

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, insofar as possible taking into account the specific international focus of the business, will be in line with 'Best Practice' provisions of the Tabaksblat Code of Corporate Governance in the Netherlands (the "Code"). Following its creation, the Supervisory Board Remuneration Committee reviews all proposals relating to the remuneration of the Management Board and makes recommendations to the full Board.

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 initially 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. Paul Taylor is now in the third and final year of an extended contract. Oliver Fryer's contract has been renewed for a further two-year term from February 2007. Please note that after the conclusion of his initial two-year term, the provision of Mr Stratton's services to the Company will not be subject to a minimum term. It is the intention of the Supervisory Board that, in case of termination by Jetix Europe, any compensation to a Management Board member for loss of office would be restricted to no more than 12 month's salary.

For those current members of the Management Board, base salary increases on average of two point four five percent (2.45%) were awarded in the financial year ended September 30, 2006. No other salary increases or special payments of any nature (other than the bonuses detailed below) were made to the members of the Management Board during the financial year ended September 30, 2006. For more detailed information on remuneration received by Management Board members please refer to Note 27 of the financial statements to 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 (share options and restricted stock). 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 this financial year (please see Note 27) reflected substantially improved operating income over previous years and 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, 2006, 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 2007 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 restricted stock plan for which the members of the Management Board are eligible. 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 member 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's services are provided to the Company by Disney International Employment Services Inc., to whom the Company reimburses his salary and bonus costs. He does not participate in the Company's pension arrangements.

The Company's Remuneration Policy was put before and approved by the Company's shareholders along with the other recommendations in respect of compliance with the Code at the Annual General Meeting of Shareholders held in March 2005. It has not changed significantly since then. A copy is available on the Company's website.

Long-Term Incentive Plan

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 an Extraordinary General Meeting, together with the rules of the Jetix Europe Discretionary Restricted Stock Scheme. All permanent employees of Jetix Europe, as well as the members of the Management Board, not within two years of normal retirement, are eligible to participate in these schemes. The level of any offer of options and/or restricted stock 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 restricted stock, and the number of options and/or restricted stock 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 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. 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. Presently there are no performance hurdles attached to the vesting of restricted stock units or options although the Supervisory Board does have the ability under the rules of the schemes to impose them. 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.

No awards were made under this scheme in the financial year to September 30, 2006.

On September 20, 2006, the Supervisory Board approved in principle (and subject always to any necessary shareholder approvals) a new Long-Term Incentive Plan for the Company's senior management. This scheme (the "LTIP") will not be implemented until the financial year to September 30, 2007. It will consist of a mixture of Jetix restricted stock together with a minority element of Disney stock options. The same factors and rules as referenced in the two first paragraphs of this section will continue to apply to awards of options and restricted stock under the LTIP. The LTIP will not be compliant with the Code but, after careful consideration by the Remuneration Committee of the Supervisory Board and by that Board as a whole, it has been decided that this represents the most cost effective way of incentivising and retaining senior staff. Any material changes to the Remuneration Policy occasioned by the new LTIP and the new LTIP itself will be submitted in detail for approval at the Annual General Meeting of the shareholders.

For more detailed information on remuneration received by Management Board and Supervisory Board Members please refer to Note 27 of the financial statements, to the Annual Report.