)	(262%)
	<b>18,351</b>	<b>2,889</b>	<b>535%</b>

Finance income (net)	3,608	1,919	88%
Gain on foreign exchange	5,874	467	1158%
Share of net profits from joint ventures	2,367	2,093	13%
<b>Profit before tax expense</b>	<b>30,200</b>	<b>7,368</b>	<b>310%</b>
Tax expense	(6,618)	(993)	(566%)
<b>Net profit</b>	<b>23,582</b>	<b>6,375</b>	<b>270%</b>
Attributable to minority interest	(192)	(294)	35%
<b>Net profit attributable to shareholders</b>	<b>23,390</b>	<b>6,081</b>	<b>285%</b>

**Earnings per share for net profit attributable to the equity shareholders of the Group during the period (expressed in Euro cents per share)**

Basic	27.7	7.3
Diluted	27.6	7.2

**Jetix Europe N.V.**

**Consolidated Balance Sheets as at September 30, 2006 and 2005**

In Euro' 000 Unaudited	September 30, 2006	September 30, 2005
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Programme rights	105,029	114,837
Goodwill	9,834	9,834
Other	3,105	1,204
	<b>117,968</b>	<b>125,875</b>
Property and equipment, net	1,309	1,447
Investment in joint ventures	366	969
Related party receivables	-	889
Deferred tax assets	8,515	9,727
	<b>128,158</b>	<b>138,907</b>
<b>Current assets</b>		
Trade and other receivables, net	49,805	54,114
Related party receivables	10,313	7,032
Cash and cash equivalents	127,126	103,170
	<b>187,244</b>	<b>164,316</b>
<b>Total assets</b>	<b>315,402</b>	<b>303,223</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Group's equity</b>		
Share capital	21,199	20,992
Share premium	456,799	449,197
Other reserves	(8,508)	4,187
Retained losses	(234,258)	(257,648)
	<b>235,232</b>	<b>216,728</b>
<b>Minority interest</b>	<b>1,627</b>	<b>1,428</b>
<b>Total equity</b>	<b>236,859</b>	<b>218,156</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Other liabilities	-	889
Provisions for other liabilities	-	1,379
	<b>-</b>	<b>2,268</b>
<b>Current liabilities</b>		
Trade and other payables	54,769	51,569
Current income tax liabilities	4,928	2,974
Related party payables	13,518	20,283
Other liabilities	985	1,067
Provisions for other liabilities	4,343	6,906
	<b>78,543</b>	<b>82,799</b>
<b>Total liabilities</b>	<b>78,543</b>	<b>85,067</b>
<b>Total equity and liabilities</b>	<b>315,402</b>	<b>303,223</b>

**Jetix Europe N.V.**

**Consolidated Statement of Changes in Equity for the Years ended  
September 30, 2006 and September 30, 2005**

In Euro '000	Share capital	Share premium	Currency translation adjustment	Share option reserve	Retained (losses)/ earnings	Minority interest	Total equity
Unaudited							
<b>Balance at October 1, 2004</b>	<b>20,799</b>	<b>443,452</b>	-	<b>1,601</b>	<b>(263,729)</b>	<b>978</b>	<b>203,101</b>
Currency translation differences	-	-	1,979	-	-	156	2,135
Net profit recognised directly in equity	-	-	1,979	-	-	156	2,135
Profit for the period	-	-	-	-	6,081	294	6,375
<b>Total recognised income for period</b>	<b>-</b>	<b>-</b>	<b>1,979</b>	<b>-</b>	<b>6,081</b>	<b>450</b>	<b>8,510</b>
<b>Employee share option scheme</b>							
Value of employee services	-	-	-	607	-	-	607
Proceeds from shares issued	193	5,745	-	-	-	-	5,938
<b>Balance at September 30, 2005</b>	<b>20,992</b>	<b>449,197</b>	<b>1,979</b>	<b>2,208</b>	<b>(257,648)</b>	<b>1,428</b>	<b>218,156</b>
Currency translation differences	-	-	(13,362)	-	-	7	(13,355)
Net profit recognised directly in equity	-	-	(13,362)	-	-	7	(13,355)
Profit for the period	-	-	-	-	23,390	192	23,582
<b>Total recognised income for period</b>	<b>-</b>	<b>-</b>	<b>(13,362)</b>	<b>-</b>	<b>23,390</b>	<b>199</b>	<b>10,227</b>
<b>Employee share option scheme</b>							
Value of employee services	-	-	-	667	-	-	667
Proceeds from shares issued	207	7,602	-	-	-	-	7,809
<b>Balance at September 30, 2006</b>	<b>21,199</b>	<b>456,799</b>	<b>(11,383)</b>	<b>2,875</b>	<b>(234,258)</b>	<b>1,627</b>	<b>236,859</b>

Opening equity figures as at October 1, 2004 presented above have been revised from previously reported figures. The equity reported in the 2006 interim press release and IFRS impact statement were prepared using the presentation previously reported in our US GAAP accounts. Under US GAAP, the library was contributed at net book value, whereas under Dutch GAAP it was recognised at fair value on the date of the contribution. Therefore, retained earnings are significantly less under Dutch GAAP than under US GAAP with a corresponding increase in share premium. Since Dutch GAAP forms the basis for the transition to IFRS, there is no difference between Dutch GAAP and IFRS. There is no impact on total equity.

**Jetix Europe N.V.**

**Consolidated Cash Flow Statement for the  
Years ended September 30, 2006 and 2005**

In Euro' 000 Unaudited	Notes	Year ended September 30, 2006	Year ended September 30, 2005
<b>Cash flows from operating activities</b>			
Net profit		23,582	6,375
Depreciation		1,016	1,016
Amortisation		42,701	40,690
Impairment charge		342	4,632
Share option charge		667	686
Equity in income of joint ventures		(442)	(364)
Interest income		(7,093)	(3,544)
Interest expense		3,485	1,625
Increase/(decrease) in provision for bad and doubtful debts		441	(283)
Increase in intangible assets		(2,673)	(944)
Increase/(decrease) in other liabilities		(3,254)	2,054
Deferred taxation		846	(1,444)
Decrease in amounts due from related parties		874	604
Operating cash flows before changes in working capital		<b>60,492</b>	<b>51,103</b>
Change in working capital	<b>3</b>	(8,544)	8,343
Cash generated from operations		<b>51,948</b>	<b>59,446</b>
Purchase of programme rights		(35,903)	(37,537)
Dividends received from joint ventures		1,045	1,181
Interest received		7,093	3,544
Interest paid		(3,485)	(1,625)
Income tax paid		(3,818)	(2,259)
<b>Net cash generated from operating activities</b>		<b>16,880</b>	<b>22,750</b>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment		(876)	(518)
Purchases of software		(109)	(37)
<b>Net cash from investing activities</b>		<b>(985)</b>	<b>(555)</b>
<b>Cash flows from financing activities</b>			
Proceeds from exercise of employee share options		7,809	5,938
<b>Net cash from financing activities</b>		<b>7,809</b>	<b>5,938</b>
<b>Increase in cash and cash equivalents</b>		<b>23,704</b>	<b>28,133</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>103,170</b>	<b>71,057</b>
Effects of exchange rate changes on cash and cash equivalents		252	3,980
<b>Cash and cash equivalents at the end of the year</b>		<b>127,126</b>	<b>103,170</b>

**Jetix Europe N.V.**

**Operating Results by Business Segment for the  
Years ended September 30, 2006 and 2005**

In Euro' 000 Unaudited	Year ended September 30, 2006	Year ended September 30, 2005	% Change
<b><u>BUSINESS SEGMENT</u></b>			
<b><u>Segment Revenue</u></b>			
Channels & online	120,286	112,964	6%
Programme distribution	18,958	17,840	6%
Consumer products	23,594	14,519	63%
<b>Total revenue</b>	<b>162,838</b>	<b>145,323</b>	<b>12%</b>
<b><u>EBITDA</u></b>			
Channels & online	48,192	45,549	6%
Programme distribution	11,537	11,727	(2%)
Consumer products	12,174	4,967	145%
Shared costs not allocated to segments	(9,493)	(13,016)	27%
<b>Total EBITDA</b>	<b>62,410</b>	<b>49,227</b>	<b>27%</b>
<b><u>Segment Result</u></b>			
Channels & online	17,885	9,423	90%
Programme distribution	4,108	5,345	(23%)
Consumer products	6,331	1,347	370%
Shared costs not allocated to segments	(9,973)	(13,226)	25%
<b>Operating profit</b>	<b>18,351</b>	<b>2,889</b>	<b>535%</b>

## Jetix Europe N.V.

### Operating Results by Geographic Segment for the Years ended September 30, 2006 and 2005

In Euro' 000 Unaudited	Year ended September 30, 2006	Year ended September 30, 2005	% Change
<b><u>GEOGRAPHIC SEGMENT</u></b>			
<b><u>Revenue</u></b>			
United Kingdom & Ireland	41,256	43,705	(6%)
Italy	24,271	19,134	27%
France	19,753	16,154	22%
Benelux	18,642	16,761	11%
Central and Eastern Europe	15,574	12,283	27%
Germany	13,951	12,128	15%
Middle East	7,130	6,167	16%
Spain & Portugal	6,519	5,836	12%
Poland	5,948	4,972	20%
Nordic Region	5,843	6,813	(14%)
USA	1,994	-	100%
Other	1,957	1,370	43%
<b>Total revenue</b>	<b>162,838</b>	<b>145,323</b>	<b>12%</b>
<b><u>EBITDA</u></b>			
United Kingdom & Ireland	22,236	26,233	(15%)
Italy	10,288	8,139	26%
France	8,917	4,878	83%
Benelux	5,675	5,545	2%
Central and Eastern Europe	5,829	3,063	90%
Germany	6,230	4,563	37%
Middle East	3,345	2,075	61%
Spain & Portugal	3,375	3,048	11%
Poland	2,593	2,033	28%
Nordic Region	1,008	1,646	(39%)
USA	1,213	-	100%
Other	1,194	1,020	17%
Shared costs not allocated to segments	(9,493)	(13,016)	27%
<b>EBITDA</b>	<b>62,410</b>	<b>49,227</b>	<b>27%</b>
Less: amortisation, impairment and depreciation	44,059	46,338	5%
<b>Operating profit</b>	<b>18,351</b>	<b>2,889</b>	<b>535%</b>

# Notes to the Consolidated Financial Information

## 1 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

### A Basis of Preparation

For the year ended September 30, 2006, Jetix Europe N.V. together with its subsidiaries, ("the Group"), is required to prepare its annual financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements take account of the requirements and options in IFRS 1 "First-Time Adoption of International Financial Reporting Standards" as they relate to the 2005 comparatives included herein.

Whilst US GAAP accounts were filed with Euronext through fiscal year 2005 the consolidated statutory financial statements for 2005 were prepared in accordance with the accounting laws applicable in the Netherlands (Dutch GAAP) set out in Note 2 of those financial statements. Therefore Dutch GAAP formed the basis for the transition to IFRS.

Dutch GAAP differs in certain respects from IFRS and comparative information for 2005 has been restated as necessary in accordance with IFRS. The transition date to IFRS was October 1, 2004. All adjustments on first time adoption were recorded in shareholders' equity on the date of transition, except for adjustments related to IAS 32 "Financial instruments: Disclosure and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". Reconciliations and descriptions of the effect of the transition from US GAAP to IFRS on equity and net income are given in Note 5. IFRS 1 sets out the transition rules which must be applied when IFRS is adopted for the first time. As a result, some of the requirements and options in IFRS 1 may result in a different application of accounting policies in the 2005 financial information, presented for the first time under IFRS, from that which would apply if the 2005 financial statements were prepared using full retrospective application of IFRS. The standard set out the mandatory exceptions to retrospective application and certain optional exemptions. The optional exemptions taken by the Group are:

- Cumulative currency translation differences were deemed to be zero at the transition date.
- IFRS 2 "Share-based Payment" has only been applied to options issued after November 7, 2002 and not vested by January 1, 2005.
- IAS 32 and 39 have been applied as of October 1, 2005 which permit the Group not to change any designation of financial instruments at transition to IFRS. Measurement and recognition principles are consistent with those under previous GAAP.
- IFRS 3 in relation to business combinations has been applied prospectively from October 1, 2004.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies presented in Note 1(B).

The preparation of financial information in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. The key accounting estimates and judgements are explained in Note 1(R). There are certain areas of complexity which require a higher degree of judgement. These areas include amortisation and impairment of assets, revenue recognition, accounting for employee share plans, provisions, allowances for doubtful accounts, and deferred taxation.

### B Nature of the Consolidated Financial Statements

#### (1) Subsidiaries

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

## Notes to the Consolidated Financial Information

Inter-company transactions, balances and unrealised gains on transactions between Group companies (the Company and its subsidiaries) are eliminated as part of the consolidation process. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### (2) *Joint Ventures*

Joint ventures are all entities over which the Group has joint control with one or more other entities outside the Group. Investments in joint ventures are accounted for by the equity method of accounting and are initially recognised at cost. Under this method of accounting the carrying value of the investment is increased or decreased by the Group's share of income or losses and decreased by any dividends. Unrecognised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

## C Revenue Recognition

### (1) *Channels & Online*

Subscriber fees receivable from cable operators and Direct-to-home (DTH) broadcasters are recognised as revenue over the period for which the channels are provided and to which the fees relate. Subscriber revenue is recognised as contracted based upon the level of subscribers. Television advertising revenue is recognised as the commercials are aired. In certain countries, the Group commits to provide advertisers with certain rating levels in connection with their advertising. Revenue is recorded net of estimated shortfalls, which are usually settled by providing the advertiser additional advertising time. Barter revenues, representing the exchange of goods and services for advertising time on a television station, are recognised upon the airing of an advertisement, where the fair value of the advertising surrendered is determinable based on the Group's own historical practice of receiving cash or other consideration that is readily convertible to a known cash amount for similar advertising from buyers unrelated to the counterparty in the barter transaction.

### (2) *Programme Distribution*

Programme distribution revenue is recognised when the relevant agreement has been entered into, the product has been delivered or is available for delivery, collectability of the cash is reasonably assured and all of the Group's contractual obligations have been satisfied.

### (3) *Consumer Products*

Revenues from home entertainment, licensing and merchandising agreements which provide for the receipt by the Group of non-refundable guaranteed amounts, are recognised when the licence or distribution period begins, the payments are due under the terms of the contract, collectability is reasonably assured and all performance obligations of the Group have been fulfilled. Amounts in excess of minimum guarantees under these agreements are recognised when earned. Amounts received in advance of recognition of revenue are recorded as deferred revenue.

## D Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

## E Advertising Costs

Advertising costs are expensed as incurred.

# Notes to the Consolidated Financial Information

## F Earnings per Share

Basic earnings per ordinary share is calculated using income available to ordinary shareholders divided by the weighted average number of shares outstanding. The difference between basic and diluted earnings per share arises after adjusting for the dilutive effect of all dilutive potential ordinary share equivalents that were outstanding during the period.

## G Property and Equipment

All property and equipment is stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent asset costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Computer equipment	3-10 years
Office furniture and fittings	3-10 years

Leasehold improvements are amortised over the shorter of the term of the lease or the estimated life of the improvements.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note I).

Gains and losses on disposals are determined by comparing proceeds with the asset carrying amount, and are included in the income statement.

## H Intangible Assets

### (1) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing (Note I).

### (2) Programme Rights

Programme rights that are produced (programme library) or acquired are stated at cost less accumulated amortisation and impairment. On incorporation of the Group, certain programme rights (IPO Programme Library), were accounted for at the fair value at that time.

## Notes to the Consolidated Financial Information

In the 2006 accounts, the amortisation profile reflects the timing of the revenue stream that each programme library property is expected to generate. The carrying value relating to the IPO Programme Library is amortised on a straight-line basis over four years from October 1, 2005. For the remaining programme library, the amortisation profile is as follows from the date of acquisition:

Year 1 – 40 Percent
Year 2 – 20 Percent
Year 3 – 10 Percent
Year 4 – 10 Percent
Year 5 – 10 Percent
Year 6 – 5 Percent
Year 7 – 5 Percent

If the recoverable amount from a programme is less than its carrying amount, an impairment loss is taken to reduce the carrying amount of the programme to its recoverable amount.

Acquired programme rights are licensed from third parties for broadcasting on the Group's channels, usually for periods of two to five years. These programme rights are amortised in accordance with their expected usage over that defined period. Acquired television programme rights and related liabilities are recorded when the license period begins and the programme is available for use.

### (3) *Computer Software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives (three years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an allocated overhead amount.

### (4) *Impairment of Intangible Assets*

Where an indication of impairment exists, the carrying amount of any intangible asset including goodwill is assessed and written down immediately to its recoverable amount (Note I).

## I Measurement of Impairment of Assets

Assets which have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

## J Trade Receivables

Trade receivables are recognised at fair value less any provision for recoverability. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at an appropriate effective interest rate. The amount of the provision is recognised in the income statement.

# Notes to the Consolidated Financial Information

## **K Share Capital**

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **L Taxation**

The tax expense for the year comprises current and deferred tax. The current tax expense is recognised in the income statement based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or available tax losses carried forward can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## **M Employee Benefits**

### *(1) Pension Obligations*

Group companies have various schemes in accordance with the local conditions and practices in the countries in which they operate. The Group has defined contribution plans under which it pays fixed contributions into publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in current and prior periods.

The contributions are recognised as employee benefits expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### *(2) Share-Based Compensation*

The Group operates an equity-settled, share-based compensation plan. The fair value of the awards are measured at the date of the grant and expensed on a straight line basis over the vesting period, net of the fair value of those awards not expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of awards that are not expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

### *(3) Termination Benefits*

Termination benefits become payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

# Notes to the Consolidated Financial Information

## **N Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

## **O Financial Instruments**

### (1) *Receivables*

Receivables are recognised at fair value based on amounts exchanged less any impairment.

### (2) *Cash and Cash Equivalents*

Cash and cash equivalents comprise cash at bank and in hand, and bank overdrafts where there is a right of offset, together with commercial paper notes which have a maturity of three months or less at date of acquisition.

### (3) *Accounts Payable*

Accounts Payable are recognised at fair value based on the amounts exchanged.

Upon maturity, the net gains and losses are included in income.

## **P Foreign currency translation**

### (1) *Presentation Currency*

Due to the growing usage of the Euro since its introduction and the growth in our channels and online business, management has determined the Euro to be the most significant currency in which revenue and costs originate. Therefore, effective fiscal year 2006 the consolidated financial statements are presented in Euros, which is the Group's functional and presentation currency. Prior to the year ended September 30, 2006 the Group's presentation currency was US Dollars. The fiscal year 2005 figures have been presented in Euros for comparability purposes.

### (2) *Functional Currency*

Items included in the financial statements of the Group and each of the Group's subsidiaries and joint ventures are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

### (3) *Transactions and Balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### (4) *Consolidation*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) all resulting exchange differences are recognised as a separate component of equity.

## Notes to the Consolidated Financial Information

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are measured at the functional currency of the acquired entity and are translated at the closing rate at the balance sheet date.

### Q Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### R Use of Estimates

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect amounts reported in the consolidated financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

### S Comparative Figures

Certain comparatives have been reclassified to conform to the financial statement presentation adopted in the current year.

## 2 Changes in accounting estimates

Effective October 1, 2005, the Group changed its estimate of the amortisation of programme rights. In the 2005 accounts, programme rights that are produced or acquired were stated at the lower of cost less accumulated amortisation or fair value. The amortisation charge for each period was based on the ratio of that period's gross revenue to estimated remaining total gross revenue from such programmes. Each year management revised the estimates, based on historical and anticipated trends, of future revenue for each programme property. See Note 1 H(2) for discussion of the method of estimation applied in the current period. The change has been applied on a prospective basis in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

## 3 Change in working capital

	Year ended September 30, 2006 Unaudited	Year ended September 30, 2005 Unaudited
<b>Change in working capital</b>		
Decrease/(increase) in trade and other receivables	2,789	(8,526)
(Increase)/decrease in amounts due from related parties	(4,765)	157
Increase in trade and other payables	9,132	3,091
(Decrease)/increase in amounts due to related parties	(14,292)	11,629
(Decrease)/increase in provision for other liabilities	(1,408)	1,992
	<u>(8,544)</u>	<u>8,343</u>

The Consolidated Statement of Cash Flows reflects the cash flows arising from the activities of Group companies as measured in their own currencies, translated to euros at monthly average rates of exchange. Therefore, the cash flows recorded in the Consolidated Statement of Cash Flows exclude both the currency translation differences which arise as a result of translating the assets and liabilities of non-euro Group companies to euro at year-end rates of exchange, with the exception of those arising on cash and cash equivalents. These currency translation differences must therefore be added to the cash flow movements at average rates in order to arrive at the movements derived from the Consolidated Balance Sheet.

## Notes to the Consolidated Financial Information

### 4 Earnings per Share

Basic earnings per share (eps) is net profit attributable to shareholders divided by the weighted average number of shares outstanding. Diluted eps reflect the potential dilution that could occur if dilutive share options and non-vested restricted shares were exercised. A reconciliation of the weighted average number of shares is as follows:

(000's of shares)	Year ended September 30, 2006 Unaudited	Year ended September 30, 2005 Unaudited
Weighted average number of common shares used in calculated basic eps	84,344	83,502
Effect of dilutive securities		
- Share options	260	530
- Unvested restricted shares	22	-
Weighted average number of common shares used in calculating diluted eps	84,626	84,032

### 5 Effects of IFRS on Previously Reported Equity and Results

As approved by Euronext, the Group reported financial information for the year ended September 30, 2005 (the comparative period) publicly under US GAAP on December 8, 2005. The reconciliation between the shareholders' equity and the net result for the year in the US GAAP reporting and in the accompanying IFRS GAAP accounts, for statutory purposes, is as follows:

Euro' 000	Equity at September 30, 2005 Unaudited	Net result for period ended September 30, 2005 Unaudited
<b>As presented under US GAAP</b>	<b>208,388</b>	<b>15,560</b>
Programme rights	22,050	(12,237)
Goodwill	(13,310)	-
Share options	(249)	(686)
Deferred taxation	1,989	3,700
Other	(256)	(256)
Currency translation adjustment	(456)	-
<b>As presented under IFRS</b>	<b>218,156</b>	<b>6,081</b>

### **ABOUT JETIX EUROPE N.V.**

Jetix Europe N.V. is a leading pan-European integrated kids' entertainment company with localised television channels, programme distribution and consumer products businesses. Jetix Europe N.V. is listed on Euronext Amsterdam Stock Exchange and is majority owned (approximately 74%) by The Walt Disney Company. In 2004 Jetix Europe and The Walt Disney Company launched Jetix, a global kids entertainment brand which brings a unique combination of action, adventure and cheeky humour to kids aged 6-14 worldwide.

#### **Channels**

Jetix Europe's 14 Jetix television channels entertain kids aged 6-14 in 58 countries and 18 languages, reaching over 46 million households across Europe and the Middle East with content tailored to suit local markets. Branded blocks air on terrestrial TV networks reaching over 100 million households. Jetix Europe offers interactive TV games channels through cable and satellite platforms in the UK and Israel and runs 17 localised websites which receive over 100 million page impressions on average every month. In addition the company has launched GXT, a pay-TV channel in Italy, targeting teenage boys.

#### **Programme Distribution**

Jetix Europe owns one of the largest libraries of kids programming in the world with over 6,000 episodes. Distributed to more than 90 terrestrial, cable and satellite channels in over 40 markets across Europe and the Middle East, the library includes major global programming franchises such as *Power Rangers*, *Sonic X*, *Spiderman*, *X-Men* and *W.I.T.C.H.* The Jetix Europe library is serviced by Buena Vista International Television (BVITV).

#### **Consumer Products**

JCP (Jetix Consumer Products International) is Jetix Europe's consumer products and home entertainment business with representation in over 35 European countries including fully integrated offices in the UK, France, Germany, Israel, Italy, Spain and the Netherlands as well as third party agents in other key markets. JCP's properties are sourced from the Jetix Europe library and include *Sonic X* and *A.T.O.M Alpha Teens on Machines* as well as third party representation for properties such as *PUCCA*, and *Totally Spies*.

### **FORWARD LOOKING STATEMENTS**

This press release contains forward-looking statements. These statements may be identified by words such as "expect", "should", "could", "shall" and similar expressions. These statements are subject to risks and uncertainties, and actual results and events could differ materially from what is contemplated by the forward looking statement. Factors which could cause actual results to differ from these forward-looking statements may include, without limitation, general economic conditions, competition for viewers and ratings, changes to our channel distribution deals, the popularity of our content and characters, technologic issues or changes in the distribution of television, regulatory change, the timing of new programme deliveries and foreign exchange fluctuations. The foregoing list of factors should not be construed as exhaustive. Jetix Europe disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.