



FOX KIDS EUROPE N.V.

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PRESS RELEASE

Fox Kids Europe N.V. Announces Results for the Six Months Ended November 30, 2000

- Revenues of \$52.4 million; EBITDA of \$16.3 million
- Income before tax of \$1.1 million
- Subscribers up 46% year-on-year to 23 million
- Now the only children's entertainment company with a local channel in every major European market

Amsterdam, The Netherlands and London, UK - Fox Kids Europe N.V. (FKE) (*AMEX: FKE; Reuters FOXK.AS; Bloomberg: FKE.NA*), the leading pan-European integrated children's entertainment company, today announced financial results for the six months ended November 30, 2000, showing revenues of \$52.4 million, EBITDA of \$16.3 million and income before tax of \$1.1 million. Channel revenues increased by 45% to \$28.7 million and operating cashflow improved by \$15.8 million compared to the period ending November 30, 1999. Subscribers increased 46% year-on-year to 23 million with three new channels added in the period, including Germany.

Ynon Kreiz, Chairman and CEO of FKE said: "We have maintained our strong growth momentum and established Fox Kids Europe as the only children's entertainment company with a local channel in every major European market. We are particularly proud with the performance of our channel operation, which has achieved continued growth both in distribution and ratings. We remain confident in the outlook for the company for the full year."

FINANCIAL REVIEW

Revenues

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

Total revenues in the six months ended November 30, 2000, were \$52.4 million, compared to \$56.3 million in the six months ended November 30, 1999. Channel operations achieved an increase in revenues of 45% to \$28.7 million, as subscription revenues rose 46% to \$20.4 million and advertising revenues increased 41% to \$7.6 million. Revenues from programme distribution were \$19.7 million, 43% lower compared to the same period last year. This is the result of a reduction in the volume of product supplied to German terrestrial broadcaster ARD, as well as a high proportion of distribution contracts in progress at the period-end which have subsequently been signed and will be recognized in the second half of the financial year. As of February 15, 2001, programme distribution revenues of \$44.1 million have already been secured towards our target for the full year.

FKE's consumer products operation also performed strongly, achieving an increase in revenue of 131% from \$1.6 million to \$3.8 million in the same period. Online & interactive operations generated revenues of \$0.2 million.

EBITDA

Overall EBITDA before other operating expenses was \$16.3 million, compared to \$26.2 million in the six months ended November 30, 1999. Channel operations achieved a substantial increase in EBITDA from \$1.3 million to \$4.9 million, with every channel now EBITDA positive except for the most recent launches in Germany and Israel. EBITDA from programme distribution was \$14.8 million, 45% lower than the same period last year. This resulted from a high proportion of programme distribution contracts in progress at the period-end. EBITDA in the second half of the financial year is expected to be substantially higher than the first six months as a result of higher programme distribution revenues expected in the six months ending May 31, 2001.

FKE's consumer products operation achieved an increase in EBITDA from \$0.1 million to \$1.7 million in the same period. Online & interactive operations showed a negative EBITDA of \$1.8 million because of increased expenditure as activities in this new division were expanded. The online operation remains on target to break-even by financial year 2003.

Expenses

Operating expenses increased by just 1% to \$9.4 million, as reduced participation expenses payable to third parties in the distribution and consumer products operations offset nearly all of the increase in operating expenses incurred through new channel launches in Germany, Hungary and the Middle East.

Selling, general and administrative expenses rose 21% to \$21.4 million, compared to the same period last year. This rise resulted from new channel launches, the costs of operating new consumer products subsidiaries in Spain, Benelux and the Nordic Region, and expansion of FKE's online & interactive activities.

Other operating expenses of \$0.8 million were incurred, relating to the expected early termination of the analogue transponder sublease for the UK channel. A further charge of \$0.4 million is expected in the second half of the year. However, the final migration of the UK channel from analogue to digital services will have a larger beneficial impact on technical costs in future years.

Affiliates

FKE's share of the profit of affiliates was \$1.5 million. This compares to a loss of \$1.0 million in the same period last year and resulted from stronger operating performances by the channels in The Netherlands and Spain.

Income Before Tax

Income before tax was \$1.1 million, 125% higher compared to a loss of \$4.7 million in the same period last year. This was primarily as a result of strong performances from FKE's channel and consumer product operations, which achieved operating profits of \$2.7 million and \$1.6 million respectively, partly offset by the loss incurred in connection with the expansion of online & interactive activities.

Earnings per Share

Earnings per share (basic and diluted) improved substantially from a loss of 10.4 cents per share to income of 0.3 cents per share through the improvements in performance noted above and an increase in the number of average shares outstanding for the period.

Cash Flow

Operating cash flow showed a significant improvement with an outflow in the six months of \$8.8 million, compared to an outflow of \$24.6 million in the same period last year. This was primarily as a result of the improvements in operating performance and a substantial improvement in working capital.

OPERATING REVIEW

Substantial Growth in Channel Operations

- Subscribers up 46% year-on-year to 23 million as of November 2000
- New channels launched in Germany, Hungary and the Middle East
- Only children's entertainment company with a local channel in every major European market

Subscribers increased by 7.2 million (46%) year-on-year to 23.0 million. Of this increase, 3.3 million came from new channel launches and 3.9 million from existing channels. This increase continued after the period as subscribers reached 23.8 million by the end of December 2000.

In October 2000, FKE launched a local channel in Germany on Premiere World and, in doing so, became the only children's entertainment company with a local channel in every major European market. New channels were also launched in November 2000, in Hungary on UPC Direct and the Middle East on STAR TV. Since the period-end FKE has also announced the launch of a new channel in Israel, with carriage agreements on two major cable platforms in the market, Tevel Digital and Golden Channels, and the extension of the

Hungarian feed in the Czech Republic and Slovakia in the Czech language on the UPC Direct DTH platform.

FKE's ratings performance has strengthened still further over the period. FKE has the number one rated children's channel in The Netherlands, France, Spain and Norway, as well as being number two in Poland and number three in the UK. In other markets where official ratings measurement systems are still being developed, including Italy and Germany, FKE's own qualitative research studies also show that FKE's channels in these markets are in a leading position as well.

Continued Expansion in Programme Distribution Library

- Library expanded with addition of 141 episodes and 15 family films
- New episodes added include Action Man, Digimon, Flint the Time Detective, Wunschpunch and Pigs Next Door

FKE has successfully continued to grow its programming library, adding 141 new episodes in the period, including local European co-productions. Titles added includes new series such as Action Man, Dinosaurs, Escaflowne, Flint the Time Detective, Nascar Superchargers, Pigs Next Door and Wunschpunch, as well as additional series of Digimon, Kids from Room 402 and Power Rangers Lightspeed Rescue. In addition, the rights for the European and Middle Eastern territories to a package of 15 family films, including major properties such as The Addams Family, Casper the Ghost and Richie Rich, were acquired from the Fox Family Worldwide group.

FKE is in the process of replacing the agreement with German public broadcaster ARD that will shortly be fulfilled and is currently in discussions with a number of German terrestrial broadcasters to this effect. Any reduction in revenues from the German market in the period should be more than compensated by the expected increase in revenues from other markets for the full year.

As at 30 November 2000, 402 episodes were in production. We anticipate approximately 200 episodes will be delivered in the second half of the year. New deliveries anticipated for the second half include Mashrambo, Xyber 9, Scary but True and Power Rangers Timeforce.

Strong First Half Performance for Consumer Products

- Digimon franchise a major success
- Successful first Fox Kids branded music initiative
- Long-term agreement with video game developer, Kalisto Entertainment

Demand for Digimon merchandising rights has remained strong in the UK and France, on the back of high ratings performances for the show. FKE expects demand to be stimulated further following the recent feature movie spin-off that has just opened at theatres in the UK and France.

FKE expanded its operations in various directions, including music, video games and promotions. A first agreement was concluded with BMG in The Netherlands to release a Fox Kids branded music album. The album reached number one position across all age demographics in the Dutch charts before Christmas and remained there for 13 weeks, achieving Platinum status. FKE also succeeded in forming a number of strong retail alliances with pan-European consumer brands, including promotions with Woolworths (Power Rangers Lost Galaxy – Germany), Fromageries Bel (The New Addams Family

Series – France) and with KFC (The New Addams Family Series – UK and Ireland). Since the period end, there have also been several successful promotions relating to the release of the Digimon movie, with partners such as Woolworths, McDonalds and Kraft.

FKE also concluded a five-year agreement with Kalisto Entertainment, a leading independent worldwide developer of video game software, to launch a video game and interactive franchise for children and families.

Subsequent to the end of the period, the company concluded an agreement to acquire 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. FKE has also been granted pan-European merchandising agency rights to the Final Fantasy movie and the latest version of the very popular computer game. The movie will be released by Columbia Tri-Star in Europe during the summer.

Successful Expansion of Online & Interactive Activities

- Initial launches of next generation websites a huge success
- Significant new online gaming and sports agreements

FKE's goal is to become the leading pan-European online community for children. In line with that, next generation websites were launched successfully in the UK, Italy, The Netherlands and Germany. The launches to date have been a major success, achieving a significant increase in page views per month from 5 million in May 2000 to more than 17 million by November 2000. By January 2001, this figure had risen to over 25 million page views per month. In February 2001, next generation websites were launched in Sweden and Denmark. Further launches are planned over the coming months.

Two further initiatives in the period included an agreement with Gamegate to produce 15 original online games exclusively for FKE and an agreement to launch dedicated sports websites for children in association with Sportal, a leading provider of interactive sports content. Subsequent to the period, the first such website has been launched in the UK and is available within foxkids.co.uk. An online gaming agreement has also been concluded with Battlemail.com, to launch online games featuring Battlemail.com's exclusive multi-user games engines and Fox Kids characters.

The company believes that the success of its online & interactive operation exemplifies its ability to leverage its assets, including the channel and consumer product operations which generate extensive marketing exposure, to launch new businesses effectively at low incremental cost.

Change of Accounting Reference Date

FKE intend to change the company's accounting reference date from May 31 to June 30 in order to be coterminous with the company's parent, Fox Family Worldwide Inc.

Fox Kids Europe NV

Consolidated Statement of Income For the six months ended November 30,2000

	6 months to 30 Nov 2000	6 months to 30 Nov 1999	% Change (1)
In US \$'000			
TOTAL REVENUES (including share of joint ventures)	52,355	56,278	-7.0%
Less: unconsolidated revenues of joint ventures	(5,236)	(2,978)	
TOTAL REVENUES	47,119	53,300	-11.6%
Operating expenses	(9,442)	(9,323)	-1.3%
Selling, general & administrative expenses	(21,374)	(17,731)	-20.5%
EBITDA before other operating expense	16,303	26,246	-37.9%
Other operating expense	(826)	(905)	+8.7%
EBITDA after other operating expense	15,477	25,341	-38.9%
Depreciation and amortisation	(16,903)	(29,229)	+42.2%
Operating Income / (Loss)	(1,426)	(3,888)	+63.3%
Financial income	6,696	629	
Financial expense	(5,497)	(363)	
Loss on foreign exchange	(83)	-	
Equity in income / (loss) of affiliates	1,447	(1,028)	
Income / (loss) before tax	1,137	(4,650)	+124.5%
Taxation on result from ordinary operations	(626)	-	
Income / (loss) after tax	511	(4,650)	+111.0%
Minority interest	(261)	(106)	
NET INCOME / (LOSS)	250	(4,756)	+105.3%

Fox Kids Europe NV

Consolidated Statement of Income

Earnings per Share

In cents per share

	6 months to 30 Nov 2000	6 months to 30 Nov 1999	% Change (1)
Earnings / (loss) per share, basic	0.3	(10.4)	+102.9%
Earnings / (loss) per share, diluted	0.3	(10.4)	+102.9%
Basic weight average number of ordinary shares outstanding, in thousands	82,519	45,636	+80.8%
Diluted weighted average number of ordinary shares outstanding, in thousands	83,131	45,636	+82.2%

Notes:

- (1) A "+" indicates a positive impact on net income.
A "-" indicates a negative impact on net income.

Certain reclassifications have been made to the 1999 figures in order to make them consistent with the accounts for the year ended May 31, 2000.

Fox Kids Europe NV

Consolidated Balance Sheet as at November 30, 2000

	30 Nov 2000	31 May 2000	30 Nov 1999
In US \$'000			
<u>Assets</u>			
Cash and cash equivalents	41,323	51,508	68,492
Accounts receivable (net)	39,208	37,973	31,651
Programme rights	164,896	150,530	136,005
Investment in equity affiliates	11,399	9,771	11,085
Property and equipment	3,868	3,426	2,983
Total Assets	260,694	253,208	250,216
<u>Liabilities & Shareholders' Equity</u>			
Accounts payable	6,147	4,832	10,447
Accrued liabilities	20,064	13,763	4,299
Amounts due to related parties	7,842	11,760	14,209
Other long term liabilities	5	6	78
Long term note payable	104,114	104,114	104,114
Minority interest	(183)	(444)	(491)
Total Liabilities	137,989	134,031	132,656
Ordinary shares	21,426	21,426	21,426
Additional paid in capital	239,762	241,981	238,423
Note receivable contributed for equity	(105,924)	(109,978)	(104,114)
Cumulative translation adjustment	1,104	(339)	766
Accumulated deficit	(33,663)	(33,913)	(38,941)
Total Shareholder's Equity	122,705	119,177	117,560
Total Liabilities and Shareholders' Equity	260,694	253,208	250,216

Fox Kids Europe NV

Consolidated Cash Flow Statement for six months ended November 30, 2000

In US \$'000	6 months to 30 Nov 2000	6 months to 30 Nov 1999
OPERATING ACTIVITIES		
Net income / (loss)	250	(4,756)
Adjustments to reconcile net income / (loss) to net cash flows used in operating activities:		
Depreciation and amortisation	16,903	29,229
Equity in (income) / loss of affiliates	(1,447)	1,028
Minority interests	261	106
Foreign exchange loss	83	-
Changes in operating assets and liabilities		
Accounts receivable and other assets	(311)	(8,694)
Interest receivable from related parties	3,830	-
Programme rights	(30,398)	(34,268)
Accounts payable	967	(6,260)
Interest due to related parties	(3,738)	-
Accrued liabilities	4,811	(983)
Net cash flows used in operating activities	(8,789)	(24,598)
INVESTING ACTIVITIES		
Purchases of property and equipment	(1,313)	(344)
Net cash flows used in investing activities	(1,313)	(344)
FINANCIING ACTIVITIES		
Net proceeds from IPO	-	160,334
Programming rights acquisition	-	(100,000)
Other common stock and contributions	-	31,241
Net cash flows provided by financing activities	-	91,575
NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	(10,102)	66,633
NET DECREASE IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	(83)	(145)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVILENTS	(10,185)	66,488
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	51,508	2,004
CASH AND CASH EQUIVALENTS, END OF PERIOD	41,323	68,492

Fox Kids Europe NV

Operating Results by Segment For the six months ended November 30,2000

In US \$'000	6 months to 30 Nov 2000	6 months to 30 Nov 1999	% Change fav/(unfav) (1)
<u>BUSINESS SEGMENT</u>			
<u>Revenues</u>			
Programme distribution	19,729	34,790	-43.3%
Channel operations	28,695	19,863	+44.5%
Consumer products	3,751	1,625	+130.8%
Online & interactive	180	-	na
Total revenues (including share of joint ventures)	<u>52,355</u>	<u>56,278</u>	<u>-7.0%</u>
Less : unconsolidated revenues of joint ventures	(5,236)	(2,978)	-
Total Revenues	<u><u>47,119</u></u>	<u><u>53,300</u></u>	<u><u>-11.6%</u></u>
<u>EBITDA</u>			
Programme distribution	14,826	26,944	-45.0%
Channel operations	4,906	1,334	+267.8%
Consumer products	1,651	117	+1311.1%
Online & interactive	(1,800)	-	na
Shared costs not allocated to segments	<u>(3,280)</u>	<u>(2,149)</u>	<u>-52.6%</u>
EBITDA before other operating expense	16,303	26,246	-37.9%
Other operating expense	(826)	(905)	+8.7%
EBITDA after other operating expense	<u><u>15,477</u></u>	<u><u>25,341</u></u>	<u><u>-38.9%</u></u>
<u>Operating Income / (Loss)</u>			
Programme distribution	(478)	(1,204)	+60.3%
Channel operations	2,695	(464)	+680.8%
Consumer products	1,640	60	+2633.3%
Online & interactive	(1,869)	-	na
Shared costs not allocated to segments	<u>(3,414)</u>	<u>(2,280)</u>	<u>-49.7%</u>
	<u><u>(1,426)</u></u>	<u><u>(3,888)</u></u>	<u><u>+63.3%</u></u>

Fox Kids Europe NV

Operating Results by Segment For the six months ended November 30,2000

In US \$'000	6 months to 30 Nov 2000	6 months to 30 Nov 1999	% Change fav/(unfav) (1)
<u>GEOGRAPHIC SEGMENT</u>			
<u>Revenues</u>			
United Kingdom & Ireland	14,041	11,290	+24.4%
Germany	2,798	12,476	-77.6%
France	7,630	11,764	-35.1%
Spain & Portugal	4,912	3,747	+31.1%
Italy	5,372	6,552	-18.0%
Benelux	7,444	4,979	+49.5%
Poland	3,910	2,318	+68.7%
Nordic Region	3,041	1,145	+165.6%
Central Europe	2,655	1,144	+132.1%
Other	552	863	-36.0%
Total revenues (including share of joint ventures)	<u>52,355</u>	<u>56,278</u>	-7.0%
Less : unconsolidated revenues of joint ventures	(5,236)	(2,978)	-
Total Revenues	<u><u>47,119</u></u>	<u><u>53,300</u></u>	<u><u>-11.6%</u></u>
<u>EBITDA</u>			
United Kingdom & Ireland	4,527	4,083	+10.9%
Germany	324	9,313	-96.5%
France	2,821	4,855	-41.9%
Spain & Portugal	2,681	2,195	+22.1%
Italy	3,067	4,734	-35.2%
Benelux	2,603	2,410	+8.0%
Poland	2,052	(235)	+973.2%
Nordic Region	1,125	234	+380.8%
Israel	(531)	-	-%
Central Europe	649	866	-25.1%
Other	265	(60)	+541.7%
Shared costs not allocated to segments	(3,280)	(2,149)	-52.6%
EBITDA before other operating expense	<u>16,303</u>	<u>26,246</u>	-37.9%
Other operating expense	(826)	(905)	+8.7%
EBITDA after other operating expense	<u>15,477</u>	<u>25,341</u>	-38.9%
Less : depreciation and amortisation	(16,903)	(29,229)	+42.2%
Operating Income / (Loss)	<u><u>(1,426)</u></u>	<u><u>(3,888)</u></u>	<u><u>+63.3%</u></u>