

Consolidated Statements of Cash Flows

Year ended September 30, 2003 and 15 months ended September 30, 2002

	Year ended September 30 2003 \$'000	15 months ended September 30 2002 \$'000
OPERATING ACTIVITIES		
Net income/(loss) after cumulative change in accounting principle	3,828	(44,946)
Adjustments to reconcile net income/(loss) to net cash generated by operating activities:		
Cumulative effect of change in accounting principle	–	15,062
Amortisation and impairment of programme rights	49,373	90,454
Depreciation	2,451	3,019
Equity in income of affiliates	(1,655)	(1,190)
Minority interest	556	950
Deferred tax	(615)	(5,787)
Changes in operating assets and liabilities:		
Accounts receivable	(4,820)	12,475
Accounts receivable from related parties	(89)	3,350
Programme rights	(44,068)	(58,293)
Prepays and other current assets	(389)	(5,027)
Accounts payable	4,830	(587)
Accrued liabilities and deferred revenues	985	8,473
Amounts due to related parties	23	2,219
Net cash generated by operating activities	10,410	20,172
INVESTING ACTIVITIES		
Repayments from equity affiliates	2,297	130
Acquisition of minority shares	(20,800)	–
Purchases of property and equipment	(1,242)	(1,666)
Net cash used in investing activities	(19,745)	(1,536)
NET CHANGE IN CASH AND CASH EQUIVALENTS FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	(9,335)	18,636
NET DECREASE IN CASH DUE TO FOREIGN CURRENCY FLUCTUATIONS	(415)	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL PERIOD	(9,750) 61,200	18,636 42,564
CASH AND CASH EQUIVALENTS, END OF FISCAL PERIOD	51,450	61,200
SUPPLEMENTAL CASH FLOW INFORMATION		
CASH PAID FOR TAXES	2,573	656
CASH PAID FOR INTEREST	14,136	10,599

The accompanying notes are an integral part of these consolidated financial statements.

SIGNIFICANT NON-CASH TRANSACTIONS

On July 18, 2003, the long-term note receivable from a subsidiary of ABC Family Worldwide, Inc. (ABCW) of \$104.1 million, was transferred to another subsidiary of ABCW against the assumption of the long-term note payable to an affiliate of ABCW of \$104.1 million (see note 14).

The Company implemented Statement of Position 00-02 “Accounting by Producers or Distributors of films” (SOP 00-2) as at July 1, 2001 and recorded a non-cash charge of \$15.1m (in the 15 months ended September 30, 2002) accordingly, being the cumulative effect of the change in accounting principle. During the year the Company recorded a non-cash impairment charge of \$4.7m (15 months ended September 30, 2002 – \$26.1m) against the value of the Fox Kids Library (for definition of the Fox Kids Library see note 1).

The Company has recorded revenues and costs of \$2.8m and \$2.5m in relation to non-cash barter transactions during the year ended September 30, 2003 and 15 months ended September 30, 2002 respectively.

Prior to September 3, 2003, a subsidiary of ABCW, also a shareholder of the Company, had provided cumulative funding of \$2.8 million to Fox Kids Poland Limited (FKP). On September 3, 2003, the subsidiary made a capital contribution of its loan receivable to the Company.