



JETIX EUROPE N.V.

May 16, 2007 For immediate release

PRESS RELEASE

JETIX EUROPE N.V. ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED MARCH 31, 2007

- Revenue up by 4%¹ to €87.7 million
- EBITDA² increased by 14% to €40.4 million
- Operating profit up by 34% to €16.9 million
- Net profit attributable to shareholders increased from €10.3 million to €20.7 million
- Diluted earnings per share up from 12.2 cents to 24.4 cents per share
- Channel subscribers grew by 6% to 49.4 million households
- Operating cash flow up by 28% to €20.8 million

Amsterdam, The Netherlands and London, UK – Jetix Europe N.V. (Jetix Europe or the Company, “we”, “our”) (AMEX: JETIX; Reuters JETIX.AS; Bloomberg: JETIX.NA), a leading pan-European integrated kids’ entertainment company, today announced its financial results for the six months ended March 31, 2007. Revenue increased by 4% to €87.7 million, compared with the six months ended March 31, 2006, operating profit increased by 34% to €16.9 million, while net profit attributable to shareholders increased from €10.3 million to €20.7 million. During the six month period subscribers increased by 2.6 million to 49.4 million households in 58 countries.

¹ All comparisons and percentage changes are stated versus the six months ended March 31, 2006; except channel subscribers stated versus September 30, 2006.

² Consistent with prior years, EBITDA is stated before amortisation, impairment and depreciation. EBITDA less 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

Paul Taylor, Chief Executive Officer, said "Overall I am pleased with the results we are announcing today. I am especially pleased with the growth in our consumer products division and the solid start to the year from our programme distribution business. However, the performance of our channels and online business was held back by low growth in subscription revenue and a decline in advertising in some of our biggest markets.

It is clear to me that our traditional distribution channels are changing. Over time, I expect new technologies, including IPTV, online video players, mobile telephones and others, will fully open up new routes to market for our channels and content. However, in the short term we see subscription revenue coming under pressure in some of the Western European markets, where a combination of factors (platform mergers and modestly increasing penetration, to name but two) is slowing growth. For example, last year we negotiated a new deal with Sky in the UK which secured our distribution over the long term, but in return for a reduced per subscriber rate. We are also currently facing sustained pressure in our negotiation to renew a channel distribution agreement in one of our major Western European markets. I believe that continuing with our dual strategy of pursuing new distribution technologies and building upon the strong appeal of our content and channels, is the best approach to countering this price pressure.

I also believe that our current advertising strategy of offering a focused kids audience, will continue to be attractive to advertisers in an increasingly fragmented marketplace. In the emerging economies in Eastern Europe, where we have a strong presence, we expect to see continued strong growth whilst in the major established European markets, growth will probably be limited. By aggregating great content under a strong brand across platforms, we can offer advertisers a committed audience in a multi-media environment. I am sure that this will be a valuable communication opportunity for advertisers, ensuring our medium and long-term growth prospects.

Our programme distribution division had a solid first half. I am encouraged by the performance of our flagship shows, and I am particularly pleased that we have sold the second series of *Pucca* to the US. This should help promote sales in other markets. We have also acted to strengthen our programme pipeline with four new series acquired during the period. With the arrival of our new SVP of Programming, Marc Buhaj, I am looking forward to the development of some great new properties. As our content underlies all of our activities, the creation of compelling new properties remains at the heart of our strategy.

Consumer Products had a very positive first half. Disney Consumer Products has continued to drive our *Power Rangers* brand forward, and we have again seen the benefits from selling a major master toy licence for *A.T.O.M. Alpha Teens on Machines*. Amongst the properties we manage in-house, *Pucca* was a notable highlight, and I am pleased that we have extended the reach of the Jetix brand through further magazine launches.

I would also like to thank the Supervisory Board, and our shareholders for their continued support. I was very pleased to be able to announce in March that I have renewed my contract for a further two years from October 2007."

Dene Stratton, Chief Financial Officer, said "I am satisfied with the results, including the impact of our cost control efforts in light of slower revenue growth. Our continuing focus on cash flow is paying off with strong results for the first half of 2007. In our outlook section we are updating our guidance for the full year 2007, and issuing a preliminary indication of fiscal year 2008 revenue performance."

OPERATING REVIEW

Channels and Online

- Channels broadcast in 18 languages, through 15 channel feeds, to 58 countries³
- Subscribers grew by 6% to 49.4 million households
- Difficult negotiations to renew distribution agreement in major Western European market
- Advertising growth in Italy and Poland more than offset by declines elsewhere
- Online broadband video service extended to four new markets
- Pop band, XYP, launched in the Netherlands with number one hit

Jetix is one of the leading kids' entertainment channels in Europe, reaching 58 countries through its 15 channel feeds, which broadcast in 18 different languages.

Subscribers grew by 2.6 million to 49.4 million households, up 6% during the six month period. In Spain our distribution has increased as we have secured carriage across the combined network of the merged cable operators, ONO and AUNA. In Eastern Europe we have continued to see strong growth across all of our feeds as our distributors have secured new subscribers and continue to expand these markets. However, in the UK we have seen a small decline following last year's restructuring of Sky's basic package and a re-tiering at Virgin Media, created from the merger of NTL and Telewest. In Germany subscribers fell as our key distributor remained under pressure following the loss of key football rights.

Subscription revenue grew strongly in Central and Eastern Europe (CEE), as we continued to grow our subscriber numbers. However, this growth was largely offset by the reduction in subscription revenue in the UK and Germany.

We are currently in difficult negotiations with a dominant platform in one of our major Western European markets. If, as is possible, these talks deteriorate further it is likely to have a negative impact on our revenue performance in the Channels and Online division in future years.

Advertising revenue was down during the period with growth in Italy and Poland offset by declines in other markets. In Italy we have seen strong growth from both the Jetix channel and our free-to-air programming block K2, and in Poland, good channel performance has led to increased advertising revenue. In other markets increasing competition and ratings pressure has negatively impacted revenue.

We continue to develop our ability to reach kids anytime and anywhere. Our online sites have increased their popularity, growing page impressions over the same period in the prior year, and increasing unique users by more than 15%. We have extended our online promotional activity, helping to drive our internet audience to our new television shows. In support of *Oban Star Racers*, our intergalactic race adventure, we developed a multi-player online game where competitors race spaceships against each other. This proved hugely popular and has generated over 3.5 million game plays to date. This increased promotional activity has helped to maintain the appeal of our online sites, as well as building awareness of our new programme brands.

Our online broadband video service has also proved popular, and we have rolled it out to a further four countries, so that it is now active in seven markets. In most markets we offer an advertiser supported video clips service, with video content of up to three minutes promoting our major shows. However in some markets, notably the Netherlands, we have extended the service to include full-length episodes.

³ This only includes countries in Europe and the Middle East in which we reach a meaningful number of households. Jetix Europe also reaches a limited number of subscribers outside of Europe and the Middle East.

We have continued to make our content available through new distribution technologies. We supply our linear channel through IPTV distributors in France, the UK and Germany, and we supply our programming through video-on-demand aggregators in France, UK, Germany and Israel. On mobile platforms we are experimenting with a number of different ways of distributing our content. We are currently offering a simulcast of our channel in France, Sweden and Israel, and we have also run trials in the Czech Republic. In Spain we are offering a programming block, rather than the whole channel, and we are experimenting with selling individual pieces of content.

In the Netherlands we have continued to develop our music activities with the launch of a new pop band, XYP. We have partnered with two music companies to help drive the band's success, and we are promoting the band on the Jetix channel in the Netherlands. Their first single was a success in the Netherlands becoming a number one hit and, since the period end, the band has released its first album.

Programme Distribution

- Revenue and profits increase significantly, primarily due to timing of deliveries
- Flagship properties continue to sell well, particularly *Power Rangers*
- New series of *Pucca* sold to US alliance partner
- Four new series acquired
- Programme pipeline of 136 episodes

The programme distribution division had significantly higher revenue in the first half of this year, compared with the prior period. This is primarily due to the timing of sales being weighted towards the first half of the year. As we have indicated previously at interims, the phasing of programme sales varies from year to year, and the proportion of expected full year sales generated in the first half has increased this year.

Our core third-party programme sales business, serviced by Disney-ABC International Television (formerly Buena Vista International Television), has significantly increased its revenue on the prior period. This has been driven by strong sales from our flagship properties, notably *Power Rangers*, *W.I.T.C.H.*, *A.T.O.M.*, *Alpha Teens on Machines*, *Super Robot Monkey Team Hyperforce Go!* and *Oban Star-Racers*. Our leading shows have also continued to perform well on-air. *Power Rangers* aired in four markets, including the major markets of France, Germany and the UK. It ranked as one of the top two shows with kids in its timeslot, and was the most popular with boys in its timeslot in all of the markets in which it aired. *W.I.T.C.H.* aired in five markets and was the most popular show with children in its timeslot in all but one market, where it ranked number two. In Italy, where the property originated as a magazine, it achieved an impressive 55% share amongst girls.

Revenue from our alliance partner in the US, Disney ABC Cable Networks Group, has also grown as we have delivered the majority of the first series of *Pucca*. They have been airing the series on the Jetix branded programme block on Toon Disney, where it has been performing well. Following this success, we have sold them the second *Pucca* series, which is currently in production. Their continued support of the series confirms its success, and helps secure sales in other markets.

During the period we acquired the rights to four new series. The second series of *Captain Flamingo* was acquired from Breakthrough Entertainment, following the success of the first series on our channels. 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. *Urban Vermin* is a new action-comedy from Canada's Decode Entertainment. It was initially conceived as a console game, and has a number of digital assets which will help drive the property online. *Iggy Arbuckle* is a quirky adventure comedy produced by Blueprint Entertainment. Our fourth new series is *Combo Ninos*, a co-production with SIP Animation in

Paris. Set in a Brazilian city, the show follows the adventures of four kids with secret superpowers. As they transform into animal inspired superheroes, and accompanied by Latin rhythms, they use magic to protect their city from a roster of crazy monsters.

We have taken delivery of 61 new episodes during the period. This includes new episodes from our major co-productions, *A.T.O.M. Alpha Teens on Machines* and *W.I.T.C.H.*; episodes from series co-produced with our US alliance partner, *Power Rangers* and *Yin Yang Yo!*; as well as episodes from series we have acquired, such as *Captain Flamingo* and *Iggy Arbuckle*. At the end of the period we had 136 episodes in progress, up from 93 at the end of the prior year.

Consumer Products

- Change in treatment of *Power Rangers* revenue from Disney Consumer Products masks strong performance
- Master toy revenue from Hasbro maintained on *A.T.O.M. Alpha Teens on Machines*
- *Pucca* continues to perform well
- New Jetix magazines launched in Italy and Poland
- Rights secured for four new properties

Consumer products EBITDA and operating profit were up substantially. Reported revenue, however, was hindered by a change in our *Power Rangers* agreement with Disney Consumer Products (DCP). Previously DCP was under an agency contract and this resulted in revenue being recorded gross, along with the related DCP commission in segment expenses. Following a change in arrangements phased in during the period, DCP is now our licensee, and so is able to include *Power Rangers* in a much wider range of relationships than before. This has resulted in revenue being recorded net of DCP's share of revenue, although the economics of the relationship have not altered. We are expecting that this change will benefit both parties by expanding the opportunities for *Power Rangers*.

Power Rangers had a strong first half year. The action figures master toy licence with Bandai remains the most important driver of revenue, and underlying sales have continued to increase, notably in the UK, Italy and Germany. Apparel has also grown strongly, more than doubling revenue on the prior year. In this category the UK was a particularly strong performer.

We have continued our relationship with Hasbro on *A.T.O.M. Alpha Teens on Machines*, and they have acquired the master toy licence to the second series. As the series has been delivered during the period we have recognised this revenue, achieving some growth on the master toy licence revenue in the prior year. This is a material contract for Jetix. However as it relates to a specific programme, and we are not currently planning future series, we are not expecting this revenue to recur in future years.

Our in-house merchandising division, Jetix Consumer Products (JCP) has seen continued strong interest in *Pucca* and in Jetix branded products. The television series has allowed *Pucca* to become more of a mass-market brand in some markets, whilst maintaining its high-end retail position in others. France remains a notable highlight for *Pucca*, and the main product categories are fashion, stationery and publishing. Jetix branded products have continued to develop, notably in magazines. We have launched new Jetix branded magazines in Italy and Poland, and now have five Jetix branded and two non-Jetix titles. There are further launches in the pipeline for Eastern Europe and the Middle East.

We have also agreed to launch a new *Sonic X* online shop. The shop is expected to launch in June and will carry a full range of *Sonic X* merchandise, selling direct to the consumer. Inventory responsibility and fulfilment have been outsourced, and Jetix will take a share from all sales.

In home entertainment, *Power Rangers* has performed well after most of the rights were brought back in-house and has now been sold by JCP in 20 markets. We have continued to expand the

number of markets in which we have sold home entertainment rights, with sales for the first time in Slovakia, Bulgaria, Romania, Ukraine and Serbia. *Pucca* has also been sold in China. Typically we focus on Europe and the Middle East, however in special circumstances we secure a wider range of rights, and on *Pucca* we have global home entertainment rights, allowing us to sell to China for the first time.

We have continued to expand the range of rights we represent, picking up consumer products rights for each of the four new television properties we acquired during the period.

FINANCIAL REVIEW

Revenue

Revenue increased 4% to €87.7 million. Channels and online revenue was broadly flat at €63.4 million, with subscription revenue increasing 2% to €40.2 million and advertising revenue decreasing 9% to €20.7 million. Other channel and online revenue, including on air production, live events, and dubbing, was up 39% at €2.5 million. The increase in subscriber revenue resulted from growth in the number of subscribers in CEE, Poland, France and Italy. This was largely offset by the full half year impact of the initial fee reduction of the new Sky UK deal, versus two months in the prior period, and a decrease in the number of German subscribers. Advertising revenue decreased, notably in the UK and France, following lower year-on-year ratings, and in the Netherlands, due to increased competition. This was partially offset by increased advertising revenue in Italy and Poland.

Programme distribution revenue increased by 30% to €11.6 million. The increase is primarily driven by timing of deliveries of programming to broadcasters. Revenue is expected to be weighted towards the first half of fiscal year 2007 versus 2006 when revenues were weighted to the second half.

Our consumer products revenue increased by 9% to €12.7 million. This increase was driven by significant growth in sales related to *Power Rangers*⁴, represented by DCP, and strong licensing from properties represented by JCP including *Pucca* and Jetix branded products.

Marketing, Selling and Distribution Costs

Marketing, selling and distribution costs decreased by 2% to €25.4 million. Costs decreased due to the change in accounting for the DCP Power Rangers arrangement (resulting in revenues being recorded net and with no commission expense) and a reduction in music license fees. Cost reductions were partially offset by increases in participations and sales commissions.

General and Administrative Costs

General and administrative costs decreased by 4% to €22.9 million principally due to the release of a portion of a provision in the current period for indirect taxes, an additional expense in the prior period arising from a change in the assumptions underlying the provision for lease exit costs, and a decrease in overhead costs. The decrease was partially offset by additional bad debt expense.

EBITDA

EBITDA increased by 14% to €40.4 million. Channels and online EBITDA was flat at €28.3 million. This was driven primarily by a decrease in advertising revenue being offset by increased

⁴ Reported revenue, however, was unfavourably impacted by a change in our Power Rangers representation contract with DCP, which resulted in revenue being recorded net of DCP's share of revenue. Impact on revenues was €1.3 million over the prior period. Revenue had been recorded gross along with the related DCP commissions in segment expenses under the previous arrangement. This change has been phased in during the period.

subscription and other revenues described above. This was against a flat cost structure. Programme distribution EBITDA increased by 49% to €7.8 million driven primarily by revenue being weighted towards the first half of fiscal year 2007. Costs related to programme distribution were flat over the prior period. Consumer products EBITDA increased by 14% to €7.1 million, with strong revenue growth partially offset by increased costs from participation fees. Shared costs not allocated to segments decreased by 37% primarily due to the release of a portion of a provision in the current period for indirect taxes and a reduction in overhead costs.

Amortisation and Impairment of Programme Rights

Amortisation and impairment of programme rights (defined as cost of sales in the income statement) increased by 2% to €2.6 million primarily due to higher spend on properties where Jetix acquired non-European rights, offset by the strengthening of the Euro against the USD.

Gain on Foreign Exchange

The gain on foreign exchange recognised during the period of €5.0 million primarily relates to gains on inter-company transactions which reflect the exchange risk of doing business with foreign group members where the functional currency is not in Euros.

Financial Income (net)

Financial income (net) increased by 72% to €2.4 million due to an increase in interest income earned from higher average cash balances and higher interest rates.

Profit Before Tax Expense

Profit before tax expense and minority interest increased by 63% to €25.6 million, resulting from increased EBITDA as discussed above, a gain on foreign exchange and increased financial income.

Tax Expense

The current period effective tax rate (excluding foreign exchange gains and losses) of 23% compares with 34% in the prior period. This lower rate reflects changes in the weighting of profits between territories where the group has operations, changes to the amortisation profile of a deferred tax asset that arose on the intra group transfer of programming rights, and changes to the estimated utilisation of tax losses.

Minority Interest⁵

Net profit attributable to minority interest increased by 11% resulting from higher profits from the Polish channel.

Earnings per Share

Basic and diluted earnings per share increased to 24.5 cents and 24.4 cents, respectively, resulting from higher net profit attributable to shareholders.

Cash Flow

Cash and cash equivalents increased by €19.0 million to €146.1 million from September 30, 2006. Net cash generated from operations during the period increased by €4.5 million to €20.8 million resulting from an increase in net profit and a reduction in programming spend, offset by a

⁵ Minority interest relates to a third party's 20% interest in Jetix Poland Limited.

decrease in related party liabilities to our Parent Company, The Walt Disney Company (Disney), and payroll related costs.

OUTLOOK

We expect revenue for the full 2007 financial year to be flat to low single digit growth, as advertising remains under pressure and we have the first full year of our distribution deal with Sky in the UK. We expect EBITDA growth to be in the low to mid single digits.

The outlook for 2008 is expected to be adversely affected by a number of factors. Our distribution deal with Sky in the UK has a further per subscriber rate decrease in 2008, and we are currently in a difficult negotiation to renew a distribution deal in a major Western European market. In consumer products we are not planning a third series of *A.T.O.M. Alpha Teens On Machines*, therefore the master toy licence sale will not recur. Based on these factors, our current expectation is that revenue for fiscal 2008 is likely to decline by as much as 10% to 15%.

Additionally, we are undergoing a review of our cost structure to drive medium and long-term shareholder value.

Jetix Europe N.V.

Consolidated Statements of Income
for the six months ended March 31, 2007 and March 31, 2006

In Euro'000	6 Months ended March 31, 2007 Unaudited	6 Months ended March 31, 2006 Unaudited	% Change
Revenue	87,674	84,471	4%
Cost of sales	(22,552)	(22,150)	(2)%
Gross Profit	65,122	62,321	4%
Marketing, selling and distribution costs	(25,356)	(25,864)	2%
General and administrative costs	(22,858)	(23,851)	4%
Operating profit	16,908	12,606	34%

Analysed as:

EBITDA	40,386	35,353	14%
Amortisation and impairment of programme rights	(22,552)	(22,150)	(2)%
Depreciation of property and equipment	(454)	(303)	(50)%
Amortisation of other intangibles	(472)	(294)	(61)%
	16,908	12,606	34%

Gain on foreign exchange	4,952	466	963%
Finance income (net)	2,356	1,370	72%
Share of net profits from joint ventures	1,358	1,203	13%
Profit before tax expense	25,574	15,645	63%
Tax expense	(4,744)	(5,205)	9%
Net profit	20,830	10,440	100%
Attributable to minority interest	(163)	(147)	(11)%
Net profit attributable to shareholders	20,667	10,293	101%

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

Basic	24.5	12.3
Diluted	24.4	12.2

The notes on pages 15 to 17 are an integral part of the consolidated financial information.

Jetix Europe N.V.

Consolidated Balance Sheets as at March 31, 2007 and September 30, 2006

In Euro'000	March 31, 2007	September 30, 2006
	Unaudited	Audited
ASSETS		
Non-current assets		
Intangible assets		
Programme rights	91,800	105,029
Goodwill	9,834	9,834
Other	2,373	3,105
	<u>104,007</u>	<u>117,968</u>
Property and equipment, net	992	1,309
Investment in joint ventures	620	366
Deferred tax assets	7,365	8,515
	<u>112,984</u>	<u>128,158</u>
Current assets		
Trade and other receivables, net	47,466	49,805
Related party receivables	9,078	10,313
Cash and cash equivalents	146,077	127,126
	<u>202,621</u>	<u>187,244</u>
Total assets	<u>315,605</u>	<u>315,402</u>
EQUITY		
Capital and reserves attributable to the Company's equity		
Share capital	21,224	21,199
Share premium	457,444	456,799
Other reserves	(18,365)	(8,508)
Retained losses	(213,591)	(234,258)
Total shareholders' equity	<u>246,712</u>	<u>235,232</u>
Minority interest	<u>1,205</u>	<u>1,627</u>
Total equity	<u>247,917</u>	<u>236,859</u>
LIABILITIES		
Current liabilities		
Trade and other payables	50,364	54,769
Current income tax liabilities	4,689	4,928
Related party payables	9,612	13,518
Other liabilities	446	985
Provisions for other liabilities	2,577	4,343
Total current liabilities	<u>67,688</u>	<u>78,543</u>
Total liabilities	<u>67,688</u>	<u>78,543</u>
Total equity and liabilities	<u>315,605</u>	<u>315,402</u>

The notes on pages 15 to 17 are an integral part of the consolidated financial information.

Jetix Europe N.V.

Consolidated Statements of Changes in Equity

In Euro '000	Share capital	Share premium	Currency translation adjustment	Other Reserves ⁶	Share option reserve	Retained losses	Minority interest	Total equity
Unaudited								
Balance at October 1, 2005	20,992	449,197	1,979	-	2,208	(257,648)	1,428	218,156
Currency translation differences	-	-	(13,362)	-	-	-	7	(13,355)
Net profit recognised directly in equity	-	-	(13,362)	-	-	-	7	(13,355)
(Loss)/profit for the period	-	-	-	-	-	23,390	192	23,582
Total recognised income for period	-	-	(13,362)	-	-	23,390	199	10,227
Employee share option scheme								
Value of employee services	-	-	-	-	667	-	-	667
Proceeds from shares issued	207	7,602	-	-	-	-	-	7,809
Total employee share option scheme	207	7,602	-	-	667	-	-	8,476
Balance at September 30, 2006	21,199	456,799	(11,383)	-	2,875	(234,258)	1,627	236,859
Currency translation differences	-	-	(9,898)	-	-	-	11	(9,887)
Net profit recognised directly in equity	-	-	(9,898)	-	-	-	11	(9,887)
Profit for the period	-	-	-	-	-	20,667	163	20,830
Total recognised income for period	-	-	(9,898)	-	-	20,667	174	10,943
Employee share option scheme								
Value of employee services	-	-	-	175	117	-	-	292
Proceeds from shares issued	25	645	-	-	-	-	-	670
Change in settlement from equity to cash for restricted shares	-	-	-	-	(251)	-	-	(251)
Total employee share option scheme	25	645	-	175	(134)	-	-	711
Redemption of shares	-	-	-	-	-	-	(596)	(596)
Balance at March 31, 2007	21,224	457,444	(21,281)	175	2,741	(213,591)	1,205	247,917

⁶ Other Reserves represents a capital contribution by Jetix Europe's parent company, The Walt Disney Company, for Disney stock options issued to Jetix Europe Employees.

The notes on pages 15 to 17 are an integral part of the consolidated financial information.

Jetix Europe N.V.

**Consolidated Cash Flow Statements for the
six months ended March 31, 2007 and March 31, 2006**

In Euro' 000	Notes	6 Months ended March 31, 2007 Unaudited	6 Months ended March 31, 2006 Unaudited (re-presented)
Cash flows from operating activities			
Net profit		20,830	10,440
Depreciation		454	303
Amortisation		23,024	22,444
Loss on disposal of assets		191	-
Share based compensation charge	3	686	434
Equity income of joint ventures		(255)	(303)
Interest income		(4,905)	(2,749)
Interest expense		2,549	1,379
Increase in provision for bad and doubtful debts		635	381
Increase in intangible assets		-	(2,356)
Decrease in other liabilities		(727)	(891)
Deferred taxation		786	1,594
Decrease in amounts due from related parties		540	513
Operating cash flows before changes in working capital		43,808	31,189
Change in working capital	4	(13,126)	1,755
Cash generated from operations		30,682	32,944
Purchase of programme rights		(8,395)	(16,771)
Interest received		4,905	2,749
Interest paid		(2,549)	(1,379)
Income tax paid		(3,834)	(1,230)
Net cash generated from operating activities		20,809	16,313
Cash flows from investing activities			
Purchases of property and equipment		(102)	(233)
Purchases of software		(33)	(12)
Net cash from investing activities		(135)	(245)
Cash flows from financing activities			
Proceeds from exercise of employee share options		670	5,450
Redemption of shares to minority interests		(596)	-
Net cash from financing activities		74	5,450
Increase in cash and cash equivalents		20,748	21,518
Cash and cash equivalents at the beginning of the period		127,126	103,170
Effects of exchange rate changes on cash and cash equivalents		(1,797)	(1,317)
Cash and cash equivalents at the end of the interim period		146,077	123,371

The notes on pages 15 to 17 are an integral part of the consolidated financial information.

Jetix Europe N.V.

**Operating Results by Business Segment for the
six months ended March 31, 2007 and March 31, 2006**

In Euro' 000	<u>6 Months ended March 31, 2007 Unaudited</u>	<u>6 Months ended March 31, 2006 Unaudited</u>	<u>% Change</u>
<u>BUSINESS SEGMENT</u>			
<u>Segment Revenue</u>			
Channels & online	63,436	63,983	(1)%
Programme distribution	11,553	8,863	30%
Consumer products	12,685	11,625	9%
Total revenue	<u>87,674</u>	<u>84,471</u>	4%
<u>EBITDA</u>			
Channels & online	28,285	28,328	-%
Programme distribution	7,849	5,279	49%
Consumer products	7,069	6,225	14%
Shared costs not allocated to segments	(2,817)	(4,479)	37%
Total EBITDA	<u>40,386</u>	<u>35,353</u>	14%
<u>Segment Results</u>			
Channels & online	12,044	12,471	(3)%
Programme distribution	3,985	1,945	105%
Consumer products	3,608	2,776	30%
Shared costs not allocated to segments	(2,729)	(4,586)	40%
Operating profit	<u>16,908</u>	<u>12,606</u>	34%

Jetix Europe N.V.

Operating Results by Geographic Segment for the six months ended March 31, 2007 and March 31, 2006

In Euro '000	<u>6 Months ended March 31, 2007 Unaudited</u>	<u>6 Months ended March 31, 2006 Unaudited</u>	<u>% Change</u>
<u>GEOGRAPHIC SEGMENT</u>			
<u>Revenue</u>			
United Kingdom & Ireland	23,603	23,159	2%
Italy	14,617	11,771	24%
Benelux	10,822	10,764	1%
France	9,538	11,306	(16)%
Central and Eastern Europe	9,200	7,901	16%
Germany	5,268	5,886	(10)%
Middle East	3,750	3,934	(5)%
Poland	3,668	2,850	29%
Nordic Region	2,746	2,962	(7)%
Spain & Portugal	2,397	2,189	10%
Other	2,065	1,749	18%
Total revenue	<u>87,674</u>	<u>84,471</u>	4%
<u>EBITDA</u>			
United Kingdom & Ireland	15,106	13,509	12%
Italy	6,889	5,927	16%
Benelux	3,545	3,565	(1)%
France	4,407	5,120	(14)%
Central and Eastern Europe	3,799	3,251	17%
Germany	2,289	2,578	(11)%
Middle East	2,027	1,732	17%
Poland	1,964	1,327	48%
Nordic Region	636	695	(8)%
Spain & Portugal	1,116	1,085	3%
Other	1,426	1,043	37%
Shared costs not allocated to segments	(2,818)	(4,479)	37%
EBITDA	<u>40,386</u>	<u>35,353</u>	14%
Less: amortisation, impairment and depreciation	(23,478)	(22,747)	(3)%
Operating profit	<u>16,908</u>	<u>12,606</u>	34%

Notes to the consolidated financial information

Unaudited

1 Basis of preparation

This interim consolidated financial information has been prepared using accounting policies that are consistent with the policies used in preparing the 2006 annual consolidated financial statements, including that certain of the comparative amounts have been re-presented to conform with the presentation currently adopted.

Certain items within net cash generated from operating activities for the prior period have been re-presented to be consistent with the current period presentation. The comparatives for the purchase of programme rights have been re-presented from 'Operating cash flows before changes in working capital' to after 'Cash generated from operations' for the cash purchase of programming rights. The accrued portion of programming rights is within 'Change in working capital'. Interest income received and interest expense paid has been separately disclosed. Equity income from joint ventures has been re-presented to adjust for net revenues between the joint ventures and the Group.

The interim consolidated financial information does not include all of the financial statement disclosures included in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and therefore should be read in conjunction with the most recent annual consolidated financial statements.

The preparation of financial information requires that management make estimates in reporting the amounts of certain revenues and expenses for each financial year and certain assets and liabilities at the end of each financial year. On an ongoing basis, management reviews its estimates, including those related to revenue, accruals for costs incurred but not billed by vendors, bad debts, potential impairment and useful lives of assets, income taxes, certain other accrued liabilities and share-based compensation. Actual results may differ from these estimates.

The consolidated financial information presented in this document is for the six months ended March 31, 2007. This period is compared to the corresponding six months ended March 31, 2006, unless otherwise stated.

2 Accounting policies

a) *Share-based compensation* - The Group operates an equity-settled, share-based compensation plan, which includes both share options and restricted shares. Under the plan the restricted shares shall be paid in cash or in shares (or some combination of both) as determined by the Company in its discretion at the time of payment. Although the Group has no legal or constructive obligation to settle the restricted shares in cash, the Management board has agreed during the period that all restricted shares will be settled in cash.

The fair value of the employee services received in exchange for the grant of the restricted shares is recognised as an expense. The total amount to be expensed over the vesting period and the liability incurred is determined by reference to the fair value of the restricted shares granted. The initial measurement of the liability is recognised over the period that services are rendered. At each balance sheet date, and ultimately at the settlement date, the fair value of the liability is remeasured with any changes in fair value recognised in the profit or loss for the period. The total net cost recognised in respect of the transaction will be the amount paid to settle the liability.

Restricted shares previously presented as equity-settled have now been reclassified in the balance sheet as a liability and revalued as at the balance sheet date. The liability as at March 31, 2007 is €0.7 million, including a transfer of €0.3 million from share option reserve in the period.

Notes to the consolidated financial information

Unaudited

b) *International Financial Reporting Interpretations Committee (IFRIC) II "IFRS 2 – Group and treasury share transactions"* – In November 2006, the IFRIC issued IFRIC II, which is effective for annual accounting periods beginning on or after March 1, 2007. Jetix Europe has elected to early adopt this interpretation, effective October 1, 2006, related to The Walt Disney Company issuing Disney Share Options to various Jetix Europe employees in January 2007.

The interpretation clarifies the accounting for share-based payment arrangements in a subsidiary that has an obligation to provide its employees with parent equity instruments for services it receives from its employees. Provided that the share-based arrangement is accounted for as equity-settled in the consolidated financial statements of the parent, the subsidiary shall measure the service received from its employees in accordance with the requirements applicable to equity-settled share-based payment transactions, with a corresponding increase recognised in equity as a contribution from the parent. The impact for the six months ended March 31, 2007 was €0.2 million. There was no impact to previously reported periods.

c) *Income Tax Expense* - Income tax expense is recognised based on management's forecast of the weighted average annual effective income tax rate expected for the full financial year. This is computed on a territory by territory basis for each jurisdiction in which the group operates, and excludes foreign exchange gains and losses.

The effective tax rate for the period to March 2007 is 23%. This differs from the effective tax rate forecast for the full year, and results from variations in the proportional weighting of profit arising in different territories in the first half of the year as compared to the second half. In addition, certain components of the tax charge such as withholding tax do not arise proportionately to the overall results of the Group.

3 Share-based compensation

During the six months ended March 31, 2007, there were 71,163 restricted shares issued. The restricted shares vest in two tranches at December 8, 2008 and December 8, 2010. There are no performance related criteria associated with the restricted shares. During the six month period there were 81,565 options and 17,500 restricted shares exercised. There were no restricted shares and options forfeited.

The total share-based compensation expense for the six months ended March 31, 2007 is €0.7 million (€0.4 million for the six months ended March 31, 2006), of which €0.2 million related to Disney share options.

4 Change in working capital

Euro' 000	6 Months ended	6 Months ended
	March 31, 2007	March 31, 2006
	Unaudited	Unaudited
Change in working capital		
Decrease/(Increase) in trade and other receivables	636	(2,562)
Increase in amounts due from related parties	(5,451)	(3,929)
Decrease in trade and other payables	(4,284)	(1,419)
(Decrease)/Increase in amounts due to related parties	(2,612)	11,657
Decrease in provision for other liabilities	(1,415)	(1,992)
	<u>(13,126)</u>	<u>1,755</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 the currency translation differences which arise as a result of translating the assets and liabilities of non-Euro Group companies to Euros at period-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

Unaudited

5 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)	6 Months ended March 31, 2007 Unaudited	6 Months ended March 31, 2006 Unaudited
Weighted average number of common shares used in calculating basic EPS	84,386	83,698
Effect of dilutive securities		
- Share options	227	488
- Unvested restricted shares	20	30
Weighted average number of common shares used in calculating diluted EPS	84,633	84,216

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 49 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 18 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 approximately 6,000 episodes. Distributed to more than 95 terrestrial, cable and satellite channels in over 55 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 Disney-ABC International Television (formerly Buena Vista International Television).

Consumer Products

JCP (Jetix Consumer Products International) is Jetix Europe's consumer products and home entertainment business with representation in over 40 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 *Gadget and the Gadgetinis* 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.