

Report of the Supervisory Board

Introduction

The role of the Supervisory Board is to supervise the policies of 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 general meeting of 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 given them an unqualified opinion (see Page 92). 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, 2006.

Supervisory Board changes and appointments

Tom Staggs resigned from the Board on January 10, 2006 and Andy Bird assumed its chairmanship. At an Extraordinary General Meeting of the Company, also on January 10, 2006, Brian Spaulding and Wolf Dieter-Gramatke were elected by the shareholders to the Board. All appointments are subject to retirement by rotation, 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.

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 30). No arrangements were entered into involving any personal potential or actual conflict of interest.

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. Most meetings were attended by the full Supervisory Board and there were no frequent absences from any member of that Board. 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 CEO and Chairman of the Management Board also consulted with the Chairman and other members of the Supervisory Board and their nominees on an informal but regular basis. 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 three sub-committees of the Board also met regularly. The Audit Committee worked with the Management Board in reviewing and approving financial results and releases (both interim and full year), budgets, forecasting and longer range planning. 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, pay rises and also the Remuneration Committee met several times to discuss the proposed new Long-Term Incentive Plan which they recommended to the full Board.

Supervisory Board
December 13, 2006