

Jetix Consumer Products UK Limited

Report and Financial Statements
for the year ended 30 September 2007

Registered No: 3036727

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Directors, Company Secretary and Auditors
For the year ended 30 September 2007

Directors

Dene Stratton

Oliver Fryer

Olivier Spiner

Secretary

Oliver Fryer

Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

Bankers

JP Morgan Chase Bank

125 London Wall

London EC2Y 5AJ

Solicitors

Wiggin & Co

The Quadrangle

Imperial Square

Cheltenham

Gloucester GL50 1YX

Registered Office

Building 12, Chiswick Park

566 Chiswick High Road

London W4 5AN

Directors' Report

For the year ended 30 September 2007

The Directors present their report together with the accounts and auditors' report for the year ended 30 September 2007.

Principal activity and business review

The principal activity of Jetix Consumer Products UK Limited (the 'Company') was that of a licensor of consumer products and home entertainment rights. In addition, the Company also acts as a sales agent for consumer products to third parties. The Company's merchandising and sales activities are focused on several key European markets, and comprise a variety of brands.

The Directors expect the general level of activity to continue.

Financial risk management

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

(a) Market risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

As a result of the Company's exposure to foreign exchange risk, there has been a foreign exchange loss in the year of £17,072 (2006 - £8,495).

(b) Credit risk

The Company 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.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. In order to optimise cash management, the Company's cash is managed by a central Group Treasurer under a service agreement. The Group maintains investments with terms of less than 90 days to ensure sufficient funds are available for operations and therefore there is minimal exposure to liquidity risk.

Results and dividends

The loss for the year after taxation was £369,135 (2006 - £127,336). The Directors do not recommend the payment of a dividend in respect of the year ended 30 September 2007 (2006 - £nil).

Future developments and risk factors

On 08 December 2008, The Walt Disney Company Inc. announced its intention to acquire the remaining shareholding of Jetix Europe N.V. The Walt Disney Company Inc. as at 31 December 2008 had increased its shareholding to 99.4% and intends to terminate Jetix Europe N.V.'s listing from the Euronext stock exchange.

Directors' Report

For the year ended 30 September 2007

The Company's future performance could be affected by the following risk factors:

The Company depends on Disney for operational and other support. The Company's relationship with Disney is valuable to it.

The Company depends on key executives and personnel. Its success depends greatly upon the expertise and continued service of certain key executives and personnel.

Foreign currency exchange rate fluctuations may cause financial losses. Changes in foreign currency exchange rates can reduce the value of the Company's assets and revenues and increase the Company's liabilities and costs.

Directors and their interests

The Directors who held office during the year were as follows:

Dene Stratton
Oliver Fryer
Olivier Spiner

The interests of all the Directors, who are also Directors of the parent company, Jetix Europe N.V. are shown in the annual review and financial statements of that company.

Employment

The Company continues to involve staff in the decision making process and communicates regularly with them during the year. The aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity, regardless of gender, sexual orientation, age, marital status, disability, religion or ethnic origin.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report
For the year ended 30 September 2007

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 September 2007 and that applicable Accounting Standards have been followed.

Statement on disclosure of information to the auditors

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the forthcoming Annual General Meeting.

Building 12, Chiswick Park
566 Chiswick High Road
London W4 5AN

By order of the Board



Dene Stratton, Director

30 January 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JETIX CONSUMER PRODUCTS UK LIMITED

We have audited the financial statements of Jetix Consumer Products UK Limited (the 'Company') for the year ended 30 September 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

30 January 2009

Chartered Accountants and Registered Auditors.

1 Embankment Place

London

WC2N 6RH

Profit and loss account

For the year ended 30 September 2007

	Notes	2007	2006
		£	£
Turnover	2	2,323,293	2,385,932
Operating expenses		<u>(2,644,546)</u>	<u>(2,509,990)</u>
Operating loss	3	(321,253)	(124,058)
Interest expense		<u>(26,250)</u>	<u>(6,430)</u>
Loss on ordinary activities before taxation		(347,503)	(130,488)
Tax on loss on ordinary activities	5	<u>(21,632)</u>	<u>3,152</u>
Retained loss on ordinary activities for the period	10	<u>(369,135)</u>	<u>(127,336)</u>

There are no recognised gains or losses for the years other than the loss for the financial years above. Accordingly no statement of recognised gains and losses has been presented.

The movement on reserves is disclosed in note 10.

There are no material differences between the loss on ordinary activities before taxation and their historical cost equivalents.

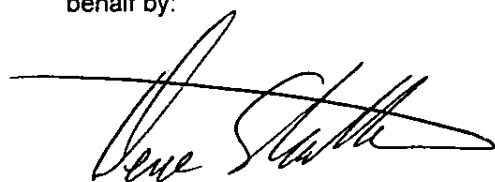
All the amounts stated above relate to continuing operations.

The notes on pages 8 to 14 form an integral part of the financial statements.

Balance sheet at 30 September 2007

	Notes	2007 £	2006 £
Current assets			
Debtors and prepayments	6	775,810	1,904,789
Cash		413,487	-
		<u>1,189,297</u>	<u>1,904,789</u>
Current liabilities			
Creditors	7	(1,136,113)	(1,494,639)
Net current assets		<u>53,184</u>	<u>410,150</u>
Net assets		<u>53,184</u>	<u>410,150</u>
Equity capital and reserves			
Called-up share capital	9	102	102
Share premium	10	299,487	299,487
Profit and loss account	10	(246,405)	110,561
Equity Shareholders' funds		<u>53,184</u>	<u>410,150</u>

The accounts on pages 6 to 14 were approved by the Board of Directors on 30 January 2009 and were signed on its behalf by:



Dene Stratton
Director

The notes on pages 8 to 14 form an integral part of the financial statements.

Notes to accounts (continued)
at 30 September 2007

1 Principal accounting policies

The principal accounting policies are summarised below. They have all been consistently applied throughout the current and the preceding period, except where noted below.

a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with applicable accounting standards and under Companies Act 1985. For the year ended 30 September 2007 the Company has prepared its annual financial statements in accordance with UK GAAP. The Directors consider that the going concern is appropriate as Jetix Europe N.V. has confirmed it will provide continuing financial support to enable the Company to meet its obligations as they become due for payment.

Under the provisions of FRS 1 (Revised) "Cash flow statements", the Company has not prepared a cash flow statement because Jetix Europe N.V., a Company incorporated in the Netherlands, has prepared consolidated accounts which include the accounts of the Company for the year and which contain a consolidated cash flow statement.

b) Revenue recognition

Revenues from home entertainment, licensing and merchandising agreements which provide for the receipt by the Company of non-refundable guaranteed amounts, are recognised when the licence or distribution period begins, the payments are due under the terms of the contract, collectability is reasonably assured and all performance obligations of the Company 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.

Revenue is recorded net of Value Added Tax (VAT).

c) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange prevailing on the balance sheet date. All resultant exchange differences are included in the profit and loss account for the year.

d) Pensions

The Company operates a defined contribution pension scheme under which it pays fixed contributions into publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company 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.

Notes to accounts (continued)

at 30 September 2007

1 Principal accounting policies (continued)

e) Related party transactions

The Company has taken advantage of the exemption conferred by FRS 8 "Related party disclosures" not to disclose details of transactions with other members of the Jetix Europe N.V. group or its investees since it is a wholly owned subsidiary undertaking of Jetix Europe N.V. whose consolidated accounts are available to the public.

f) Use of estimates

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

g) Financial Instruments

(1) Debtors

Trade debtors are measured at cost less any impairment.

(2) Cash

Cash comprises cash at bank and in hand, and bank overdrafts where there is a right of offset.

(3) Creditors

Trade payables are measured at cost.

h) Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more taxation in the future or a right to pay less taxation in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred taxation asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured at the average taxation rates that are expected to apply in the periods in which the timing differences are expected to reverse based on taxation rates or laws that have been enacted or substantially enacted by the balance sheet date. Deferred taxation is measured on a non-discounted basis.

i) Advertising costs

Advertising costs are expensed as incurred.

Notes to accounts (continued)
at 30 September 2007

1 Principal accounting policies (continued)

k) Share capital

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

2 Turnover and segmental analysis

Turnover represents amounts receivable in respect of licence fees commissions and Group service charges earned during the year, stated net of value added tax.

Business Segments

It is the opinion of the Directors that, in view of the Company's business, the markets in which it operates do not differ substantially from each other and are therefore treated as one market for the purpose of disclosing particulars of turnover in these accounts.

Geographical Segments

Analysis of Turnover by geographic segments:

	2007 £	2006 £
UK	474,262	508,195
Rest of world	1,849,031	1,877,737
Total	<u>2,323,293</u>	<u>2,385,932</u>

3 Operating loss

Operating loss is stated after charging:

	2007 £	2006 £
Auditors' remuneration	7,350	6,000
Realised loss on foreign exchange	24,891	5,240
Staff costs (see note 4)	<u>992,875</u>	<u>927,005</u>

Notes to accounts (continued)
at 30 September 2007

4 Staff costs

	2007 £	2006 £
Wages and salaries	843,013	822,009
Social security costs	132,357	85,539
Other pension costs	17,505	19,457
	<u>992,875</u>	<u>927,005</u>

	2007 Number	2006 Number
Average monthly number of employees during the year:		
Consumer products	<u>15</u>	<u>17</u>

The Directors received no remuneration in respect of their services to the Company during the year (2006 – nil). The Directors are also Directors of Jetix Europe Limited and receive remuneration from that Company.

5 Tax on loss on ordinary activities

(a) Analysis of tax charge in period

	2007 £	2006 £
Current tax		
- Overseas tax	<u>19,520</u>	<u>-</u>
Total current tax charge	<u>19,520</u>	<u>-</u>
Deferred tax (see note 8)	<u>2,112</u>	<u>(3,152)</u>
Tax charge on ordinary activities	<u>21,632</u>	<u>(3,152)</u>

Notes to accounts (continued)
at 30 September 2007

5 Tax on loss on ordinary activities (cont)

(b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2007	2006
	£	£
Loss before taxation	(347,503)	(130,488)
Loss per ordinary activities multiplied by the standard rate (30%)	(104,251)	(39,146)
Expenses not deductible for tax	142,353	(19,669)
Group relief	(38,102)	58,815
Unrelieved foreign taxes	19,520	-
Current tax charge for the period	<u>19,520</u>	<u>-</u>

6 Debtors and prepayments

	2007	2006
	£	£
Trade debtors	445,983	420,157
Amounts owed by Group undertakings	325,434	1,437,027
Deferred tax asset (see note 8)	4,393	6,505
Prepayments and accrued income	-	41,100
	<u>775,810</u>	<u>1,904,789</u>

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

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Notes to accounts (continued)
at 30 September 2007

7 Creditors

	2007 £	2006 £
Trade creditors	63,955	19,877
Bank overdrafts	-	390,277
Amounts due to Group undertakings	1,016,137	904,174
Taxation and social security	38,776	81,276
Accruals and deferred income	17,245	99,035
	<u>1,136,113</u>	<u>1,494,639</u>

Amounts due to Group undertakings are unsecured, interest free and repayable on demand.

8 Deferred tax asset

	2007 £	2006 £
Capital allowances	4,393	6,505
	<u>4,393</u>	<u>6,505</u>
Deferred tax asset at the start of the period	6,505	3,353
Movement in the period	(2,112)	3,152
Deferred tax asset at the end of the period	<u>4,393</u>	<u>6,505</u>

9 Share capital

	2007 £	2006 £
Authorised, allotted, called up and fully paid:		
102 ordinary shares of £1 each	<u>102</u>	<u>102</u>

Notes to accounts (continued)
at 30 September 2007

10 Reconciliation of shareholders' funds and movements on reserves

	Share Premium	Share capital	Profit and loss account	Total
	£	£	£	£
At 1 October 2006	299,487	102	110,561	410,150
Loss for the year ended 30 September 2007	-	-	(369,135)	(369,135)
Employee Share Option Scheme:				
Fair value of employee services	-	-	12,169	12,169
At 30 September 2007	<u>299,487</u>	<u>102</u>	<u>(246,405)</u>	<u>53,184</u>

Full disclosure of the Employee Share Option Scheme can be found in the financial statements of Jetix Europe N.V.

11 Other financial commitments

Pensions commitments

The Company operates a defined contribution scheme for certain employees. There are no unpaid contributions outstanding at the year end (2006 – £nil).

12 Ultimate parent company

The Company is a subsidiary undertaking of Jetix Europe Properties S.a.r.l., a Company incorporated in Luxembourg.

The ultimate parent Company is The Walt Disney Company, Inc., a Company incorporated in the United States of America.

The smallest group in which the Company's financial statements are consolidated is that headed by Jetix Europe N.V., a Company incorporated in the Netherlands. These financial statements are available to the public and can be obtained from Jetix Europe N.V., Bergweg 50 1217 SC, Hilversum, The Netherlands.

The largest group in which the Company's financial statements are consolidated is that headed by The Walt Disney Company Inc. These financial statements are available to the public and can be obtained from The Walt Disney Company Inc., 500 South Buena Vista Street, Burbank CA 91521, United States of America.

13 Post balance sheet events

On 08 December 2008, The Walt Disney Company Inc. announced its intention to acquire the remaining shareholding of Jetix Europe N.V. The Walt Disney Company Inc. as at 31 December 2008 had increased its shareholding to 99.4% and intends to terminate Jetix Europe N.V.'s listing from the Euronext stock exchange.

14 JETIX CONSUMER PRODUCTS UK LIMITED