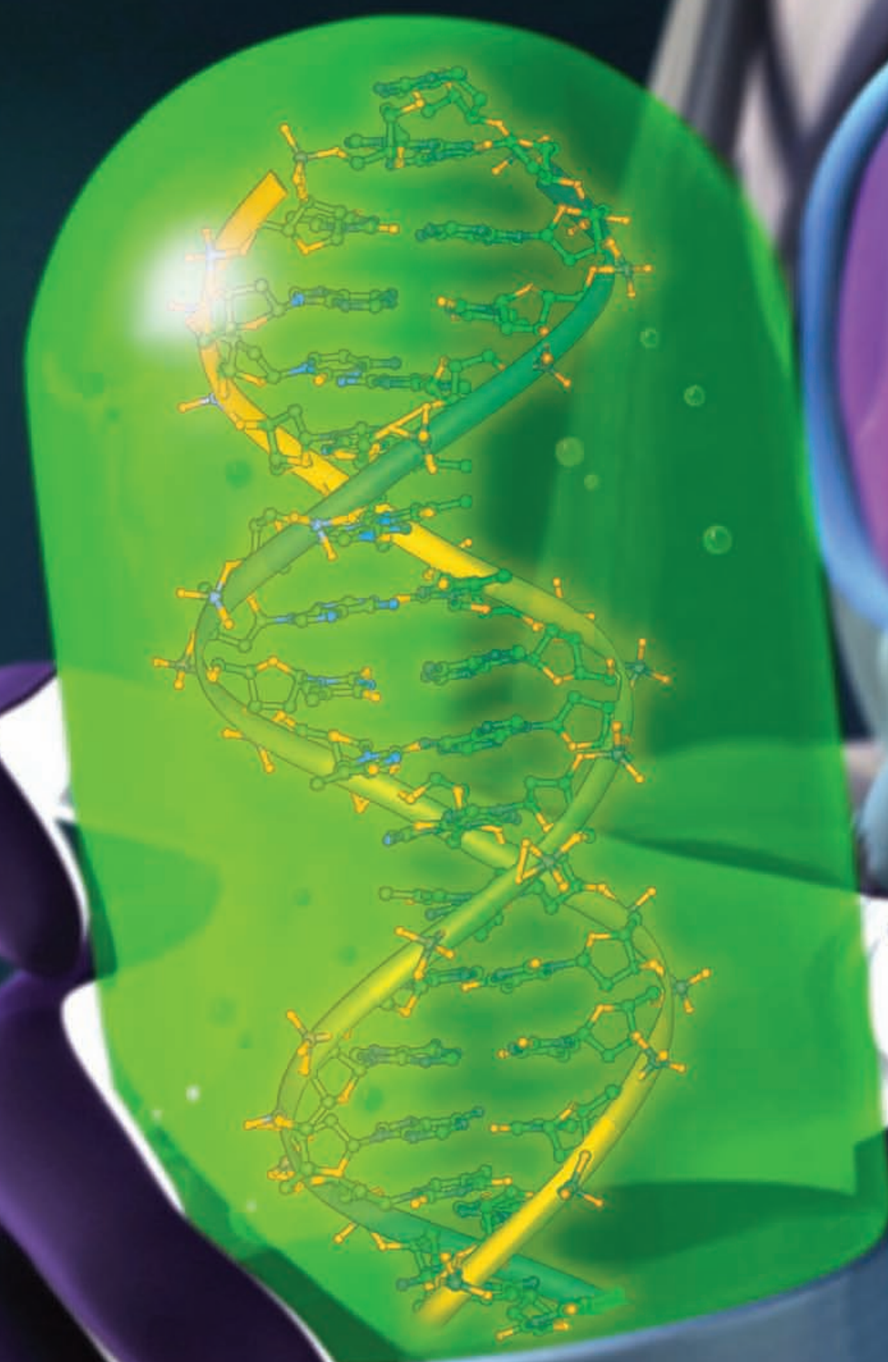
Jetix Europe N.V.

Annual Review and
Financial Statements 2008



THE DNA OF KIDS ENTERTAINMENT

Team Smithereen New short-form stunt puppet series co-produced with Wildbrain. It will debut on Jetix websites across Europe.

Kid vs Kat
Co-production with Studio B. An ordinary boy battles a not-so-ordinary alien cat for supremacy in a formerly tranquil suburban home. A slapstick showdown for the 21st century.

Jimmy Two-Shoes
Co-production with Breakthrough Animation. A thrill-seeking optimist and his two best friends turn doom and gloom into outrageous comedy. With Jimmy's attitude, everything is an adventure.

CONTENT

CREATING FRESH, ORIGINAL CONTENT AND POWERHOUSE FRANCHISES

CONNECTION

Mobile
Our programming is distributed to mobile devices in a number of different countries.

TV
We reach over 52 million households in 58 countries spanning Europe and the Middle East.

Web
Our re-designed websites include enhanced gaming, personalised avatars and video-on-demand.

ENGAGING WITH KIDS WHEREVER, WHENEVER

PARTNERSHIP

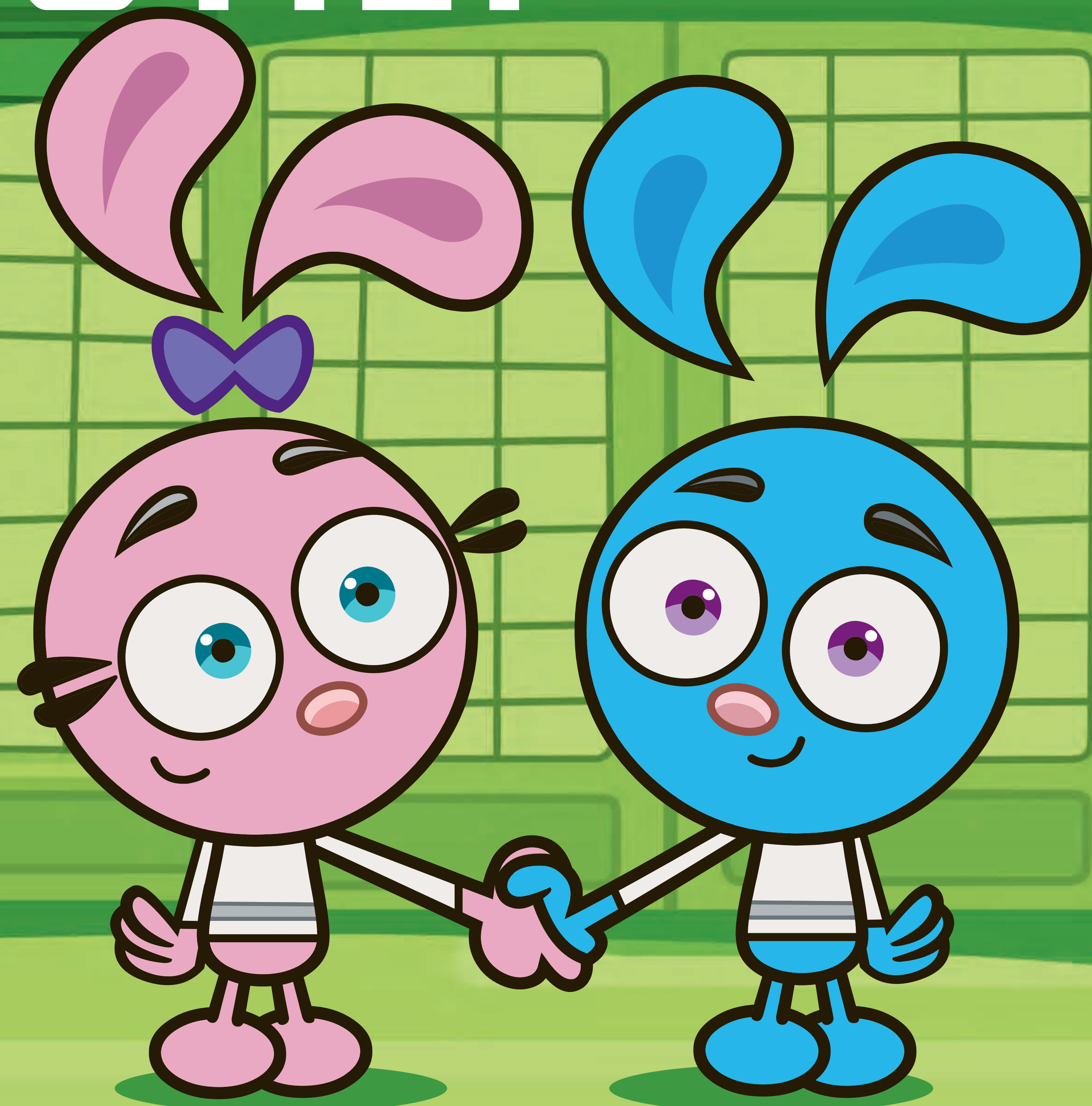
Yin Yang Yo! The latest Jetix co-production with Disney. Yin and Yang are twin rabbits who fight evil and drive each other nuts.

Disney Consumer Products
Using DCP to represent our leading property, *Power Rangers*.

Co-productions
Co-producing compelling new content and long-time favourites.

Disney | abc | ESPN Television

DAET Distribution
Benefiting from DAET's strong market presence to grow channel distribution and drive programming sales.



CAPITALISING ON OUR DISNEY GLOBAL ALLIANCE

TALENT

Galactik Football Co-production with Alphanim. The second series follows the progress of the Snow Kids from planet Akillian as they immerse themselves, once again, in the Galactik Football Cup

Investing in the right people creates a winning team. Jetix CEE recently won gold in the best On Air Branding category at this year's UK Promax Awards.

Continuous development keeps us ahead of the game.

A WINNING COMBINATION OF SKILLED & DEDICATED PEOPLE

OUR STRATEGY

CONTENT

We create and own original content which engages and builds connections with our audience. We develop these into long-term franchises which create value across all our activities.

AUDIENCE

We understand our target audience. We talk to them directly, listen to them and invest in research. This enables us to make sure we deliver the best entertainment experience possible. That's why they know us as the home of their favourite characters.

DISTRIBUTION

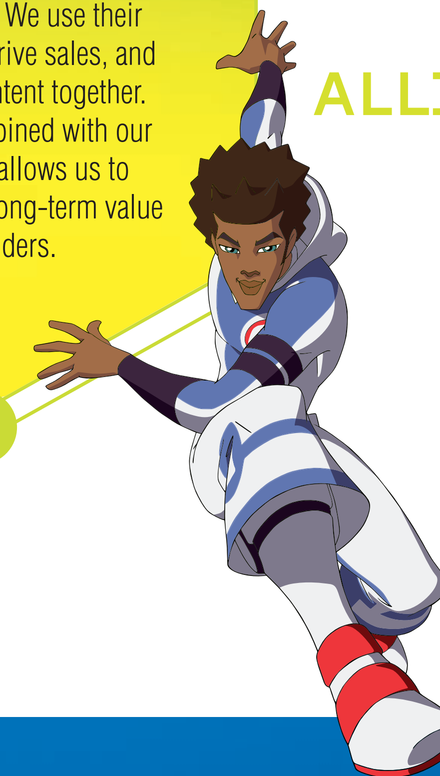
We deliver our content across multiple platforms, whenever and wherever our audience is. We're extending the reach of our television channels, investing in our online presence, building relationships with third-party distributors and placing our properties on a wide range of products.

PEOPLE

Our people drive everything we do. We have an exceptional team of talented staff who understand our audiences, the power of our content and the possibilities of the changing media environment.

ALLIANCE

We are supported by Disney, our major shareholder. We use their market access to drive sales, and we create great content together. This alliance, combined with our financial strength, allows us to invest in creating long-term value for all our shareholders.



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This is Jetix Europe

Jetix Europe and Disney
The Walt Disney Company (Disney) is Jetix Europe N.V.'s major shareholder, owning approximately 73% of the company's shares. Jetix Europe N.V. is listed on the Euronext stock exchange in the Netherlands, with the remaining 27% owned by a number of public shareholders.

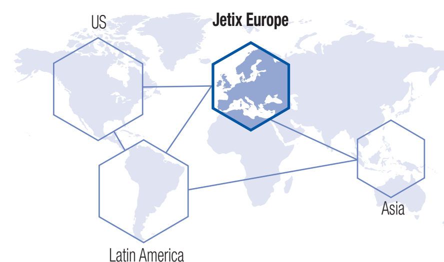
Share ownership

73% – ABC Family Worldwide
(a subsidiary of The Walt Disney Company)

27% – Public shareholders

The Global Alliance
Jetix Europe partners with Disney in a global alliance which jointly develops programming targeting kids aged six to 14. Disney airs these on its channels in the US and Latin America, as well as on programme blocks in Asia. Jetix Europe typically owns the European and Middle Eastern rights, which it uses across its television channels and other activities.

The global programming alliance



Financial highlights

Revenue
€136.9 million
2007: €166.4 million

EBITDA
€50.8 million
2007: €69.4 million

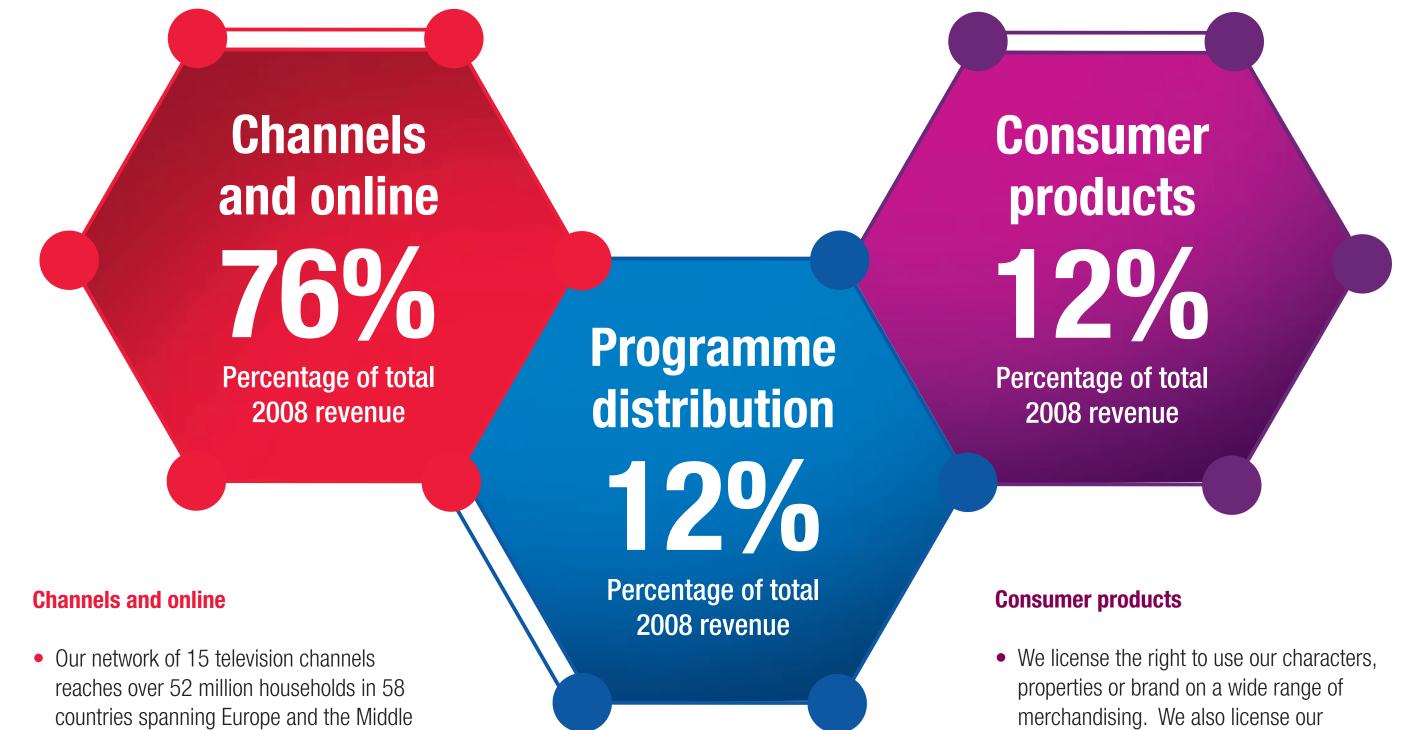
Operating profit
€12.7 million
2007: €24.5 million

Net profit attributable to shareholders
€20.1 million
2007: €37.3 million

Diluted earnings per share
23.6 cents
2007: 43.9 cents

Operating cash flow
€37.5 million
2007: €26.4 million

Content is at the heart of our company – driving each of our three business lines.



Channels and online

- Our network of 15 television channels reaches over 52 million households in 58 countries spanning Europe and the Middle East. We broadcast in 19 languages, localising our channels for national audiences.
- Our 18 localised websites allow kids to engage with our content and to participate fully in the Jetix community. Our sites immerse our visitors in games, competitions and videos.
- We distribute our channels and digital content through a range of third-party online and mobile platforms.
- Following a new deal agreed this year, the sale of our channels and digital content is serviced by Disney-ABC-ESPN Television (DAET).
- Our primary revenue streams are subscription fees from pay television operators and advertising sales.

Programme distribution

- We sell television programming which we own or represent to other broadcasters, primarily free-to-air channels. These sales are serviced by Disney-ABC-ESPN Television (DAET).
- We currently sell to over 80 clients in more than 50 markets.
- We receive licence fees from broadcasters for the right to air our programming, generally for a limited number of runs over a specific time period.

Consumer products

- We license the right to use our characters, properties or brand on a wide range of merchandising. We also license our programming for home entertainment, such as DVDs.
- The merchandising of our largest property, *Power Rangers*, is represented by Disney Consumer Products (DCP). This allows us to leverage DCP's global scale and market power.
- Jetix Consumer Products (JCP), our in-house division, represents all of our other properties. JCP's network comprises seven local European offices and agents in over 50 countries.
- We generate revenue from royalties. In most cases we negotiate a minimum guarantee, together with a variable fee based on sales.

Message from the Chief Executive

Achievements in 2008

- New programme commissions
- Strong content delivered
- Channel sales deal with Disney
- Investment in online

Priorities for 2009

- Continue content investment
- Develop key franchises
- Increase online and digital focus

Financials

Revenue €m	
2005	145.3
2006	162.8
2007	166.4
2008	**136.9**

EBITDA[1] €m	
2005	49.2
2006	62.4
2007	69.4
2008	**50.8**

[1] Consistent with the prior years, EBITDA is operating profit stated before programme amortisation, impairment and depreciation.

This has been a significant year for Jetix Europe. We are sticking to our core strategy and are continuing to develop as a business. We have also taken some key decisions to strengthen and focus our activities.

Our strategy is simply expressed. We invest in great content and we deliver it to our target audience – kids aged six to 14 – wherever and whenever they want it. As one of Europe's leading kids entertainment companies we have the expertise and the resources to make that happen.

Our strong balance sheet, our close alliance with Disney, the world's leading family entertainment business, and a raft of excellent programming provide firm foundations for success. Still, there is no space for complacency – we need to stay alert.

Kids can be fickle – they have limitless choices and demands on their time; they are quick to embrace the latest trends – but they can also be fiercely loyal. The challenge for us is continually to renew and refresh our offerings so that we engage their interest and earn their loyalty.

To do that, we gather evidence. We talk to young people and we solicit their feedback. But there is an art as well as a science to creating great content. It is what makes kids entertainment such a fascinating business.

Opportunities can arise in the most unlikely places. *Pucca*, for instance, began life as an online greetings card. We saw its potential. Today the show commands a dedicated international following. Disney took delivery of its second *Pucca* series for US transmission this year. The show airs on Jetix channels and generates strong consumer product revenues, especially in France.

Last year, to replicate this kind of success, we established a new programming team with a wide development remit. That decision is now bearing fruit and the team's first two projects show great promise. *Jimmy Two-Shoes* emerged from a field of more than 1000 programmes as the most viewed show at this year's Mipcom Junior television event and *Kid vs Kat* was ranked in the top 20 at the same event.

Our audience makes no distinction between delivery platforms. They simply want to engage with their favourite characters. We are building popular, enduring franchises across all media. Our stories and characters are involving audiences on the web, via games platforms and through mobile content.

We are adapting our content in line with the differing preferences and expectations on specific platforms. For online and mobile audiences we have been developing short-form content, including *Marvo the Wonder Chicken* and *Team Smithereen*.

I signalled last year that we would be stepping up our digital capability. We undertook a major rebuild of the Jetix websites in 2008. Our relaunched sites include avatars, loyalty schemes, video-on-demand and a much-improved games offering.

We are also active in the mobile arena. We have signed a multi-territory agreement with Orange to offer programmes to its customers. In the UK we have launched a download-to-own service on iTunes.

When it comes to managing the business, we have been focusing on getting the detail right. We took some significant steps this year to increase financial efficiency and to function in a more integrated way.

We secured some important long-term channel distribution deals and have built on our strong presence in the important CEE territories. In France we have grown our subscriber base by 20% and managed to conclude a complex set of contract negotiations with CanalSat.

Following the CanalSat deal we took the decision to license the Jetix channel in France to the local Disney channel. The new structure gives us a profitable operation in a highly competitive territory.

Jetix Europe benefits enormously from its association with Disney.

We collaborate closely on programming. We are co-producing the seventeenth season of *Power Rangers*. The upcoming launch of Disney XD in the US is adding impetus to this relationship. We are now working on live-action content with the makers of a string of global hits such as *Hannah Montana* and *The Suite Life of Zack and Cody*. In addition, in certain European territories our channels regularly feature flagship Disney productions like *High School Musical*, *Wizards of Waverly Place* and *Phineas and Ferb*.

The leading content providers have always had an inbuilt advantage in their dealings with platform operators. Having a broad portfolio of attractive programming gives them greater negotiating leverage. Now, as digital platforms proliferate, this logic is extending to other media.

Disney recently set up Disney-ABC-ESPN Television (DAET) to bring together its sales operations for programming, channels and new media. DAET was already servicing our programme sales. This year, recognising that DAET's broader portfolio of offerings and strong established networks would give us access to a wider range of opportunities, we have extended that relationship to include our channels and digital content.

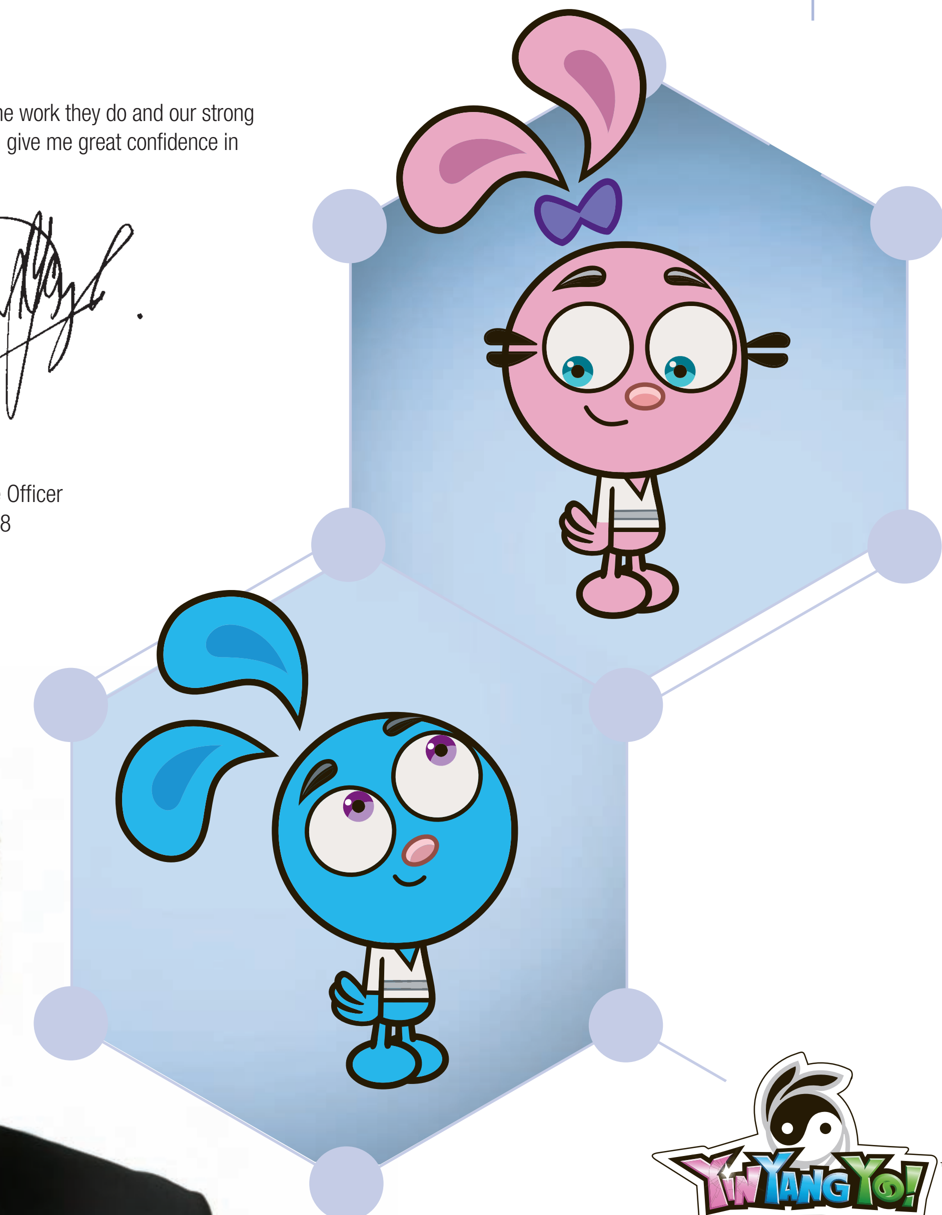
Debt-free and with substantial cash reserves, we have the resources to pursue the right strategies for the business. Our willingness to invest in great content and our disciplined financial approach can give us a competitive edge in a deteriorating economic climate.

The macro-economic situation has had little direct impact - so far. We anticipate that this may change and are predicting broadly flat revenues for next year. However, looking further ahead, this remains a business with excellent prospects.

Jetix Europe delivers content that enthuses kids and earns their loyalty. We have an effective, pragmatic business model.
We have shown we are able to respond rapidly to changing tastes and priorities.

None of this would be possible without the exceptionally talented and committed people we have here. Their energy and passion are inspirational. The work they do and our strong market position give me great confidence in the future.

Paul Taylor
Chief Executive Officer
December 2008



A co-production with Disney for the global programming alliance. This action comedy features twin rabbits, Yin and Yang. They live in a strange world filled with magic, monsters and mythical creatures. They must become "Woo Foo" Knights to defeat Carl, the Evil Cockroach Wizard.

Jetix Europe's core strategy is to create and own successful kids entertainment franchises, and to deliver these to our audience whenever and wherever they want.

Our pan-European network of television channels remains our primary distribution mechanism. Our channels reach over 52 million households in 58 countries spanning Europe and the Middle East.

Traditional television will remain popular. However, increasingly kids are also now accessing content on a wide range of other platforms, from websites to mobiles.

We are investing to ensure we have a presence wherever kids are. Our magazines and consumer products remain popular. Alongside these, we are continuing to develop our online and mobile businesses. Our multi-platform approach to content delivery allows us to take advantage of the rapidly evolving media landscape.

Our broadcast channels

As at September 2008	Households reached '000	Number of countries covered
Central and Eastern Europe Date launched: April 1999 – Jetix; October 2003 – Jetix Play Channels: Jetix; Jetix Play Broadcast hours: Jetix 24 hours[1]; Jetix Play 0700 – 2345 Languages: Romanian, Russian, Bulgarian. English[2]	9,924	18
UK Date launched: October 1996 Channels: Jetix Broadcast hours: 24 hours Language: English	8,861	3
Netherlands Date launched: August 1997 Channels: Jetix Broadcast hours: 0600 –1800 Language: Dutch	6,834	2
France Date launched: November 1997 Channels: Jetix Broadcast hours: 24 hours Language: French	5,060	6
Poland Date launched: April 1998 – Jetix; November 2003 – Jetix Play Channels: Jetix; Jetix Play Broadcast hours: Jetix 0600 – 2400; Jetix Play 0500 – 2145 Language: Polish	4,428	1
Italy Date launched: April 2000 – Jetix; May 2005 – GXT Channels: Jetix, GXT Broadcast hours: 24 hours Language: Italian	4,304	1
Hungary, Czech Republic and Slovakia Date launched: September 2000 Channels: Jetix Broadcast hours: 24 hours Language: Hungarian, Czech	3,119	3
Scandinavia Date launched: April 1998 Channels: Jetix Broadcast hours: 0600 –1800 Language: Danish, Swedish, Norwegian, Finnish, English	3,055	5
Spain Date launched: December 1998 Channels: Jetix Broadcast hours: 24 hours Language: Spanish	2,983	1
Germany Date launched: October 2000 Channels: Jetix Broadcast hours: 0600 –1945 Language: German	1,640	3
Turkey and Middle East Date launched: April 2000 – Jetix; October 2003 – Jetix Play Channels: Jetix; Jetix Play Broadcast hours: Jetix 0600 – 2245; Jetix Play 0600 – 2245 Language: Turkish, English[2]	950	14
Israel Date launched: February 2001 Channels: Jetix Broadcast hours: 0600 – 0215 Language: Hebrew	798	1
Greece Date launched: October 2001 Channels: Jetix Broadcast hours: 0700 – 2000 Language: Greek	343	1
Total	52,299	59[3]

[1] Some countries broadcast for less than 24 hours.
[2] English is only on Jetix Play.
[3] Two channel feeds cover Belgium (Netherlands and France) so total countries reached is 58.

Our diverse content delivery

Television channels
Our network includes 15 television channels. The 13 Jetix channels reach kids aged six to 14, Jetix Play targets a younger audience and GXT in Italy targets older teens.

Online
We have re-engineered and re-designed our 18 Jetix-branded websites this year. They now include a range of improved features, as well as a new video-on-demand player.

Mobile
We have extended our mobile presence with a multi-territory deal with Orange. We now reach eight countries with a variety of services.

Video-on-demand
We supply our content through a range of third-party distributors. We have recently launched a download-to-own service through iTunes in the UK.

Live events
We engage directly with our audience through live events. Jetix Kids Awards continues to be popular. Our sponsorship of a truck in Monster Jam is now wowing kids in six countries.

Magazines
Following a number of launches this year we now have ten magazines across Europe. Magazines build our brand and offer commercial partners print exposure, helping us to deliver a total communications solution.

Consumer products
Our characters and brand appear on a broad range of merchandise. Our programming is widely available on DVDs.

Operating and financial review: Channels and online

Achievements in 2008

- Channel sales deal with Disney's DAET
- Household reach exceeds 52 million
- Major re-design of Jetix websites
- New online and mobile deals

Priorities for 2009

- Continue to develop channel network
- Further enhance Jetix websites
- Expand online and mobile distribution

Financials

Revenue €m

Year	€m
2005	113.0
2006	120.3
2007	122.9
2008	**104.2**

EBITDA[1] €m

Year	€m
2005	45.5
2006	48.2
2007	51.0
2008	**39.6**

52.3m households reached
Up 4% on September 2007

15 channel feeds reach 58 countries
Across Europe and the Middle East

19 languages
Localise our channels

18 localised websites
Reaching audiences whenever and wherever

[1] Consistent with the prior years, EBITDA is operating profit stated before programme amortisation, impairment and depreciation.

The channels and online division is Jetix Europe's largest division. We run a network of kids television channels and websites spanning Europe and the Middle East. We operate 15 television channels. The 13 Jetix channels target kids aged six to 14; our Jetix Play channel targets a younger audience; in Italy, GXT targets older teens. Our television channels broadcast in 19 languages, reaching 58 countries and 52 million households. We also operate a digital business which includes 18 localised websites and content offerings on multiple third-party platforms.

Strategy

Our core strategy is to create and own successful kids entertainment franchises, and to deliver these to our audiences whenever and wherever they want them.

Our channel network remains our most important distribution platform. We intend to develop our network further, reach more households, localise our channels and attract new audiences.

We will expand our presence on current and developing distribution platforms to offer more ways to reach our audience.

We will continue to generate revenue from a variety of sources, including advertising, subscription and direct consumer payments.

Highlights in 2008

We increased the number of households we reach by 1.8 million to 52.3 million. The majority of our channel feeds grew distribution, with particularly strong growth in Eastern Europe. Our largest feed, serving mainly Russia and Romania, added more than a million households. Our Polish channel grew by 10%. Platform consolidation in France helped us to grow households there by almost 20%.

Channel localisation is helping us to secure distribution and advertising revenue in local markets. We became the first dedicated kids channel to transmit in Bulgarian. In Serbia, we have introduced local language subtitles.

In France we restructured our local channel operations, licensing the day-to-day management of our activities to Disney. This allows us to capitalise on the economies of scale available from working with Disney, following the renewal of our long-term distribution agreement with Canalsat. This new structure ensures that we benefit from a profitable business in France, while allowing us to benefit from future growth.

We signed an important deal with Disney this year, which fundamentally changes the way we sell our channels and digital video content. We have secured access to Disney-ABC-ESPN Television (DAET), the new division Disney has created to bring together its television programme, film, channel and new media sales activities. DAET already services our programme sales activities. The new agreement extends this relationship. Our television channels and digital video will now be sold alongside DAET's broad portfolio of Disney television programmes, films and channels, ensuring we benefit from Disney's expertise and strong relationships.

Advertising revenue grew strongly in Eastern Europe during the year. In Poland it rose by 30%; in Russia it more than doubled as we increased the scale of our business. In our more developed markets, encouraging growth in most countries was offset, primarily by increased competition in the Netherlands.

We have invested in our Jetix-branded websites with a major re-design, improved features and enhanced content. We have also upgraded the underlying infrastructure to take advantage of the latest technology. Our relaunched sites allow our audience to engage with our content and participate more fully in the Jetix community. We have also begun commissioning series of original short programmes which we will premiere online, helping to create a constantly evolving kids entertainment destination.

Our content is also available on third-party websites and through mobile platforms. Our channels and videos are available online through subscription services and a variety of video-on-demand products. This year we made a range of our content available on a download-to-own basis through iTunes. A multi-territory deal with Orange has extended our reach on mobile platforms.

Priorities for 2009

Our channel network remains our most important priority. We will focus on continuing to extend our reach, localising where economically viable and adding to the appeal of our channels, content and brand.

Following this year's investment, we will continue to enhance our websites. We aim to ensure that our sites are amongst our audiences' favourites. In particular, we will look to commission new series of digital shorts, cutting-edge content that is tailored to the online environment.

We will continue to focus on delivering our content wherever our audience gathers. We will explore new commercial opportunities for distributing our content online, through mobile platforms and other emerging technologies.

New online and mobile distribution deals
We have continued to expand our presence on third-party online and mobile distribution platforms. This year we launched a range of our content on a download-to-own basis through iTunes in the UK.

Major Jetix website re-design
We have re-designed our websites and re-engineered them to take advantage of the latest technological developments. The new sites include a new video-on-demand player, avatars, a reward scheme and enhanced games.

Continued channel localisation
A local language track in Bulgaria and a subtitled service in Serbia are the latest examples in our strategy of channel localisation. Local language channels appeal more directly to national audiences and help us to secure distribution and local advertising.

A Jetix co-production with Marathon in France. It follows the adventures of four kids as they hunt down and foil the plans of the zany-looking aliens who have invaded Singletown.

Operating and financial review: Programme distribution

Achievements in 2008

Power Rangers continues strong sales
Good on-air performance maintained
Pucca delivered to Disney in US
Five new series commissioned

Priorities for 2009

Continue creating compelling content
Jimmy Two-Shoes and *Kid vs Kat*
Leverage DAET relationship

Financials

Revenue €m

Year	Revenue €m
2005	17.8
2006	19.0
2007	21.0
2008	**15.9**

EBITDA[1] €m

Year	EBITDA €m
2005	11.7
2006	11.5
2007	13.0
2008	**11.2**

165 new episodes delivered
From nine series

5 new series
Commissioned or acquired

95 episodes
In production

>80 clients
In more than 50 markets

[1] Consistent with the prior years, EBITDA is operating profit stated before programme amortisation, impairment and depreciation.
[2] Half-hour equivalents as of September 30, 2008.

The programme distribution division sells our television programming to third-party broadcasters. Each year we invest in creating and acquiring new content, to refresh and build on our library which now contains around 6,000 episodes[2].

Our primary customers are free-to-air broadcasters. Sales to these customers are serviced by Disney-ABC-ESPN Television (DAET), Disney's new integrated sales division. We benefit from Disney's wide portfolio of product and strong, long-term customer relationships.

Strategy

Success in this division depends on creating great content that broadcasters want to acquire. We aim to build successful franchises which can perform well across our activities. We will continue to invest in co-producing or acquiring high-quality programmes.

We source our content from a wide range of producers. We produce content with Disney, enter into co-productions with third-party producers and acquire finished product, ensuring we find and secure the best content for our audience.

We are leveraging our relationship with Disney to access its sales division, DAET. They sell our content alongside Disney's own portfolio of channels, television programmes and films. This approach gives us the scale and depth of relationships to secure the best deals for our content.

Highlights in 2008

Sales this year were led by *Power Rangers*, which again performed strongly in most major markets. Our Jetix alliance co-production *Yin Yang Yo!* also sold well, as did recent acquisitions *Captain Flamingo* and *Iggy Arbuckle*.

These shows also performed well on air for our partners. They were ranked in the top two kids shows for their timeslots in all the major markets where they aired.

We have delivered the second series of *Pucca* to our Jetix alliance partner in the US, Disney ABC Television Group. The show airs in the Jetix programme block on the Toon Disney channel. It has continued to deliver a strong performance, ranking as one of their top ten series.

This year we have commissioned or acquired five new series. We have begun producing the latest series of *Power Rangers* with our alliance partners. This will be its seventeenth season in Europe, highlighting the enduring popularity of this long-term franchise.

We have commissioned two new co-productions. The first, *Jimmy Two-Shoes*, will be produced by Breakthrough Animation in Canada. We recently launched this show at the Mipcom Junior television programming market, where it was the most viewed show by potential buyers. This was the highest ever ranking for a new Jetix show, against a field of over 1000 other titles for sale.

Kid vs Kat, our second co-production, will be produced by Studio B, makers of *Pucca*. Alongside our co-productions, we have acquired two new series from Cookie Jar Entertainment, *Magi-Nation* and *World of Quest*.

We have taken delivery of 165 new episodes this year, including new content from each of our major sources of programming. We have new episodes from our Jetix alliance co-productions *Power Rangers* and *Yin Yang Yo!*; from independent-producer co-productions *Pucca*, *Combo Ninos* and *Kid vs Kat*; and from recent acquisitions *Captain Flamingo*, *Urban Vermin*, *Magi-Nation* and *World of Quest*.

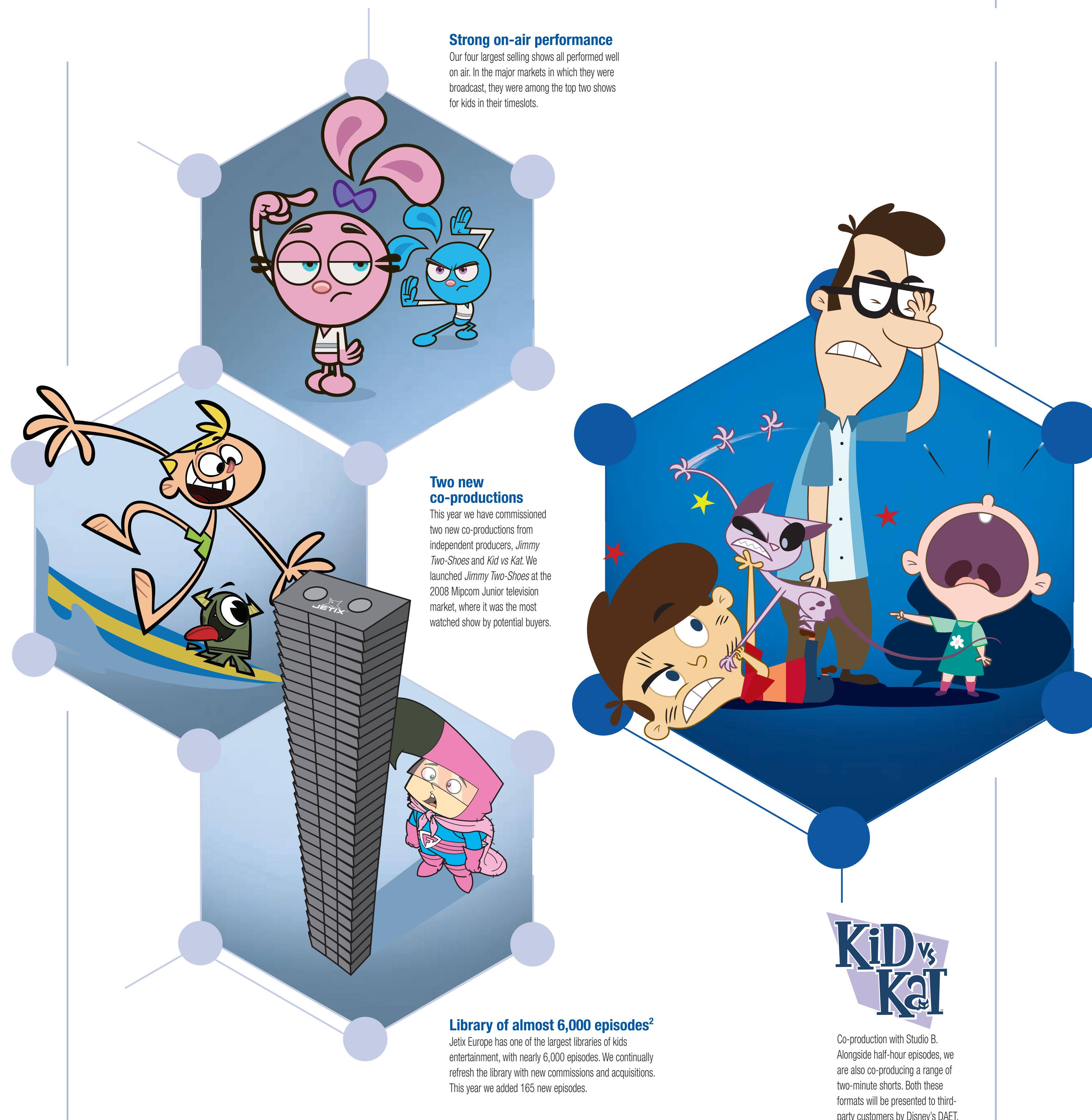
At the year-end we had 95 episodes in production.

Priorities for 2009

We will continue to invest in creating compelling content which appeals to our audiences and is demanded by our broadcast partners.

Our new programming team has expanded its development activities. We will be seeking new commissions from all of our programme sources, both to access the best content and to spread our risk across a number of properties.

We will leverage our relationship with Disney through DAET, presenting our content to the broadest possible range of distributors as part of a diversified portfolio of widely recognised content.



Strong on-air performance
Our four largest selling shows all performed well on air. In the major markets in which they were broadcast, they were among the top two shows for kids in their timeslots.

Two new co-productions
This year we have commissioned two new co-productions from independent producers, *Jimmy Two-Shoes* and *Kid vs Kat*. We launched *Jimmy Two-Shoes* at the 2008 Mipcom Junior television market, where it was the most watched show by potential buyers.

Library of almost 6,000 episodes[2]
Jetix Europe has one of the largest libraries of kids entertainment, with nearly 6,000 episodes. We continually refresh the library with new commissions and acquisitions. This year we added 165 new episodes.

Co-production with Studio B. Alongside half-hour episodes, we are also co-producing a range of two-minute shorts. Both these formats will be presented to third-party customers by Disney's DAET.

Operating and financial review: Consumer products

Achievements in 2008

Pucca merchandising
New magazines launched
Marvel home entertainment
New rights secured

Priorities for 2009

Maintain focus on key franchises
Launch new properties
Secure new rights

Financials

Revenue €m	
2005	14.5
2006	23.6
2007	22.5
2008	**16.8**

EBITDA[1] €m	
2005	5.0
2006	12.2
2007	12.8
2008	**8.9**

7 local JCP offices
Reaching across Europe

>50 countries in which JCP is represented
Using agents where JCP does not have an office

>30 countries licensed Marvel
Securing the home entertainment rights

10 magazines
New launches in Eastern Europe

[1] Consistent with the prior years, EBITDA is operating profit stated before programme amortisation, impairment and depreciation.

The consumer products division licenses our characters and properties for use in merchandising and home entertainment. They are used in a wide variety of different ways, including toys, stationery, magazines and DVDs.

Disney Consumer Products (DCP) represents the merchandising of our largest property, *Power Rangers*. Jetix Consumer Products (JCP), our in-house consumer products team, is responsible for all the other properties where we own or represent the consumer products rights.

Strategy

We will continue our dual strategy in consumer products which has served the business well. *Power Rangers* is easily our most recognisable property and it benefits hugely from DCP's market presence. JCP represents our other properties and these brands profit from the focus and attention of our in-house operation.

We will continue to secure consumer products rights to our flagship programmes so as to benefit from the audience exposure we generate. Our channel and programme sales activities bring clear advantages to brand building and customer recognition for our key franchises; we will capitalise on these. We will aim to secure ownership of consumer products rights, rather than act as an agent.

Highlights in 2008

Power Rangers continued to be our largest selling property. Following the change in our contractual arrangement with DCP last year, we are now included in a wider range of contracts. This has led to a substantial increase in the volume of our contracts. However, in a difficult trading environment we are also seeing increased competition from other properties with a similar target audience. This has put revenue under pressure in some of our more developed markets. Meanwhile, we are leveraging our strong channel operations in Eastern Europe and expanding the presence of *Power Rangers* in these territories.

JCP, our in-house consumer products division, had a good year with increased revenue in both the merchandising and home entertainment divisions.

JCP's merchandising was led by *Pucca*, which again delivered strong revenue growth. France continues to be a key market, with stationery and fashion the most important categories.

We have increased the number of Jetix magazines with several new launches. We now have ten magazines across Europe. Magazines help to build our brand as well as generate revenue. They also allow us to offer a broader range of media to our commercial partners, helping us to deliver a total communications solution.

JCP's home entertainment sales were led by our catalogue of Marvel series, including characters such as *Spider-Man*, *The Incredible Hulk* and *Iron Man*. We have secured a number of deals reaching over 30 countries. Some of these also include a commitment to advertise on our television channels, highlighting the cross-divisional benefits from our multi-media product range.

We secured the consumer products rights to *Jimmy Two-Shoes* and *Kid vs Kat,* and are the agent for all available rights on our recent acquisitions, *Magi-Nation* and *World of Quest.*

Alongside our television properties we have also been appointed as the exclusive merchandising licensee by the London-based Really Useful Group for a number of their musicals. We represent a range of the non-music merchandising rights outside of the theatre for *Joseph and the Amazing Technicolor Dreamcoat*, *Cats*, *Starlight Express* and *Evita*.

Priorities for 2009

JCP will continue to focus on building our key franchises. We will expand our range of magazines, and seek to develop opportunities for the new rights we represent, notably those from the Really Useful Group.

We will continue to work with DCP to expand *Power Rangers*, and to maximise the value created from our new contractual arrangements.

Where appropriate, we will negotiate to secure the consumer products rights to our new flagship programmes. If economically viable, we may also pick up other consumer products rights, to leverage our scale and market presence.

***Pucca* continues to grow**
Pucca has come a long way from her origins as an online greetings card in Korea. Fashion and stationery are key categories and France remains the most important European market.

New Jetix magazines launched
We launched magazines in Turkey, Hungary, Romania and Bulgaria. Magazines help build our brand, as well as adding print exposure to our online and television inventory.

Strong home entertainment sales
Our catalogue of Marvel titles helped drive our home entertainment sales. We licensed our library of programmes in over 30 countries. Deals included a promotion with the newspaper *Gazzetta dello Sport* in Italy offering exclusive DVDs to their readers.

Power Rangers Jungle Fury is the latest series to be aired in our highly successful live action franchise. It is produced for the Jetix alliance by Ranger Productions. Jetix Europe markets the consumer product rights through Disney Consumer Products.

Operating and financial review: Financial review

As expected, our results have been adversely affected by the impact of a limited number of specific deals, as well as exchange rate movements. However, I am pleased that the results are in line with our guidance, and that our strong focus on cost control is evident in reduced operating costs. We have achieved strong operating cash flow growth in 2008, up €11.1 million to €37.5 million.

Operating cash flow €m

Year	€m
2005	22.8
2006	16.9
2007	26.4
2008	**37.5**

Net profit attributable to shareholders €m

Year	€m
2005	6.1
2006	23.4
2007	37.3
2008	**20.1**

Diluted EPS cents

Year	cents
2005	7.2
2006	27.6
2007	43.9
2008	**23.6**

Revenue

Revenue decreased 18% to €136.9 million. On a constant currency basis, revenue would have been €144.9 million, a decline of 13%.

Channels and online revenue decreased 15% to €104.2 million. Subscription revenue decreased 22% to €62.6 million as a result of rate reductions in a limited number of markets, the impact of the appreciation of the euro against the pound sterling and the US dollar[1], and the licensing of our channel operations in France to The Walt Disney Company France[2]. This was partially offset by an increase in the subscriber rate in a key Western European market and increases in the number of subscribers in Italy, CEE and Poland. Advertising revenue increased 1% to €37.7 million[1]. At exchange rates consistent with fiscal 2007, advertising revenue would have increased by 6% with increases across most territories. Other channel and online revenue was down at €3.9 million.

Our programme distribution revenue was €15.9 million, a decrease of 24%. The decrease is primarily due to the delay of programme sales in Israel until fiscal 2009, the timing of programme deliveries to broadcasters and lower sales of programming with non-European rights. Revenue was also impacted by the strengthening of the euro versus the US dollar as distribution sales are predominantly US dollar-based.

Consumer products revenue decreased 25% to €16.8 million. The decrease was principally a result of the fiscal 2007 *A.T.O.M. Alpha Teens on Machines* master toy license not being repeated this year, increased competition in the market with respect to the *Power Rangers* property, and the change in recording DCP *Power Rangers* revenue on a net basis[3]. This was partially offset by increased home entertainment revenue, primarily for the Marvel properties, and growth of JCP merchandising revenue.

Marketing, selling and distribution costs

Marketing, selling and distribution costs decreased 21% to €39.6 million. This was primarily driven by the appreciation of the euro against the pound sterling and the US dollar, a decrease in participations, and savings from the licensing of our channel operations in France. The decrease in participations largely resulted from a one-time reduction of the liability, following the revision of estimates of the ultimate performance of certain properties. There were also savings in production costs, driven by the delay of programming in Israel, and lower costs from the change in accounting for the DCP *Power Rangers* arrangements (resulting in revenue being recorded net and with no commission expense)[3].

General and administrative costs

General and administrative costs decreased €0.7 million to €47.8 million principally due to the strengthening of the euro against the pound sterling and the US dollar, and savings from the licensing of our channel operations in France. Other cost reductions included lower bad debt expense and professional fees. These lower overall costs were partially offset by increases from the end of an office rental rebate period, French employee termination costs, an increase in share based compensation and costs related to our channel distribution deal with DAET.

EBITDA

EBITDA decreased 27% to €50.8 million. Channels and online EBITDA was €39.6 million, a decrease of 22%. This is primarily due to the decrease in subscription revenue and increased office rental costs due to the end of the rebate period, offset by the reduction in bad debt expense and savings in production costs.

Programme distribution EBITDA decreased 14% to €11.2 million due to the timing of programme deliveries to broadcasters, the net impact of the delay in programme sales within Israel, offset by the one-time adjustment to the participation liability.

Consumer products EBITDA was down 31% to €8.9 million as a result of the fiscal 2007 *A.T.O.M. Alpha Teens on Machines* master toy license not being repeated in fiscal 2008 and increased competition with respect to our *Power Rangers* property, offset by decreased costs from participation fees.

Shared costs not allocated to segments increased to €8.9 million principally as a result of one-time employee termination costs for our French channel operations, an increase in office rental costs due to the end of a rental rebate period, and increased share based compensation charges as referred to above.

Amortisation and impairment of programme rights

Amortisation and impairment of programme rights (defined as cost of sales in the income statement) decreased 15% to €36.8 million primarily due to the appreciation of the euro versus the US dollar, as the programme library is predominantly US dollar based, and a decline in the amortisation related to titles with non-European rights. This was partially offset by an impairment for programme rights on a limited number of our titles as a result of changes in our future programming schedules. Movements of foreign exchange rates contributed €4.4 million to the savings and, excluding the exchange rate movements, amortisation and impairment on programme rights would have declined by 5%.

Finance income (net)

Finance income (net) decreased €1.0 million to €4.9 million primarily due to a decrease in interest rates and a decrease in the average cash balances held by the company due to the €50 million distribution to shareholders made during fiscal 2007.

Gain on foreign exchange

The gain on foreign exchange recognised during the year of €8.0 million primarily relates to gains on intercompany transactions which reflect the exchange risk of doing business with foreign group members where the functional currency is not in euros[4]. Commencing April 2008, foreign exchange gains or losses in relation to certain intercompany transactions, that are formally deemed to be permanent in nature, are no longer recognised in the statement of income but directly recognised in equity. If this formal process had been in place at October 1, 2006, the gain on foreign exchange would have been €3.4 million and €0.8 million for fiscal 2007 and 2008, respectively.

Profit before tax expense

Profit before tax and minority interest decreased by 36% to €28.2 million, resulting from decreased EBITDA as discussed above, a reduction in gains on foreign exchange and a decrease in net finance income.

Tax expense

The effective tax rate for the period was 24% compared with 14% in the prior period. This higher rate primarily reflects the differential pattern of profit distribution among the tax jurisdictions in which the Group operates, changes to the forecast utilisation of deferred tax losses, changes to tax rates that impacted the carrying value of certain deferred tax assets and an adjustment in the previous fiscal year that did not recur in the current period.

Minority interest[5]

Net profit attributable to minority interest increased by €0.6 million to €1.2 million resulting from higher profits from the Polish channel.

Earnings per share

Basic and diluted earnings per share decreased to 23.6 cents from 43.9 cents in the prior period.

Cash flow

Cash and cash equivalents increased by €33.1 million to €132.6 million from September 30, 2007. Net cash generated from operations increased by €11.1 million to €37.5 million primarily as a result of the fiscal 2007 use of working capital not being repeated, partially offset by lower net profit.

Outlook

At present, visibility on fiscal 2009 is limited, due to the uncertainty of the economic outlook. However, we currently expect that revenue in 2009 will be broadly flat with the current year, assuming current exchange rates. The new structure of our channel operations and carriage agreement in France[2] and the possible effect of general economic conditions on advertising revenue are expected to offset growth in other areas of the business.

We currently expect that costs in fiscal 2009, excluding amortisation, will approach the fiscal 2007 level. Costs in fiscal 2008 benefited from cost control efforts, as well as a number of items which we do not expect to be repeated in 2009, for example the reduction in the provision for participations. Alongside the impact from these, we are expecting cost increases in 2009 from strategic initiatives and from costs directly linked to revenue increases in specific areas.

Dene Stratton
Chief Financial Officer
December 2008

[1] In certain markets revenues and costs are denominated in either pound sterling or US dollars, including the UK, CEE, Poland and Israel.

[2] On June 1, 2008, Jetix Europe licensed its French channel operations to The Walt Disney Company France. From that date forward, Jetix Europe is paid a license fee, which is recorded as other revenue in the Channels and Online segment. During the term of the contract Jetix will no longer record gross revenue (subscription or advertising) or marketing, selling, distribution or general and administrative costs for channel operations in France.

[3] Reported revenue was 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. Measured on a consistent basis against the prior year, impact on revenues was €0.7 million. Revenue had been recorded gross along with the related DCP commissions in marketing, selling and distribution costs under the previous arrangement. This change was phased in during the first half of fiscal 2007.

[4] Primarily the result of balances between group members denominated in dollars. The euro to US dollar year end rate has increased from 1.415 to 1.445 in 2007 and 2008, respectively. The euro to US dollar rate at March 31, 2008 was 1.580.

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

Management Board

Paul Taylor
Chief Executive Officer

Date of birth: September 30, 1958
Nationality: British
Initial appointment date: March 31, 2003
Current term expiry date: September 30, 2009

Paul Taylor was formally appointed Chief Executive Officer in November 2004 having served as interim CEO since July 2004. In this role, he is responsible for leading all of Jetix Europe's businesses.
Mr Taylor spent five years at BSkyB and was General Manager of movies and Pay-Per-View when he left to join Jetix Europe. Prior to that he served as Director of Advertising Sales at UK Gold and UK Living. Mr Taylor also worked at Channel Four from 1992 to 1996, and he has held posts at various advertising agencies including JWT, McCanns, Lowe Howard-Spink and Geers Gross.

Dene Stratton
Chief Financial Officer

Date of birth: November 30, 1958
Nationality: American/British
Initial appointment date: January 5, 2005
Current term expiry date: n/a[1]

Dene Stratton was appointed Chief Financial Officer and a member of the Management Board in January 2005. He is responsible for all aspects of finance, administration, business development and investor relations. Prior to joining Jetix Europe he worked at Disney, as Senior Vice President, Planning and Control at ABC Inc., having held a number of roles within Disney since 1990.
He began his career in public accounting with Ernst & Young in Los Angeles.

Olivier Spiner
Executive Vice President of International Affairs

Date of birth: November 28, 1957
Nationality: French
Initial appointment date: November 17, 1999
Current term expiry date: June 30, 2010

Olivier Spiner was appointed as a member of the Management Board in November 1999, and is responsible for Jetix Europe's corporate activities. Prior to joining Jetix Europe he served as Deputy General Manager of Saban International Paris from 1996 and before this, from 1982, he held the positions of Deputy General Manager and Chief Financial Officer at Créativité and Développement.

Oliver Fryer
General Counsel

Date of birth: November 2, 1963
Nationality: British
Initial appointment date: September 10, 2003
Current term expiry date: February 14, 2010

Oliver Fryer was appointed as a member of the Management Board in September 2003. He is responsible for all of Jetix Europe's compliance, legal and business affairs. He previously served as Director of Legal Business Affairs for Jetix Europe. Before joining the Company in June 2001, Mr Fryer worked for the Simkins Partnership and for Zenith Entertainment plc, where for several years he was Director of Legal and Business Affairs. Mr Fryer also acts as the Corporate Secretary pursuant to the requirements of the Tabaksblat Code.

[1] From February 2007 Mr Stratton is not on a fixed term contract.

Supervisory Board

Andy Bird

Date of birth: January 3, 1964
Nationality: British
Initial appointment date: January 5, 2005
Current term expiry date: 2011

Andy Bird was appointed as a member of the Supervisory Board in January 2005 and to Chairmanship in January 2006. As Chairman of Walt Disney International, Mr Bird works with all of Disney's business unit leaders around the world, coordinating and overseeing growth opportunities for Disney outside the US. He is responsible for targeting new businesses, growing and increasing penetration of existing business, and leading the development of business and operations in emerging markets. Prior to joining Disney, Mr Bird spent nearly a decade with Time Warner. Mr Bird chairs the Selection Committee.

Chris Deering

Date of birth: January 15, 1945
Nationality: American
Initial appointment date: September 19, 2007
Current term expiry date: 2011

Chris Deering was President and CEO of Sony Computer Entertainment Europe between 1995 and 2005. Chris is Chairman of the global games publisher, Codemasters Group Ltd. He is also a Board Director for Handheld Learning Ltd, Geomerics, Wayfinder Systems and In Game Advertising Worldwide, Inc; and on the advisory board of Playspan, a company which provides on-line micro payment transaction and collection services to a number of game publishers. Chris has been Chairman of the Edinburgh Interactive Festival since 2006.

Wolf-Dieter Gramatke

Date of birth: December 26, 1946
Nationality: German
Initial appointment date: January 10, 2006
Current term expiry date: 2010

Wolf-Dieter Gramatke has been a freelance media consultant since 2001 and acts as a supervisory board member for a number of German media companies including Deutsche Entertainment and Pixelpark. Previously, he was Chairman and CEO of Universal in Germany, Austria and Switzerland and President and CEO of Polygram in Germany and worked in senior management positions in a number of German and international companies including BMW and Columbia Pictures.

Peter Seymour

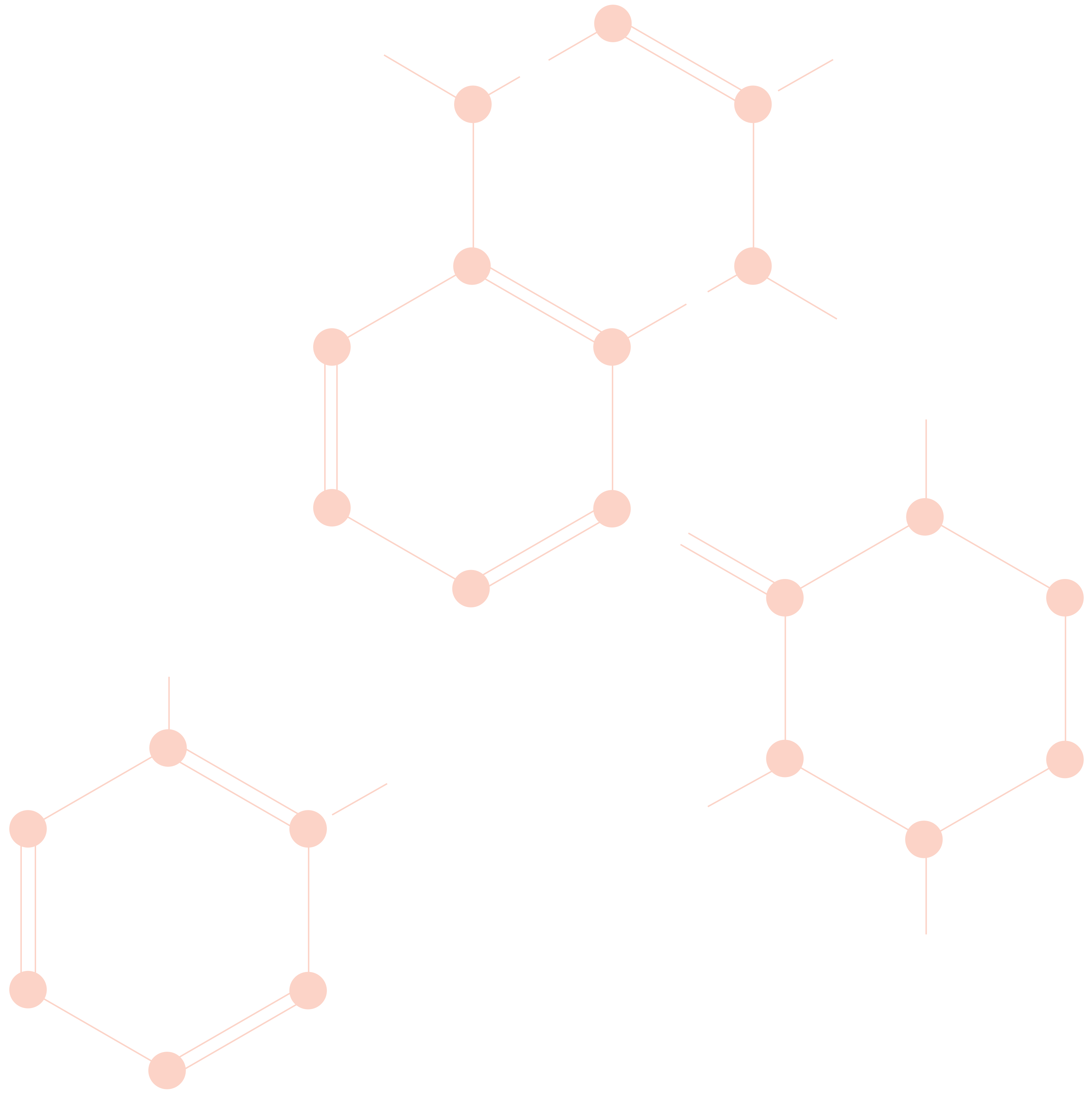
Date of birth: May 31, 1968
Nationality: American
Initial appointment date: September 13, 2005
Current term expiry date: 2012

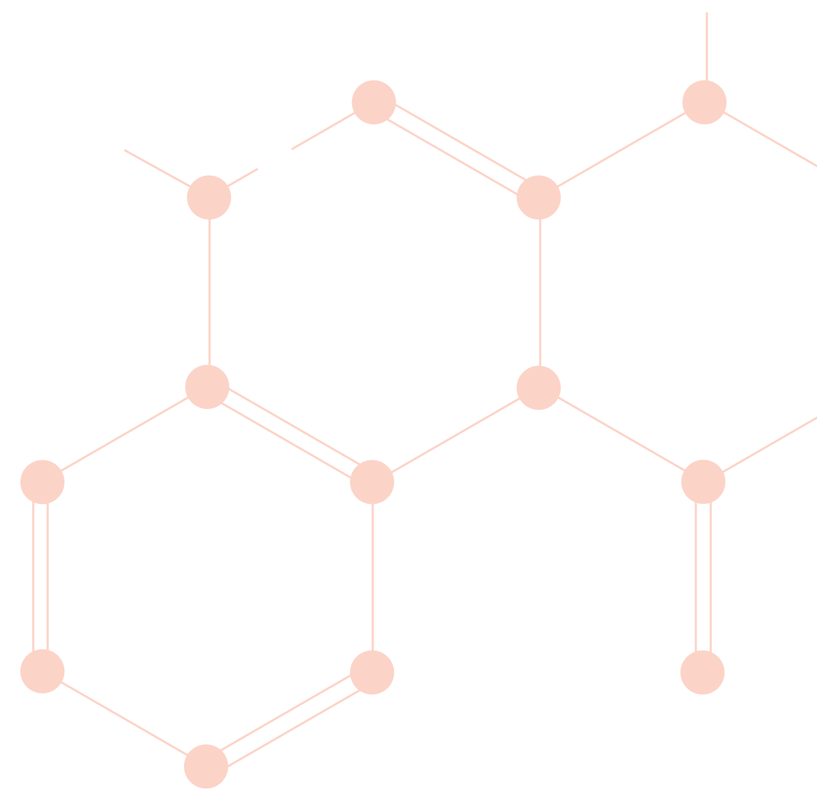
Peter Seymour was appointed as a member of the Supervisory Board in September 2005. Since 2008 he has been Executive Vice President of Strategy and Research for Disney Media Networks where he oversees strategy development for all of Disney broadcasting and cable programming activities.
Mr Seymour joined Disney in 1996 as Manager of Strategic Planning. In 2001 he became Senior Vice President of Strategic Planning responsible for Disney's overall corporate development activities as well as strategy and business development for the company's technology and broadcasting initiatives.
Mr Seymour also serves as a Disney representative on the boards of A&E and Lifetime. Mr Seymour chairs the Remuneration Committee.

Brian Spaulding

Date of birth: June 6, 1960
Nationality: American
Initial appointment date: January 10, 2006
Current term expiry date: 2010

Brian Spaulding is Senior Vice President and Chief Financial Officer for Walt Disney International. In this capacity, he oversees the finance, business development and information technology activities for many of Disney's international operations.
Mr Spaulding joined Disney in 1988 as a Senior Auditor in that company's Management Audit department. Since that time, he has held US and internationally based positions in Disney's television, filmed entertainment and corporate groups. Mr Spaulding chairs the Audit Committee.





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Report of the Supervisory Board

Introduction
The role of the Supervisory Board is to supervise the Management Board and the general affairs of the Company and its group companies, as well as to assist the Management Board by providing advice. In discharging its role, the Supervisory Board is guided by the interests of the Company and its Group companies and takes into account the relevant interests of the Company's stakeholders. The Supervisory Board is responsible for the quality of its own performance.

The role of the Management Board is to manage the Company, which means, inter alia, that it is responsible for achieving the Company's aims, strategy and policy, and results. The Management Board is accountable for this to the Supervisory Board and to the shareholders. In discharging its role, the Management Board is guided by the interests of the Company and its group companies, taking into consideration the interests of the Company's stakeholders. The Management Board provides the Supervisory Board, on a timely basis, with all information necessary for the exercise of the latter's duties. The Management Board is responsible for complying with all relevant legislation and regulations, for managing the risks associated with the Company's activities and for financing the Company. The Management Board reports related developments to and discusses the internal risk management and control systems with the Supervisory Board and its Audit Committee.

During the year and in addition to the meetings, consultation and decision making referred to below, the Supervisory Board and its sub-committees were involved in monitoring and advising the Management Board in relation to its commercial strategy, the financial health of the Company and other major issues.

Financial statements
The financial statements included in this Annual Report were drawn up by the Management Board, and audited by PricewaterhouseCoopers Accountants N.V., who have issued an unqualified audit opinion (see page 82). The Supervisory Board has approved the Annual Report, including the financial statements. The financial statements will be submitted for shareholder approval at the Annual General Meeting, alongside a separate proposal to grant discharge to the Management and Supervisory Board for the conduct of their duties in the year ended September 30, 2008.

Supervisory Board changes
There were no changes to the Board during the year. Peter Seymour retired by rotation and was duly re-elected at the Annual General Meeting of the shareholders. All appointments are subject to retirement by rotation, and are for a maximum of four years.

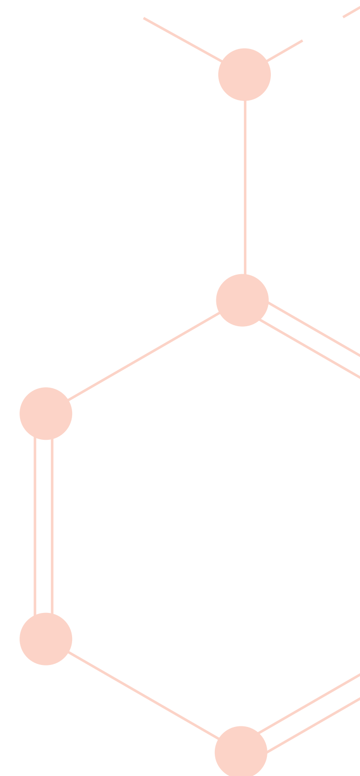
Supervisory Board independence and conflicts of Interest
Although the Company complies with principle III.2 (independence Supervisory Board) by virtue of III.2.2 (f) the Board notes that three of the five members of the Supervisory Board are employees of Disney.

The Company's policy is to apply the principles and provisions of the Tabaksblat Code in relation to actual or potential conflicts of interest. All material transactions involving Disney, and therefore a potential conflict of interest for the Disney employed members of the Supervisory Board, are detailed elsewhere in this Annual Report under related party transactions (see Note 28). No breaches of the Company's policy on conflicts came to the attention of either Board during the year.

Consultation and decision making
The Supervisory Board held four formal meetings with the Management Board present and two without, as well as a large number of more informal contacts with and without members of the Management Board being present. All Directors attended all Supervisory Board meetings. At the meetings held without the Management Board being present, the Supervisory Board discussed, inter alia, its own functioning, that of its individual members, its composition and competence as well as the functioning of the Management Board and the performance of its individual members including its Chairman and CEO. The items discussed at the meetings with the Management Board present included a number of recurring subjects, such as the Company's strategy, the financial position, results and forecasts, business plans, corporate governance and remuneration (including incentive plans) and appointments.

The Supervisory Board also discussed with the Management Board the corporate structure and examined the operation of the internal risk management and control systems. These discussions continue on an ongoing and regular basis. The Audit Committee worked with the Management Board in reviewing and approving financial results and releases (both interim and full year). The Audit Committee also met the external auditor both with and without the presence of the Management Board. The Remuneration and Selection Committees approved the terms of Management Board contract renewals, bonuses and pay rises.

Supervisory Board
December 3, 2008, Rotterdam



Remuneration report

The Supervisory Board (through the Remuneration Committee) reviews remuneration recommendations made to it and has responsibility for their approval. The Supervisory Board is committed to ensuring that such approval, in so far as possible taking into account the specific international focus of the business, will be in line with 'Best Practice' provisions of the Tabaksblat Code.

Background
The Supervisory Board (through the Remuneration Committee) determines the remuneration of the individual members of the Management Board. In doing so, the Supervisory Board will take into account market competitive data from the global broadcast, satellite and cable television sector and associated entertainment and licensed consumer products industries and including, in particular, Disney.

All members of the Management Board were originally appointed on two-year fixed-term contracts. At the conclusion of the fixed-term, this contract may be extended by the Supervisory Board for a definite or indefinite term as mutually agreed. Messrs Taylor, Spiner and Fryer are employed on renewed two year fixed-terms. The provision of Mr Stratton's services to the Company is not subject to a minimum term. It is the intention of the Supervisory Board that, in case of termination by the Company, any compensation for loss of office would be restricted to no more than twelve months' salary.

For those current members of the Management Board base salary increases on average of 6.00% were awarded in the financial year ended September 30, 2008. No other salary increases or special payments of any nature were made to the members of the Management Board during the financial year ended September 30, 2008 and the full remuneration details for the Management Board are as set out in the Annual Report.

Remuneration report
The remuneration of members of the Management Board consists of a base salary, a short-term incentive bonus, and a long-term incentive plan (LTIP) consisting of share options and restricted stock units (RSUs). The base salary is fixed and the variable element from the short-term incentive is based on a target total cash remuneration which is competitive for the executive role which each member carries out. At present, the 'at risk' variable component may vary from fifteen percent (15%) to fifty percent (50%) of the target cash reward. Superior performance, however, may result in actual bonus payments in excess of target levels. Bonus levels in the last financial year reflect the achievement of individual goals.

The Supervisory Board sets performance goals, using objective and measurable targets, which are intended to drive positive business results in the medium-term and are linked directly to the creation of shareholder value. For the financial year ending September 30, 2008, these were based on achievement of operating income and operating cash flow goals set in the corporate budgeting process 12 months earlier. This practice shall continue for 2009 and the foreseeable future. The Supervisory Board is also committed to the long-term growth of the Company and will adjust goals or adopt new measures as appropriate to that aim. Such action will be presented to shareholders as part of any proposed change in remuneration policy.

Long-term incentive is provided through a share option and RSU plan for senior management as a whole and for which the members of the Management Board are eligible. The current Rules of the Share Option and Restricted Stock Schemes were approved by shareholders in general meeting in September 2005. Please see the paragraph below on long-term incentives for details of the Company's LTIP scheme. The Supervisory Board considers that encouraging the members to purchase shares in Jetix Europe is in the long-term interest of the Company through aligning the financial interests of the members with the Company and its shareholders.

Three members of the Management Board participate in the general employee retirement benefit arrangements. In respect of current members, these retirement benefit arrangements are financed through defined contributions on base salary only. Dene Stratton does not participate in these arrangements.

The Company's Remuneration Policy was initially put before and approved by the Company's shareholders along with the other recommendations in respect of compliance with the Tabaksblat Code at the Annual General Meeting of Shareholders held in March 2005 and an amended version, including the LTIP, was re-approved at the Annual General Meeting in January 2008.

Long-term incentives
The Fox Kids Discretionary Share Option Scheme was approved by the shareholders on November 17, 1999. On September 13, 2005 new rules of the Scheme (now called the Jetix Europe Discretionary Stock Option Scheme) were approved by the Company's shareholders in Extraordinary General Meeting together with the rules of the Jetix Europe Discretionary Restricted Stock Scheme.

In December 2006 the Supervisory Board approved a new LTIP for senior management of the Company as a whole and including Management Board members. This plan features grants on a regular annual basis linked to appointment and promotion. Awards will be based on a mixture of Jetix RSUs (in accordance with the rules of the Restricted Stock Scheme) and an element of stock options and, from January 2008, RSUs in The Walt Disney Company (subject to the rules of the Disney Stock Incentive Plan). The LTIP was approved as part of the Company's Remuneration Policy at the 2007 and 2008 Annual General Meetings.

All permanent employees of Jetix Europe, as well as the members of the Management Board, not (in all cases) within two years of normal retirement, are eligible to participate in these schemes. The level of any offer of options and/or RSUs under the scheme to any eligible participant is subject to approval by the Supervisory Board. The decision as to whether any eligible participant shall be granted options and/or RSUs, and the number of options and/or RSUs to be granted, is judged in accordance with the performance of that participant and such additional factors as motivation, retention and sharing of financial risk and reward with the shareholders.

The rules of the Option Scheme and of the Disney Stock Incentive Plan require that the exercise price set in any offer of options shall not be less than the greater of the current fair market value of the share or the nominal value of the share on the date of grant. At the moment, it is not the intention to make grants under the Jetix Option Scheme although the Supervisory Board retains the ability to do so. The Supervisory Board has not imposed any additional restrictions on the disposal of shares acquired under either scheme nor required members of the Management Board to hold shares in Jetix Europe N.V. Presently there are no performance hurdles attached to the vesting of Jetix RSUs or options although the Supervisory Board does have the ability under the rules of the Schemes to impose them. Certain Disney RSUs awarded to senior executives vest based upon the achievement of market and/or performance conditions. The vesting schedule and option lapse periods reflect those provisions in effect under similar long term incentive plans operated by the controlling shareholder in order to provide a consistent equitable approach to long term incentives for all senior executives.

For more detailed information on remuneration received by Management Board members please refer to Note 25 of the consolidated financial statements.

For financial year 2009 the Group intends to pursue the strategies outlined in the "Message from the Chief Executive" and the "Operating and financial review" sections, as well as continuing to work closely with its majority shareholder, Disney, to capture synergies for the benefit of all the Company's shareholders.

The Group may from time to time make written or oral statements that are "forward looking", including statements in this report and other filings. Such statements may, for example, express expectations or projections about future actions that we may take, including restructuring or strategic initiatives or about developments beyond our control including global economic conditions. These statements are made on the basis of management's views and assumptions as of the time the statements are made and we undertake no obligation to update these statements. There can be no assurance, however, that our expectations will necessarily come to pass. The Group's future performance could be affected by the following risk factors:

Competition for viewers and ratings could reduce our channel revenues and our profitability

The multi-channel television broadcast business is highly competitive. We compete for viewers, ratings and related advertising revenues in each of the territories where we broadcast our channels. We currently compete with children-focused terrestrial and digital terrestrial television programmes and widely distributed cable and satellite channels for market acceptance of our programming, for viewership ratings and for related advertising. For example, we compete with *Cartoon Network* and *Nickelodeon* in many markets and in each of our markets we often also have local competition such as *Trouble* in the United Kingdom, *Teletoon* in France and *Panda* in Spain. In some countries, popular terrestrial channels have also launched digital children's channels.

More generally, we compete with channels that do not exclusively target children, various other leisure-time activities such as home videos and DVDs, movies, print-media, personal computers and other alternative sources of entertainment and information that appeal to children. Competition for our target audiences' viewing time from other forms of entertainment could result in a loss of customers, hinder our growth and negatively affect our revenues and our profitability.

Distribution of our channels is highly competitive and this may limit our growth plans or result in a decrease in our revenues

We currently broadcast our channels over both analogue and digital DTH and cable systems. In most markets, we receive subscription revenues from these systems. We currently compete with other children's channels, as well as with other types of DTH and cable channels, for carriage rights on each system. Competition for carriage is largely based on quality and popularity of programming, price and relationships within the industry. While we have been successful thus far in obtaining carriage in the markets in which we have entered, there can be no assurance of our continued success in connection with our expansion plans or with renewals of our existing arrangements on which our subscription revenues depends.

The expansion of digital distribution in our markets may increase competition for viewers, ratings and related advertising revenues

The increased capacity of digital distribution platforms, including the introduction of digital terrestrial television (DTT), may result in an increase in the number of competitors in the marketplace. An increasing number of channels will increase competition among channels for viewers and advertisers. Significant declines in ratings could affect our ability to attract advertising and new distribution, and could therefore materially and adversely affect our results of operations and our financial condition.

We may be hurt should the popularity of current content decline and we cannot be certain about the acceptance of new content

The success of any content depends partly upon unpredictable and volatile factors beyond our control, such as children's preferences, competing content and the availability of other entertainment activities for children. A shift in children's interests could cause our content to decline in popularity, which would hurt each of our business lines, causing a decline in revenues. We may not be able to anticipate and react effectively to shifts in tastes and interests in our markets. In addition, our competitors may be able to react more quickly and may have greater production, distribution and capital resources. There can be no assurance as to the continuing commercial success of any of our current content or that we will be successful in generating sufficient demand and market acceptance for our new children's content.

We depend on Disney for operational and other support, as well as for some content

Our relationship with Disney is valuable to us. Our ability to acquire the European rights to future content from Disney depends upon Disney and its subsidiaries continuing to produce or acquire suitable programmes or properties. Disney has also in the past and will continue to provide us with operational and technical support. Disney Consumer Products acts as licensing agent for our *Power Rangers* property, Walt Disney Studios Home Entertainment (WDSHE) acts as distributor on home entertainment formats for one of the titles within our library, and Disney-ABC-ESPN Television (DAET) services our channel and programme distribution businesses.

If Disney is unable or unwilling to continue its productions or acquisitions, or produces or acquires fewer programmes or properties than we anticipate, we may be forced to produce or acquire an increased volume of programmes or properties on our own. If Disney were to decrease its support of our activities our business could suffer. We also cannot ensure that Disney will in the future continue to be able to provide us with the same level of, or adequate, operational and other support.

We continue to be controlled by Disney whose interests may be different from those of other shareholders

Disney, through various subsidiaries, owns about 73.3% of our ordinary shares and all of our priority shares. As a result, Disney is able to control the election of all the members of our Board of Management and our Supervisory Board. Certain resolutions of the Board of Management are subject to the approval of our shareholders. Thus, Disney will continue to control our business affairs and policies. Conflicts may arise between the interests of Disney and our other shareholders.

Present and future adverse government regulations may limit our revenue and growth plans

We are subject to detailed legislation regulating broadcasting activities in each of the markets in which we operate. Among other things, the laws we are subject to regulate broadcasting, the relationship between the channel providers and DTH and cable operators, the content and quality of television advertising generally, television advertising targeting children, and local content and language quotas. Failure to adhere to the broadcasting regulations in any of the countries in which we are licensed could result in the relevant broadcasting regulators imposing fines and/or suspending or revoking the relevant broadcasting license, which could have a material adverse effect on our financial condition and results of operations.

The broadcasting laws in each of the European Union ("EU") member states in which we broadcast require us to carry a significant proportion of European programming, and some EU member states also require that a proportion of our programmes be originally produced in the local language. Failure to comply with these quota regulations with respect to any of our channels may lead to the imposition of fines and/or conditions on the broadcast license for that channel or possible revocation of that license.

Broadcasting regulations are also subject to changes which may have material effects on our business. For example, in the United Kingdom, "minimum carriage requirements" (whereby channel providers could require distribution to a minimum percentage of a system operator's subscribers) were prohibited by the Independent Television Commission ("ITC") in 1998. As a result, satellite and cable operators can now engage in the "unbundling" of "big basic" tiers (a single tier of all basic channels) and replace them with smaller "mini-basic" tiers, allowing consumers greater choice as to which basic channels they receive as part of their television subscription package. Since our channel is a basic channel, unbundling has the potential to reduce the number of subscribers to our channel and therefore could negatively affect our subscription revenues in the future. The ruling may also result in greater fluctuations in subscription revenues if operators change their packaging of "mini-basic" tiers.

Broadcasting regulations are generally subject to periodic and on-going governmental review and legislative initiatives which may, in the future, affect the nature of programming we are able to offer and the means by which it is distributed. We are unable to predict the timing, scope or outcome of these reviews, which can occur at the national or EU level, or the extent to which any changes to current broadcasting legislation or regulations will affect our operations.

We depend upon satellite transponders to broadcast our channels

We rely on a number of satellites to broadcast our channels. To date, we have not experienced any significant disruption of our broadcast transmissions. However, satellites are subject to significant risks that may prevent or impair proper commercial operations, including satellite defects, destruction and damage. If satellite transmission is interrupted or terminated due to the failure or unavailability of a transponder, the interruption or termination could have a material adverse effect on us. Currently, there is wide availability of digital transponder capacity for most of our markets. The availability of additional transponders in the future, however, is dependent upon a number of factors over which we have no control. These factors include the future authorisation and availability of additional satellites and demand for available transponder space.

We depend on continuing demand from free-to-air broadcasters

A significant portion of our programme distribution revenue is generated by the sale of Jetix programming to third-party free-to-air broadcasters. There is no assurance that our current content will continue to be in demand from free-to-air broadcasters.

Competition for consumer products may limit our revenues and growth plans

The consumer products industry is highly competitive. Our ability to successfully take advantage of the consumer products opportunities afforded by our library of properties will depend upon favourable ratings of the programmes, the availability of new characters and the ability of our characters to continue to provide attractive merchandising opportunities for our licensees. There can be no assurance as to the continuing commercial success of any of our currently licensed properties, or that we will be successful in generating sufficient demand and market acceptance for our new properties.

Our copyrights and trademarks may be diluted and unlawfully infringed upon through unauthorised use by third-parties

Our content is protected by copyrights and trademarks, which are generally owned by us or by the producer of the content and licensed to us. Disney has granted the Company a trademark licence without a fixed term to use the "Jetix" name and related logos without material charge. We regard the protection of our copyrights and trademarks as critical to our success, and we intend to vigorously enforce our licenses against unlawful infringement by third-parties. However, it is possible that third-parties will succeed in commercially exploiting our popular characters and elements or will use our brand name without our permission, and we may not be aware of all instances when such infringement occurs. If third-parties succeed in selling products or services using our protected content without our permission, it may negatively affect our revenues. In addition, misuse of our brand name or content by third-parties could cause a loss in the value of our brand and content.

The application of digital technology may develop in ways which harm some of our business lines

The evolution of digital technology is likely to lead to convergence between broadcast, telecommunications, Internet and other media. This could result in material changes in the economics, regulations, intellectual property usage and technical platforms on which our business lines rely. These changes could fundamentally affect the scale, source and volatility of our revenue streams, cost structures and profitability, and may require us significantly to change our operational processes. There is a risk that our businesses will be harmed by these changes or that we will not adapt to them as quickly as our competitors do.

We depend on key executives and personnel

Our success depends greatly upon the expertise and continued service of certain key executives and personnel. We may not be able to retain existing personnel or hire new, qualified personnel because of strong competition for qualified executives and personnel in our industry. If we fail to attract, hire or retain the necessary personnel, or if we lose the services of our key executives, our business could suffer.

Foreign currency exchange rate fluctuations may cause financial losses

Changes in foreign currency exchange rates can reduce the value of our assets and revenues and increase our liabilities and costs. In general, we try as much as possible to naturally hedge this risk by matching costs and revenues that are incurred in the same currency. However, it is usually not possible to completely eliminate the impact of exchange rate movements and we may therefore suffer losses solely as a result of exchange rate fluctuations.

The risk of bank failures could result in loss of deposits held with banks. In order to avoid bank credit risk, Jetix limit the amounts that can be transacted with banks. The limits are based on the ratings assigned by the rating agency Fitch / IBCA. Deposits are held with several banks per the defined limits set by the Treasury Policy.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

The Management Board is responsible for ensuring that the Company and its group companies comply with all relevant legislation and regulations. It is responsible for proper financing of the Company and the management of risks that the Company is facing. The internal risk management and control systems are designed to identify significant strategic, operational, compliance and financial reporting risks. The Management Board reports on and accounts for internal risk management and control systems to the Supervisory Board and its Audit Committee. The Management Board is responsible for identifying, assessing, monitoring and mitigating the risks that Jetix Europe faces and for assuring that these risk management processes, including the related controls, are operating effectively.

At Jetix Europe, we believe risk management to be a continual process of identification and review throughout all levels of the organisation and forms an integral part of business management. The Company's policy of risk management and control is designed to provide reasonable assurance that strategic objectives are being met by creating focus, by integrating management control over the Company's operations, by ensuring compliance with legal and regulatory requirements and by safeguarding the integrity of the Company's financial reporting and related disclosures. Significant risks (including financial, operational, strategic, legislative or regulatory) are identified in the Outlook section of this Annual Report. The internal risk management and control systems cannot provide certainty as to the realisation of strategic objectives, nor can they prevent all misstatements, inaccuracies, errors, frauds and non-compliance with rules and regulations.

As an integral part of the annual strategic planning and budgeting process, management evaluates the key strategic, financial and operational risks facing the Company and identifies areas where action is required to minimise any exposure. Throughout the year, regular reviews are held with local management to identify and prepare action plans to address any new opportunities or risks that have arisen since the previous review. The Management Board discusses all strategic and operational risks with members of the Supervisory Board.

Risks associated with compliance and financial reporting are discussed with the Audit Committee. Management, including the CFO, reviews on a quarterly basis actual performance against the budget and forecast. Management and the internal auditor review the quarterly close process along with supporting documentation. The internal auditor is responsible for conducting a quarterly review of the Minimum Control Standards governing our accounting infrastructure as well as performing audit procedures throughout the organisation to limit risk and improve internal controls. In addition, the Company's Accounting Policies and Procedures are published on the Company intranet.

The results of the above assessments are presented and discussed with the Audit Committee at least once a year.

The Audit Committee was established during the financial year 2006. The CFO is responsible for reviewing and approving audit plans. However, all significant audit findings and an overview of the audit approach and risk areas are presented to the Audit Committee at least once a year. The Committee has worked with Management and Supervisory Boards and the external auditors in approving the financial year 2008 interim results and press release, the current year budget and in finalising and approving the full financial year 2008 results, press release and Annual Report.

There is a Company-wide self assessment programme designed to assess, review and monitor compliance with internal controls over financial reporting. The Company also has a programme to monitor and correct any significant deficiencies identified. In accordance with section V.3.1 of the Tabaksblat Code, the internal auditor presents all findings during the year to the external auditor and takes account of recommendations made by the external auditor. The internal auditor's work schedule also covers financial and operating risks identified by management and the Audit Committee. Due to the size of our organisation, the internal auditor reports directly to the CFO and VP Control and Analysis. However, the internal auditor has full access to the Audit Committee in order to report audit findings. The Audit Committee may also communicate directly with the internal auditor. It is intended that the Supervisory Board will follow any recommendations made by the Audit Committee.

During a portion of the first half of FY08 the role of the internal auditor was vacant. However, during this time, management continued to perform the required quarterly reviews of the minimum control standards. Management also visited local territories performing reviews of controls and procedures and addressed any issues noted by the previous internal auditor in the local audit reports. A replacement for the role was hired in early January 2008.

The Company has a financial code of ethics that applies to all senior finance employees and members of management. In accordance with section II.1.6 of the Tabaksblat Code, the Company has a Whistleblowing Policy, whereby any individual working for the Company has the right to report confidentially on any concerns that they have relating to irregularities of a financial or operational nature without jeopardising their legal position. Any irregularity concerning the functioning of the Management Board members shall be dealt with by the Chairman of the Supervisory Board. All of the above policies are available on the corporate website.

The Management Board has a continuing policy to review the risk management framework and is committed to strengthening and improving corporate governance in line with best practice.

In view of the above, the Management Board believes that in relation to financial reporting risks, the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies. Furthermore, overall the risk management and control systems have functioned properly in the year under review and there are no indications that they will not continue to do so.

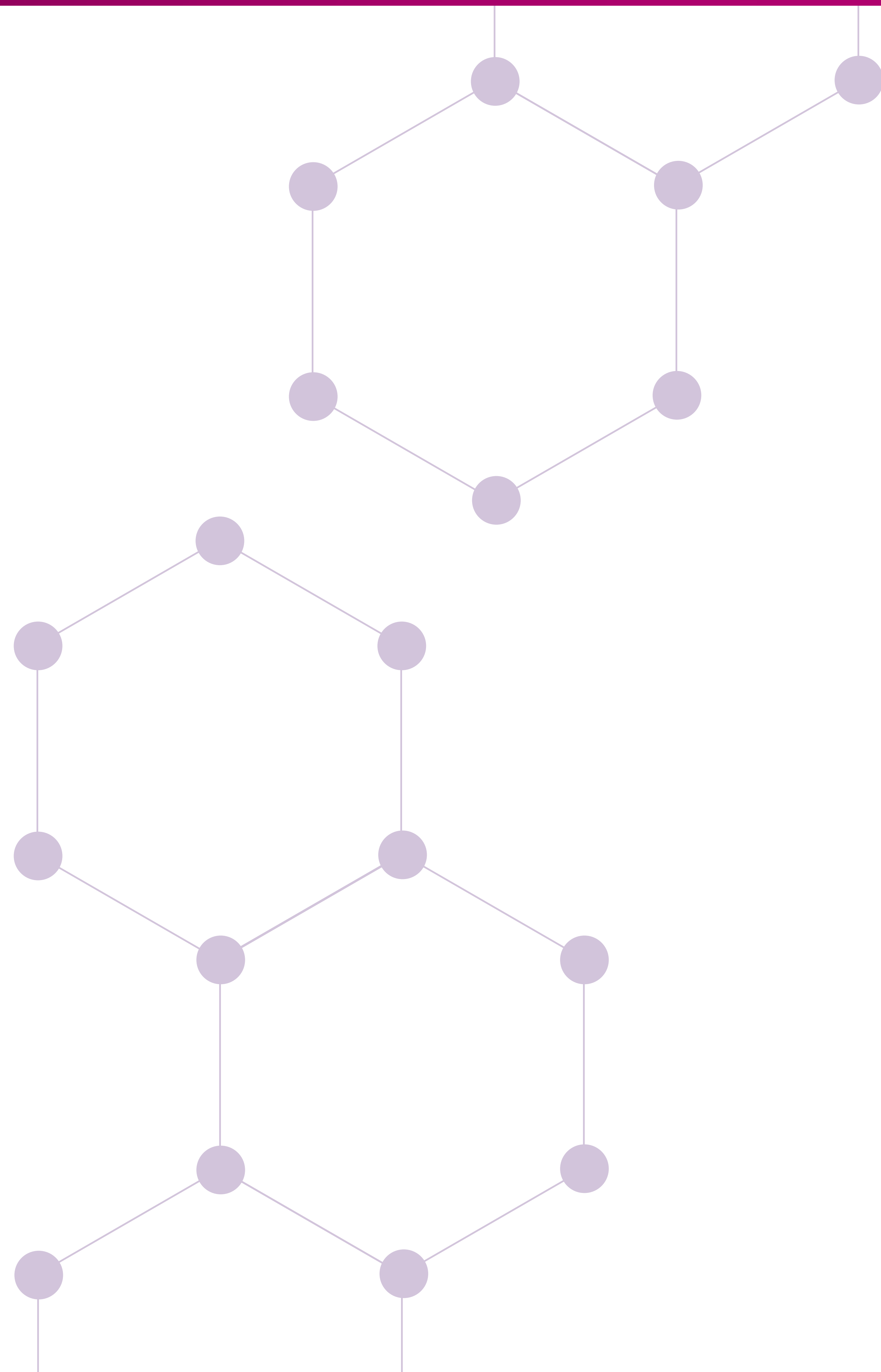
The Company is subject to the Tabaksblat Code. The Company agrees with the aims of the Code and seeks to achieve general compliance with it. The Company is not subject to any other corporate governance code.

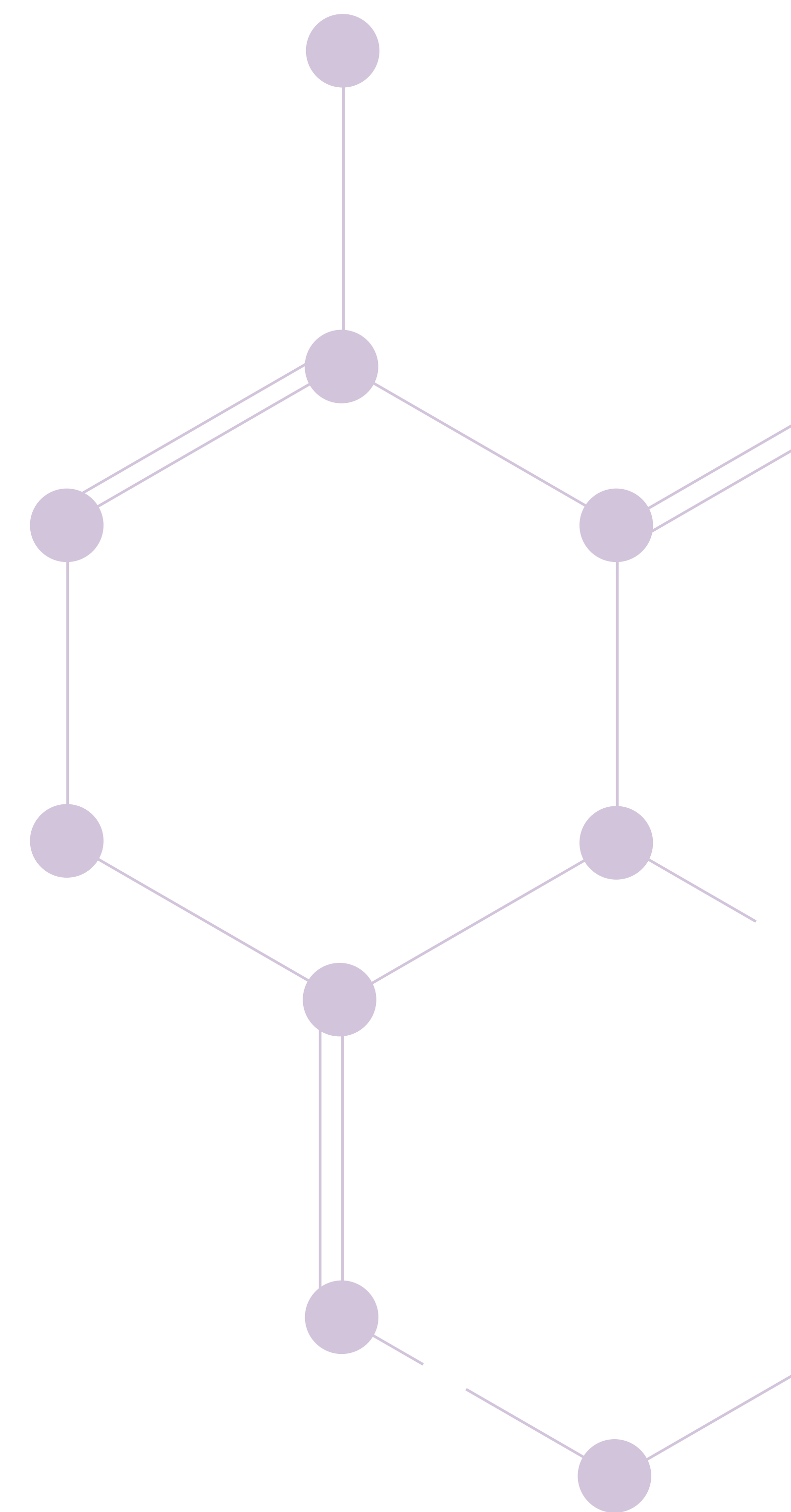
The Audit Committee has met regularly while the Remuneration and Selection sub-committees of the Supervisory Board have performed their allocated functions when required and in accordance with the applicable Rules. Corporate policies relating to business, financial conduct and whistle-blowing can be found on the Company's corporate website along with further information about the Management and Supervisory Boards and the Rules of those Boards. Oliver Fryer, a member of the Management Board, acts as the Corporate Secretary for the purposes of the Tabaksblat Code.

The Company is in general compliance with the Tabaksblat Code. However, we wish to explain certain deviations from the Tabaksblat Code or to provide further detail in relation to the following:

1. For best practice provisions II.2.1 and II.2.2 of principle II.2 (remuneration Management Board), the Company partly deviates from the Tabaksblat Code, as the current share option and restricted stock schemes for the members of the Management Board (as well as for employees as a whole) do not include any formal conditional criteria following a grant of share options or RSUs. Additionally, options may be vested and exercised over a period of four years (while the RSUs vest in two equal tranches, two and four years after grant). There is no formal requirement to retain stock following vesting or exercise. The Remuneration Policy, including the LTIP, for senior management and the Management Board, was approved by shareholders at the 2008 Annual General Meeting. As well as the potential award of share options and RSUs in the Company's shares, the LTIP allows for the grants of share options and RSUs in The Walt Disney Company (Disney) pursuant to the rules of the Disney Stock Incentive Plan. The rules of the Jetix option and restricted stock schemes reflect the equivalent Disney schemes (each being non-compliant in the ways set out above), and it has been considered desirable by the Supervisory Board to have generally consistent incentive arrangements for senior management throughout both companies.

2. Although the Company complies with principle III.2 (independence Supervisory Board) by virtue of III.2.2 (f) the Board notes that three of the five members of the Supervisory Board are employees of Disney.





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Consolidated statements of income

	Notes	Year ended September 30 2008 €'000	Year ended September 30 2007 €'000
Revenue	6	**136,917**	**166,444**
Cost of sales	7	(36,770)	(43,441)
Gross profit		**100,147**	**123,003**
Marketing, selling and distribution costs	24	(39,622)	(50,025)
General and administrative costs	24	(47,791)	(48,526)
Operating profit		**12,734**	**24,452**
Finance income	8	11,658	11,752
Finance expense	8	(6,793)	(5,898)
Foreign exchange gains	8	8,033	10,770
Share of net profits from joint ventures	14	2,526	2,755
Profit before tax expense		**28,158**	**43,831**
Tax expense	10	(6,866)	(5,987)
Net profit		**21,292**	**37,844**
Attributable to minority interest		(1,172)	(537)
Net profit attributable to shareholders		**20,120**	**37,307**
Earnings per share for profit attributable to the equity shareholders of the Group during the year expressed in euro cents per share			
Basic	11	23.6	43.9
Diluted	11	23.6	43.9

The notes on pages 42 to 73 are an integral part of these consolidated financial statements.

Consolidated balance sheets

	Notes	As at September 30 2008 €'000	As at September 30 2007 €'000
Assets			
Non-current assets			
Intangible assets			
– Programme rights	12	66,024	81,647
– Goodwill	12	9,834	9,834
– Other	12	1,593	1,896
Total intangible assets		**77,451**	**93,377**
Property and equipment, net	13	985	1,022
Investment in joint ventures	14	849	649
Deferred tax assets	15	5,572	7,589
Total non-current assets		**84,857**	**102,637**
Current assets			
Trade and other receivables, net	16, 20	44,179	47,053
Related party receivables	20, 28	5,998	11,278
Cash and cash equivalents	17, 20	132,567	99,488
Total current assets		**182,744**	**157,819**
Total assets		**267,601**	**260,456**
Equity			
Capital and reserves attributable to the shareholders of the Company's equity			
Share capital	18	21,310	21,303
Share premium	18	409,231	408,948
Other reserves	19	(39,490)	(27,906)
Retained losses		(176,831)	(196,951)
Total shareholders' equity		**214,220**	**205,394**
Minority interest		**1,724**	**1,542**
Total equity		**215,944**	**206,936**
Liabilities			
Current liabilities			
Trade and other payables	20, 21	44,920	44,913
Current income tax liabilities		3,262	3,159
Related party payables	20, 28	2,236	3,227
Provisions for other liabilities	22	1,239	2,221
Total current liabilities		**51,657**	**53,520**
Total equity and liabilities		**267,601**	**260,456**

The notes on pages 42 to 73 are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity

	Notes	Attributable to equity holders of the Company							
		Share capital €'000	Share premium €'000	Currency translation adjustment €'000	Other reserves €'000	Share option reserve €'000	Retained (losses)/ earnings €'000	Minority interest €'000	Total equity €'000
Balance at October 1, 2006	19	21,199	456,799	(11,383)	–	2,875	(234,258)	1,627	236,859
Currency translation differences		–	–	(19,786)	–	–	–	(26)	(19,812)
Net income recognised directly in equity		–	–	(19,786)	–	–	–	(26)	(19,812)
Net profit for the year		–	–	–	–	–	37,307	537	37,844
Total recognised income for 2007		–	–	**(19,786)**	–	–	**37,307**	**511**	**18,032**
Distribution of share premium	18	–	**(49,930)**	–	–	–	–	–	**(49,930)**
Employee share option scheme									
- fair value of employee services	23	–	–	–	429	210	–	–	639
- proceeds from shares issued	18	104	2,079	–	–	–	–	–	2,183
- change in settlement from equity to cash for restricted stock units		–	–	–	–	(251)	–	–	(251)
Total employee share option scheme		**104**	**2,079**	–	**429**	**(41)**	–	–	**2,571**
Redemption of shares		–	–	–	–	–	–	**(596)**	**(596)**
Balance at September 30, 2007		**21,303**	**408,948**	**(31,169)**	**429**	**2,834**	**(196,951)**	**1,542**	**206,936**
Currency translation differences		–	–	(12,275)	–	–	–	(232)	(12,507)
Net income recognised directly in equity		–	–	(12,275)	–	–	–	(232)	(12,507)
Net profit for the year		–	–	–	–	–	20,120	1,172	21,292
Total recognised income for 2008		–	–	**(12,275)**	–	–	**20,120**	**940**	**8,785**
Employee share option scheme									
- fair value of employee services	23	–	–	–	668	23	–	–	691
- proceeds from shares issued	18	7	283	–	–	–	–	–-	290
Total employee share option scheme		**7**	**283**	–	**668**	**23**	–	–	**981**
Redemption of shares		–	–	–	–	–	–	**(758)**	**(758)**
Balance at September 30, 2008		**21,310**	**409,231**	**(43,444)**	**1,097**	**2,857**	**(176,831)**	**1,724**	**215,944**

The notes on pages 42 to 73 are an integral part of these consolidated financial statements.

Consolidated cash flow statements

	Notes	Year ended September 30 2008 €'000	Year ended September 30 2007 €'000
Cash flows from operating activities			
Net profit		**21,292**	**37,844**
– Depreciation	13	434	659
– Amortisation	12	36,056	44,281
– Impairment charge	12	1,532	–
– Loss on disposal of assets		–	75
– Share based compensation charge	23	1,756	1,177
– Equity income of joint ventures		(1,063)	(834)
– Finance income	8	(11,658)	(11,752)
– Finance expense	8	6,793	5,898
– (Decrease)/increase in provision for bad and doubtful debts		(688)	1,009
– Decrease in other liabilities		–	(1,394)
– Deferred and current taxation	10	6,866	5,987
– Decrease in amounts due from related parties		–	985
– Decrease in provision for other liabilities	22	(898)	(1,381)
– Adjustment for non-cash movement in intra-group balances		(7,751)	(11,210)
Operating cash flows before changes in working capital		**52,671**	**71,344**
Change in working capital	27	5,925	(21,218)
Cash generated from operations		**58,596**	**50,126**
– Purchase of programme rights		(21,878)	(22,804)
– Dividends received from joint ventures	14	863	510
– Interest received		11,406	11,250
– Interest paid		(6,793)	(5,898)
– Income tax paid		(4,743)	(6,830)
Net cash generated from operating activities		**37,451**	**26,354**
Cash flows from investing activities			
– Purchases of property and equipment	13	(361)	(301)
– Purchases of software	12	(510)	(40)
Net cash from investing activities		**(871)**	**(341)**
Cash flows from financing activities			
– Proceeds from exercise of employee share options	18	290	2,183
– Redemption of shares to minority interests		(758)	(596)
– Distribution of share premium	18	–	(49,930)
Net cash from financing activities		**(468)**	**(48,343)**
Increase/(decrease) in cash and cash equivalents		**36,112**	**(22,330)**
Cash and cash equivalents at the beginning of the year	17	99,488	127,126
Effects of exchange rate changes on cash and cash equivalents		(3,033)	(5,308)
Cash and cash equivalents at the end of the year	17	**132,567**	**99,488**

The notes on pages 42 to 73 are an integral part of these consolidated financial statements.

1 General information

Description of business

Jetix Europe N.V. together with its subsidiaries, "the Group" or "Jetix", is a pan-European integrated children's entertainment company with localised television channels and online websites, programme distribution and consumer products (licensing, merchandising and home entertainment) businesses.

Channel operations began in October 1996 with the launch of the first Jetix channel in the United Kingdom. In the last twelve years, the Group has established operations in most European countries and together with its joint ventures is currently broadcasting 15 children's television channel feeds in 19 different languages in 58 countries via cable, DTH satellite and other transmission. Main channel markets currently include France, Germany, Italy, the Netherlands, Poland, Scandinavia, Spain, the United Kingdom and various countries in the Middle East and Eastern Europe. During the year, the Group entered into an agreement to license the channel operations in France to The Walt Disney Company France. The Group operates 18 fully localised websites, supporting all of the Group's activities by enabling kids to interact with their favourite characters through video-on-demand, games and exclusive content. Following a new deal agreed this year, the Group's channel distribution business is now serviced by Disney-ABC-ESPN Television (DAET), formerly known as Disney-ABC-International Television (DAIT).

The Group's programme distribution business sells broadcast rights from its programme library to free-to-air television broadcasters, third-party cable and satellite channels and Jetix alliance partners. Jetix currently supplies programming to over 80 broadcasters across the globe. The Jetix programme library comprises the following rights:

- The rights contributed by, acquired from or co-produced with ABC Family Worldwide, Inc. (ABCW) or other Disney affiliates.
- Other rights acquired from or co-produced with third-parties.

The Jetix programme library is one of the largest libraries of children's programming in the world. The programming distribution business is currently serviced by DAET.

The Group's consumer products activities include merchandising and home entertainment (video and DVD) with local offices covering the UK, Spain, France, Germany, Israel, the Netherlands and Italy. In addition, Jetix covers more than 50 other countries through relationships with local agents.

Organisation

Jetix Europe N.V. (Jetix Europe) was incorporated in the Netherlands in November 1999. The entity's registered address is, Bergweg 50, 1217 SC, Hilversum, the Netherlands.

The Group was listed on the Euronext in November 1999. In October 2001, The Walt Disney Company (Disney), the ultimate parent company, concluded the acquisition of the Group's majority shareholder, Fox Family Worldwide Inc. (FFWW) and thereby assumed 75.7% ownership of Jetix Europe. As of that date, FFWW changed its name to ABCW. ABCW indirectly holds 73.3% of the shares in Jetix Europe N.V. at September 30, 2008 (73.3% at September 30, 2007).

These consolidated financial statements were approved for issuance by the Supervisory Board on December 3, 2008.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS includes the application of International Financial Reporting Standards including International Accounting Standards (IAS) and related Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and Interpretations of the Standing Interpretations Committee (SIC). During the year new IFRS, amendments to existing IFRS and new interpretations were issued by the International Accounting Standards Board (IASB). The impact and, if applicable, the adoption of these policies is described in 'New accounting standards and interpretations'.

The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies presented in Note 3.

New accounting standards and interpretations

The Group has adopted the following new accounting standards, amendments to accounting standards and interpretations, which are effective for the first time for the year ended September 30, 2008.

IAS 1 "Amendments to Presentation of financial statements: Capital Disclosures" – In August 2005, the IASB issued an amendment to IAS 1 which introduces new disclosures on the objectives, policies and processes for managing capital. The related disclosures can be found in Note 19.

IFRS 7 "Financial Instruments: Disclosures and amendments to IAS 1 – Presentation of financial statements" - In August 2005, the IASB issued IFRS 7 which requires disclosure of the significance of financial instruments for an entity's position and performance. The standard also requires qualitative and quantitative information to be disclosed on exposure to risks arising from financial instruments. The Group has adopted this standard with effect from October 1, 2007. This standard has no impact on the classification and measurement of the Group's financial instruments. The additional financial instruments, disclosures, including comparative figures, are included in the financial statements.

The Group has not early adopted the requirements of the following accounting standards and interpretations, which have an effective date after the date of these financial statements.

IFRS 8 "Operating Segments" – In November 2006, the IASB issued IFRS 8, which is effective for annual accounting periods beginning on or after January 1, 2009. The standard will replace IAS 14, 'Segment Reporting' and requires entities to report on those components of an entity for which separate financial information is available which management, such as the chief operating decision maker, use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group is currently evaluating the impact of this standard but does not expect it to have a significant impact on disclosures presented in the annual accounts.

IAS 1 (Revised) "Presentation of financial statements" – In September 2007, the IASB revised IAS 1, which is effective for annual accounting periods beginning on or after January 1, 2009. The standard requires the preparation of a "Statement of comprehensive income" which replaces the statement of income. Comprehensive income for a period includes profit or loss for that period plus other comprehensive income recognised which includes revaluation surpluses, actuarial gains and losses, foreign currency translation reserves and hedge accounting reserves. This standard is not expected to have a significant impact on disclosures presented in the annual accounts.

IAS 27 (Revised) "Consolidated and separate financial statements" – In January 2008, the IASB revised IAS 27 in regard to transactions relating to non-controlling interests and accounting for a subsidiary when control is lost. This revision is effective for accounting periods beginning on or after July 1, 2009 and is not expected to have a significant impact on the financial statements.

IFRS 3 (Revised) "Business Combinations" – In January 2008, the IASB revised IFRS 3 which is effective for business combinations occurring on or after July 1, 2009. The revised IFRS stipulates how to account for goodwill, subsequent payments and transaction fees in business combinations made after July 1, 2009. This standard is not expected to have a significant impact on the financial statements.

IFRS 2 "Amendment to IFRS 2 Share-based Payments: Vesting conditions and Cancellations" – In January 2008, the IASB made an amendment to IFRS 2 which clarifies that vesting conditions are service and performance conditions only. Other features of a share-based payment are not vesting conditions. The standard also gives further guidance on how to account for cancellations. This amendment is effective for annual accounting periods beginning on or after January 1, 2009 and is not expected to have a significant impact on the financial statements.

IAS 32 "Amendments to Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements" – In February 2008, the IASB made an amendment to IAS 32 and IAS 1 in relation to puttable financial instruments. This amendment is effective for annual account accounting periods beginning on or after January 1, 2009 and is not expected to have a significant impact on the financial instruments.

IFRIC 16 "Hedges for a Net Investment in a Foreign Operation" - In July 2008, the IFRIC issued IFRIC 16, which is effective for annual accounting periods beginning on or after October 1, 2008. This interpretation provides guidance to entities that hedge foreign currency risk arising from net investments in foreign operations and is seeking qualification for hedge accounting in accordance with IAS 39 "Financial Instruments: Recognition and Measurement". The Group does not hedge its risks in relation to its net investments in foreign operations and therefore it is not applicable to the Group.

3 Summary of significant accounting policies

The consolidated financial statements are presented in euros and include the financial statements of Jetix Europe N.V., its subsidiaries and the Group's share of the post-acquisition results of joint ventures.

A 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.

Intercompany 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.

B Revenue recognition

(1) Channels and Online

Subscriber fees receivable from cable operators and Direct-to-home (DTH) broadcasters are generally recognised as revenue over the period for which the channels are provided and to which the fees relate. Subscriber revenue is recognised as contracted; generally based upon the level of subscribers.

Television advertising revenue is recognised as 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. The revenue related to the shortfall, calculated based on the additional advertising to be provided, is deferred and released when the additional advertising has been fulfilled.

Barter revenues represent the receipt of services in exchange for either advertising time on a Jetix television station, advertising on a Jetix website or in a Jetix magazine. 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 arrangement has been agreed, the product has been delivered or is available for delivery, collectability 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 license 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. Royalty revenue earned from our *Power Rangers* property is recognised on an as-earned basis. Minimum guarantee royalty payments in excess of royalties earned is recognised as revenue at the end of each fiscal year.

C 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 statement of income on a straight-line basis over the period of the lease.

D Advertising costs
Advertising costs are expensed as incurred.

E 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 potentially dilutive ordinary share equivalents that were outstanding during the period.

F 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 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 statement of income during the financial period in which they are incurred.

Depreciation is calculated under 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 - 5 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 H).

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

G 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 acquisition 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 H).

(2) *Programme rights*
Programme rights, as defined in Note 1, are stated at cost less accumulated amortisation and impairment. On incorporation of the Company, certain programme rights (IPO Programme Library), were accounted for at the fair value at that time.

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 (Note H).

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 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 licenses 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 programs 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) *Other intangible assets*
Other intangible assets represent customer acquisition costs that arise when broadcasting contracts are renewed. These assets are amortised over the life of the new contract.

(5) *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 H).

H 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, known as cash-generating units.

I 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.

J Taxation
The tax expense for the year comprises current and deferred tax. The current tax expense is recognised in the statement of income 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 substantively 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.

Foreign taxes represent non-recoverable withholding and capital taxes (Note 10).

K 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 employee benefits relating to employee service in current and prior periods.

The contributions are recognised as employee benefit 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, which includes both share options and restricted stock units (RSUs). 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 share options that are not expected to become exercisable. It recognises the impact of the revision of the original estimate, if any, in the statement of income, 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.

Under the plan the RSUs 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 RSUs in cash, the Management Board has agreed that all RSUs will be settled in cash. The fair value of the employee services received in exchange for the grant of the RSUs is recognised as an expense. 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.

For any share-based compensation settled by the issuance of equity instruments of the parent company, the Group records an expense and a corresponding increase in equity as a contribution from the parent.

(3) Termination benefits
Termination benefits are 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.

L 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.

M Financial Instruments
(1) Receivables
Trade receivables are recognised initially 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of income within "general and administrative costs". When a trade receivable is determined to be uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "general and administrative costs" in the statement of income.

(2) Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand net of bank overdrafts where there is a right of offset, which have a maturity of 90 days or less at date of acquisition.

(3) Accounts payable
Accounts payable are recognised initially at fair value based on the amounts exchanged.

N Foreign currency translation
(1) Presentation currency
Management has determined the euro to be the most significant currency in which revenue and costs originate. Therefore, the consolidated financial statements are presented in euros, which is the Group's presentation currency.

(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 date of the transaction. 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, other than the functional currency, are recognised in the statement of income.

(4) Foreign currency translation related to a net investment in a foreign operation
An entity may have a monetary item, including long-term receivables or loans, that are receivable from or payable to a controlled foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation.

If the monetary item is deemed permanent in nature, any exchange rate differences arising on the monetary item that forms part of the net investment in a foreign operation in the consolidated financial statements shall be recognised in a separate component of equity and only recognised in the statement of income on disposal of the net investment.

(5) 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 an 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.

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.

O 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.

P Use of estimates
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, event or actions, actual results ultimately may differ from those estimates. The key accounting estimates and judgements are explained in Note 5. There are certain areas of complexity which require a higher degree of judgement. These areas include amortisation and impairment of intangible assets, revenue recognition, accounting for employee share-based compensation plans, provisions and accruals, the functional currency, and income and deferred taxation.

Q Comparative figures
Certain comparatives have been reclassified in the consolidated cash flow statements and the notes to the consolidated financial statements to conform to the financial statement presentation adopted in the current year.

Notes to the consolidated financial statements (continued)

4 Financial risk management

(1) Financial risk factors
The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk, and cash flow and fair value interest-rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, transactions with foreign group members where the functional currency is not in euros and net investments in foreign operations.

Management regularly reviews its exposure to various currencies. The Group has natural hedges resulting in minimal exposure to currency fluctuations in the consolidated statement of income at the operating income level.

As a result of the Group's exposure to foreign exchange risk, there has been a gain in the year of €8.0 million (2007: €10.8 million). Commencing April 2008, foreign exchange gains or losses in relation to certain intercompany transactions, that are formally deemed to be permanent in nature, are no longer recognised in the statement of income but directly recognised in equity, see Note 3 (N(4)). If this formal process had been in place at October 1, 2006, the gains on foreign exchange would have been €3.4 million and €0.8 million for fiscal 2007 and 2008, respectively.

The following table details the Group's profit after tax sensitivity to a 10% increase in the euro against the US dollar and UK pound assuming all other variables are held constant. The analysis assumes that the increase in profits does not lead to additional tax expense as any additional profits will be covered by tax losses, which are not currently recognised as a deferred tax asset. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% increase in foreign currency rates. The table below indicates an increase or (decrease) in profit and other equity from movements in exchange rates. Profit is sensitive to movements in both currencies due to the distribution of revenues between the euro, US dollar and UK pound.

	US dollar				UK pound			
	2008		2007		2008		2007	
	€'000	%	€'000	%	€'000	%	€'000	%
Profit before tax	1,174	5.5%	(336)	(0.9)%	1,191	5.6%	356	0.9%
Other equity	(3,970)	(3.0)%	(5,434)	(5.3)%	(979)	(0.7)%	(336)	(0.3)%

(b) Credit risk
Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

For banks and financial institutions, only independently rated parties with a minimum long-term credit rating of 'BBB' and a short-term rating of 'F2' are used for deposits. Individual risk limits are set based on the external ratings in accordance with limits agreed with the CFO.

In regard to customers, an assessment is made of the credit quality of the customer, taking into account its financial position, past experience and any other factors. Amounts outstanding from customers are regularly reviewed and action plans agreed as appropriate.

The Group regularly monitors the credit standing of its financial counterparties and customers.

The table below shows the credit limit and balance of the major counterparties at the balance sheet date:

		September 30, 2008		September 30, 2007	
Counterparty	Credit rating	Balance €'000	Credit limit €'000	Balance €'000	Credit limit €'000
Bank A	AAA	34,926	50,000	17,319	50,000
Bank B	AAA	29,312	50,000	33,594	50,000
Bank C	AAA – GOV	20,302	No limit	–	–
Bank D	A	18,114	20,000	17,395	20,000
Bank E	AA	13,752	35,000	13,226	35,000

Management does not expect any losses from non-performance of these counterparties.

Notes to the consolidated financial statements (continued)

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. The Group maintains investments with terms of 90 days or less to ensure sufficient funds are available for operations.

The Group's financial liabilities only consist of trade, other and related party payables which all expected to fall due within a year. No amounts are secured on the assets of the Group. The Group has sufficient funds to satisfy its current requirements. The Group does not require any additional facilities.

(d) Cash flow and fair value interest rate risk
The Group's interest rate risk arises from cash and cash equivalents. Cash invested at variable rates exposes the Group to cash flow interest rate risk. Cash invested at fixed rates exposes the Group to fair value interest rate risk. At September 30, 2008, 78% of cash was invested in fixed term bank deposits. The Group operates a cash pooling system which facilitates optimised cash management for the Group and seeks to maximise net interest income.

At September 30, 2008, if the interest rates on cash and cash equivalents had been one percentage point higher with all other variables held constant, post-tax profit for the year would have been €1.2 million (2007: €1.3 million) higher, as a result of higher interest income.

(e) Price risk
The Group is not exposed to significant commodity price risk.

5 Key accounting estimates and judgements

In order to prepare the consolidated financial statements in conformity with IFRS, management of the Group has to make estimates and judgements. The matters described below are considered to be the most important in understanding the judgements that are involved in preparing the statements and the uncertainties that could impact the amounts reported on the results of the preparation, financial condition and cashflow. Group accounting policies are described in Note 3.

(a) Provisions and accruals
Provisions and accruals are recognised in the period it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances which can be subject to change.

Estimates of the amounts of provisions and accruals recognised can differ from actuals. The carrying amounts of provisions and accruals are regularly reviewed and adjusted to take account of such changes.

A change in estimate of a recognised provision or accrual would result in a charge or credit to income in the period in which the change occurs.

(b) Revenue recognition
The Group recognises subscription revenue based on the numbers of subscribers to the channel operators. The number of subscribers is variable based on cancellations and new customers to the channel operators over the course of a fiscal year. Subscriber information is obtained from the channel operators approximately one month in arrears. As a result, the Group estimates subscription revenues based on the prior month's subscription figures supplied by the channel operators.

(c) Amortisation of programme library
The amortisation profile of the programme library reflects the timing of the revenue stream that each programme library property is expected to generate. The Group has estimated the timing of the recognition of revenue, see Note 3 (G(2)), as the basis for which amortisation is recognised for the post-IPO library. Based on the profile, 60% of the value of the programme titles is amortised during the first two years, which reflects the period in which the programme titles are expected to generate the majority of their revenues. The carrying value relating to the IPO Programme Library is amortised on a straight-line basis over four years from October 1, 2005.

(d) Estimated impairment of goodwill and programme library
The Group considers annually whether goodwill has suffered any impairment in accordance with the accounting policy set out in Note 3 (H). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. This calculation requires the use of estimates (Note 12).

The Group considers annually and in instances where there has been a triggering event whether the programme library has suffered any impairment in accordance with the accounting policy set out in Note 3 (H). Therefore, impairment reviews are performed by management when there is an indication of a reduction in expected future usage of a programme title. Management assesses whether prior period impairments should be reversed when there is any indication to suggest a reversal in the current period. The calculation requires the use of judgement and estimates.

(e) Income and deferred taxation
The Group is subject to income taxes and accounts for deferred taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

(f) Share-based compensation
Share-based compensation expense is estimated on the grant date using a Black-Scholes option-pricing model. Future expense amounts for any particular quarterly or annual period could be affected by changes in management's assumptions or changes in market conditions.

(g) Functional currency
Each of the Group's subsidiaries and joint ventures has transactions in a number of different currencies. Management makes an assessment of the currency of the primary economic environment in which the entity operates to determine the functional currency of the entity.

6 Segment information

For the year ended September 30, 2008, the Group was organised into three main operating segments, based on its products and services:

– Channels and online – providing children's entertainment via broadcast television, the Internet and other interactive media.
– Programme distribution – selling of programming to third-parties.
– Consumer products – licensing and merchandising operations including home entertainment.

Primary reporting format – business segments

		Year ended September 30, 2008			
	Notes	Channels and online[1] €'000	Programme distribution €'000	Consumer products €'000	Total €'000
Sales to external customers		104,211	15,917	16,789	136,917
Total segment sales		104,211	15,917	16,789	136,917
Segment result		9,504	7,138	4,694	21,336
Unallocated costs					(8,602)
Operating profit					12,734
Finance income, expense and foreign exchange gains	8				12,898
Share of net profits from joint ventures	14	2,526	–	–	2,526
Profit before tax expense					28,158
Tax expense	10				(6,866)
Net profit					**21,292**
Segment assets		209,407	23,771	28,002	261,180
Deferred tax assets	15				5,572
Equity investments in joint ventures	14	849	–	–	849
Total assets					**267,601**
Segment liabilities		27,215	11,041	6,983	45,239
Unallocated liabilities					6,418
Total liabilities					**51,657**

Other segment items included in the statement of income are as follows:

	Notes	Channels and online €'000	Programme distribution €'000	Consumer products €'000	Total €'000
Depreciation	13	434	–	–	434
Amortisation	12	27,889	4,030	4,137	36,056
Impairment charge	12	1,532	–	–	1,532

Capital expenditure comprises additions to property and equipment and intangible assets, excluding programme rights.

	Notes	Channels and online €'000	Programme distribution €'000	Consumer products €'000	Total €'000
Programme rights expenditure	12	17,255	2,636	2,780	22,671
Capital expenditure[2]	12, 13	871	–	–	871

[1] The Channels and online segment includes revenues recognised from the licensing of the French channel operations to The Walt Disney Company France, amounting to €1.0 million (see Note 28 (h))
[2] Consists of property and equipment additions of €361,000 and Software additions of €510,000.

Primary reporting format – business segments (continued)

	Notes	Channels and online €'000	Programme distribution €'000	Consumer products €'000	Total €'000
		Year ended September 30, 2007			
Sales to external customers		122,897	21,068	22,479	166,444
Total segment sales		122,897	21,068	22,479	166,444
Segment result		19,664	5,760	6,911	32,335
Unallocated costs					(7,883)
Operating profit					24,452
Finance income, expense and foreign exchange gains	8				16,624
Share of net profits from joint ventures	14	2,755	–	–	2,755
Profit before tax expense					43,831
Tax expense	10				(5,987)
Net profit					**37,844**
Segment assets		189,190	32,671	30,357	252,218
Deferred tax assets	15				7,589
Equity investments in joint ventures	14	649	–	–	649
Total assets					**260,456**
Segment liabilities		22,480	28,385	600	51,465
Unallocated liabilities					2,055
Total liabilities					**53,520**

Other segment items included in the statement of income are as follows:

	Notes	Channels and online €'000	Programme distribution €'000	Consumer products €'000	Corporate €'000	Total €'000
Depreciation	13	657	–	2	–	659
Amortisation	12	30,853	7,255	5,859	314	44,281

Capital expenditure comprises additions to property and equipment and intangible assets, excluding programme rights.

	Notes	Channels and online €'000	Programme distribution €'000	Consumer products €'000	Corporate €'000	Total €'000
Programme rights expenditure	12	18,602	3,189	3,402	–	25,193
Capital expenditure[1]	12, 13	341	–	–	–	341

[1] Consists of property and equipment additions of €301,000 and Software additions of €40,000.

The accounting policies of the segments are the same as those described in Note 3. Only one customer in each year represents more than 10% of the Group's revenues.

	Revenue 2008 €'000	2008 %	Revenue 2007 €'000	2007 %
Customer A	17,804	13%	19,958	12%

There are no inter-segment transfers or transactions entered within the Group. Unallocated costs represent corporate expenses.

Notes to the consolidated financial statements (continued)

Secondary reporting format – geographical segments

	Sales 2008 €'000	Sales 2007 €'000	Total assets[1] 2008 €'000	Total assets[1] 2007 €'000	Capital expenditure[2] 2008 €'000	Capital expenditure[2] 2007 €'000
Italy	28,438	25,381	75,355	58,731	5,101	4,036
United Kingdom and Ireland	26,388	43,952	34,115	32,089	4,713	6,652
Central and Eastern Europe	19,374	18,359	26,442	14,723	3,208	2,779
Benelux	15,695	18,187	44,630	31,265	2,692	2,900
France	11,577	18,561	29,296	32,819	1,917	2,809
Germany	10,813	10,931	14,899	12,722	1,791	1,655
Poland	8,417	8,565	13,011	36,251	1,394	1,296
Nordic Region	5,752	5,414	7,436	3,953	952	819
Middle East	5,287	8,739	9,833	12,743	916	1,323
Spain and Portugal	4,001	4,749	4,956	14,344	663	719
USA	700	1,171	720	837	116	177
Other	475	2,435	487	1,741	79	369
	136,917	**166,444**	**261,180**	**252,218**	**23,542**	**25,534**

[1] Total assets represent total allocated assets.
[2] Capital expenditure comprises additions to property and equipment and intangible assets (See Note 12 and 13). Programme rights are allocated to a geographic segment based on the revenue of the segment.

The Group recorded revenues and costs of €2.1 million and €2.4 million in relation to non-cash barter transactions during the years ended September 30, 2008 and 2007, respectively.

7 Depreciation and amortisation

Depreciation and amortisation charges are included within the following expenses in the statement of income:

	2008 €'000	2007 €'000
Cost of sales		
– Amortisation and impairment of programme rights	36,770	43,441
General and administrative costs		
– Depreciation of property and equipment	434	659
– Amortisation of software	90	50
– Amortisation of other intangible assets	728	790
	38,022	**44,940**

8 Finance income, expense and foreign exchange gains

	2008 €'000	2007 €'000
Interest income on bank deposits	11,658	11,752
Net foreign exchange gains[1]	8,033	10,770
	19,691	22,522
Interest expense and bank charges	(6,793)	(5,898)
Net finance income	**12,898**	**16,624**

[1] Foreign exchange transaction gains do not principally represent foreign exchange on operational transactions and therefore have not been included in operating profit. The foreign exchange gains are primarily the result of gains recognised during the first six months of the financial year related to intercompany transactions which reflect the exchange risk of doing business with foreign Group members where the functional currency is not in euros. A significant portion of the gains arise on balances between Group members denominated in dollars. Commencing April 1, 2008 foreign exchange gains or losses related to certain intercompany transactions have been recognised directly in equity in accordance with the accounting policy described in Note 3 N (4). During the year, the euro to US dollar exchange rate increased from 1.415 at September 30, 2007 to 1.580 at March 31, 2008.

9 Employment benefit expenses

	2008 €'000	2007 €'000
Wages and salaries, including termination benefits €1.1 million (2007: €0.6 million)	26,583	27,268
Group pension costs	719	971
Other social security costs	2,528	3,445
Total employment benefit expenses	**29,830**	**31,684**

The Group operates pension arrangements in the territories in which it has employees. The most significant of these are as follows:

Jetix Europe Limited, a group company, operates a defined contribution group personal pension plan (the 'Plan') for United Kingdom employees. The Plan is effectively a collection of individual personal pension plans. The pension costs are determined based on the premiums payable in respect of the financial period.

Jetix Europe Limited contributes a percentage of eligible employees' annual compensation, provided that the employee contributes a minimum percentage. The costs associated with matching contributions for employee voluntary contributions to the Plan were approximately €0.5 million and €0.5 million for the years ended September 30, 2008 and 2007, respectively.

Jetix Europe Channels B.V., a Group company, operates a multi-employer defined contribution pension plan for employees in the Netherlands. The costs associated with this plan are not material to the Group.

The average number of employees in 2008 was 362 (2007: 365).

10 Tax expense

	2008 €'000	2008 €'000	2007 €'000	2007 €'000
Income tax – current year	4,814		5,957	
Income tax – prior year	35		(895)	
Total income tax		4,849		5,062
Deferred tax – current year	2,006		957	
Deferred tax – prior year	11		(32)	
Total deferred tax (Note 15)		2,017		925
Tax expense		**6,866**		**5,987**

The tax on the Group's profit before tax differs from the amount that would arise using the statutory tax rate of the Group as follows:

	2008 €'000	2007 €'000
Profit before tax	28,158	43,831
Income before tax multiplied by Dutch statutory rate of corporation tax (25.5%) (2007: 25.5%)	7,180	11,177
Effect of:		
Income not taxable/expenses not deductible	270	(4,734)
Tax on share of profits from joint ventures	(644)	(702)
Movement in unrecognised deferred tax	(356)	(1,620)
Adjustment in respect of foreign tax rates	(1,555)	637
Adjustments to tax charge in respect of previous periods	46	(927)
Foreign taxes[1]	1,925	2,156
Tax expense	**6,866**	**5,987**

[1] Foreign taxes represent non-recoverable withholding and capital taxes.

11 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of ordinary shares in issue during the year.

	2008	2007
Net profit attributable to shareholders (euro' 000)	20,120	37,307
Weighted average number of ordinary shares in issue ('000)	85,227	84,899
Basic earnings per share (cents per share)	23.6	43.9

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares, being share options and non-vested restricted stock units (RSUs) outstanding during the year. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options and non-vested RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and non-vested RSUs. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to earnings (numerator).

	2008	2007
Net profit attributable to shareholders (euro' 000)	20,120	37,307
Weighted average number of ordinary shares in issue ('000)	85,227	84,899
Adjustments for:		
– share options ('000)	4	14
– unvested RSUs ('000)	96	36
Weighted average number of ordinary shares for diluted earnings per share ('000)	85,327	84,949
Diluted earnings per share (cents per share)	23.6	43.9

Notes to the consolidated financial statements (continued)

12 Intangible assets

	Goodwill €'000	Programme rights €'000	Software €'000	Other [4] €'000	Total €'000
Cost					
At October 1, 2006	9,834	646,400	3,359	3,617	663,210
Additions[1]	–	25,193	40	–	25,233
Disposals	–	(186)	(2,047)	(266)	(2,499)
Exchange differences	–	(63,725)	(90)	(85)	(63,900)
At September 30, 2007	**9,834**	**607,682**	**1,262**	**3,266**	**622,044**
Additions[1]	–	22,671	510	–	23,181
Disposals	–	–	(158)	–	(158)
Exchange differences	–	(11,461)	(116)	–	(11,577)
At September 30, 2008	**9,834**	**618,892**	**1,498**	**3,266**	**633,490**
Accumulated amortisation and impairment					
At October 1, 2006	–	541,371	3,128	743	545,242
Impairment charge[2]	–	–	–	–	–
Amortisation charge[3]	–	43,441	50	790	44,281
Disposals	–	(186)	(1,978)	(75)	(2,239)
Exchange differences	–	(58,591)	(13)	(13)	(58,617)
At September 30, 2007	–	**526,035**	**1,187**	**1,445**	**528,667**
Impairment charge[2]	–	1,532	–	–	1,532
Amortisation charge[3]	–	35,238	90	728	36,056
Disposals	–	–	(158)	–	(158)
Exchange differences	–	(9,937)	(111)	(10)	(10,058)
At September 30, 2008	–	**552,868**	**1,008**	**2,163**	**556,039**
Net book amount					
At September 30, 2007	9,834	81,647	75	1,821	93,377
At September 30, 2008	**9,834**	**66,024**	**490**	**1,103**	**77,451**

[1] Additions includes both cash additions and accrued additions.
[2] Impairment of (2007: €nil) and (2008: €1,532,000) is included in 'cost of sales'.
[3] Amortisation of (2007: €43,441,000) and (2008: €35,238,000) is included in 'cost of sales' and (2007: €840,000) and (2008: €818,000) in 'general and administrative costs'.
[4] Comprised of customer acquisition costs.

Goodwill
The goodwill arises from the difference between the carrying value of the investment in Jetix Israel Limited and the fair value of its net assets. These were acquired from M.E.C.H. B.V. on December 19, 2002. Goodwill amounts to €9.8 million as at September 30, 2008 (2007: €9.8 million).

Impairment tests for goodwill
Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation and business segment. Goodwill has been fully allocated to the Channels and online segment in Israel. An annual impairment review was carried out on September 30, 2008. There was no impairment charge for the year (2007: €nil).

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using the assumed growth rate stated below. The growth rate does not exceed the long-term average growth rate for the economy in which the CGU operates.

Israel – Channels and online

Operating margin	36.2%
Growth Rate	2.0%
Discount Rate	10.8%

These assumptions have been used for the analysis of the CGU within the business segment. Management determined operating margin based on past performance and its expectations for the market development. The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The CGU's recoverable amount exceeds its carrying value by €4.1 million (2007: €28.1 million).

Software
Software comprises both internally and externally generated software used within the Group, where the future economic benefits from use of the software are expected to be higher than the development costs incurred and capitalised.

Programme rights
The Group has performed a review of the recoverable value of the programme rights, being the higher of fair value less cost to sell or value-in-use. During the year ended September 30, 2008 the Group recorded an impairment charge of €1.5 million (2007: €nil), as a result of its review.

At September 30, 2008 the net book value of programme rights included work in progress of €1.4 million (2007: €2.4 million).

13 Property and equipment

	Leasehold improvements €'000	Furniture, fittings and equipment €'000	Total €'000
Cost			
At October 1, 2006	756	8,015	8,771
Additions	–	301	301
Disposals	(584)	(3,811)	(4,395)
Exchange differences	–	(95)	(95)
At September 30, 2007	**172**	**4,410**	**4,582**
Additions	6	355	361
Disposals	–	(1,058)	(1,058)
Exchange differences	–	(391)	(391)
At September 30, 2008	**178**	**3,316**	**3,494**
Accumulated depreciation			
At October 1, 2006	733	6,729	7,462
Depreciation charge	7	652	659
Disposals	(584)	(3,811)	(4,395)
Exchange differences	–	(166)	(166)
At September 30, 2007	**156**	**3,404**	**3,560**
Depreciation charge	6	428	434
Disposals	–	(1,058)	(1,058)
Exchange differences	–	(427)	(427)
At September 30, 2008	**162**	**2,347**	**2,509**
Net book amount			
At September 30, 2007	16	1,006	1,022
At September 30, 2008	**16**	**969**	**985**

Notes to the consolidated financial statements (continued)

14 Investment in joint ventures

The Group has a 50% investment in two joint ventures, Jetix España S.L. and TV10 B.V. Jetix España S.L. is jointly owned by the Group and Sogecable S.A. and it operates the Jetix channel in Spain. TV10 B.V., which services the Dutch channel, is jointly owned by the Group and SBS Broadcasting B.V. The following amounts represent the Group's 50% share of the assets and liabilities and sales and results of the joint ventures which are included in the consolidated balance sheet and statement of income:

	2008		2007	
	Jetix España S.L. €'000	TV10 B.V. €'000	Jetix España S.L. €'000	TV10 B.V. €'000
Property and equipment	9	–	12	–
Current assets	3,814	800	2,582	913
	3,823	800	2,594	913
Current liabilities	(3,152)	(622)	(2,270)	(588)
Net assets	**671**	**178**	**324**	**325**
Sales	5,437	478	5,147	762
Profit before tax expense	3,200	(146)	3,050	100
Tax expense	(528)	–	(395)	–
Profit after tax expense	**2,672**	**(146)**	**2,655**	**100**

The Group received dividends of €0.9 million in 2008 (2007: €0.5 million) from these joint ventures. All unrealised intercompany transactions between the Group and Jetix España and between the Group and TV10 B.V. have been eliminated to the extent of the Group's interest in the joint ventures.

There are no contingent liabilities or capital commitments relating to the Group's investment in the joint ventures.

The average number of employees in Jetix España S.L. and TV10 B.V. in 2008 was 26 and nil, respectively (2007: 25 and nil, respectively).

15 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against current tax and when the deferred income taxes relate to the same fiscal authority and entity. The amounts following offsets are as follows:

	2008 €'000	2007 €'000
Deferred tax assets:		
– Deferred tax asset to be recovered within 12 months	623	594
– Deferred tax asset to be recovered after more than 12 months	4,949	6,995
	5,572	**7,589**

The movement in deferred tax assets during the year is as follows:

Deferred tax assets:	Accelerated accounting depreciation €'000	Tax Losses €'000	Other €'000	Total €'000
At October 1, 2006	2,451	5,854	210	8,515
Credited/(charged) to the statement of income	295	(1,010)	(210)	(925)
Exchange differences	–	(1)	–	(1)
At September 30, 2007	**2,746**	**4,843**	**–**	**7,589**
Credited/(charged) to the statement of income	(126)	(1,733)	(158)	(2,017)
At September 30, 2008	**2,620**	**3,110**	**(158)**	**5,572**

Management has determined that as at September 30, 2008 approximately €40.8 million (2007: €50.3 million) of total deferred tax assets of €46.4 million (2007: €57.9 million) do not satisfy recognition criteria. €1.7 million (gross €6.1 million) of the total amount unrecognised relates to reversing temporary differences (2007: €1.7 million: gross €5.9 million) and €39.1 million relates to tax losses carried forward where it is no longer probable that future taxable profits will be available to allow the asset to be recovered (2007: €48.6 million).

The above unrecognised amount relating to tax losses results from approximately €213.1 million (2007: €278.7 million) of tax net operating loss carry forwards as at September 30, 2008, of which approximately €77.2 million have no expiry date and approximately €135.9 million expire between 2008 and 2017. Realisation of these net operating losses is dependent on generating sufficient taxable income prior to the expiration of the loss carry forwards, subject to any limitations on their use.

16 Trade, other and related party receivables

	2008 €'000	2007 €'000
Trade receivables	19,388	24,998
Less : Provision for impairment of bad and doubtful debts	(2,187)	(3,064)
Current trade receivables – net	17,201	21,934
Accrued income	22,547	22,733
Prepayments and other assets	4,431	2,386
Trade and other receivables – net	**44,179**	**47,053**
Amount due from related parties (Note 28)	5,998	11,278
	50,177	**58,331**

The carrying value of trade, other and related party receivables approximate fair value.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold collateral as security for the outstanding balances. For the non-trade accounts receivable no provision for impairment is required. The concentration of the accounts receivable per customer is limited.

As of September 30, 2008, trade receivables of €7.5 million (2007: €11.5 million) were neither due nor impaired.

Trade receivables that are less than six months past due are not considered impaired unless there is a specific indicator of impairment for that customer. At the balance sheet date, trade receivables of €8.1 million (2007: €9.0 million) were past due but not impaired. These relate to a number of individual customers for whom there is no recent history of default.

The ageing analysis of trade receivables past due but not considered impaired is as follows:

	2008 €'000	2007 €'000
Less than 30 days	2,578	3,426
30 to 60 days	2,284	2,244
61 to 90 days	1,689	679
91 to 180 days	1,562	2,602
	8,113	**8,951**

As of September 30, 2008, trade receivables of €3.8 million (2007: €4.5 million) were impaired and provided for. The amount of the provision was €2.2 million (2007: €3.1 million), of which €0.2 million (2007: €0.5 million) relates to trade accounts receivable that were individually impaired for the full amount due. The remainder of the provision relates to a collective loss component established for groups of similar trade accounts receivable balances in respect to losses that have been incurred but not yet identified as such for trade accounts receivable. This collective loss component is largely based on the ageing of the trade receivables and reviewed periodically.

The ageing of impaired receivables is as follows:

	2008 €'000	2007 €'000
Less than 180 days	58	12
181 – 270 days	534	1,605
271 – 365 days	1,360	833
Over 365 days	1,825	2,032
	3,777	**4,482**

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2008 €'000	2007 €'000
US dollar	15,311	18,323
Euro	22,269	19,639
Pounds	5,001	7,612
Other	1,598	1,479
	44,179	**47,053**

Movements on the Group provision for impairment of trade receivables are as follows:

	2008 €'000	2007 €'000
Balance at October 1	3,064	2,235
Provided during the financial year	515	1,271
Receivables written off during year as uncollectible	(837)	(168)
Unused amounts reversed	(555)	(274)
Balance at September 30	**2,187**	**3,064**

The creation and release of provision for impaired receivables has been included in 'general and administrative costs' in the statement of income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade, other and related party receivables do not contain impaired assets.

17 Cash and cash equivalents

	2008 €'000	2007 €'000
Cash at bank and in hand	29,788	17,825
Short-term bank deposits	102,779	81,663
Total cash and cash equivalents	**132,567**	**99,488**

The average interest rate on short-term bank deposits was 3.8% (2007: 3.7%) and these deposits have an average maturity of 43 days.

Cash at bank and in hand is net of overdrafts of €82.9 million (2007: €92.3 million). The Group has the right to offset these overdrafts against accounts in credit. The overdrafts are secured against the accounts in credit.

18 Share capital

	Priority shares Number[1]	Ordinary shares Number	Total Number	Ordinary shares €'000	Share premium €'000	Total €'000
At September 30, 2006	100	84,792,952	84,793,052	21,199	456,799	477,998
Issue of shares – share option scheme	–	414,667	414,667	104	2,079	2,183
Distribution of share premium (Note 19)	–	–	–	–	(49,930)	(49,930)
At September 30, 2007	**100**	**85,207,619**	**85,207,719**	**21,303**	**408,948**	**430,251**
Issue of shares – share option scheme	–	27,107	27,107	7	283	290
At September 30, 2008	**100**	**85,234,726**	**85,234,826**	**21,310**	**409,231**	**430,541**

[1] Under IFRS, priority shares are required to be presented as a liability on the balance sheet. However, as the amount is insignificant the balance has not been reclassified.

The total authorised number of ordinary shares is 349,999,900 shares (2007: 349,999,900 shares) with a par value of €0.25 per share (2007: €0.25 per share). All issued shares are fully paid.

The priority shares are held by BVS Entertainment, Inc. (BVSEI), a wholly owned subsidiary of ABCW. The priority shares can only be transferred with the approval of the Board of Management and the Supervisory Board. The holder or holders of the priority shares have the right, inter alia, to: nominate members for the appointment of the Board of Management and the Supervisory Board; receive a non-cumulative preferential dividend of 5% of the nominal value of each share per annum; propose amendments to the Articles of Association; propose the dissolution, legal merger or split-up of Jetix Europe; and receive a preferential liquidation distribution.

The members of the Board of Directors of BVSEI are Griffith Foxley, Marsha Reed and Joseph Santaniello. The members of the Board of Directors of ABCW are Marsha Reed, David Thompson and Anne Sweeney. The Directors of BVSEI and ABCW are responsible for the management of their respective companies. None of the priority shares are held by a member of the Board of Management of the Group.

Notes to the consolidated financial statements (continued)

19 Equity

The following elements of equity are attributable to the equity holders of the parent: share capital, share premium, currency translation adjustment, share option reserve, other reserves and retained (losses)/earnings. Refer to the consolidated statements of changes in equity. Other reserves on the balance sheet are comprised of currency translation adjustment, share option reserve and other reserves.

Currency translation adjustment: The translation reserve contains exchange rate differences arising from the translation of the net investment in foreign operations and the translation of long-term intercompany balances that are deemed to represent a net investment in a foreign operation, as settlement of these balances is not planned or likely to occur in the foreseeable future.

Share option reserve: The reserve for share options records the amount of share-based compensation expense attributable to the equity holders of Jetix Europe.

Distributable profits from shareholders' equity are net of the following: share premium, share option reserve (related to the portion for options exercised) and retained losses; excluding legal reserves.

During fiscal year 2007, shareholders of Jetix Europe N.V. approved a distribution from share premium in the amount of €50 million. No distribution was made in fiscal year 2008.

Other reserves: The 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.

Capital management: The capital of the Group is the total equity on the Group's balance sheet. The objective of the Group's capital management policy is to safeguard its ability to continue as a going concern, to grow its business across all lines and deliver improving returns for its shareholders. The management of the Group's capital is performed by the Management Board and the Supervisory Board. There are no externally imposed capital requirements.

20 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2008 €'000	2007 €'000
Assets per balance sheet (all classified under loans and receivables)		
Trade, other and related party receivables	50,177	58,331
Cash and Cash equivalents	132,567	99,488
Liabilities per balance sheet (all classified under financial liabilities measured at amortised costs)		
Trade, other and related party payables	47,156	48,140

21 Trade, other and related party payables

	2008 €'000	2007 €'000
Trade payables	6,698	4,140
Participation and royalty costs	7,228	10,922
Accrued programming costs	10,836	9,775
Payroll liabilities	5,185	5,510
Deferred income	4,544	3,057
Other accruals	10,429	11,509
Trade and other payables	**44,920**	**44,913**
Amounts due to related parties (Note 28)	2,236	3,227
	47,156	**48,140**

22 Provision for other liabilities

	Total €'000
At September 30, 2007	2,221
Additional provisions	–
Released/utilised during year	(898)
	1,323
Exchange differences	(84)
At September 30, 2008	**1,239**

During the year ended September 30, 2005 the Group identified certain documentary issues in relation to indirect taxes and made a provision of €3.9 million to cover probable liabilities. For the year ended September 30, 2008 there was a release of €0.9 million (2007: €1.8 million). The provision is a current provision.

23 Share-based payments

Under the Jetix Discretionary Stock Option Scheme, the Group may grant options to acquire shares to personnel at exercise prices equal to or exceeding the market price at the date of grant. Options vest equally over a four-year period from the date of grant and expire ten years after the date of grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash. Movements in the number of Jetix share options outstanding and their related weighted average exercise prices are as follows:

	2008		2007	
	Weighted average exercise price in € per share	Number of options	Weighted average exercise price in € per share	Number of options
At October 1	13.67	60,655	6.73	455,567
Forfeited	19.00	(8,194)	–	–
Exercised	10.70	(27,107)	5.67	(394,912)
At September 30	**15.12**	**25,354**	**13.67**	**60,655**

No share options were granted and no share options expired during the year ended September 30, 2008.

Notes to the consolidated financial statements (continued)

Jetix share options outstanding at the end of the year have the following terms:

	Outstanding			Exercisable	
Exercise prices – €	Number of options	Weighted average remaining years of contractual life	Weighted average exercise price in € per share	Number of options	Weighted average exercise price in € per share
9.10 – 13.60	17,502	6.36	13.59	2	9.10
17.50 – 19.80	7,852	1.58	18.54	7,852	18.54

The weighted average share price of Jetix options exercised during the year was €18.11 (2007: €16.23).

The movement in issued Jetix options during the year to September 30, 2008 classified by exercise price is as follows:

Exercise price – €	Outstanding at October 1 2007	Awards exercised	Awards forfeited	Outstanding at September 30 2008
19.80	3,566	–	–	3,566
19.00	8,194	–	(8,194)	–
17.50	4,286	–	–	4,286
13.59	35,000	(17,500)	–	17,500
9.10	2	–	–	2
5.43	9,607	(9,607)	–	–
	60,655	**(27,107)**	**(8,194)**	**25,354**

Under the Jetix Discretionary Restricted Stock Unit (RSU) Scheme, the Group may grant RSUs to acquire shares in Jetix Europe N.V. The Group has no legal or constructive obligation to repurchase or settle the RSUs in cash.

Movements in the number of Jetix RSUs are as follows:

	2008 Number of RSUs	2007 Number of RSUs
At October 1	114,314	35,000
Granted	75,297	99,963
Forfeited	(18,808)	(3,149)
Vested	–	(17,500)
At September 30	**170,803**	**114,314**

Fiscal year of vesting	Number of RSUs
2009	59,881
2010	34,271
2011	42,380
2012	34,271

The RSUs issued vest in two equal parts at 24 months and 48 months from the grant date, respectively. There are no performance conditions attached to the issue.

The liability related to the RSUs at September 30, 2008 is €1.6 million (2007: €0.8 million).

Under the Disney plan, certain employees of the Group may be granted options to acquire shares of stock in the parent company of the Group ("Disney") generally at exercise prices equal to or exceeding the market price at the date of grant. Options vest equally over a four to five year period from the date of grant and expire seven to ten years after the date of grant. The options are settled using the equity instruments of Disney. Movements in the number of Disney share options outstanding and their related weighted average exercise prices are as follows:

	2008		2007	
	Weighted average exercise price in US $ per share	Number of options	Weighted average exercise price in US $ per share	Number of options
At October 1	32.92	162,705	26.66	43,000
Granted	29.90	72,602	34.01	143,960
Forfeited	33.54	(19,319)	34.27	(4,575)
Exercised	26.19	(14,250)	26.92	(19,680)
At September 30	**32.27**	**201,738**	**32.92**	**162,705**

Disney share options outstanding at the end of the year have the following terms:

		Outstanding		Exercisable	
Exercise prices – US $	Number of options	Weighted average remaining years of contractual life	Weighted average exercise price in US $ per share	Number of options	Weighted average exercise price in US $ per share
20.00 – 24.99	4,000	4.28	24.87	–	–
25.00 – 29.99	77,576	6.24	29.56	340	28.04
30.00 – 39.99	120,162	5.31	34.26	24,228	34.27

The weighted average share price of Disney options exercised during the year was US $31.92 (2007: US $ 26.91).

Notes to the consolidated financial statements (continued)

Valuation assumptions:
The valuation assumptions used to estimate the Group's share-based compensation expense for the share option plans are summarised below.

In 2008 and 2007 the fair value of the Jetix share option charge was estimated using a Black-Scholes valuation model and used the following weighted average assumptions:

	2008	2007
Risk free interest rate	3.00%	3.75%
Expected years from grant until exercise	1 – 4	1 – 4
Expected stock volatility	30.00%	52.44%
Dividend yield	0%	0%

Volatility is based on the Jetix Europe N.V. share price over a period of 260 days prior to the grant date.

In 2008 and 2007 the fair value of the Disney share options granted was estimated using a Black-Scholes valuation model and used the following weighted average assumptions:

	2008	2007
Risk free interest rate	3.67%	4.56%
Expected years from grant until exercise	4.70	4.29
Expected stock volatility	28.94%	26.01%
Dividend yield	1.02%	0.79%

In 2008 and 2007 the fair value of the Disney share option charge was estimated using a Black-Scholes valuation model and used the following weighted average assumptions:

	2008	2007
Risk free interest rate	4.30%	4.47%
Expected years from grant until exercise	4.62	4.39
Expected stock volatility	27.48%	27.70%
Dividend yield	0.85%	0.79%

The volatility assumption considers both historical and implied volatility and may be impacted by Disney's performance as well as changes in economic and market conditions.

Under the Disney plan, certain employees of the Group may be granted RSUs for stock in Disney generally. The RSUs are settled using the equity instruments of Disney.

Details of Disney RSUs are as follows:

	2008 Number of RSUs
At October 1	9,262
Granted	26,890
Forfeited	(1,654)
Vested	(403)
At September 30	**34,095**

Year of vesting	Number of RSUs
2009	2,622
2010	15,821
2011	2,215
2012	13,437

RSUs issued during 2008 generally vest 50% on each of the second and fourth anniversaries of the grant date. RSUs are generally forfeited by employees who terminate prior to vesting. Certain RSUs vest based upon the achievement of certain market and/or performance conditions. Compensation expense for RSUs is recognised over the vesting period and is based upon the market price for shares underlying the awards on the grant date. Compensation expense for performance-based awards reflects the estimated probability that the market and/or performance conditions will be met.

The total share based compensation charge recognised for the year ended September 30, 2008 was €1.8 million (2007: €1.2 million). This is comprised of a share option charge of €0.5 million (2007: €0.6 million), Jetix RSU charge of €1.1 million (2007: €0.6 million) and Disney RSU charge of €0.2 million (2007: €nil).

The intrinsic value of both Disney and Jetix RSUs vested at September 30, 2008 is €nil (2007: €nil).

24 Expenses by nature

	2008 €'000	2007 €'000
Amortisation and impairment of programme rights (Note 7)	36,770	43,441
Depreciation and amortisation of software and other intangible assets[1] (Note 7)	1,252	1,499
Marketing, selling and distribution costs	39,622	50,025
Employee benefit expense[1] (Note 9)	29,830	31,684
Other general and administrative costs[1]	16,709	15,343
Total cost of goods sold, marketing costs and administrative costs	**124,183**	**141,992**

[1] Depreciation and amortisation of software and other intangible assets, employee benefit expense and other general and administrative costs represent total general and administrative costs on the consolidated statements of income of €47,791,000 (2007: €48,526,000).

Notes to the consolidated financial statements (continued)

25 Directors' remuneration

In 2008 the total remuneration of the Directors was €3.3 million (2007: €3.3 million).

	2008 €'000	2007 €'000
Directors	3,179	3,163
Supervisory and former Supervisory Directors	90	90
Total Directors' remuneration	**3,269**	**3,253**

The amount paid for the Supervisory Board Directors relates to Mr C. Deering, €45,000, and Mr W. Dieter-Gramatke, €45,000 (2007: Mr W. Dieter-Gramatke, €45,000, Mr E. De Villiers, €45,000). No other members of the Supervisory Board received any remuneration from the Group for both the years ended September 30, 2008 and 2007

The remuneration of the Directors for the year ended September 30, 2008 is determined by the Supervisory Board and was as follows:

	Short-term employee benefits €	Post-employment benefits €	Share-based compensation charge €	Other[1] €	Total compensation €
P. Taylor	475,722	28,382	514,507	295,650	1,314,261
O. Fryer	240,788	14,323	104,055	131,400	490,566
O. Spiner	396,821	19,018	104,055	118,260	638,154
D. Stratton[2]	282,273	–	253,807	199,800	735,880
	1,395,604	**61,723**	**976,424**	**745,110**	**3,178,861**

[1] Other benefits include performance related payments. Terms are detailed in the remuneration report.
[2] Dene Stratton's salary is ultimately borne by ABC Inc. and recharged to Jetix.

The remuneration of the Directors for the year ended September 30, 2007 was determined by the Supervisory Board and was as follows:

	Short-term employee benefits €	Post-employment benefits €	Share-based compensation charge €	Other[1] €	Total compensation €
P. Taylor	488,400	29,304	380,223	333,000	1,230,927
O. Fryer	245,244	14,708	61,042	148,000	468,994
O. Spiner	432,196	20,745	81,946	133,000	667,887
D. Stratton[2]	310,506	–	247,915	236,800	795,221
	1,476,346	**64,757**	**771,126**	**850,800**	**3,163,029**

[1] Other benefits include performance related payments. Terms are detailed in the Remuneration Report.
[2] Dene Stratton's salary is ultimately borne by ABC Inc. and recharged to Jetix.

Shares and share options granted to Directors
The aggregate number of Jetix and Disney share options granted to the Directors of the Group during 2008 was 25,510 (2007: 46,150). The share options are given on the same terms and conditions as those offered to other employees of the Group (Note 23). The outstanding number of Jetix and Disney share options granted to the Directors of the Group at the end of the year was 101,910 (2007: 106,650).

The Directors have the following interest in Jetix stock options:

	Number of options outstanding at October 1 2007	Awards exercised	Number of options outstanding at September 30 2008	Exercise price €	Total compensation Expiry date
P. Taylor	20,000	(10,000)	10,000	13.59	29/09/15
D. Stratton	15,000	(7,500)	7,500	13.59	29/09/15
	35,000	**(17,500)**	**17,500**		

There were no awards forfeited during the year ended September 30, 2008 (2007: nil).

The aggregate number of Jetix and Disney RSUs granted to the Directors of the Group during 2008 was 33,954 (2007: 48,717). The outstanding number of Jetix and Disney RSUs granted to the Directors of the Group at the end of the year was 101,547 (2007: 70,777).

The Directors have the following interest in Jetix RSUs:

	Number of RSUs outstanding at October 1 2007	Awards granted	Number of RSUs outstanding at September 30 2008
P. Taylor	40,029	9,148	49,177
D. Stratton	10,410	2,420	12,830
O. Spiner	5,538	5,355	10,893
O. Fryer	5,538	5,355	10,893
	61,515	**22,278**	**83,793**

No awards vested or were forfeited during the year ended September 30, 2008 (2007: nil).

The Directors have the following interest in Disney stock options:

	Number of options outstanding at October 1 2007	Awards granted	Awards exercised	Number of options outstanding at September 30 2008	Exercise price US $	Expiry date
P. Taylor	17,500	–	(8,750)	8,750	27.07	29/11/14
P.Taylor	15,500	–	–	15,500	34.27	10/01/14
P.Taylor	–	6,766	–	6,766	29.90	09/01/15
D. Stratton[1]	8,000	–	(4,000)	4,000	24.87	09/01/14
D. Stratton	11,650	–	–	11,650	34.27	10/01/14
D. Stratton	–	10,822	–	10,822	29.90	09/01/15
O. Spiner	9,500	–	–	9,500	34.27	10/01/14
O. Spiner	–	3,961	–	3,961	29.90	09/01/15
O. Fryer	9,500	–	–	9,500	34.27	10/01/14
O. Fryer	–	3,961	–	3,961	29.90	09/01/15
	71,650	**25,510**	**(12,750)**	**84,410**		

[1] Includes only options issued to Dene Stratton subsequent to commencement of employment at Jetix.

There were no awards forfeited during the year ended September 30, 2008 (2007: nil).

The Directors have the following interest in Disney RSUs:

	Number of RSUs outstanding at October 1 2007	Awards awarded	Awards vested	Number of RSUs outstanding at September 30 2008
D. Stratton[1]	8,742	5,008	(3,184)	10,566
P. Taylor	338	3,072	–	3,410
O. Spiner	91	1,798	–	1,889
O. Fryer	91	1,798	–	1,889
	9,262	**11,676**	**(3,184)**	**17,754**

[1] Includes only RSUs issued to Dene Stratton subsequent to commencement of employment at Jetix.

There were 3,184 awards which vested and nil awards forfeited during the year ended September 30, 2008 (2007: nil and nil).

No Directors had any non-beneficial interests in the Group for the year ended September 30, 2008 (2007: nil).

26 Commitments

Capital commitments
Capital expenditure contracted for at the balance sheet date but not recognised in the consolidated financial statements is as follows:

	2008 €'000	2007 €'000
Programme rights	6,115	13,203

Operating lease commitments
The Group leases transponders, office facilities and services and certain programme related equipment. These leases, which qualify as operating leases, expire at various dates. The future aggregate minimum lease payments under these non cancellable operating leases are as follows:

	2008 €'000	2007 €'000
Not later than one year	12,386	14,097
Later than one year and not later than five years	4,443	13,205
Later than five years	41	231
	16,870	**27,533**

The total operating lease expenses were approximately €13.5 million (2007: €12.5 million).

27 Change in working capital

	2008 €'000	2007 €'000
Change in net working capital:		
– Decrease/(increase) in trade and other receivables	2,240	(214)
– Decrease/(increase) in amounts due from related parties	5,353	(2,318)
– Decrease in trade and other payables	(804)	(9,697)
– Decrease in amount due to related parties	(864)	(8,989)
	5,925	**(21,218)**

The consolidated cash flow statements reflect 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 cash flow statements exclude 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 sheets.

28 Related party transactions

The following transactions were carried out with related parties:

i) Sales of goods and services

	Notes	2008 €'000	2007 €'000
Sales of goods:			
ABC Family Worldwide, Inc. and certain other Disney affiliates	a)	606	1,171
Jetix España S.L.	c)	1,662	1,961
Walt Disney Studios Home Entertainment	f)	396	468
Disney Consumer Products	g)	7,657	10,732
Super RTL	i)	1,963	2,131
		12,284	**16,463**
Sales of services:			
The Walt Disney Company Limited	j)	656	3,353
The Walt Disney Company (France) SAS	h)	1,035	–
SBS Broadcasting B.V.	k)	885	970
		2,576	**4,323**

The above transactions were carried out on commercial terms and conditions and at market prices. No guarantees are given or received in any of the transactions.

Notes to the consolidated financial statements (continued)

ii) Purchases of goods and services

		2008 €'000	2007 €'000
Purchases of goods:			
ABC Family Worldwide, Inc. and certain other Disney affiliates	l)	4,531	6,166
		4,531	**6,166**
Purchases of services:			
The Walt Disney Company Limited	j)	9,683	11,776
Disney-ABC-ESPN Television	b)	4,541	4,346
Sogecable S.A.	c)	1,693	1,539
TV10 B.V.	k)	398	397
Disney Consumer Products	g)	–	745
United Pan-Europe Communications N.V.	d)	–	118
The Walt Disney Company (France) SAS	h)	2,145	1,708
		18,460	**20,629**

The above transactions were carried out on commercial terms and conditions and at market prices. No guarantees are given or received in any of the transactions.

iii) Year-end balances arising from sales/purchases of goods/services

		2008 €'000	2007 €'000
Receivables from related parties:			
Jetix España S.L.	c)	1,274	1,565
Walt Disney Studios Home Entertainment	f)	149	292
Disney Consumer Products	g)	2,974	7,491
SIP Animation	m)	–	1,166
The Walt Disney Company (France) SAS	h)	944	–
Other		657	764
		5,998	**11,278**
Payables to related parties:			
ABC Family Worldwide, Inc. and certain other Disney affiliates	l)	–	10
Disney-ABC-ESPN Television	b)	1,016	575
The Walt Disney Company (France) SAS	h)	341	–
The Walt Disney Company Limited	j)	430	2,268
Other		449	374
		2,236	**3,227**

No provisions are made for doubtful debts or any amounts recognised for bad debt expense against amounts owed from related parties since all amounts are expected to be recovered. All balances are expected to be received or settled in cash.

a) ABC Family Worldwide, Inc. (ABCW)
The Group has secured non-European distribution rights to certain properties (in addition to the European rights). The Group in turn sold these rights to subsidiaries of its parent company ABCW and other Disney affiliates. All transactions are carried out on an arm's-length basis.

During the year, sales to subsidiaries of ABCW and other certain Disney affiliates were €0.6 million (2007: €1.2 million). There was no amount receivable as at September 30, 2008 (2007: €nil).

b) Disney-ABC-ESPN Television (DAET)
DAET, a Disney division, provides logistical services to the Group in connection with its third-party programme distribution. During the year, the Group entered into an agreement to allow for DAET to service the distribution of Jetix channels and digital content across Europe, the Middle East and Africa (EMEA). The Group pays DAET on the basis of cost plus a margin of 5% – 10% dependent on the services performed. The amount charged in the statement of income relating to services provided by DAET for the year ended September 30, 2008 was €3.4 million (2007: €3.2 million). In addition DAET incurs distribution expenses on behalf of the Group while performing its services. These expenses are recharged back to the Group. The amount charged to the statement of income relating to distribution expenses incurred by DAET on behalf of the Group was €1.1 million for the year ended September 30, 2008 (2007: €1.1 million). The amount owed to DAET as at September 30, 2008 was €1.0 million (2007: €0.6 million).

c) Arrangements with Sogecable S.A. (Sogecable)
The Jetix channel in Spain is operated by Jetix España S.L., a company jointly owned by a subsidiary of Sogecable and the Group. Sogecable and its subsidiaries provide office and sales administration, programming and production facilities and services to Jetix España S.L. The costs incurred for the services with Sogecable for the year ended September 30, 2008 were €1.7 million (2007: €1.5 million). The amount owed at September 30, 2008 was €0.6 million (2007: €0.3 million).

The Group leases rights to the Jetix Library to Jetix España S.L. The lease fee for the year ended September 30, 2008 was €1.7 million (2007: €2.0 million). The amount receivable at September 30, 2008 was €1.3 million (2007: €1.6 million).

d) Arrangements with United Pan-Europe Communications N.V. (UPC)
The minority shareholder in Jetix Poland Limited, a subsidiary of UPC, provided certain transmission, programming and marketing services to the Jetix channels in Poland and Central and Eastern Europe during the fiscal year 2007. The amount charged in the statement of income, included in marketing, selling and distribution costs, in relation to these services for the year ended September 30, 2007 was €0.1 million. There were no similar services during the year ended September 30, 2008. There were no amounts payable to UPC for these services at September 30, 2008 (2007: €nil).

e) Trademark arrangements
Disney has granted the Group a trademark license without a fixed term to use the "Jetix" name and related logos without material charge.

f) Walt Disney Studios Home Entertainment Inc. (WDSHE)
Walt Disney Studios Home Entertainment Inc. (WDSHE) WDSHE, a subsidiary of Disney, have the exclusive right to exploit on, a variety of formats, all home entertainment distribution and exhibition rights for *Power Rangers* in the UK and Ireland. In the year ended September 30, 2008, €0.4 million was recognised by the Group for these deals (2007: €0.5 million). The receivable amount outstanding for the year ended September 30, 2008 was €0.1 million (2007: €0.3 million).

g) Disney Consumer Products (DCP)
On October 1, 2006, the Group granted DCP, a division of Disney, certain merchandising rights within Europe and the Middle East in respect of the property, *Power Rangers*. Further rights were granted on January 1, 2007. The Group receives a royalty of 70% of earned revenue, subject to a minimum guarantee provided by DCP, during the term of the agreement, which, initially, is until September 30, 2009. Under the previous agreements, expired September 30, 2006 and December 31, 2006, the Group appointed DCP to act as its licensing agent and received a minimum guarantee against certain royalties and DCP received a commission of 30% of earned revenue in return for its services. The minimum guarantee and excess royalties received during the year ended September 30, 2008 was €7.7 million (2007: €10.7 million). There was no commission earned by DCP during the same period (2007: €0.7 million). The amount receivable from DCP at September 30, 2008 was €3.0 million (2007: €7.5 million) and no amount was payable to DCP at this date (2007: €nil).

h) The Walt Disney Company (France) SAS
During the year, the Group entered into an agreement with The Walt Disney Company (France) SAS to manage Jetix French channel operations. The Group receives a yearly guaranteed licensing fee and an additional fee depending on the revenues of the French channel operations. The fee recognised during the year ended September 30, 2008 was €1.0 million (2007: €nil) and the amount receivable at this date was €0.9 million (2007: nil).

As part of this agreement, the Group agreed to make a contribution to the costs of restructuring the Jetix French channel operations so that they could be integrated into the operations of The Walt Disney Company (France) SAS. The cost recharged to the Group was 50% of the restructuring costs incurred up to a maximum limit. Costs incurred beyond this limit were borne by The Walt Disney Company (France) SAS. The total cost incurred was €0.8 million and no amount was payable as at September 30, 2008 (2007:€nil and €nil).

During the year ended September 30, 2004, the Group entered into arrangements with The Walt Disney Company (France) SAS with respect to the lease of office and broadcast operations facilities and the provision of certain accounting functions in France. Under these arrangements, the amount payable for services received during the year ended September 30, 2008 was €1.3 million (2007: €1.7 million). The amount payable to The Walt Disney Company (France) SAS at September 30, 2008 was €0.3 million (2007: €nil).

i) Super RTL
On September 30, 2003, the Group entered into a multi-year programming agreement with Super RTL, a Disney affiliate. Revenue relating to the deal in the year ended September 30, 2008 was €2.0 million (2007: €2.1 million). There was no amount receivable as at September 30, 2008 (2007: €nil).

j) The Walt Disney Company Limited
During the year ended September 30, 2004, the Group entered into arrangements with The Walt Disney Company Limited with respect to the lease of office and broadcast operations facilities and the provision of certain accounting functions in the UK. Under these arrangements, the amount payable for services received during the year ended September 30, 2008 was €9.7 million (2007: €11.8 million). The amount payable to The Walt Disney Company Limited at September 30, 2008 was €0.4 million (2007: €2.3 million).

As part of these arrangements, the Group received a rebate of €0.7 million during the year ended September 30, 2008 (2007: €2.4 million). The Group also recharged Disney an additional €1.0 million for the year ended September 30, 2007. There were no similar recharges made during this fiscal year. There was no amount receivable from Disney at September 30, 2008 (2007: €nil).

k) Arrangements with SBS Broadcasting B.V.
TV10 B.V. which services the Dutch Channel, is jointly owned by the Group and SBS Broadcasting B.V. TV10 provides SBS Broadcasting B.V. with technical and distribution services. The costs recharged to SBS Broadcasting B.V. for the year ended September 30, 2008 were €0.9 million (2007: €1.0 million). The amount owed at September 30, 2008 was €1.7 million (2007: €1.7 million).

Any material costs of TV10 B.V. in which the Group has an interest, are recharged to the Group. The costs recharged from TV10 B.V. for the year ended September 30, 2008 were €0.4 million (2007: €0.4 million). The amount receivable from TV10 B.V. at September 30, 2008 was €0.1million (2007: €nil).

l) Programme rights
The Group acquires certain programme rights relating to its territories from ABCW and certain other Disney affiliates. The acquisitions made during the year ended September 30, 2008 were €4.5 million (2007: €6.2 million). The amount payable to ABCW and certain other Disney affiliates at September 30, 2008 was €nil (2007: €10,000). The current year has seen the co-production with ABCW of *Power Rangers Jungle Fury* and *Yin Yang Yo!* season 2.

m) SIP Animation
During the year ended September 30, 2005, the Group entered into a loan with SIP Animation, a Disney affiliate, for the co-production of the property, *A.T.O.M. Alpha Teens on Machines*. There was no receivable amount outstanding for the year ended September 30, 2008 (2007: €1.2 million).

The Group previously entered into a co-production deal with SIP Animation for *Combo Ninos* with costs of €1.6 million (2007: €nil). The payable amount outstanding for the year ended September 30, 2008 was €0.2 million (2007: €nil).

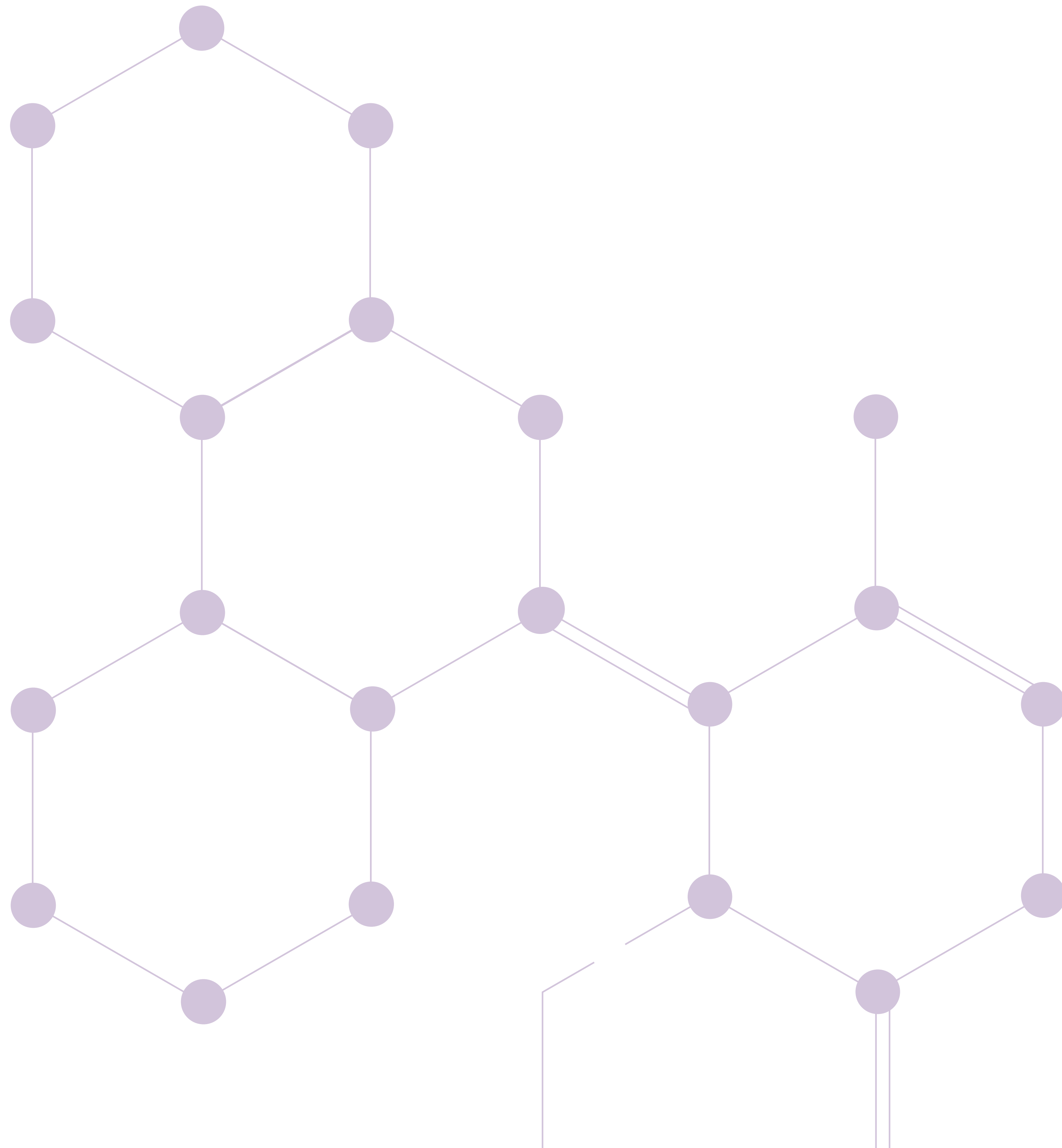
iv) Loans to Directors
No loans have been made to any Directors during the year ended September 30, 2008 (2007: €nil).

v) Directors' remuneration
Refer to Note 25 for details of Directors' remuneration.

29 Principal subsidiaries

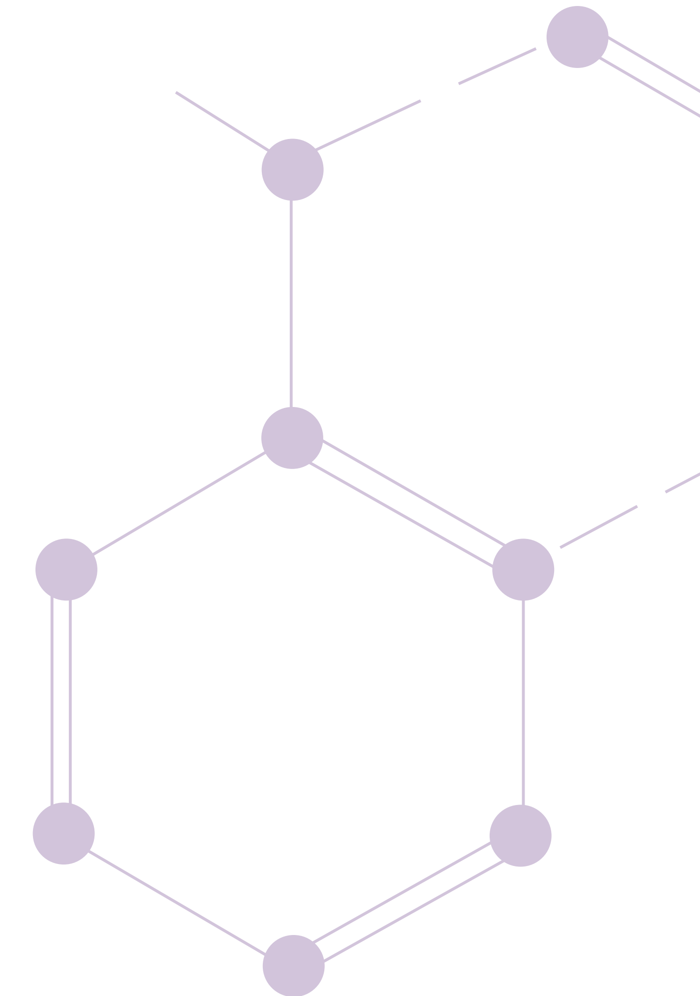
	Country of incorporation	Equity interest (100% unless otherwise stated)
Jetix Entertainment Limited	United Kingdom	
Jetix Entertainment Spain S.L.	Spain	
Jetix Europe Channels B.V.	Netherlands	
Jetix Europe Limited	United Kingdom	
Jetix Europe Properties S.a.r.l.	Luxembourg	
Jetix Europe GmbH	Germany	
Jetix Israel Limited[1]	Israel	
Jetix Europe Srl	Italy	
Jetix Poland Limited	Isle of Man	80%
Jetix Services B.V.	Netherlands	
Jetix Consumer Products UK Limited	United Kingdom	
Digital TV Channels Italy Srl	Italy	
Active Licensing France SAS	France	
Jetix Poland NV	Netherlands	
Kids Entertainment Services EPE	Greece	
Lollipop Productions Limited	Israel	
Jetix Europe Music B.V.	Netherlands	

[1] Jetix Israel Limited prepares statutory financial statements with a reporting date of December 31. However, accounts for the year ended September 30 are prepared for consolidation purposes. All remaining subsidiaries prepare financial statements with a reporting date of September 30.



Company financial statements of Jetix Europe N.V.

The Company accounts present the separate financial information of Jetix Europe N.V. as a stand-alone company. As such they do not consolidate the financial statements of any subsidiaries.



Jetix Europe N.V. Company balance sheets

(before proposed appropriation of net profit)

	Notes	September 30, 2008 €'000	September 30, 2008 €'000	September 30, 2007 €'000	September 30, 2007 €'000
Assets					
Fixed assets					
Financial fixed assets	2(A)		196,823		186,058
Current assets					
Receivables and other current assets	2(B)	16,396		12,141	
Cash at bank and in hand	2(C)	4,277		8,754	
			20,673		20,895
Total assets			**217,496**		**206,953**
Liabilities and shareholders' equity					
Shareholders' equity	2(D)				
Share capital		21,310		21,303	
Share premium		409,231		408,948	
Currency translation adjustment		(43,444)		(31,169)	
Legal reserves		7,769		6,106	
Retained losses before result		(200,766)		(237,101)	
Net profit for the year		20,120		37,307	
			214,220		205,394
Current liabilities	2(E)		3,276		1,559
Total liabilities and shareholders' equity			**217,496**		**206,953**

Jetix Europe N.V. Company statements of income

	Notes	Year ended September 30 2008 €'000	Year ended September 30 2007 €'000
Other income and expenses after taxes		(3,119)	(3,615)
Result from Group companies after taxes		23,239	40,922
Net profit	2(D)	**20,120**	**37,307**

The notes on pages 77 to 79 are an integral part of these Company financial statements.

1 General

In the Company financial statements the valuation of assets, liabilities as well as the determination of result are on the same basis as in the consolidated financial statements, with the exception of the items noted below. Refer to the summary of significant accounting policies in the notes to the consolidated financial statements of Jetix Europe N.V. Consolidated companies are carried at net asset value.

The Company financial statements for the year ended September 30, 2008 have been prepared in accordance with Part 9, Book 2 of the Netherlands Civil Code. The Company profit and loss account for the year ended September 30, 2008 being included in the consolidated accounts, the Company has taken the opportunity afforded by Article 402, Book 2 of the Netherlands Civil Code to prepare a summary statement of income.

The Company has applied the option in Article 362 (8) to use the same principles of valuation and determination of result for the Company financial statements as the consolidated financial statements. For details refer to the Group's Note 2 in the consolidated accounts.

Investments in subsidiaries are carried at net asset value. For the principles of valuation of assets and liabilities and for the determination of results reference is made to the notes to the consolidated balance sheets and statements of income.

2 Notes to the balance sheets for the Company financial statements of Jetix Europe N.V.

The Company financial statements of Jetix Europe N.V. are presented in euros.

A Financial fixed assets

An overview of the movements in the financial fixed assets is given below:

Investments in group companies	September 30 2008 €'000	September 30 2007 €'000
Book value at October 1, 2007 and October 1, 2006, respectively	186,058	219,499
Exchange differences	(12,275)	(19,786)
Profit from group companies	23,239	40,922
Share option disbursement[1]	(199)	(4,577)
Distribution of share premium[2]	–	(50,000)
Book value at September 30, 2008 and September 30, 2007, respectively	**196,823**	**186,058**

[1] The share option disbursement comprises the amount received / receivable from a subsidiary upon the exercise of employee share options by employees in the Group. This amount represents the difference between the market price of the share payable by the subsidiary to the Company and the amount of exercise price paid / payable to the subsidiary by the employees exercising the share options at the date of exercise.

[2] During the year ended 2007, shareholders of Jetix Europe Properties S.a.r.l. approved a distribution from share premium in the amount of €50 million.

For a detailed list of the investments reference is made to Note 29.

B Receivables and other current assets (due within one year)

	September 30 2008 €'000	September 30 2007 €'000
Amounts receivable from Group companies	16,366	12,125
Other debtors	30	16
	16,396	**12,141**

C Cash at bank and in hand
Cash consists of cash on hand and marketable securities with original maturities of three months or less.

D Shareholders' equity
The movement in shareholders' equity is as follows:

	Share capital €'000	Share premium €'000	Currency translation adjustment €'000	Retained (losses)/ earnings €'000	Legal Reserves[1] €'000	Result for the year €'000	Total equity €'000
Balance October 1, 2006[2]	21,199	456,799	(11,383)	(258,634)	3,861	23,390	235,232
Appropriation of 2006 result	–	–	–	23,390	–	(23,390)	–
Profit for the period	–	–	–	–	–	37,307	37,307
Interim dividend current year	–	–	–	510	(510)	–	–
Re-classification	–	–	–	(2,755)	2,755	–	–
Shares issued	104	2,079	–	639	–	–	2,822
Change in settlement from equity to cash for restricted stock units	–	–	–	(251)	–	–	(251)
Distribution from share premium[3]	–	(49,930)	–	–	–	–	(49,930)
Movement in currency translation adjustment	–	–	(19,786)	–	–	–	(19,786)
Balance September 30, 2007	**21,303**	**408,948**	**(31,169)**	**(237,101)**	**6,106**	**37,307**	**205,394**
Appropriation of 2007 result	–	–	–	37,307	–	(37,307)	–
Profit for the period	–	–	–	–	–	20,120	20,120
Interim dividend current year	–	–	–	863	(863)	–	–
Re-classification	–	–	–	(2,526)	2,526	–	–
Shares issued	7	283	–	691	–	–	981
Movement in currency translation adjustment	–	–	(12,275)	–	–	–	(12,275)
Balance September 30, 2008	**21,310**	**409,231**	**(43,444)**	**(200,766)**	**7,769**	**20,120**	**214,220**

[1] The legal reserves relate to the reported earnings from joint ventures over which the Company does not have the control to receive as dividends.
[2] After appropriation of result.
[3] During the fiscal year 2007, shareholders of the Company approved a distribution from share premium in the amount of €50 million.

The authorised share capital of Jetix Europe N.V. as at September 30, 2008 amounts to €87,500,000 and consists of 349,999,900 ordinary shares and 100 priority shares with a nominal value of €0.25 each. The issued shares are as follows:

	Priority shares Number	Ordinary shares Number	Total Number	Priority shares Nominal value[4] €'000	Ordinary shares Nominal value €'000	Total Nominal Value €'000
Issued at September 30, 2007	100	85,207,619	85,207,719	–	21,303	21,303
Shares issued during the year	–	27,107	27,107	–	7	7
Issued at September 30, 2008	**100**	**85,234,726**	**85,234,826**	–	**21,310**	**21,310**

[4] The nominal value of priority shares at September 30, 2008 is €25 (2007: €25). Under IFRS, priority shares are required to be presented as a liability on the balance sheet; however, as the amount is insignificant the balance has not been reclassified.

The priority shares are indirectly held by ABCW (via BVSEI), which can exercise the following specific rights:

- To nominate members of the Board of Management and the Supervisory Board;
- To receive a non-cumulative preferential dividend of 5% of the par value of each share per annum;
- To propose amendments to the Articles of Association and the dissolution, legal merger or split-up of the Company; and
- To receive a preferential liquidation distribution.

The share premium reserve represents the difference between the market price at the date of issue and the nominal value of the shares issued.

The currency translation reserve consists solely of cumulative translation adjustments arising as detailed in Note 3 (N (5) (i), (ii), and (iii)) of the consolidated financial statements.

E Current liabilities (due within one year)

	September 30 2008 €'000	September 30 2007 €'000
Amounts payable to Group companies	2,776	816
Accruals	500	743
	3,276	**1,559**

F Commitments not included in the balance sheet

Jetix Europe N.V. has accepted joint and several liability for any liabilities arising from the legal acts of Jetix Europe Channels B.V. and Jetix Europe Music B.V., Hilversum (the Netherlands), within the meaning of Article 403, Paragraph 1, Sub f, Book 2 of the Netherlands Civil Code.

G Wages and salaries

Jetix Europe N.V. employs one person. This individual is not a Director of the Company and the employment benefit expenses are included in Note 9 of the consolidated financial statements.

Details of the remuneration for the Supervisory Board and key management are included in Note 25 of the consolidated financial statements.

H Auditor's remuneration

Fees incurred for the audit of the Group annual financial statements, as accounted in the profit and loss account for the current financial year were €0.7 million (2007: €0.7 million).This pertains only to services provided to the Company and those companies included in the consolidated accounts, by accounting firms and external accountants as described in article 1, part 1 Wet of Toesicht Accountantsorganisaties.

Rotterdam, December 3, 2008

Management Board
Paul Taylor
Dene Stratton
Oliver Fryer
Olivier Spiner

Supervisory Board
Andy Bird
Peter Seymour
Chris Deering
Wolf-Dieter Gramatke
Brian Spaulding

Other information

Appropriation of result according to the Articles of Association
According to article 31 of the Articles of Association the result for the year is at the free disposal of the General Meeting of Shareholders. The holders of priority shares are entitled to a dividend distribution of 5% of the par value of these shares, provided the Company has sufficient distributable reserves.

Proposed profit appropriation
The Supervisory Board proposes that the profit for the year be added to the retained losses.

Auditor's report
The report of the Company's auditor is presented on the following page.

Auditor's report

Report on the financial statements
We have audited the accompanying financial statements of Jetix Europe N.V., Rotterdam, for the year ended September 30, 2008 as set out on pages 37 - 79. The financial statements consist of the consolidated financial statements and the Company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at September 30, 2008, the consolidated statement of income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The Company financial statements comprise the Company balance sheet as at September 30, 2008, the Company statement of income for the year then ended and the notes.

Management's responsibility
The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Management Board's report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements set out on pages 37 – 73 give a true and fair view of the financial position of Jetix Europe N.V. as at September 30, 2008 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the Company financial statements
In our opinion, the Company financial statements set out on pages 75 - 79 give a true and fair view of the financial position of Jetix Europe N.V. as at September 30, 2008 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements
Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the Management Board's report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, December 3, 2008
PricewaterhouseCoopers Accountants N.V.

Originally signed by drs. J. van der Hilst RA

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Jetix Europe N.V.
Annual Review and Financial Statements 2008

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Front cover:
Monster Buster Club
Produced by Marathon, Jetix Europe, TF1
and Mystery Animation in association with YTV.
Cathy, Danny, Chris and Sam are Singletown's latest
intergalactic defence team. Their mission: to protect the
community against alien invaders from across the cosmos.