Walt Disney International Limited

(Registered Number: 2724503)

Directors' Report And Financial Statements
Year Ended 30 September 2006

Directors' Report For The Year Ended 30 September 2006

The Directors present their report and the consolidated financial statements of the Company and the Group for the year ended 30 September 2006

Principal Activities and Future Developments

The company is a wholly-owned subsidiary undertaking of The Walt Disney Company, incorporated in the United States of America, and its principal activity is as a holding company for the group in the United Kingdom

The principal activities of the group are set out in note 12 to the financial statements and include television broadcasting, licensing and production services, theatrical distribution of films, video and digital versatile disc rental and sell through, cruise vessel operations and retail merchandising

Results and Dividends

The profit for the financial year is £44,939,000 (2005 profit of £44,892,000) No interim dividends were paid during the year (2005 £94,000,000) The Company's profit for the financial year is £1,214,097 (2005 profit of £95,036,747)

Principal risks and uncertainties and Future outlook

The management of the business and the execution of the Group's strategy are subject to a number of risks The key business risks affecting the group are considered to relate to the quality of original content developed or acquired by the business, retention of key employees and rapid technological advances

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Group's Directors are of the opinion that using financial KPIs such as revenue and operating profit are appropriate for an understanding of the development, performance or position of the business

Financial Risk Management

The Group's operations expose it to financial risks, the most significant of which is credit risk The Group has implemented policies that require appropriate credit checks on potential customers before sales are made The amount of exposure to any individual counterparty is subject to a limit, which is assessed continually by The Walt Disney Company credit control function Other financial risks, such as foreign exchange, are managed by the ultimate parent company

Directors and Their Interests

The Directors who held office during the year and to the date of this report were as follows

M L Reed
N Cook
C Rose

None of the Directors had beneficial interests in the shares of the Company or any of its subsidiary undertakings at any time during the year

Walt Disney International Ltd

Directors' Report For The Year Ended 30 September 2006 (continued)

Disabled Persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training arranged It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability

Employee Involvement

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made which are likely to affect their interests, and that all employees are aware of the financial and economic performance of their business units, and of the company as a whole Communication with all employees continues through newsletters, briefing groups and the availability of the ultimate parent company's annual report

Auditors

An elective resolution has been passed to dispense with the obligation to annually reappoint the auditors, and therefore PricewaterhouseCoopers LLP are deemed to be reappointed for the next financial year

Provision of Information to Auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware Relevant information is defined as "information needed by the Company's auditors in connection with preparing their report" Each director has taken all steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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 period The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

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 2006 and that applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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

By order of the Board on 17th July 2007

Walt Disney International Ltd

Independent Auditors' Report to the Members of Walt Disney International Limited

We have audited the group and parent company financial statements (the "financial statements") of Walt Disney International Limited for the year ended 30 September 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses 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 Annual Report and 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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group's and the parent company's affairs as at 30 September 2006 and of the group's profit 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
Chartered Accountants and Registered Auditors
London
17th July 2007

Walt Disney International Limited

Consolidated Profit And Loss Account
For The Year Ended 30 September 2006

	Note	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Turnover	2, 3	**966,420**	866,423
Cost of sales		**(389,411)**	(380,980)
Gross profit		**577,009**	485,443
Distribution costs		**(51,760)**	(51,591)
Administrative expenses		**(453,253)**	(366,838)
Operating profit		**71,996**	67,014
Share of results of joint venture and associates	5	**7,952**	10,301
Operating profit including associates		**79,948**	77,315
Interest receivable and similar income	4	**1,791**	2,810
Interest payable and similar charges	4	**(8,811)**	(11,231)
Impairment of fixed asset investment	12	**(3,063)**	-
Loss on disposal of fixed assets	6	**(12)**	(67)
Share in interest and other non-operating activities of associates	13	**(152)**	(236)
Profit on ordinary activities before taxation	6	**69,701**	68,591
Taxation on profit on ordinary activities	10	**(24,762)**	(23,699)
Profit for the financial year		**44,939**	44,892
Dividends – equity and non-equity		**-**	(94,000)
Retained profit/ (loss) for the financial year	22	**44,939**	(49,108)

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents

The notes on pages 9 to 26 form part of these financial statements

Walt Disney International Limited

Consolidated Statement Of Total Recognised Gains And Losses For The Year Ended 30 September 2006

	Note	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Profit for the financial year	23	**44,939**	44,892
Currency translation differences on foreign currency net investments	23	**(1,085)**	644
Total recognised gains and losses relating to the year		**43,854**	45,536

Walt Disney International Limited

Consolidated Balance Sheet as at 30 September 2006

	Note	As at 30 September 2006 £'000	As at 1 October 2005 £'000
Fixed assets			
Tangible assets	*11*	**142,899**	149,479
Investments	*12*	**3,172**	6,235
Share in net assets of associates	*13*	**2,006**	5,922
Goodwill	*14*	**2,216**	3,685
		150,293	165,321
Current assets			
Stock	*15*	**29,040**	28,651
Debtors – amounts falling due within one year	*16*	**342,789**	479,410
Debtors – amounts falling due after more than one year	*17*	**257,088**	255,022
Cash at bank and in hand		**28,104**	47,742
		657,021	810,825
Creditors (amounts falling due within one year)	*18*	**(494,582)**	(715,780)
Net current assets		**162,439**	95,045
Total assets less current liabilities		**312,732**	260,366
Provision for Liabilities and Charges	*19*	**(87,546)**	(79,034)
Net assets		**225,186**	181,332
Capital and reserves	*21,22,23*		
Called up share capital		**160,179**	160,179
Other reserves		**12,752**	12,752
Profit and loss account		**52,255**	8,401
Total shareholders' funds		**225,186**	181,332
Analysis of shareholders' funds			
Equity		**65,007**	21,153
Non-equity		**160,179**	160,179
		225,186	181,332

The financial statements on pages 5 to 26 were approved by the Board of Directors on 17th July 2007 and were signed on its behalf by

Director

Walt Disney International Limited

Company Balance Sheet as at 30 September 2006

	Note	As at 30 September 2006 £'000	As at 1 October 2005 £'000
Fixed assets			
Investments	*12*	**125,861**	125,861
Current assets			
Debtors	*16*	**26,979**	33,659
Cash		**37**	7
		27,016	33,666
Creditors (amounts falling due within one year)	*18*	**(15,311)**	(23,175)
Net current assets		**11,705**	10,491
Net assets		**137,566**	136,352
Capital and reserves	*21,22,23*		
Called up share capital		**160,179**	160,179
Other reserves		**12,752**	12,752
Profit and loss account		**(35,365)**	(36,579)
Total shareholders' funds		**137,566**	136,352
Analysis of shareholders' funds			
Equity		**(22,613)**	(23,827)
Non-equity		**160,179**	160,179
		137,566	136,352

The financial statements on pages 5 to 26 were approved by the Board of Directors on 17th July 2007 and were signed on its behalf by

Director

Walt Disney International Limited

Notes to the Financial Statements for the year ended 30 September 2006

1 Accounting Policies

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards on a basis consistent with the prior period The principal accounting policies are set out below

a) Basis of consolidation

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries made up to 30 September 2006

b) Investments in subsidiary undertakings and joint ventures

Investments in subsidiary undertakings are stated at cost in the Company balance sheet Provision against the value of investments is only made where, in the opinion of the Directors, the value of the investment is impaired

c) Investments in associated undertakings

Associated undertakings are those Companies in which the Group has a significant interest, normally at least 20% of the voting rights and over which it exerts significant influence The Group treats as a joint venture any entity in which it has an interest held for the long-term and where joint control exists with a third party Equity accounting is adopted in respect of associated undertakings and joint ventures except that losses are not recognised in instances where the undertaking or joint venture has a deficiency of net assets, the Group has not undertaken to provide further support for those operations and full provision has been made for the Group's equity investment in such undertakings

d) Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off in a straight line basis over its useful economic life

e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation Depreciation is calculated on a straight line basis at rates estimated to write off the cost of the assets over their estimated useful lives The principal annual rates in use are

Leased assets	-	over the term of the lease
Leasehold improvements	-	over the remaining term of the lease
Motor vehicles	-	3 years
Office equipment, furniture, fixtures and fittings	-	3 to 5 years
Office computers	-	3 years
Information systems	-	3 years, depreciation commencing when projects are substantially completed
Buildings	-	39½ years
Stage show and other on-board entertainment and programming costs	-	5 years

For constructions in progress, depreciation will commence when assets are placed in service

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

1 Accounting Policies (continued)

f) Drydock costs

Drydock costs are capitalised and amortised over the shorter of the estimated useful life of the asset, the period until the next scheduled drydock, or the vessel's remaining lease term on a straight-line basis

g) Capitalised interest

Interest borne by the group in relation to the funding of tangible fixed assets is capitalised within tangible fixed assets

h) Stock

Stocks of consumables and goods for resale are valued at the lower of cost and net realisable value

i) Film and Television Costs

Film and television costs represent the unamortised cost of programmes in production On an individual contract basis, programme costs are expensed based on the proportion of revenue recognised in respect of a contract in the current period compared to the estimated final revenue from the contract

j) Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the group are capitalised The capital element of the related rental obligations is included in creditors The interest element of the rental obligations is charged to the profit and loss account so as to produce a constant periodic rate of charge

Operating lease payments are charged to the profit and loss account when incurred on a straight line basis over the lease term

k) Cruise deposits

Cruise deposits are recorded upon receipt by the group's agents

l) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax 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 against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

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

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

1 Accounting Policies (continued)

m) Turnover

1) Television licensing income is recognised in the period in which the features are available for immediate delivery, the license period has begun and the arrangement fee is reasonably assured

2) Television subscription revenue is recognised in the month of subscription

3) Licensing income from character merchandising and publications is recognised in the period in which the licensee makes the equivalent sale Minimum guarantees and advances on such licences are deferred and offset against licensing income as it is earned Any minimum guarantee which is not earned out by the end of the contract is recognised on that date

4) Income from film distribution is based on a percentage share of gross Box Office and is recognised when the film is exhibited

5) Income from home entertainment, which arises mainly in the United Kingdom, comprises of sales and marketing of video cassettes and digital versatile discs and rental income and recharges for shared facilities and services Turnover is recognised on the later of the date when goods are delivered to customers or the release date Provision has been made for estimated returns in the period that revenue is recognised

6) Operating lease income is recognised on a straight-line basis over the term of the lease

7) Royalties are recognised when earned

8) Revenue related to the provision of cruise berths is recognised using the accruals method All other cruise vessel revenue is recognised when the good is delivered or the service is provided

9) Revenue relating to the sale of goods is recognised when a group entity sells a product to the customer

10) All turnover is exclusive of value added tax

11) Income from finance leases is credited to the profit and loss account using the actuarial after tax method to give a constant periodic rate of return on the net cash investment

n) Change of Accounting Policies

The company has adopted FRS 21 "Events after the Balance Sheet Date", FRS 28 "Corresponding Amounts" and the presentation requirements of FRS 25 "Financial Instruments Disclosure and Presentation", in these financial statements The adoption of the standard represents a change in accounting policy which has had no impact on the current or prior year figures

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

o) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at the appropriate rates ruling at the balance sheet date Transactions in foreign currencies are translated at the rates ruling at the dates of the transactions All foreign exchange gains or losses are taken to the profit and loss account, except for those arising on the revaluation of television contracts which are borne by a fellow subsidiary undertaking

The assets and liabilities of overseas undertakings and entities where the functional currency is not sterling are translated into sterling at the rates ruling at the balance sheet date Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling for the month of the translation Gains or losses arising on translation are dealt with through reserves

p) Pension commitments

The Group maintains a defined contribution scheme Contributions are charged to the profit and loss account as they fall due The assets of the scheme are maintained separately from those of the Company, being invested with insurance companies Contributions are made on behalf of the Company by the parent undertaking to a defined benefit pension plan and are charged to the profit and loss account when they fall due Pension costs are allocated to the Company based on its share of the cost of the contributions of the Group as a whole

q) Cash flow statement

Walt Disney International Limited is a wholly owned subsidiary of The Walt Disney Company, a Company incorporated in the United States of America, and is included in its ultimate parent's consolidated financial statements which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996)

2 Turnover

Turnover principally comprises film distribution, video and digital versatile discs rental and sell-through, theatrical productions, collectively known as Studio Entertainment, royalties received from retail merchandising, character merchandising and publications licensing, collectively known as Consumer Products, television licensing income, subscription revenue related to television broadcasting, collectively known as Media Networks, the sale of land only vacation packages, operation of cruise vessel, collectively known as Parks and Resorts, internet activities, property management and other ancillary activities, collectively known as Corporate and Other The split into these categories of turnover during the period was as follows

	Year ended 30 September 2006 £'000	**Year ended 1 October 2005 £'000**
Media Networks	**253,314**	181,179
Parks and Resorts	**256,886**	243,296
Studio Entertainment	**245,638**	255,399
Consumer Products	**198,339**	175,161
Corporate and Other	**12,810**	13,655
Total turnover	**966,987**	868,690
Less inter-segment turnover	**(567)**	(2,267)
Turnover to other parties	**966,420**	866,423

Turnover from the investment in Mary Poppins has been excluded from the above (see Note 12)

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

3 Segmental Reporting – by geographical destination

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Turnover		
United Kingdom	**545,450**	536,264
Europe and Rest of World	**164,400**	82,760
United States of America	**257,137**	249,666
Total turnover	**966,987**	868,690
Less inter-segment turnover	**(567)**	(2,267)
Turnover to other parties	**966,420**	866,423

United Kingdom and Europe and Rest of World turnover by geographical destination originates in the United Kingdom The United States of America turnover by destination does not differ materially from that of origin

In the opinion of the directors the disclosure of segmental information relating to the business categories of net profit before tax and net assets would be seriously prejudicial to the interests of the Group and has not therefore been provided

Prior year balances include reclassifications of turnover split between the United Kingdom and Europe and Rest of World categories

4 Interest

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Interest receivable on loans to group undertakings	-	71
Interest receivable on bank deposits	**1,791**	2,109
Gain on debt forgiveness	-	630
Total interest receivable	**1,791**	2,810
Interest payable on loans from group undertakings	**(8,808)**	(10,992)
Other interest payable	**(3)**	(239)
Total interest payable	**(8,811)**	(11,231)
Net interest payable	**(7,020)**	(8,421)

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

5 Income from fixed asset investments

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Share of results of joint venture (note 12)	2,140	4,535
Share of results of associates (note 13)	5,812	5,766
Total	7,952	10,301

6 Profit On Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Staff costs		
Wages and salaries	99,964	99,929
Social security costs	7,992	7,995
Pension costs	3,300	3,680
Depreciation	14,234	13,040
Operating lease rentals		
- land and buildings	13,067	14,375
- plant and equipment	919	718
- cruise vessels	36,215	35,287
Auditors' remuneration		
Fees paid to the Company's auditor for the audit of parent company and consolidated account	15	12
Fees paid to the Company's auditor and its associates for other services		
- audit of the company's subsidiaries pursuant to legislation	460	376
- other services related to taxation	23	10
- all other services	85	-
Goodwill amortisation and impairment (refer note 14)	1,469	1,075
Loss on disposal of fixed assets	12	67
Exchange losses	3,951	1,160

Auditors remuneration in respect of the Company was £14,552 (2005 £12,127)

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

7 Directors' Emoluments

The emoluments of the Directors of the Company, excluding pension contributions, in respect of duties wholly or mainly discharged in the UK were as follows

	Year ended 30 September 2006 £	Year ended 1 October 2005 £
Aggregate emoluments in respect of services	475,285	480,157
Payments due under money purchase schemes	28,504	26,116
Highest paid director		
Aggregate emoluments in respect of services	287,106	325,507
Payments due under money purchase schemes	17,047	15,594

The Company does not have a chairman Two of the directors are paid through the company (2005 two), two of the directors receive payments under money purchase schemes (2005 two) Two directors (2005 three) exercised share options in the ultimate parent company for the year Ms Reed is a director of the parent company and a number of group related companies It is not possible to make an accurate apportionment of her emoluments in respect of each these companies Accordingly, the above details include no emoluments in respect of Ms Reed Her total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the ultimate parent company

8 Employees

The average number of employees of the Group for the year by category was

	Year ended 30 September 2006	Year ended 1 October 2005
Media Networks	287	272
Parks and Resorts	2,134	2,115
Studio Entertainment	171	199
Consumer Products	1,638	1,710
Corporate and other	267	337
	4,497	4,633

The Company had no employees during the year (2005 nil)

9 Holding Company Profit And Loss Account

Walt Disney International Limited has not presented its own profit and loss account as permitted by section 230 (1) of the Companies Act 1985 The Company's profit for the financial year is £1,214,097 (2005 profit £1,036,747) while the Company's retained loss as at 30 September 2006 is £35,365,115 (2005 loss of £36,579,209)

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

10 Taxation

The charge for taxation is based upon the taxable profit for the year and comprises

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Tax on profit on ordinary activities		
(a) Analysis of charge in period		
Current tax		
UK corporation tax at 30% (2005 30%)	22,200	17,789
Share of Associates	1,705	1,862
Share of Joint Venture	642	1,361
Prior year over provision	(773)	(854)
Total current tax	**23,774**	20,158
Deferred tax		
Origination and reversal of timing differences	(400)	1,589
Prior year over provision	1,388	1,952
Total deferred tax	**988**	3,541
Tax on profit on ordinary activities	**24,762**	23,699

(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

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Profit on ordinary activities before tax	**69,701**	68,591
Expected tax at 30%	**20,910**	20,577
Effects of		
Expenses not deductible for tax purposes	371	457
Other timing differences	(117)	(526)
Adjustments relating to prior years	(773)	(854)
Capital allowances in excess of depreciation	19	(1,786)
Utilisation of tax losses	30	342
Other permanent differences	3,334	1,948
Current tax charge for period	**23,774**	20,158

Notes to the Accounts for the Year Ended 30 September 2006

11 Fixed Assets

Group	Land & Buildings	Leasehold Improvements	Office Equipment & Stage Shows	Assets in Course of Construction	Computers & Information Systems	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 2005	138,165	18,108	94,276	5,415	12,271	268,235
Additions	-	-	2,028	9,840	254	12,122
Reclassification	-	26	14,225	(14,251)	-	-
Foreign Exchange Gain/(Loss)	-	-	(2,516)	(322)	-	(2,838)
Disposals/Retirements	-	(501)	(2,890)	(78)	(3,257)	(6,726)
At 30 September 2006	**138,165**	**17,633**	**105,123**	**604**	**9,268**	**270,793**
Depreciation						
At 1 October 2005	28,203	15,096	67,934	-	7,523	118,756
Charge during period	3,732	979	9,153	-	370	14,234
Foreign Exchange Loss/(Gain)	-	-	(1,595)	-	-	(1,595)
Disposals/Retirements	-	(501)	(2,689)	-	(311)	(3,501)
At 30 September 2006	**31,936**	**15,574**	**72,802**	**-**	**7,582**	**127,894**
Net book amount at 30 September 2006	**106,229**	**2,059**	**32,321**	**604**	**1,686**	**142,899**
At 1 October 2005	109,962	3,012	26,342	5,415	4,748	149,479

No interest costs are included in the amounts capitalised at 30 September 2006 (2005 £Nil)

12 Investments

a) Group

Investment in Joint Venture

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Interest in joint venture	3,172	6,235
	3,172	6,235

Investment in Joint Venture

Mary Poppins	Stage Production

The Walt Disney Company Limited, a wholly owned subsidiary, invested in 'Mary Poppins', a musical stage play showing in the West End, London The Group is a joint investor and producer in the production, contributing a share of the production capital and will receive a share of both investor and producer net profits The total investment in the production was £6,235,000 The group's share of the net profits in Mary Poppins amounted to £2,140,000 (2005 £4,535,000) and the group's share of turnover amounted to £13,297,000 (2005 £12,190,000) The carrying value of this investment was reviewed during the period and was written down by the amount of £3,063,332 based on the expected future cash flows from this production

b) Company

Investments in subsidiary undertakings

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Unlisted shares	164,822	164,822
Less provision for impairment	(38,961)	(38,961)
	125,861	125,861

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

Details of the subsidiary undertakings are set out below

Subsidiary undertaking	Business	Country of registration/ Incorporation	Proportion of nominal value of shares held by parent undertaking
The Disney Store Ltd	Retail merchandising	England	100%
1 Hammersmith Broadway Ltd	Property Management	England	100%
Banner Productions Limited	Dormant Entity	England	100%
The Walt Disney Company Ltd	Television licensing, production and broadcasting, internet activities, publications and theme park marketing, theatrical productions, property management, DVD and video rental and sales, film distribution	England	100%
Walt Disney Properties (UK) Ltd	Members voluntary liquidation	England	100%
Magical Cruise Company Ltd *	Operation of luxury cruise vessels	England	100%
Buena Vista Home Entertainment Ltd	Members voluntary liquidation	England	100%
Adventures by Disney UK Limited (formerly Disney Mobile Limited)	Dormant Entity	England	100%
GM1995 Limited	Holding Company	England	100%
DCL Finance (UK) Ltd	Leasing Company	England	100%
Minds Eye Holdings Limited	Holding Company	England	100%
Minds Eye Productions Limited	Computer Game development and audio video services	England	100%

All of the subsidiary undertakings have been consolidated in the Group financial statements

* The functional currency of Magical Cruise Company Limited is $US

Notes to the Accounts for the Year Ended 30 September 2006

13 Investment in Associates

The group has an investment in the following associates

Associate	Business	Country of registration/ Incorporation	Proportion of nominal value of shares held
GMTV Limited	Television production	England	25%
FilmFlex Movies Limited	Video on Demand	England	33%

As at 31 December 2005, the most recent balance sheet date, GMTV Limited held capital and reserves of £27,227,000 (2004 £11,364,000) The net profit at this date was £15,863,000 (2004 £13,345,000) All other participating interests are considered immaterial for these accounts The accounting period of GMTV Limited is 1 January – 31 December

On the 29th November 2004, The Walt Disney Company Limited, a wholly owned subsidiary, acquired a 33% holding in Filmflex Movies Limited, a Video On Demand service operator company registered in England The shares of Filmflex Movies Limited are not listed The total amount invested was £1,050,000 The accounting period of Filmflex Movies Limited is 1 January – 31 December

14 Intangible fixed assets – goodwill

	Group 30 September 2006 £'000	Group 1 October 2005 £'000
Cost		
At 1 October 2005	5,544	5,000
Additions	-	544
At 30 September 2006	**5,544**	5,544
Amortisation and accumulated impairment losses		
At 1 October 2005	1,859	784
Charge for the year - amortisation	1,180	1,075
Charge for the year - impairment	289	
At 30 September 2006	**3,328**	1,859
Net book amount		
At 1 October 2005	3,685	4,216
At 30 September 2006	**2,216**	3,685

Goodwill is being amortised on a straight line basis over a period of 5 years for DCL Finance (UK) Limited The carrying value of goodwill in Minds Eye Productions Limited of £469,000 was fully written off during the year

15 Stocks

	Group As at 30 September 2006 £'000	Group As at 1 October 2005 £'000
Consumables	1,362	1,163
Goods for resale	27,678	27,488
	29,040	28,651

16 Debtors (amounts falling due within one year)

	Group As at 30 September 2006 £'000	Group As at 1 October 2005 £'000	Company As at 30 September 2006 £'000	Company As at 1 October 2005 £'000
Trade debtors	55,861	20,383	-	-
Amounts owed by fellow subsidiary undertakings	-	-	26,814	33,659
Amounts owed by non-group fellow subsidiary undertakings	160,700	377,190	-	-
Other debtors	12,521	10,694	2	-
Taxation and social security	163	1,846	163	-
Prepayments and accrued income	113,544	69,297	-	-
	342,789	479,410	26,979	33,659

A portion of amounts owed by group undertakings are unsecured, repayable on demand and interest bearing The remaining amounts owed by group undertakings are unsecured, repayable on demand and interest free

17 Debtors (amounts falling due after more than one year)

	Group As at 30 September 2006 £'000	Group As at 1 October 2005 £'000
Net investment in finance lease comprises		
Total amounts receivable	509,769	525,558
Less interest allocated to future periods	(252,681)	(270,536)
	257,088	255,022

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

18 Creditors (amounts falling due within one year)

	Group As at 30 September 2006 £'000	Group As at 1 October 2005 £'000	Company As at 30 September 2006 £'000	Company As at 1 October 2005 £'000
Trade creditors	**43,206**	33,269	-	-
Amounts due to fellow subsidiary undertakings	-	-	-	6,757
Amounts due to non-group fellow subsidiary undertakings	**291,083**	546,825	**15,311**	15 098
Taxation and social security	**11,386**	3,957	-	1,309
Accruals and deferred income	**81,256**	69,575	-	11
Other creditors	**67,651**	62,154	-	-
	494,582	715,780	**15,311**	23,175

A portion of amounts owed to fellow subsidiary undertakings are unsecured, repayable on demand and interest bearing The remaining amounts owed to group undertakings are unsecured, repayable on demand and interest free

19 Provision for Liabilities and Charges

	Onerous Lease Provision £'000	Deferred Tax Provision £'000	Total £'000
At 1 October 2005	-	79,034	79,034
Created in the year	7,388	1,124	8,512
As at 30 September 2006	7,388	80,158	87,546

The deferred tax liability comprises the following amounts

	Year ended 30 September 2006 £'000	Year ended 1 October 2005 £'000
Accelerated capital allowances	80,148	79,206
Short term timing differences	10	(172)
Undiscounted deferred tax liability	**80,158**	79,034
Liability at start of period	79,034	75,835
Charge to profit and loss account	925	3,371
Prior year charge to profit and loss account	63	170
Foreign exchange adjustment	136	(342)
Liability at end of period	**80,158**	79,034

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

20 Financial Commitments

Operating lease obligations	Group 30 September 2006 £'000	Group 1 October 2005 £'000
Payments payable within one year of the balance sheet date were in respect of leases expiring		
Land and buildings		
Within one year	**4,178**	4,506
Between two and five years	**11,049**	9,566
After five years	**254**	311
Plant and machinery		
Within one year	**53**	26
Between two and five years	**862**	506
After five years	**-**	-
Cruise vessels		
Within one year	**-**	-
Between two and five years	**-**	-
After five years	**37,278**	39,685

Other operating lease commitments exist in relation to retail store sites These are based on a percentage of the stores' sales and are not subject to a minimum annual amount Operating lease commitments for cruise vessels are payable to a non-group fellow subsidiary undertaking of The Walt Disney Company

21 Called Up Share Capital

	Company As at 30 September 2006 £	Company As at 1 October 2005 £
Authorised		
300 Ordinary shares (equity) of £1 each	**300**	300
1,000,000,000 'A' redeemable Ordinary shares (non-equity) of £1 each	**1,000,000,000**	1,000,000,000
	1,000,000,300	1,000,000,300
Allotted and fully paid		
107 Ordinary shares (equity) of £1 each	**107**	107
160,179,113 'A' redeemable Ordinary shares (non-equity) of £1 each	**160,179,113**	160,179,113
	160,179,220	160,179,220

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

The rights and restrictions attached to the 'A' redeemable ordinary shares are contained within the Articles which are filed at Companies House The Company has the right to redeem the whole or any part of the 'A' redeemable ordinary shares upon giving not less than 30 days' notice in writing to the holders Each share shall be redeemed at par together with a sum equal to any arrears on any dividend declared and earned thereon The other main differences between this class of share and the ordinary shares are as follows

Every holder of one ordinary share shall have 13,400,000 votes for every such share whereas every holder of one 'A' redeemable ordinary share shall have one vote for every such share

On a return of capital on liquidation, the assets of the Company available for distribution among the members shall first be applied in repaying the holders of the 'A' redeemable ordinary shares The value being the nominal amount paid up together with a sum equal to any arrears on dividends declared and earned thereon provided always, however, that there shall not be distributed to such holders any amount equal to or greater than 65% of all the assets of the company available to all equity holders

22 Reserves

Group

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
As at 1 October 2005	8,401	12,752	**21,153**
Foreign exchange adjustment	(1,085)	-	**(1,085)**
Retained profit for the financial year	44,939	-	**44,939**
Total reserves as at 30 September 2006	**52,255**	**12,752**	**65,007**

Company

	Profit and Loss account £'000	Other Reserves £'000	Total £'000
As at 1 October 2005	(36,579)	12,752	**(23,827)**
Retained profit for the year	1,214	-	**1,214**
Total reserves as at 30 September 2006	**(35,365)**	**12,752**	**(22,613)**

The Directors revalued the company's investments in subsidiary entities at the 1 October 2005 to their underlying net asset values and recognising a provision of £38,961,000 The Directors have considered the value of the remaining fixed assets at 30 September 2006 and are satisfied that these are worth, in total, not less than the aggregate amount at which they are stated in the Company's accounts In accordance with S275 of the Companies Act 1985 the aggregate provision of £38,961,000 does not fall to be classified as a realised loss and therefore distributable reserves of the Company as at 30 September 2006 are £3,596,000 (2005 £2,382,000)

Other reserves represent capital contributions received from fellow subsidiary undertakings

23 Reconciliation of Movements in Shareholders' Funds

	Group £'000	Company £'000
Profit for the year	44,939	1,214
Foreign exchange adjustment	(1,085)	-
Net increase in shareholders' funds	43,854	1,214
Opening shareholders' funds	181,332	136,352
Closing shareholders' funds	**225,186**	**137,566**

24 Pension Fund

Pension benefits for employees of The Walt Disney Company Limited are provided under The Walt Disney Retirement Savings Plan The Walt Disney Retirement Savings Plan is a defined contribution arrangement with contributions being made by members and the Company on an age related basis

For employees of The Disney Store Limited, pension contributions are made to the employees' individual pension plans The company contribution is a £1 to £1 match up to a limit of 4 or 6% of employee salaries depending on the employee's position in the Company

Shoreside employees of Magical Cruise Company Limited participate in the Group defined benefit pension plan provided under the Walt Disney World Co & Associated Companies' Retirement Plan and the Disney Salaried Retirement plan Pension costs incurred by the Company for the year amounted to US$1,019,000 (2005 US$1,605,000)

Details of the Group defined benefit plan are given in the financial statements of The Walt Disney Company and Subsidiaries Magical Cruise Company Limited is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis Therefore the company accounts for the contributions to the scheme as if it were a defined contribution scheme Details of the more significant points of the scheme are discussed below

The cost is assessed in accordance with the advice of Mercer Human Resources & Investor Solutions, consulting actuaries The latest actuarial valuation of the scheme was performed as at 30 June 2006 using the five-year weighted average method The principal assumptions adopted in the valuation were that, over the long term, the investment return would be 7 5% (2005 7 5%) per annum, the rate of salary increase would be 4% (2005 3 75%), and the discount rate 6 4% (2005 6 3%)

At the date of the latest actuarial valuation at 30 June 2006, the market value of the assets of the scheme was $2,247 1 million (2005 $1,637million), and the actuarial value of the assets was sufficient to cover 100% (2005 64 9%) of the benefits that had accrued to members, after allowing for expected future increases in earnings

The employees of Magical Cruise Company are participants in a Group defined contribution plan The defined contribution plan is provided under the Disney Salaried Savings and Investment Plan The Plan calls for contributions being made by its members and the Company on a matching basis

Contributions charged to the Group profit and loss account in the year amounted to £3,299,684 (2005 £3,679,948)

Walt Disney International Limited

Notes to the Accounts for the Year Ended 30 September 2006

25 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party is The Walt Disney Company, incorporated in the United States of America Copies of the annual report may be obtained from 500 South Buena Vista Street, Burbank, California 91521

The Walt Disney Company is also the largest and smallest group for which accounts are prepared and of which the Company is a member

26 Related Party Transactions

The Company has a trading relationship with GMTV Limited, a television production company which is an associate of the Company During the year ended 30 September 2006, the Company supplied animation to GMTV Limited of £2,667,723 (2005 £1,420,971) As at 30 September 2006, the Company held a balance due from GMTV Limited for £546,220 (2005 £nil)

The Company also has a trading relationship with Filmflex Movies Limited, a movie video-on-demand company During the year ended 30 September 2006, the Company supplied movie titles to Filmflex Movies Limited of £1,930,109 (2005 £nil) As at 30 September 2006, the balance held with Filmflex Movies Limited was £nil (2005 £nil)

The Company is a wholly owned subsidiary of the ultimate parent company and utilises the exemption contained in FRS 8, Related Party Disclosures, not to disclose any transactions with entities that are included in the financial statements of the ultimate parent company The address at which the consolidated financial statements of the ultimate parent company are publicly available is included in note 25