

BUILDING QUALITY ASSETS



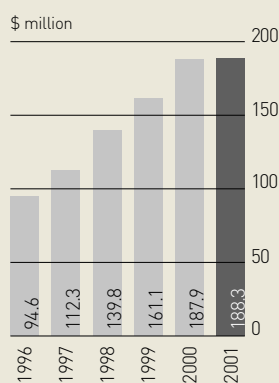
VILLAGE ROADSHOW LIMITED

ANNUAL REPORT 2001

\$'000 (unless shown otherwise)	2001	2000	% Change
Reported EBITDA before significant items and discontinuing operations	188.3	187.9	0.2%
Pre tax profit including significant items	151.6	128.3	18.2%
Pre tax profit excluding significant items	102.1	94.5	8.1%
Less			
Tax expense, excluding tax on significant items	23.1	10.8	115.0%
Outside equity interests	5.4	(2.2)	
Attributable profit after tax, before significant items and discontinuing operations	73.6	85.9	(14.3)%
Net significant items and discontinuing operations	(18.5)	(10.4)	
Net profit	55.1	75.5	(27.1)%
Total parent interest in equity	1,084,110	1,029,254	5.3%
Dividends per share (cents)			
Ordinary shares	7.175	7.175	–
A class preference shares	10.175	10.175	–
Total earnings per share before significant items and discontinuing operations (total shares) (cents)	15.56	18.82	(17.3)%
Return on average equity (%)	7.01%	8.18%	
Net tangible assets per share (\$)	2.20	2.08	5.8%

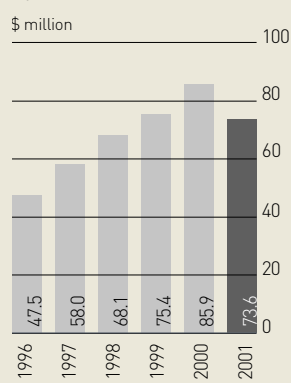
Earnings

(Reported EBITDA – Earnings before interest, tax, depreciation and amortisation)



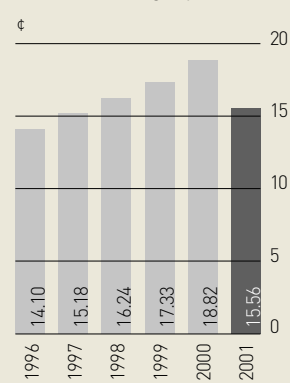
- Cash flow generation remains solid
- EBITDA now exceeds capital expenditure
- Compound average growth over last 5 years 14.8 per cent

Profit after tax before significant/abnormal items and discontinuing operations



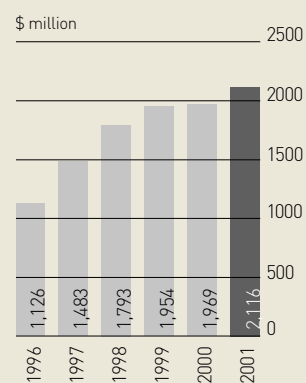
- Strong profit growth from all divisions offset by a loss from exhibition
- Compound average growth over last 5 years 9.2 per cent

Earnings per share before significant/abnormal items and discontinuing operations



- EPS reduced due to lower profit and higher shares on issue from dividend reinvestment

Total assets



- High quality, conservatively valued asset base
- Increase due to cash from Austereo float
- 7.5 per cent growth over year

BUILDING QUALITY ASSETS ACROSS OUR PORTFOLIO OF CORE ENTERTAINMENT AND MEDIA BUSINESSES GENERATES SOUND RETURNS, A SUSTAINABLE COMPETITIVE ADVANTAGE AND ENDURING VALUE FOR ALL STAKEHOLDERS



FILM

EXHIBITION,
DISTRIBUTION &
PRODUCTION

RADIO

THEME PARKS

Village Roadshow Limited
ABN 43 010 672 054

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John Kirby
JOHN KIRBY
CHAIRMAN

Graham Burke
GRAHAM BURKE
MANAGING DIRECTOR

CHAIRMAN AND MANAGING DIRECTOR'S REVIEW

TO OUR SHAREHOLDERS

After a decade of consistent profitability and growth, our exhibition division recorded its first ever loss, marring the excellent results of our four other core businesses of radio, theme parks, production and distribution.

The primary reason for the exhibition pain is clear. Weak product impacted every exhibitor in every country in the world. The encouraging news is that the product has improved and in our new financial year to date, admissions are up 12 per cent on last year.

Combined with a smaller number of countries where we operate and a reduction in overheads, the division will once again produce solid results. In the medium to long term, we maintain our confidence in the exhibition business. With cinemas, there is one fundamental that has been true from time immemorial – young people will always want to go out. Movies, with an ever changing tapestry of glamour, fashion and spectacle, are one of the only real options to satisfy this basic yearning.

Turning to earnings, group pre tax profits, excluding significant items, for the year were \$102.1 million, an 8.1 per cent increase over the previous year.

With the sale of 42.5 per cent of Austereo, we realised \$315 million cash and a profit of \$191.3 million. At the same time, we wrote off discontinuing operations such as Austria and Malaysia, previously capitalised cinema pre-opening expenses and our share of the Internet joint venture, Scape. Including these significant items and discontinuing operations, the company reported a net profit of \$55.1 million, down 27.1 per cent on last year.

Despite the cinema downturn, in the all important area of cash flow generation, we came in with a reported EBITDA of \$188.3 million, marginally ahead of last year.

Dividends of 7.175 cents per ordinary share and 10.175 cents per preference share have been proposed, unchanged over the prior year. Shareholders will also be pleased to see that the dividends will be franked to just under 40 per cent, with the level of franking expected to rise in the future.

Radio

The float of Austereo Group Limited, Australia's leading metropolitan network, was a highlight of the year, enabling Village to crystallise the significant value developed from this important investment while ensuring radio remains a core business. Equally, the float has provided Austereo with the strategic flexibility to effectively pursue its own growth options.

Austereo is an outstanding business which, in a tight advertising market, grew revenue 8.4 per cent; a very impressive achievement against sales increases of only 2.9 per cent across the industry over the year.

Underpinning this performance has been Austereo's consistently strong ratings and the 6.5 million listeners who make it the most listened to radio network in Australia.

Once again, Austereo's superior programming and highly inventive promotional campaigns, from a team acknowledged as the best in Australia, helped drive audiences and brand awareness for the two networks and the individual stations.

Distribution

A solid year, led by excellent results in our television and home entertainment divisions. In particular, your company is the market leader in video distribution, with over 4.5 million units sold this year – children's favourites *The Wiggles* and *Hi 5* exceeded expectations, as did *What Women Want*, *U571* and *Scary Movie*. The DVD business is growing rapidly and we already hold a significant stake, with over 1.4 million units sold in the year.

Countering this product popularity has been the impact of the weak Australian dollar, causing significant increases in acquisition costs.

Distribution's particular strength, the long-term planning and strategic promotion of "event" movies, has proven highly successful over the year, with titles such as *The Dish*, *Miss Congeniality* and *Swordfish* performing particularly well.

These skills are once again to the fore, with the implementation of major marketing campaigns for the company's two big Christmas movies *Harry Potter and the Philosopher's Stone* and the first instalment of the Lord of the Rings trilogy: *Fellowship of the Ring*.

Production

Our production division enjoyed a solid year, increasing the number of movies produced and successfully released. This reflects the team we have assembled, which is second to none in selecting the right projects and in marketing them internationally. We are not only

building one of the industry's best film libraries, but above all an outstanding asset.

We recorded outstanding results with the Sandra Bullock comedy *Miss Congeniality* and our family hit *Cats & Dogs*. The success of these titles offset softer returns from *Exit Wounds* and *Red Planet*.

Looking ahead, we have a range of exciting titles scheduled for release over the year. Among this quality line-up are two titles which stand-out as extraordinary.

–*Ocean's Eleven* – with a cast headed by George Clooney, Julia Roberts, Brad Pitt, Matt Damon and Andy Garcia, and the directorship of Stephen Soderbergh (*Traffic* and *Erin Brochovich*).

–*The Majestic* – stars Jim Carrey in a touching story of romance and mistaken identity directed by Frank Darabont (*The Green Mile* and *The Shawshank Redemption*).

Production is under way in Sydney, Australia, on *Matrix Reloaded* and *Matrix Three*. Together with our joint venture partners, we have re-assembled the winning cast from the first picture under the inspired direction of Andy and Larry Wachowski. Research tells us that *Matrix Reloaded* is poised to be the most eagerly awaited sequel of any movie, and we believe represents the *Star Wars* of the new millennium.

Exhibition

During the full year, your company entertained 112 million customers in our worldwide theatres. This was down 13 per cent or 14.5 million admissions, on our budget. Translate this at an average ticket price and concessions of \$9.50, deduct film rental and other direct costs of \$6.50 and multiply by admissions you have a deficit of \$43 million. In a nutshell, this is the effect the worldwide soft product had on our circuit,

resulting in the loss. While we felt confident the product would improve, and this of course has now been the case, your management reacted in two ways:

- reduce the size of our roll-out and capital commitment by targeting ten countries down from our original 20. This reduced roll-out has allowed us to trim our supporting infrastructure and, along with other operational efficiencies, has taken \$7 million out of overheads. We have already sold Germany, Hungary, Switzerland, France and Hong Kong; and
- energise our marketing, with campaigns such as "Summer at the Movies" and "Let's Go". We have also relaunched our local area marketing strategy, and every theatre, every week within the Village universe has three initiatives to get out to the community and sell tickets.

An additional 25 sites are opening this year and a further 9 are scheduled for 2002/03. All sites have been carefully researched as to admission numbers, and as they come on stream will add profitability without increasing corporate overhead. Amongst them is a 16 screen complex in Koahsiung in Taiwan, a 16 screen complex in Milan and a 12 screen complex at Shepherd's Bush in London.

We can say without reservation, Village has the finest fleet of any circuit in the world, with virtually no old stock, and signature theatres that are exciting and fashionable destinations. More and more, our brand attributes are differentiating us from our competitors.

Theme parks

Two newcomers have joined the Sea World family. They are the polar bears Ping Ping and Kanook, who have not only boosted attendances at our parks but provided a lift to Gold Coast tourism.

We are pleased to report that the bears have settled into their new environment very well and are enjoying their world-class facilities.

The success of the bears had a significant impact on Sea World's performance. At the same time, Wet 'n' Wild posted excellent attendance numbers and returns for the year. With its sister parks generating all the interest, attendances at Warner Bros. Movie World were slightly lower than last year.

Together, the parks attracted in excess of three million visitors, with strong growth in local and interstate visitors.

In the current year, Warner Bros. Movie World is developing an exciting Harry Potter attraction, planned for a pre-Christmas opening. This will include a working steam train to be transformed into the amazing Hogwarts Express. The attraction will also feature an authentic re-creation of sets from the movie. We are especially pleased about this attraction, as right now Harry Potter has without question the highest appeal of any intellectual copyright in the world.

Simultaneously, we have shut down the old Gremlins ride, and construction is under way on a new indoor roller coaster themed around the blockbuster movie *Scooby Doo*, which was shot in our Warner Roadshow Studios. Entitled "Scooby Doo's Spooky Castle", it will be the high tech ghost train of the new millennium and arguably the lead attraction in theme parks in this part of the world when it opens in June next year.

Like all tourist-dependent businesses, the theme parks division is not isolated from recent world events and our own domestic airline upheaval. At the time of writing, it is uncertain what medium term impact these events will have on international and domestic tourism, although we are concerned a slow-down in attendances

is possible. However, early signs are that this could be offset by less international travel by Australians combined with Japanese and other Asian tourists choosing Australia as a holiday destination over other locations where personal safety is perceived to be at risk.

Following the offer to acquire the units in Sea World Property Trust with our strategic partner, Warner Bros., we have significantly increased our ownership of the Trust to 42.9 per cent. The higher ownership of this core business will be reflected in future earnings from the division.

Our Warner Roadshow Studios on the Gold Coast have benefited from the super competitive Aussie dollar, and while this has hurt us in our film distribution, it has ensured a full house in our Queensland facilities.

Other businesses

Last year, we outlined in our annual report plans to develop Scape, an Internet joint venture with Network Ten. Unfortunately, the take up of our on-line service failed to meet expectations and, like many others, we realised the benefits of establishing a new on-line brand would exceed the costs, so we promptly closed the business to limit further losses.

Our Board and team

Your Board has been strengthened over the year with the addition of Dr Peter Jonson as an Independent Director and Robert Kirby as an Executive Director and Deputy Chairman. Peter Jonson's outstanding business credentials will add further depth to the Board. Originally from the Reserve Bank of Australia, Peter has broad experience in the financial services sector and more recently in several new economy ventures.

He has served as Chairman of two science related advisory committees for the Australian Government – the Major National Research Facilities Committee and the Biotechnology Centre of Excellence Expert Panel. He is Chair of the Melbourne Institute.

Since resigning from the Board in December 1999, Robert Kirby continued as a consultant to the group. In that time, it became increasingly apparent that his energy, experience and total commitment were missed by the Board.

The future of Village Roadshow is our people. In each business, we have unquestionably the best people in their industry and we pay them tribute. It is their energy, loyalty and vast experience that is our future.

Throughout the world, in our major businesses of production, theme parks, exhibition and distribution, we operate in partnership with AOL Time Warner. This is a truly a wonderful relationship, working constructively together to generate tremendous value. At the very foundation of our partnership is the trust we share with Jerry Levin, Barry Meyer and Alan Horn, and we thank them for their support.

Outlook

As we write this report, we share the world's distress at the shocking and extraordinary events that have occurred. In these difficult times, whether it be with our production, theatres, theme parks or radio, we can contribute in some small way to the spirit and good karma of the people in the areas that we operate. Traditionally, in difficult times people seek entertainment as an escape from their problems.

As the end of the calendar year approaches, super movie events such as *Harry Potter and the Philosopher's Stone*, *Lord of the Rings: Fellowship of the Ring* and *Ocean's Eleven* will energise our theatres across the world and our film distribution.

In our theme parks, Harry Potter magic will also play a major part, while in film production, the worldwide release of *Ocean's Eleven* and *The Majestic* at Christmas hold great promise. In radio, the business continues to perform well, demonstrating the power of our brands and entertainment offering.

Finally, the company has never been in stronger shape, with debt at its lowest level for several years and cash flow, as we said earlier, the strongest it has ever been. We are building a world-class portfolio of entertainment and media assets, our strategy is clear and we have a management team second to none. All we need now is just our share of a little bit of luck.



1. 2.

EXHIBITION

OPERATING THE YOUNGEST FLEET OF THEATRES IN SOME OF THE WORLD'S BEST LOCATIONS, THE DIVISION IS UNIQUELY POSITIONED TO REAP THE REWARDS FROM AN EXCITING ARRAY OF PRODUCT SET FOR RELEASE IN THE COMING YEAR.

The past year has been one of the toughest on record for the exhibition division, which has shared the impact of difficult trading conditions with exhibitors worldwide. Tough operating conditions were compounded by competition with the Sydney Olympics in core markets.

The calibre of premium venues throughout the Village circuit has, however, enabled the division to maintain its strong cash flows, with underlying EBITDA increasing 14.2 per cent over the year.

Over 112 million people were entertained across our international circuit during the year. Those attending our cinemas generated a total box office of \$848.5 million and consumed over \$200 million in popcorn, Coca-Cola and other candy bar treats.

The year was one of contrasting halves; a weak first six months being partially

offset by an improvement in admissions in the second half year. Importantly, the improving admission trend has continued into the current financial year, with most territories up on the prior year.

Setting the group apart in these challenging times is our unique locations and outstanding quality of cinemas, as instanced by complexes such as the Jam Factory and Southland in Melbourne, Chermside and Indooroopilly in Brisbane, and Macquarie and Castle Hill in Sydney.

The restructuring program

As reported last year, the division has undertaken a major strategic re-alignment that aims to improve returns significantly. This program is now well advanced, with five territories sold and major efficiency gains achieved, including the realisation of over \$7 million in annual savings.

1. VILLAGE CINEMAS JAM FACTORY – MELBOURNE
2. VILLAGE GOLD CLASS CINEMAS – MELBOURNE
3. WARNER VILLAGE CINEMAS – PLYMOUTH, UK

With its strategic partners, Village operates an international cinema circuit across 13 territories. Incorporating the latest in cinema design, the company is the creator of 'entertainment destinations' not just cinemas.

1,550
SCREENS

\$105.3m
UNDERLYING EBITDA

Future capital expenditures have been scaled back and, after peaking at over \$240 million per annum in 1999/00, cinema capital expenditure eased to just over \$140 million in 2000/01. As the roll-out is completed, these expenditures are anticipated to fall to less than \$50 million in three years.

Revenue enhancement

With approximately 75 per cent of the restructuring program in place, management is now refocussing on the customer to enhance the movie-going habit and build revenues through increased attendances.

Bringing excitement and fashion back to the cinema is the strategy influencing all levels of the organisation. In key territories, a range of innovative marketing campaigns and new affinity programs are in development.

At the local level, cinema managers are being empowered to develop closer grass roots links within their communities to grow the business.

Early signs are very encouraging, with further gains expected in the coming year.

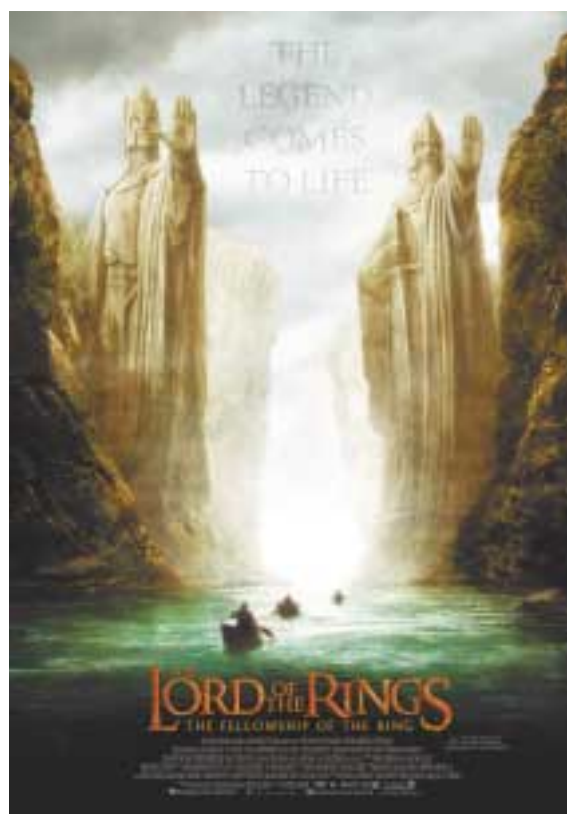
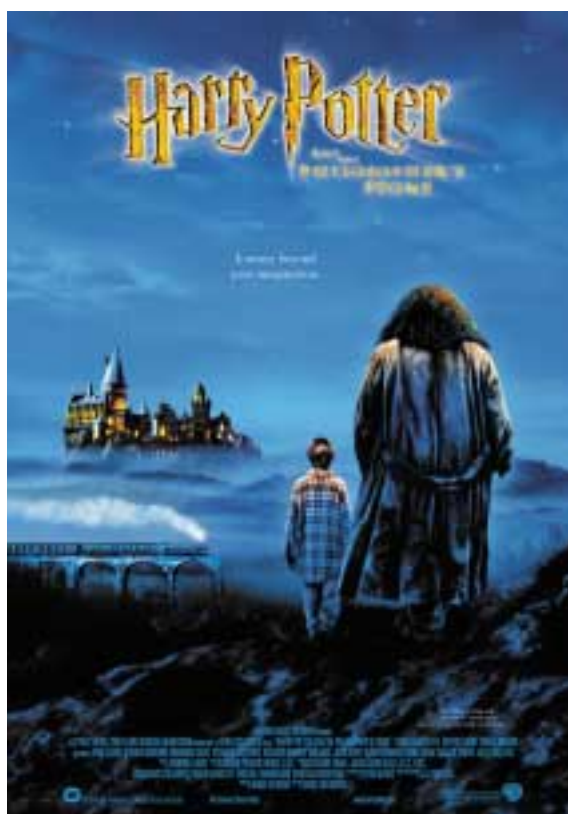
Growth strategy

Although the division's immediate focus is on restoring profitability of the existing circuit, the group has not lost sight of opportunities still available to replicate the success that has been achieved in key territories.

Based on strict financial criteria and rigorous market testing, further cinema development is under way in carefully selected markets, including Italy and Taiwan.



3.



DISTRIBUTION

LED BY HOME ENTERTAINMENT AND TELEVISION AND SUPPORTED BY AN OUTSTANDING MOVIE LIBRARY EXCEEDING 7,000 TITLES, THE DIVISION SIGNIFICANTLY INCREASED ITS CONTRIBUTION OVER THE YEAR.

With its strong core businesses and established position within new distribution mediums, the division recorded a higher result for the year. Robust trading in home entertainment and television drove the division's performance and offset a softer result in theatrical distribution.

Theatrical

As a direct result of its innovative marketing strategies, titles such as *Miss Congeniality*, *Traffic*, *Swordfish* and the art house movie *Chocolat* were particularly successful, considerably exceeding expected returns. The Australian release, *The Dish* was another highlight, with a box office exceeding \$17 million.

The division's performance was, however, directly affected by the weakness of the Australian currency, which subsequently increased the cost of acquiring international movies. To minimise this impact, the division is seeking to acquire more films on terms that have lower up-front costs, while focusing on a more intense acquisition and development strategy for Australian films.

Village has a long and proud history of support for home grown product and, with a number of projects already in development, this tradition will passionately continue.



The division has benefited from the increased output of product from Village Roadshow Pictures during the year, a trend that is set to continue in the year ahead.

Home entertainment

The extraordinary growth of DVDs, combined with a broad library of video titles, helped home entertainment record a strong performance, retaining market leadership in video and DVD rental over the year. Retail activity was similarly successful, boosted by its highly popular children's titles, including *The Wiggles*, *Hi5*, and *Bob the Builder*.

Following the release of highly successful albums during 1999/00, Roadshow Music achieved further success during the past year. Killing Heidi's debut album *Reflector* received four ARIA awards, a talented new band, Aneiki, was signed, and the division acquired the rights to distribute the ABC's children's music.

Television

Roadshow Television reported another successful year, increasing earnings from its core operations, and consolidating its position at the cutting edge of new forms of media.

The division is already a market leader for free to air and pay TV, and is expanding into new distribution channels for pay per view and near video on demand in Australia and New Zealand.

Outlook

This division is set for a successful year, with a promising array of product on the horizon. Titles including Warner Bros.' *Harry Potter and the Philosopher's Stone* and the first movie from the Lord of the Rings Trilogy: *Fellowship of the Ring* are set to boost the box office over the year, with innovative marketing setting new standards in movie promotion.

The release of the movie *Cats & Dogs* is indicative of the approach that is now being adopted. In a tie-up with Uncle Bens – owner of Australia's leading pet food brands "Pedigree" and "Whiskas" – the division dynamically increased awareness of the movie through joint promotions and an integrated marketing plan.

A number of other important initiatives are expected to continue to grow the division's revenue base during the current year, including major music projects and exciting new deals that will better utilise the division's premier movie library.



Roadshow Distributors is the market leader in distribution of movies for cinema, home video, DVD, pay TV and television in Australia/New Zealand and is proud to be the exclusive distributor of Warner Bros. Village also maintains movie distribution operations in Singapore and Greece.

5.8m

VIDEOS/DVD UNITS SOLD

\$5.9m

EBITDA

PRODUCTION

IN A HIT DRIVEN BUSINESS, WE ARE MAKING THE CHOICES THAT WILL BUILD A STRONG COMPANY, WITH PROFITABILITY AND A LIBRARY THAT WILL SERVE US WELL IN THE YEARS AHEAD.



1.



2.



3.

1. OCEAN'S ELEVEN
2. TRAINING DAY
3. THE MAJESTIC
4. MISS CONGENIALITY
5. DON'T SAY A WORD
6. OCEAN'S ELEVEN

Village Roadshow Pictures released nine movies over the financial year, covering a range of budgets and genres. The increase in production and the diversity of titles helping the division grow its earnings for the year. The outstanding success of titles such as *Miss Congeniality* and *Cats & Dogs* offset softer returns from titles such as *Red Planet* and *Exit Wounds*.

Village Roadshow Pictures has now released 21 titles, and by the end of the current financial year will be up to 27, as we build one of the strongest libraries in the industry. With titles such as *The Matrix*, *Deep Blue Sea* and *Miss Congeniality* that just go on earning and earning as they are re-licensed to TV and pay TV, we ultimately expect to see this library provide an ongoing annuity stream for the company in the decades ahead.

In production, Village Roadshow Pictures is being built into a long-term asset for shareholders whose success is attributable to three fundamental strengths:

- A unique understanding of what will sell at the box office. With our circuit of theatres encompassing continental Europe (Italy and Greece), Asia (Singapore, Taiwan and South Korea), Latin America (Argentina) and, of course, the English speaking markets of the United Kingdom and Australia, no one is closer to the pulse of what customers want at the box office. It is this knowledge that sees Village Roadshow enjoying a high rate of success with its productions.
- An inherent understanding of the art of showmanship and marketing. The launch campaigns behind our releases are integral to their success. This is most recently illustrated by the extraordinary and comprehensive campaign behind *Cats & Dogs*, which encompassed extensive third party support.

With its principal co-production partner, Warner Bros., Village Roadshow Pictures is focused on producing commercially successful movies with broad international release and appeal.

OVER \$3 billion
INTERNATIONAL BOX OFFICE

\$36.1m
EBITDA



4.



5.



6.

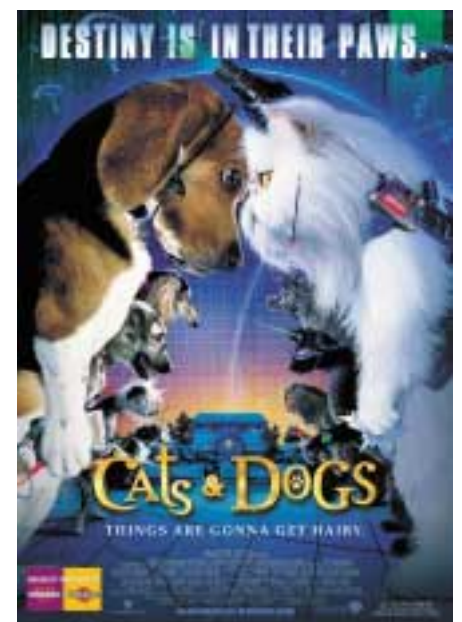
-A disciplined approach to budgets. A key advantage is being able to shoot pictures in Australia, where production costs are not only 30 per cent less than the United States, but where some of the best talent in the world is working behind the cameras. To this end, *Queen of the Damned* was filmed in Melbourne and *Matrix Reloaded* and *Matrix Three* are being shot in Sydney. We also have plans to produce further features at our Warner Roadshow Studios on the Gold Coast.

Behind the success of our production company has been the strong partnership established with Warner Bros., who undoubtedly have the best production, marketing and sales organisation in the industry.

Outlook

Working with our principal partner, Warner Bros, the division will continue to produce around 10 to 12 films per annum.

Our coming year has got off to an outstanding start, with box office successes of *Don't Say A Word* and *Training Day*. In this financial year, we are also expecting to have hit films with *Ocean's Eleven* and *The Majestic*; accordingly, we anticipate a banner year in production. Our 2003 year is poised, with the release of *Matrix Reloaded* in May 2003.





1.

The successful float of Austereo Group Limited was the highlight of the radio division's year. While releasing \$315 million in cash and demonstrating the significant value in this asset, the group has maintained a 57.5 per cent holding and a controlling interest in the newly listed entity.

The division performed well throughout the year, exceeding prospectus targets and increasing profit before tax by 16.0 per cent. This performance was particularly impressive given the slowdown in advertising spending in the latter half of the year and ongoing competition from all forms of media.

While Austereo's performance improved over the year, Village's lower ownership reduced the division's overall contribution to the company.

Ratings

In the final survey of the financial year, Austereo achieved a market share of its chosen under 40 demographic of 56.1 per cent across Australia's mainland capital cities, an increase of more than two percentage points over the prior year. Austereo stations also lead the overall ratings in every city in which they operate.

Driving this ratings success has been the division's strong research-led programming and creative on-air line up.

RADIO

AUSTRALIA'S LEADING RADIO OPERATOR, AUSTEREO GROUP LIMITED, LISTED ON THE AUSTRALIAN STOCK EXCHANGE IN ONE OF THE MOST SUCCESSFUL FLOATS OF 2001. AT THE SAME TIME, THE COMPANY RECORDED AN EXCELLENT YEAR, WITHSTANDING THE SOFTENING IN MEDIA SPENDING TO IMPROVE ITS RATINGS AND EXCEED ITS PROSPECTUS FORECASTS.



2.

1. WENDY HARMER, PAUL HOLMES, PETER MOON - 2DAY FM

2. ANDREW DENTON, AMANDA KELLER - TRIPLE M SYDNEY

3. TIM SMITH, MARGIE BELL, STEVE BEDWELL - TRIPLE M MELBOURNE

4. TRACY BARTRAM, MATT TILLEY, TROY ELLIS - FOX FM

5. MIKEY ROBINS - TRIPLE M SYDNEY

Village has a 57.5 per cent and controlling interest in Austereo Group Limited, operator of Australia's leading radio networks Today and Triple M. In addition to its 14 Australian stations, Austereo has growing radio operations in Malaysia, Greece and the United Kingdom, as well as interests in direct marketing and mall advertising.

56.1%

MARKET SHARE OF
UNDER 40 DEMOGRAPHIC

\$95.9m

EBITDA

Sales

Austereo's unique sales training capability has significantly contributed to the conversion of its leading audience shares into a strong and growing advertising revenue share. Austereo's sales force is recognised as one of the most outstanding among all media.

Marketing and promotions

Austereo has developed one of the world's most consistently inventive promotions teams, whose campaigns continue to attract and retain audiences while strengthening the group's brands.

The Austereo team has pioneered street theatre as a promotional medium, engaging the emotional involvement of its audiences. The Fugitive promotion, which brought city centres to a halt across the country, with crowds of up to 4,000 people, is typical of the penetration and impact achieved.

One of the more exciting promotions the division has planned is Rumba. Scheduled for November 2001 in Sydney and Melbourne, Rumba is an all day music and dance festival, with a line-up of premier international and Australian acts. Headlined with live acts such as Craig David and Vanessa Amorosi, the festival will incorporate fashion parades, on-air promotions, interactive games, its own TV station and a host of day-long activities.

International radio

Austereo's Malaysian joint venture recorded a strong year, increasing its contribution to the division by over 70 per cent. Operating the leading English, Chinese and local Malaysian speaking stations, the nationwide network commands over 60 per cent of the national advertising expenditure on Malaysian radio.

Austereo's success in Malaysia has proven the group's ability in offshore markets and has been the catalyst for pursuing further international opportunities, including moves into the United Kingdom and Greece.

Complementary businesses

Austereo's interests in mcm entertainment, Simon Richards Group and Eye Shop help the company to further penetrate the under 40-year-old audience, and deliver effective advertising and marketing solutions to clients.

While achieving growth in their core operations, the businesses were hit by the slow-down in advertising expenditure, recording a lower contribution for the year.

Outlook

The division's Australian radio operations have maintained both revenue share and audience share in the face of a tight advertising market. This performance, combined with its increasingly diversified income streams, has positioned the company to build on its successful history and aggressively meet the challenges of the year ahead.

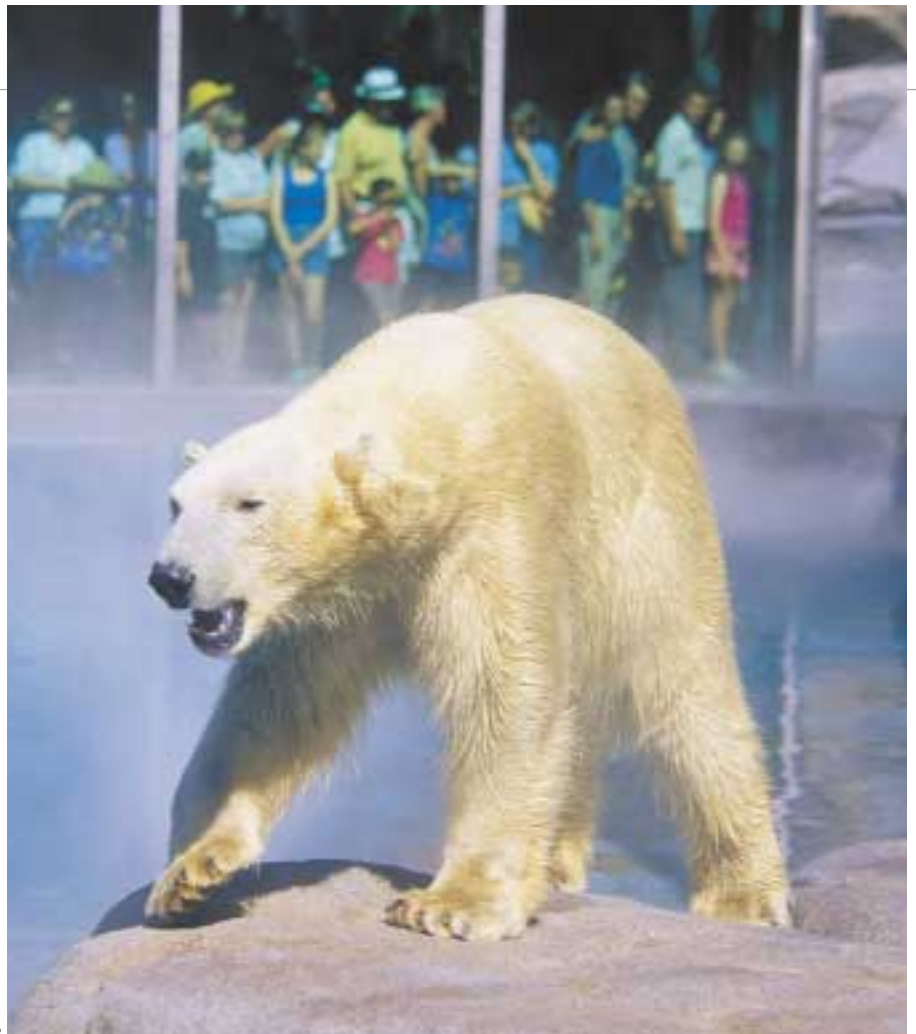


1. NIKKI WEBSTER, ROAD RUNNER ROLLER COASTER,
WARNER BROS. MOVIE WORLD
2. POLAR BEARS SHORES, SEA WORLD
3. AERIAL VIEW, SEA WORLD



THEME PARKS

WITHOUT PEER IN THIS PART OF THE WORLD, WARNER VILLAGE THEME PARKS HAVE CAPTURED THE HEARTS AND IMAGINATION OF VISITORS FOR OVER A DECADE. EXCITING NEW ATTRACTIONS WILL ADD A FURTHER DIMENSION TO THE PARKS' OUTSTANDING ASSETS.





3.

Along with its strategic partners, Warner Bros. and Sea World Property Trust, Village Roadshow owns and operates Warner Bros. Movie World, Sea World and Wet 'n' Wild Water World on Australia's Gold Coast.

NEW ATTRACTIONS

2 1 2

POLAR BEARS ROAD RUNNER MAMMOTH SLIDES
ROLLER COASTER

\$20.2m

EBITDA

The arrival of Sea World's polar bears was the highlight of a successful year, which saw over three million visits to the group's theme parks.

The bears were a major driver of revenues for the division and illustrate how the parks continue to evolve and grow, refreshing the interest of local visitors as well as domestic and international tourists.

The attraction opened on 26 December 2000, to become an immediate draw card for Australian visitors, contributing to the division's strong second half. Apart from pushing Sea World attendances 8 per cent higher, the success of the bears was recognised by the industry, with Sea World claiming the top attraction and the best marketing campaign awards in the 2001 Queensland Tourism Awards.

Benefiting from its 10-year anniversary celebrations, the new Road Runner Roller Coaster and a firm control of costs, Warner Bros. Movie World posted a sound performance, despite being marginally down in attendances.

In the year ahead, the exciting Warner Bros. film slate will provide a further boost to Movie World. The much anticipated *Harry Potter* and the upcoming *Scooby Doo* movies have prompted a massive re-theming of two key areas of the park that will add another dimension to its broad family offering.

Attendances at Wet 'n' Wild increased a staggering 34 per cent over the year, assisted by the opening of the Mammoth Falls rides in September 2000 – a major success in increasing the appeal and capacity of the park.

Sea World Nara managed to sustain its strong occupancy levels for the year.

Domestic tourism drove improved attendances across the parks. The fall in the Australian dollar, re-opening of the Gold Coast highway and an aggressive marketing campaign all contributed to this improvement.

International attendances, on the other hand, were little changed over the year. Improved figures from China, South Korea and other emerging markets were insufficient to offset the continuing weakness of the Japan and Taiwan tourist markets.

In response to this trend, the division commissioned a report from KPMG, which highlighted the changing demands of international visitors to Australia. The report's recommendations have been incorporated into the division's marketing strategy.

Outlook

Recent world events and the collapse of one of Australia's major airlines have created a degree of uncertainty across the parks. While the prospect of increased airfares could see fewer tourists on the Gold Coast, this could be more than offset by Australians choosing to holiday at home and international tourists redirecting their travel to Australia to avoid the United States and other potential hot spots.

Our parks are world-class facilities, and the long-term outlook for the division is strong, particularly given the exciting attractions in development and the broad appeal of the Gold Coast as a holiday destination.



1 JOHN R KIRBY

Chairman, Executive Director
Member of the Board since August 1988
Age 54

Chairman of Village Roadshow Limited since 1999 and previously between 1990 and 1994. A Bachelor of Economics and a Certified Practising Accountant with over 30 years experience in the business. Director, Austereo Group Limited, Sea World Management Limited and is on the Board of Village Roadshow Corporation Limited.

Member Executive Committee
Chairman Nomination Committee

2 ROBERT G KIRBY

Deputy Chairman, Executive Director
First joined the Board in August 1988
Age 50

Bachelor of Commerce with 28 years experience in the entertainment and media industry. Through the launch of Roadshow Home Video, Robert was the driving force behind the Australian video revolution of the 1980s and 1990s. He is a pioneer of new cinema concepts in both Australia and internationally and has been at the forefront of Village Roadshow's successful diversification into theme parks, radio and production. Director Austereo Group Limited and Chairman of Village Roadshow Corporation Limited. Board member of Melbourne Zoo Capital Campaign Committee, Member of Patrons Council, Epilepsy Foundation. Government appointed Board member of the Peter MacCallum Cancer Institute and Patron of Victorian Arts Centre.

Member Executive Committee

3 GRAHAM W BURKE

Managing Director, Executive Director
Member of the Board and Managing Director since September 1988
Age 58

With over 40 years in the entertainment and media industry, Mr Burke has been one of the strategic and creative leaders behind Village Roadshow's development. Joined Village Roadshow in 1960 and founded Roadshow Distributors with Roc Kirby in 1968 and was a founding director of radio station 2Day FM. Founded Warner Bros. Movie World with Warner Bros. and managed the takeover of Sea World. Spent four years as the original commissioner of the Australian Film Commission. Director Austereo Group Limited and Sea World Management Limited.

Member Executive Committee
Member Remuneration Committee

4 PETER E FOO

Finance Director, Executive Director
Member of the Board since February 1998
Age 46

Bachelor of Economics with 22 years experience in the management and finance of all facets of the group. Joined Village Roadshow in 1978 and has served as Finance Director since 1998. Director, Austereo Group Limited, Sea World Management Limited and all Village Roadshow's major subsidiaries.

Member Executive Committee

5 PETER M HARVIE

Executive Director
Member of the Board since June 2000
Age 61

Executive Chairman, Austereo Group Limited with 26 years experience in advertising, marketing and media. First entered radio in 1993 as Managing Director of the Triple M network before becoming Managing Director of the enlarged group following its merger with Austereo in 1994. Founder and Managing Director of Clemenger Harvie from 1974 to 1993. Serves on the Board of other Austereo joint ventures and is a Director, Mazda Foundation Limited; Director, Art Exhibitions Australia and is a member of a steering committee for the Australia Council.

Member Executive Committee

6 JULIAN H BEALE

Independent Non-Executive Director
Member of the Board since June 2000
Age 66

Bachelor of Engineering from Sydney University and an MBA from Harvard University. Entered Federal Parliament of Australia in 1984 and held several Shadow Minister portfolios during his 11 years in politics. Managing Director of a resources group with interests in petroleum production, pipelines and minerals from 1978 to 1984. Currently manages a portfolio of his own investments and is an advisor to one of Australia's largest private companies.

7 WILLIAM J CONN

Independent Non-Executive Director
Member of the Board since March 1992
Age 55

Spent over 30 years in investment banking with Potter Warburg Limited and McIntosh Securities Limited. Mr Conn holds a Bachelor of Commerce (Hons) from the University of Melbourne and a MBA from Columbia University. He is Chairman of several public companies, Grand Hotel Group, Palm Springs Limited and Homeloans Limited and is a Director of The King Island Company. Also, he is Chairman of the Foundation for Young Australians, a Director of the National Academy of Music and is a consultant to Merrill Lynch.

Chairman Audit Committee
Chairman Remuneration Committee
Member Nomination Committee

8 PETER D JONSON

Independent Non-Executive Director
Member of the Board since January 2001
Age 55

Bachelor of Commerce and Master of Arts. Ph D from the London School of Economics. Following a 16 year career with the Reserve Bank of Australia, including 7 years as Head of Research, entered the private sector with roles at leading Australian financial institutions. Positions included Deputy Managing Director and Head of Research, James Capel Australia; Managing Director, Norwich Union Financial Services; and Chairman, ANZ Funds Management. Currently Chairman of Melbourne Institute and serves on the Boards of other companies, including Analytica Ltd and Pro Medicus Ltd. Has also served during 2001 as the Chair of two science related advisory committees for the Australian government, the Major National Research Facilities Committee and the Biotechnology Centre of Excellence Expert Panel.

Member Audit Committee

9 D BARRY REARDON

Independent Non-Executive Director
Member of the Board since March 1999
Age 70

Over 30 years in the motion picture business. Executive Vice President and Assistant to the President, Paramount Pictures. Executive Vice President, General Cinema Theatres and President, Warner Bros. Distribution (1978-99). Bachelor of Arts, Holy Cross College and MBA, Trinity College. Serves on the boards of various United States companies and organisations.

Member Audit Committee
Member Remuneration Committee
Member Nomination Committee

CORPORATE

John Kirby*
Chairman
Robert Kirby*
Deputy Chairman
Graham Burke*
Managing Director
Peter Foo*
Finance Director
Phil Leggo*
Group Company Secretary
Julie Raffe*
Chief Financial Officer
Greg Basser*
Director Commercial & Legal
Tony Pane*
Chief Tax Counsel
Simon Phillipson*
General Counsel
Tim Carroll*
Director Group Marketing
Richard Potter
Director Management and Reporting

VILLAGE CINEMAS INTERNATIONAL

Chris Gallaher
Chief Executive Officer
Kirk Senior
Chief Financial Officer
Harry Antonopoulos
Managing Director Greece
Steve Kappen
Managing Director Asia
George Livery
Managing Director Europe
John Iozzi
Managing Director Australasia

ROADSHOW FILM DISTRIBUTORS

Ian Sands
Chairman
Joel Pearlman
Managing Director
Roadshow Distributors
Chris Chard
Managing Director
Roadshow Entertainment
Derek Malone
Managing Director
Roadshow Television
Grant Devonport
Finance Director

VILLAGE ROADSHOW PICTURES

Bruce Berman
Chairman, Chief Executive Officer
Stuart Boxer*
Finance Director
Steve Krone
Chief Operating Officer
Michael Lake
President of Production
Reid Sullivan
Chief Financial Officer

AUSTEREO

Peter Harvie*
Executive Chairman
Brad March
Group Managing Director
Brian Bickmore
Group General Manager
Michael Anderson
Group Director Sales

WARNER VILLAGE THEME PARKS

John Menzies
Chief Executive Officer
Graham McHugh
Chief Financial Officer
Steve Peet
Chief Operating Officer

*Member Executive Committee

	2001	2000	1999
OPERATING RESULTS (\$000) from continuing operations only in 2000 and 2001			
Sales revenue	660,317	592,927	617,256
EBITDA before significant/abnormal items	188,269	187,929	161,145
EBIT before significant/abnormal items	146,850	128,390	111,504
Net interest expense/(credit)	26,577	25,740	25,010
Tax expense/(credit) on ordinary earnings	23,110	10,751	10,493
Net profit excluding significant/abnormal items attributable to members	73,634	85,963	75,418
Total dividends declared (ordinary and preference)	41,379	40,634	51,068
BALANCE SHEET (\$000)			
Total equity	1,225,274	1,029,254	1,017,225
Net borrowings	14,893	432,959	388,839
Funds employed	1,274,140	1,497,870	1,515,883
Total assets	2,116,218	1,968,549	1,954,429
OTHER MAJOR ITEMS (\$000)			
Capital expenditure	179,126	211,214	211,851
Depreciation and amortisation (excluding production amortisation)	41,419	59,539	49,641
RATIOS			
Return on average total equity (%)	7.01	8.18	7.17
EBIT/average funds employed (%)	10.60	8.52	7.73
Net borrowings/total equity (%)	1.22	42.07	38.23
Interest cover (times)	3.70	3.70	3.13
PER SHARE CALCULATIONS			
Total EPS pre-significant/abnormal items and discontinuing operations (cents per share)	15.56	18.82	17.33
Total EPS including significant/abnormal items and discontinuing operations (cents per share)	11.64	16.54	6.24
Dividends – ordinary shares (cents per share)	7.175	7.175	10.00
Dividends – preference shares (cents per share)	10.175	10.175	13.00
Net tangible assets (\$ per share)	2.20	2.08	1.92
OTHER			
Accumulation index* – Ordinary shares (index base 1,000 as at June 1992)	1,555	2,317	2,075

*Represents value of \$1,000 invested in June 1992 with all dividends reinvested.

	1998	1997	1996	1995	1994	1993	1992
	441,664	392,570	297,119	246,615	153,014	72,846	36,397
	139,791	112,267	94,606	64,987	37,824	23,461	16,545
	109,662	81,276	73,251	52,242	28,997	18,052	12,409
	23,981	909	1,938	(1,101)	4,946	2,681	3,355
	12,697	8,293	6,610	10,399	2,130	5,220	1,807
	68,126	58,030	47,489	38,000	21,921	10,151	7,247
	48,499	44,404	30,452	24,242	11,283	5,947	4,279
	938,188	830,202	754,999	479,590	198,529	127,332	81,679
	270,293	344,214	(106,159)	18,751	82,745	10,791	6,244
	1,368,574	1,174,416	648,840	498,341	281,274	138,123	87,923
	1,792,681	1,482,496	1,126,436	775,851	442,052	328,934	157,850
	107,382	310,438	161,075	95,717	35,460	40,699	4,207
	30,129	30,991	21,355	12,745	8,827	5,409	4,136
	7.70	9.09	10.48	12.67	13.45	9.71	11.14
	8.62	8.92	12.77	13.40	13.83	15.97	13.06
	28.81	41.46	(14.06)	3.91	41.68	8.47	7.64
	3.40	6.09	6.01	4.29	4.46	6.03	2.11
	16.24	15.18	14.10	14.66	10.72	6.11	5.91
	16.70	15.74	14.10	14.66	10.72	6.69	6.38
	10.00	9.50	8.50	7.00	5.00	3.00	3.00
	13.00	12.50	11.50	10.175	5.74	0.00	0.00
	1.99	1.81	1.67	1.14	0.70	0.57	0.51
	3,224	4,367	4,846	3,514	2,394	1,753	1,000

The following statement sets out the company's corporate governance practices that were in place during the financial year.

Principles Governing the Board of Directors

The Directors support best practice in corporate governance and recognise the need for the highest standards of ethical behaviour and accountability. The Board provides leadership and direction to management and agrees with management the aims, strategies and policies of the company. It is also responsible for overall corporate governance. In maintaining best practice in corporate governance, the Board may continue to review these policies to ensure they are appropriate for the company.

The composition and functioning of the Board is determined in accordance with the following:

- The Board should comprise at least six Directors with an appropriate balance of Executive, Independent and Shareholder Directors, the definitions of which are:
 - Executive Director – one in full time employment by the company;
 - Independent Director – one who is not a substantial shareholder and who derives minimal or zero income (excluding Directors' Fees) from the company, compared to income from other sources;
 - Shareholder Director – one with a prescribed direct, indirect or representative shareholding interest representing a significant percentage of the total issued ordinary capital of the company.

- The Board should comprise Directors with an appropriate range of qualifications and specific expertise that will enable them to make a contribution to its deliberations.
- The Board shall meet at least six times per year, with meeting guidelines designed to ensure that all necessary information is available to Directors to support informed discussion.
- The company's constitution sets out the procedures to be followed regarding:
 - the appointment, number and rotation of the Directors;
 - the appointment of the Managing Director; and
 - procedures for Directors' meetings, including voting.
- The functioning of the Board as a whole and the performance of all Directors is reviewed annually by the Chairman and Directors. The resourcing of both the Board and management with respect to the tasks to be performed is also reviewed periodically.
- The Chairman is determined by the Board.
- A formal Letter of Appointment is provided to incoming Non-executive Directors.
- As the Board comprises an appropriate balance of Executive and Independent Non-executive Directors, the company considers that there is adequate monitoring of the Executive Directors. In addition, informal meetings of Non-executive Directors are held to discuss matters of mutual interest when required.
- All Directors are entitled to seek independent professional advice at the company's expense, subject to the prior approval of the Chairman, such approval not to be unreasonably withheld.

During the financial year, the names of each Director, their role, appointment date and classification were:

NAME	ROLE	APPOINTED	CLASSIFICATION
John R. Kirby	Chairman	August 1988	Shareholder, Executive
Graham W. Burke	Managing Director	September 1988	Shareholder, Executive
Peter E. Foo	Finance Director	February 1998	Executive
Peter M. Harvie	Executive Director	June 2000	Executive
William J. Conn	Non-executive Director	March 1992	Independent
D. Barry Reardon	Non-executive Director	March 1999	Independent
Peter D. Jonson	Non-executive Director	January 2001	Independent
Julian H. Beale	Non-executive Director	June 2000	Independent
Charles R. Stern	Non-executive Director	December 1998	Shareholder

Charles R. Stern resigned as a Director in October 2000 and Peter D. Jonson was appointed as a Director in January 2001.

In fulfilling its responsibilities, the Board is supported by a number of committees. These committees assist the Board to review and monitor the financial reports, remuneration, audit and risk management operations and controls.

Audit Committee

The company established an Audit Committee in 1991. In accordance with its Terms of Reference, all members of the Audit Committee are Non-executive Directors with appropriate skills and experience. The role of the Audit Committee is to review with management and the external auditors, all published financial statements and audited statements prior to approval by the Board and their subsequent publication.

In particular, the Committee focuses on:

- significant changes in accounting policies and adjustments;
- material judgmental areas and significant audit adjustments; and
- ensuring financial information provided to shareholders is reliable.

The key responsibilities of the Committee include:

- reviewing the nomination, performance and competence of the external auditors;
- reviewing preliminary financial announcements prior to publication;
- monitoring and ensuring compliance with statutory and Australian Stock Exchange requirements for financial reporting;
- ensuring the effectiveness of the internal control procedures;
- liaising with the external auditors and ensuring that the annual statutory audit and the half yearly review are conducted effectively;
- disclosure standards;
- risk management procedures; and
- reviewing the company's corporate code of conduct and compliance with corporate governance policies, recommending to the Board when changes or additions may be required.

During the financial year, the Audit Committee comprised the following members, with their respective appointment dates:

William J. Conn	Chairman	August 1992
Charles Stern		March 1999 to October 2000
D. Barry Reardon		April 2000
Peter D. Jonson		February 2001

The Audit Committee invites the audit partner and senior company executives to its meetings as required. The Audit Committee meets at least twice per year. The minutes of the Committee are provided to all Directors of the company.

Nomination Committee

The company established a Nomination Committee in 1998. Prior to this, membership of and nominations to the Board had been the exclusive responsibility of the full Board of Directors and subject to the approval of the company's shareholders in general meeting. In accordance with the Terms of Reference, the Nomination Committee includes the Chairman and a majority of Non-executive Directors.

The role of the Nomination Committee is to:

- monitor the composition of the Board in light of corporate governance best practice, making recommendations to the full Board; and
- review the policy regarding the maximum period of service of Non-executive Directors and their retirement age.

During the financial year, the Nomination Committee comprised the following members, with their respective appointment dates:

John R. Kirby	Chairman	July 1998
William J. Conn		July 1998
D. Barry Reardon		April 2000

The Nomination Committee meets at least annually and its minutes are provided to all Directors.

Executive Committee

In 1990, the Board established an Executive Committee which is responsible for the day to day management of the company. This committee comprises a mix of Executive Directors and senior company executives, and its primary function is to monitor and report on the major risks affecting

each business segment and develop strategies to mitigate these risks, subject to the approval of the full Board. The Executive Committee must fully inform the Board on all matters of substance, and its key responsibilities include:

- developing the strategic plan encompassing the company's vision, mission and strategies;
- implementing management operating plans, as well as monitoring progress against budget for all significant areas of the business;
- establishing committees to report on environmental issues, as well as health and safety matters;
- reviewing cash flow projections and gearing;
- reviewing the acquisition and disposal of businesses and assets, and approving contracts within defined limits; and
- treasury responsibility, including advising the Board on liquidity, currency and interest rate risk and credit policies.

Each year, management of the company's various business segments present detailed budgets to the Executive Committee for consideration. The final consolidated version is then submitted to the Board each May for approval. Outside the annual budgetary process, the Executive Committee and various divisional boards of the company's joint ventures have formalised authority levels.

During the financial year, the Executive Committee comprised the following members:

John R. Kirby
 Graham W. Burke
 Peter E. Foo
 Peter M. Harvie
 Philip S. Leggo
 Julie E. Raffé
 Greg Bassar
 Tony N. Pane
 Simon T. Phillipson
 Stuart Boxer
 Tim Carroll
 Tim M. Antonie

Tim Antonie resigned from the Committee in June 2001. The Executive Committee meets at frequent intervals, generally weekly.

Remuneration Committee

A Remuneration Committee of the Board has been in operation since being established in April 1994. This committee comprises a majority of Non-executive Directors in accordance with its Terms of Reference and is responsible for determining the compensation arrangements for the Executive Directors. The committee periodically assesses the appropriateness and nature of the emoluments against market conditions. These assessments are conducted with the assistance of external consultants. The committee aims to attract and retain a high quality Board for the benefit of all shareholders. The Managing Director and Finance Director are responsible for determining the compensation arrangements for senior executives using similar criteria.

To assist in achieving these objectives, the committee links the nature and amount of Executive Directors' emoluments to the company's financial and operational performance. All Executive Directors and senior executives have the opportunity to participate in the company's bonus scheme, where specified criteria are met, including criteria relating to profitability, cash flow, share price growth and other key performance indicators.

During the financial year, the Remuneration Committee comprised the following members, with their respective appointment dates:

William J. Conn	Chairman	April 1994
D. Barry Reardon		August 1999
Graham W. Burke		April 2000

In addition, senior executives may be invited to Committee meetings to provide input on management performance and salary packages. The Committee meets at least twice per year, and formally reports either verbally or in writing to the Board.

The cash remuneration of Non-executive Directors (being Directors' Fees not paid to a person in an Executive capacity) is approved by shareholders in general meeting from time to time. In addition, the company encourages Executive and Non-executive Directors to hold shares in the company. Subject to shareholder approval, Directors may be invited from time to time to participate in share and option plans offered by the company. The various share and option entitlements of all Directors are set out in note 33(d) of the Financial Report.

Company Meetings

The company's constitution sets out the procedures to be followed regarding:

- the convening of meetings;
- the form and requirements of the notice;
- Chairman and quorums; and
- voting procedures, proxies, representatives and polls.

The format of resolutions put to meetings of shareholders will be clear, concise and in plain English. Distinctly separate issues will be presented in separate motions and only combined into one resolution where the subject matter requires it to be so presented. Proxy forms are designed so that shareholders can clearly indicate their voting intentions.

The Directors believe, in accordance with the constitution, voting by shareholders should be determined firstly on a show of hands of those present at the meeting, and by poll where requested by shareholders. The constitution sets out the circumstances in which a poll may be called by shareholders whether present in person or by proxy or by representative. All shareholders are entitled to inspect or obtain a copy of the minutes of shareholders' meetings during normal business hours.

Code of Conduct

The Board of Directors insist on the highest ethical standards from all officers and employees of the company and are vigilant to ensure appropriate corporate professional conduct at all times, including:

- insider trading;
- conflicts of interest;
- use of market power and pricing practices; and
- the maintenance, quality and safety of goods and services.

All purchases of major consumables are obtained by a periodic competitive tendering process. All Directors and managers have an obligation to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Certain intercompany arrangements have been entered into between the company and Austereo Group Limited ('Austereo'). Historically the company and Austereo have maintained

various financial and administrative arrangements and have regularly engaged in transactions with each other and their respective affiliates.

This relationship is governed by the Intercompany Agreement dated 19 January 2001 between the company and Austereo. The Intercompany Agreement specifically states that it is the intention of both parties that the relationship between them and their respective affiliates prior to Austereo's listing on the Australian Stock Exchange will continue on the same basis while the company continues to hold a controlling interest in Austereo. The Intercompany Agreement requires each party to make services available to the other, either without charge, on a reduced cost basis or on a recharge basis, depending on how such services were provided prior to listing. Where costs are to be recharged, the charge is to be determined in accordance with established accounting principles, and failing agreement, the dispute will be referred to an independent person appointed by the President of the Law Institute of Victoria whose decision shall be final in determining the quantum of costs to be allocated.

In respect of the Intercompany Agreement and all other matters between the company and Austereo, the Directors will be required to comply with the requirements of the company's constitution and the Corporations Act governing any conflicts of interest that may arise.

Disclosure Policy

The Directors strive to ensure that the market is fully informed on a timely basis of all material, price sensitive information regarding the company.

In support of this objective, the company has procedures in place to ensure that it not only meets its reporting and continuous disclosure obligations but that its disclosure protocols are best practice. In this regard, the company supports the Australian Securities and Investment Commission's 'Better Disclosure for Investors' guidance principles and believes its practices are consistent with these guidance principles.

The Company Secretaries and Group Manager Investor Relations are the company's nominated Communications Officers for liaising with the Australian Stock Exchange and are responsible

for ensuring the company's compliance with its legal and Stock Exchange reporting and disclosure obligations.

The text of all announcements is approved, as appropriate, by the Board or the Executive Committee in accordance with its delegated authority limits. The Communications Officers ensure that all price sensitive announcements are immediately sent to the Australian Stock Exchange as soon as practical once a release has been approved.

No communication is permitted to any external third party about an announcement until confirmation that the communication has been released to the market has been received from the Australian Stock Exchange. Once confirmation has been received, the company provides a copy of its release on its corporate website at www.villageroadshow.com.au as soon as possible. The company also provides a variety of other information on its website including annual reports, a corporate profile and other supporting company information.

Communication by the company with external parties is the responsibility of a limited number of authorised spokespersons to ensure the consistency of information provided and to safeguard against inadvertent disclosure of price sensitive information. All communications are monitored by the Communication Officers to ensure that no material information has been inadvertently released. All staff and management are informed of the company's policy relating to the approval process for press releases and the disclosure of information.

In particular, the Communications Officers ensure that no price sensitive information is provided in discussions with broking analysts, investors or to the media unless it has first been released through the Australian Stock Exchange.

Dealing in Shares

All Directors have an obligation to immediately advise the company of all changes to their interests in shares, options and debentures, if any, in the company and its associates for reporting to the Australian Stock Exchange by the Company Secretaries.

In addition, Directors and senior executives are precluded from dealing in securities of the company during the periods 31 December to release of the half year profit announcement and

30 June to the release of the full financial year profit announcement.

Outside of those periods, a Director may not deal in securities of the company when in possession of any information which, if made publicly available, could reasonably be expected to materially affect the price of the company's securities, whether upwards or downwards. Legal advice will be obtained by the Company Secretaries on behalf of the Director in circumstances where any doubt exists.

All Directors of the company, and of the Village Roadshow group of companies including Austereo ('the Group'), are required to provide a standing notice, updated as appropriate, giving details of the nature and extent of their 'material personal interests' in the affairs of the company and Group upon appointment as a director. All notices are tabled and recorded in the minutes of each Directors' meeting and entered into a register which is open for inspection by all Directors and is provided to all future incoming Directors.

Financial Risk Management

The company's formal Financial Risk Management Policy includes the recognition, measurement and management of interest rate risks, foreign exchange exposures, hedging, credit risk, liquidity levels and monitoring of economic and financial conditions. The company's financial structure includes a number of covenants to its banks to which it must adhere requiring a structured level of monitoring and management to ensure compliance.

The Financial Risk Management Policy was developed by an independent consultant in conjunction with management. The parameters of the Policy are periodically reviewed by the Audit Committee to ensure the Policy addresses current issues. In addition, the Audit Committee seeks input from both the company's internal and external auditors on the adequacy of and compliance with the Policy.

The Audit Committee reviews and recommends the Policy to the Board. The Executive Committee monitors the performance of the company against the Policy guidelines.

Directors' Report

Your Directors submit their report for the year ended 30 June 2001.

DIRECTORS

The names of the Directors of the Company in office during the financial year and until the date of this report are

Directors:

John R. Kirby (Chairman)

Robert G. Kirby (appointed 5 July 2001)

Graham W. Burke

Peter E. Foo

Peter M. Harvie

Julian H. Beale

William J. Conn

D. Barry Reardon

Charles R. Stern (resigned 4 October 2000)

Peter D. Jonson (appointed 24 January 2001)

Alternate Directors:

Charles R. Gregson (for Charles R. Stern – ceased 4 October 2000)

The qualifications, experience and special responsibilities of the Directors are disclosed on pages 18 and 19 of the Annual Report.

Directors' relevant interests in shares and options of the Company and related bodies corporate as at the date of this report are included in Note 33(d) of the financial report.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity during the financial year were

- Cinema exhibition
- FM radio operations
- Film Production
- Theme park and resort operations
- Film and video distribution
- Leisure centre operations

There have been no significant changes in the nature of those activities during the year. As detailed below, the economic entity sold 42.5% of its interest in the Austereo group during the year, leaving the economic entity with a 57.5% interest.

REVIEW OF OPERATIONS AND RESULTS

Attributable operating profit after tax from continuing operations was \$123.1 million for the year, an increase of 6.6% on the previous year's comparable result of \$115.5 million. Net

significant items before income tax of \$49.5 million (2000 \$29.5 million reported as abnormal items) were brought to account (refer Note 2), giving an attributable operating profit after tax from continuing operations of \$73.6 million (2000 \$86.0 million). The loss after tax from discontinuing operations was \$68.0 million (2000 \$39.9 million).

Net profit attributable to members of the Company, including significant items and discontinuing operations, was \$55.1 million, a reduction of 27.1% compared to the previous year's result of \$75.5 million, after allowing for profits attributable to minority interests of \$5.4 million (2000 losses of \$2.2 million).

Revenues from ordinary activities and share of net profit of associates and joint venture entities, excluding discontinuing operations and significant items, increased by 5.5% to \$760.5 million from the previous year's comparable revenue of \$721.0 million. Revenue from significant items was \$322.6 million (2000 \$70.2 million), of which \$314.9 million related to the sale of a 42.5% interest in Austereo Group Limited.

DIVIDENDS

The Directors recommend payment of a dividend of 7.175 cents per fully paid ordinary share (franked to 2.817 cents per share) and a dividend of 10.175 cents per fully paid A class preference share (franked to 3.995 cents per share). Since the commencement of the financial year, unfranked dividends of \$40.6 million (7.175 cents per ordinary share and 10.175 cents per A class preference share) were paid in accordance with the recommendation of the Directors in the previous report.

EARNINGS PER SHARE

Basic earnings per share were 12.98 cents (2000 21.95 cents) and before significant items, basic earnings per share were 20.84 cents (2000 26.38 cents). Diluted earnings per share were not materially different to basic earnings per share.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Total shareholders' equity of the economic entity increased by \$196.0 million to \$1,225.3 million during the year. This was attributable to increases in share capital of \$6.4 million, reserves of \$34.5 million, retained profits of \$13.9 million and outside equity interests of \$141.2 million.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS CONTINUED

The net increase in reserves included an increase in the foreign currency translation reserve of \$42.0 million (due to exchange rate impacts on the translation of accounts of group and associated entities) and a reduction in the asset revaluation reserve of \$7.4 million (as a result of reverting to the cost basis in accordance with revised Accounting Standard AASB 1041: Revaluation of Non-Current Assets). Retained profits increased by \$13.9 million, as a result of the net profit of \$55.1 million less dividends provided of \$41.2 million. Outside equity interests of \$141.2 million were recorded during the year, representing the 42.5% interest in Austereo Group Limited that was sold as a result of the public flotation of that group in accordance with the Prospectus dated 19 January 2001, which was lodged with the Australian Securities and Investments Commission. The economic entity has retained a 57.5% interest in Austereo Group Limited, which continues to be consolidated in full in the economic entity's financial report.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following, there have been no material transactions which significantly affect the financial or operational position of the economic entity since the end of the financial year.

Effective 13 July 2001, the remaining 50% interests in Village Roadshow Greece SA and Cinemax SA were acquired for \$21.4 million, and an additional amount of \$2.8 million was provided to repay external debt. These entities, which were previously equity-accounted, will be consolidated from that date onwards, and the acquisitions will add net assets of approximately \$6.8 million and goodwill on consolidation of approximately \$14.6 million to the group balance sheet.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

It is anticipated that the growth of the economic entity's diversified businesses will be reflected in the future growth of operating profit before tax.

SHARE OPTIONS

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 19 of the financial report. Details of share and option transactions in relation to Directors of the economic entity are set out in Note 33(d) of the financial report.

INDEMNIFYING AND INSURANCE OF OFFICERS AND AUDITORS

Since the commencement of the financial year, the company has not, in respect of any person who is or has been an officer or auditor of the company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer or auditor, nor has the company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer or auditor other than an unallocated group insurance premium of \$336,985 (2000 \$277,098) which has been paid to insure each of the Directors and secretaries of the company against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the company or related body corporate, other than conduct involving wilful breach of duty.

CORPORATE GOVERNANCE STATEMENT

The statement set out on pages 22 to 26 of the Annual Report summarises the company's key corporate governance practices that were in place during the financial year.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS

The Remuneration Committee of the Board of Directors is responsible for determining compensation arrangements for the Directors. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions (with the assistance of external consultants), with the overall objective of ensuring maximum shareholder benefits from the attraction and retention of a high quality Board. The Managing Director and Finance Director are responsible for determining the compensation arrangements for senior executives using similar criteria.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' emoluments to the company's financial and operational performance. All Executive Directors and senior executives have the opportunity to participate in the Company's bonus scheme where specified criteria are met including criteria relating to profitability, cash flow, share price growth and other performance indicators. The income paid or payable, or otherwise made available in respect of the financial year to all Directors of Village Roadshow Limited, directly or indirectly, from the entity or any related party, was as follows

Directors' Report

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS CONTINUED

Name of Director	Note	Salary/Fees \$	Bonus \$	Super-annuation \$	Non-cash Benefits \$	Total 2000/2001 \$	Total 1999/2000 \$
John R. Kirby	3	1,542,655	363,547	78,445	262,230	2,246,877	2,303,144
Graham W. Burke		1,372,847	–	78,445	273,466	1,724,758	2,263,192
Peter E. Foo		926,379	500,000	31,631	97,798	1,555,808	1,101,822
Peter M. Harvie	4	612,665	475,000	25,000	9,098	1,121,763	1,199,981
Julian H. Beale		55,556	–	4,444	33,484	93,484	–
William J. Conn		102,778	–	8,222	45,378	156,378	136,208
Peter D. Jonson	2	33,334	–	2,665	–	35,999	–
D. Barry Reardon		126,000	–	–	5,454	131,454	110,380
Charles R. Stern	1	18,000	–	–	–	18,000	81,000
Charles R. Gregson	1	–	–	–	–	–	–

The income paid or payable, or otherwise made available in respect of the financial year, to the 5 most highly paid executive officers of the Village Roadshow Limited economic entity, directly or indirectly, from the entity or any related party, was as follows

Name of Executive Officer	Note	Salary/Fees \$	Bonus \$	Super-annuation \$	Non-cash Benefits \$	Total 2000/2001 \$	Total 1999/2000 \$
Brad March	4,5	967,657	1,179,144	29,416	21,507	2,197,724	1,666,884
Michael Anderson	4,5	330,999	857,882	17,049	37,046	1,242,976	759,805
Brian L. Bickmore	4	633,630	481,144	8,416	7,930	1,131,120	862,748
Tony N. Pane		820,871	100,000	8,416	31,938	961,225	367,178
Gregory Bassar		805,171	–	31,630	45,071	881,872	746,346

Notes:

1. Resigned 4 October 2000
2. Appointed 24 January 2001
3. 2000/2001 bonus due and payable
4. Bonus of \$475,000 payable on float of Austereo Group Limited
5. Includes performance bonus due and payable

During the financial year, 6 million options over ordinary shares were allotted to Mr. Graham W. Burke, the Managing Director, in accordance with a special resolution of the company's shareholders on 15 May 2001. In accordance with that resolution, 2 million options are exercisable at an exercise price of \$3.00 not earlier than 15 May 2004; 2 million options are exercisable at an exercise price of \$4.00 not earlier than 15 May 2005; and 2 million options are exercisable at an exercise price of \$5.00 not earlier than 15 May 2006. All the options are exercisable no later than 30 November 2007 or 2 years following cessation of Mr. Burke's employment with the company, whichever is the earlier.

The above options were granted in accordance with the terms of Mr. Burke's employment contract dated November 2000. In view of the future ordinary share exercise prices set and length of time before they may be exercised, it is considered that these options are of negligible or nil value to Mr. Burke when granted and accordingly no account of them has been taken in the above table of emoluments for the year ended 30 June 2001.

DIRECTORS' AND EXECUTIVE OFFICERS' EMOLUMENTS CONTINUED

In the opinion of Directors, remuneration paid to Directors and senior executives is considered reasonable and fair having regard to comparable companies and the performance and responsibilities of each respective Director and senior executive. The various share and option interests of all Directors of the Company are set out in Note 33(d) of the financial report.

DIRECTORS' MEETINGS

The following statement sets out the attendance of Directors at formal Directors' meetings and committee of Directors' meetings held during the period the Director held office

Name of Director	NUMBER OF MEETINGS HELD WHILE IN OFFICE				NUMBER OF MEETINGS ATTENDED			
	Formal	Audit	Remuneration	Nomination	Formal	Audit	Remuneration	Nomination
John R. Kirby	7	-	-	1	7	-	-	1
Graham W. Burke	7	-	2	-	7	-	2	-
Peter E. Foo	7	-	-	-	6	-	-	-
Peter M. Harvie	7	-	-	-	7	-	-	-
Julian H. Beale	7	-	-	-	6	-	-	-
William J. Conn	7	2	2	1	7	2	2	1
Peter D. Jonson	3	1	-	-	3	1	-	-
D. Barry Reardon	7	2	2	1	3	1	1	1
Charles R. Stern	2	1	-	-	-	1	-	-
Chares R. Gregson (alt)	1	-	-	-	1	-	-	-

Informal procedural meetings attended by a minimum quorum of 3 Directors to facilitate document execution and incidental matters are not included in determining the number of Directors' meetings held.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded-off under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors at Melbourne this 14th day of September 2001.



G.W. Burke
Director

Statement of Financial Performance
for the year ended 30 June 2001

	Notes	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Continuing operations					
Revenues from ordinary activities	2	1,057,629	773,374	558,639	533,754
Expenses from ordinary activities excluding borrowing costs expense	2	(891,758)	(628,247)	(35,673)	(6,213)
Borrowing costs expense	2	(39,692)	(34,700)	(16,667)	(14,695)
Share of net profits of associates and joint ventures accounted for using the equity method	2	25,451	17,855	-	-
Profit from ordinary activities before income tax expense from continuing operations	2	151,630	128,282	506,299	512,846
Income tax revenue (expense)	4	(23,110)	(15,081)	-	(794)
Net profit from continuing operations		128,520	113,201	506,299	512,052
Profit (loss) attributable to outside equity interest		5,418	(2,249)	-	-
Net profit attributable to members from continuing operations		123,102	115,450	506,299	512,052
Discontinuing operations					
Revenues from ordinary activities		84,384	74,343	-	-
Expenses from ordinary activities		(152,407)	(123,308)	-	-
Loss from ordinary activities before income tax expense from discontinuing operations	31	(68,023)	(48,965)	-	-
Income tax revenue (expense)	4	-	9,032	-	-
Net profit from discontinuing operations		(68,023)	(39,933)	-	-
Profit (loss) attributable to outside equity interest		-	-	-	-
Net profit attributable to members from discontinuing operations		(68,023)	(39,933)	-	-
Net profit attributable to members of Village Roadshow Limited		55,079	75,517	506,299	512,052
Net increase (decrease) in asset revaluation reserve		-	(11,236)	-	-
Net exchange difference on translation of financial report of foreign controlled entities		42,012	(18,573)	(8,452)	(20,841)
Net increase (decrease) in capital profits reserve		(38)	(44)	-	-
Total revenues, expenses and valuation adjustments attributable to members of Village Roadshow Ltd and recognised directly in equity		41,974	(29,853)	(8,452)	(20,841)
Total changes in equity, other than those resulting from transactions with owners as owners		97,053	45,664	497,847	491,211

Statement of Financial Position
as at 30 June 2001

	Notes	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Current assets					
Cash assets	6	303,294	69,863	226	3,546
Receivables	7	207,368	188,800	4,045	4,639
Inventories	8	3,158	2,797	-	-
Other	10	33,014	42,379	39	45
Total current assets		546,834	303,839	4,310	8,230
Non-current assets					
Receivables	7	283,817	262,315	1,335,723	1,363,093
Radio licences	9	460,808	454,663	-	-
Investments accounted for using the equity method	11	366,023	336,781	1,845	858
Other financial assets	12	14,763	3,065	723,975	278,818
Property, plant and equipment	13	374,768	435,053	3,215	3,178
Deferred tax assets		-	-	189	189
Intangible assets	14	44,595	47,247	-	-
Other	10	24,610	125,586	10,501	3,222
Total non-current assets		1,569,384	1,664,710	2,075,448	1,649,358
Total assets		2,116,218	1,968,549	2,079,758	1,657,588
Current liabilities					
Payables	15	229,749	197,346	274	77
Interest bearing liabilities	16	17,752	15,339	113	113
Current tax liabilities		7,267	233	-	-
Provisions	17	74,347	67,140	45,320	44,534
Other	18	11,745	14,468	-	-
Total current liabilities		340,860	294,526	45,707	44,724
Non-current liabilities					
Payables	15	75,490	61,439	1,220	36,339
Interest bearing liabilities	16	300,435	487,483	102,557	111,735
Convertible notes	16	33,973	35,657	33,973	35,657
Non-current tax liabilities		59,214	44,613	1,612	1,612
Provisions	17	13,812	13,361	-	-
Other	18	67,160	2,216	1,369	-
Total non-current liabilities		550,084	644,769	140,731	185,343
Total liabilities		890,944	939,295	186,438	230,067
Net assets		1,225,274	1,029,254	1,893,320	1,427,521
Equity					
Parent entity interest					
Contributed equity	19	923,067	916,647	923,067	913,896
Convertible notes	19	14,866	14,866	14,866	14,866
Reserves	20	45,299	10,723	3,822	12,274
Retained profits	20	100,878	87,018	951,565	486,485
Total parent interest in equity		1,084,110	1,029,254	1,893,320	1,427,521
Total outside equity interest	21	141,164	-	-	-
Total equity		1,225,274	1,029,254	1,893,320	1,427,521

Refer Note 31 for details of the assets and liabilities disposed of relating to the discontinuing operations.

Statement of Cash Flows
for the year ended 30 June 2001

	Notes	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash flows from (used in) operating activities					
Receipts from customers		751,492	633,388	-	-
Payments to suppliers and employees		(565,926)	(480,256)	(22,490)	(12,560)
Dividends and distributions received		11,382	11,473	6,400	49,350
Interest received		26,114	21,061	23,505	47,200
Borrowing costs		(42,533)	(36,229)	(16,667)	(13,996)
Income taxes paid		(3,845)	(1,985)	-	-
Partnership profits		8,076	7,180	-	-
Net operating cash flows	6	184,760	154,632	(9,252)	69,994
Cash flows from (used in) investing activities					
Purchases of property, plant and equipment		(129,198)	(208,793)	(1,037)	(1,110)
Sale of investments		332,817	102,956	65,952	-
Sale of property, plant and equipment		71,942	18,473	-	-
Purchase of investments		(49,928)	(2,421)	(987)	-
Loans to controlled entities		-	-	(8,971)	(614)
Loans to other entities		(45,565)	(58,914)	-	-
Loans repaid by other entities		83,875	42,080	1,369	6,040
Other		(824)	(67,931)	(9,050)	(514)
Net investing cash flows		263,119	(174,550)	47,276	3,802
Cash flows from (used in) financing activities					
Proceeds from issues of shares, options		9,202	45,464	9,170	45,464
Borrowings		106,688	120,007	-	-
Repayment of borrowings		(289,927)	(110,080)	(10,103)	(75,838)
Dividends paid		(40,411)	(51,067)	(40,411)	(51,067)
Net financing cash flows		(214,448)	4,324	(41,344)	(81,441)
Net increase (decrease) in cash held		233,431	(15,594)	(3,320)	(7,645)
Cash at beginning of year		69,863	85,457	3,546	11,191
Cash at end of year	6	303,294	69,863	226	3,546

Refer Note 31 for details of the net cash flows relating to the discontinuing operations included in the Consolidated Statement of Cash Flows.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) (i) Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention unless otherwise stated. The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act, including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(ii) Changes in accounting policy

The consolidated entity has elected to early-adopt Accounting Standard AASB 1042: Discontinuing Operations, in accordance with the Corporations Act, effective from 1 July 2000. Refer Note 31 for details of the effect of the adoption of this standard.

Effective 1 July 2000, the consolidated entity changed the accounting policy in relation to certain components of other non-current assets, including pre-opening costs on sites opened, operating rights/licences, capitalised interest and certain other deferred expenditure. In previous financial years, the entity capitalised such costs and amortised them over the period of their useful life. Consistent with international industry practice in respect of these costs, the entity has decided that these costs should be written off when incurred. The effect of this revised policy has been to reduce the net book value of deferred expenditure, including cinema pre-opening and set-up costs, by \$83.9 million, being the net book value capitalised at 30 June 2000. This amount has been reflected in the Statement of Financial Performance, reducing profit from ordinary activities from continuing operations both before and after income tax expense by \$62.3 million. \$21.6 million before and after tax is included in the loss from ordinary activities from discontinuing operations. It is impracticable to restate prior year comparative information due to the complexity involved in analysing historical deferred cost movements.

Deferred expenditure written off relating to continuing operations has been included in significant items at Note 2(d). Refer to Note 31 for details of discontinuing operations.

The consolidated entity has early-adopted the revised Accounting Standard AASB 1041: Revaluation of Non-Current Assets and adopted AASB 1010: Recoverable amount of Non-Current Assets. Under the transitional provisions of these standards, the Directors have elected to adjust the carrying value of freehold land and buildings to reflect their original cost of acquisition.

The financial effect of this election is not material.

As a result of applying the revised Accounting Standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position for the first time, a number of comparative amounts were re-presented or re-classified to ensure comparability with the current reporting period.

(b) Consolidated accounts

The consolidated financial statements are those of the economic entity, comprising Village Roadshow Limited (the chief entity) and all entities which the chief entity controlled from time to time during the year and at year's end.

The consolidated financial statements include the information contained in the financial statements of Village Roadshow Limited and each of its controlled entities as from the date the chief entity obtains control until such time as control ceases.

The financial statements of controlled entities are prepared for the same reporting period as the chief entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, and unrealised profits arising from intra-economic entity transactions, have been eliminated in full.

(c) Capitalisation of borrowing costs

Costs attributable to borrowings used to finance capital works are included in the cost of those works while those works are being completed.

(d) Carrying values of non-current assets

The carrying amounts of non-current assets are reviewed annually by the Directors to ensure they are not in excess of their recoverable amounts. Recoverable amounts are determined on the basis of expected future net cash flows deriving from use and subsequent disposal. The expected cash flows have been discounted to present values in determining recoverable amounts.

(e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding overdrafts.

(f) Deferred expenditure

Expenditure incurred, where the benefits of such expenditure are attributable to future years, is brought to account as a non-current asset and amortised over five years. The amortisation policy is reviewed at each balance date and where necessary adjusted to reflect the amount and timing of amortisation.

As noted at (1)(a)(ii) above, certain expenditure which was previously deferred and amortised in accordance with this policy has been expensed as incurred from 1 July 2000.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(g) Property, Plant and Equipment

Cost and valuation

All classes of property, plant and equipment, including freehold land and buildings on freehold land, are measured at cost.

Depreciation and amortisation

Buildings and improvements are depreciated over forty years using the straight line method.

Plant, equipment and vehicles are depreciated between three and twenty years using the straight line or reducing balance method.

Leasehold improvements are amortised over the unexpired occupancy periods generally between five and eight years using the straight line method. Finance lease assets are amortised over the period the economic entity is expected to benefit from the use of those assets, generally between three and five years.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale and exploitation of film productions

Revenue and minimum guarantee payments from the sale and exploitation of film productions are brought to account only after conditions contained in the relevant contracts are fully satisfied and the film is available for delivery.

Revenue earned as film producer fees, where the economic entity does not have any ownership interest or responsibilities in the intellectual property, is brought to account as services are rendered.

Costs incurred in relation to the development of film projects are accumulated and treated as work in progress until the project is developed into a film production. Those projects which do not progress into production are written off when no future value can be attributed to the project. Film production costs for each project are accumulated during the term of the production and amortised to profit and loss in the ratio that current year revenues bear to anticipated total gross revenues from that film but such period of amortisation not to exceed 10 years.

Sale of other goods

Control of the goods has passed to the buyer.

Rendering of services

Control of a right to be compensated for the services has been attained. Where contracts span more than one reporting period, the stage of completion is based on an assessment of the value of work performed at that date.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Control of a right to receive consideration for the investment in assets has been attained.

Royalties

Control of a right to receive consideration for the provision of the asset has been attained.

(i) Foreign currency

Conversion of transactions

Transactions in foreign currencies of entities within the economic entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by entities within the economic entity that are outstanding at balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

Gains and losses arising from conversions of foreign currency transactions or balances, whether realised or unrealised, are brought to account in determining profit or loss for the period in which they occur.

Translation of overseas accounts

Where overseas operations are deemed to be integrated foreign operations, the accounts are translated using the temporal method, otherwise, accounts are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

(j) Goodwill

Goodwill is amortised on a straight line basis over 20 years, this being the period in which the future benefits are expected to arise.

(k) Investments

Investments in associates are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial report and the lower of cost and recoverable amount in the chief entity financial report. All other non-current investments are carried at the lower of cost and recoverable amount.

(l) Interests in joint ventures

Interests in unincorporated joint venture operations are accounted for by including the relevant share of output and expenses in operating results for the year and share of assets and liabilities under the appropriate classification categories in the statement of financial position.

Interest in joint venture entities where joint control exists are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial report and, also, in the case of partnerships, in the chief entity financial report.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(m) Leases

Leases of fixed assets – where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities within the economic entity – are classified as finance leases. All other leases are operating leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, included any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments under operating leases are treated as expenses in the period in which they fall due for payment.

(n) Radio Licences

Radio licences are measured at cost. To ensure licences are not carried in excess of recoverable amount, the Directors have undertaken to carry out annual independent valuations of radio broadcasting licences held within the economic entity. The valuation of the licences has been arrived at using future income projections and a discounted cash flow methodology. Directors are of the view that the depreciable amount of the Group's radio licenses is negligible, based on residual values calculated at the end of an outlook period over which projections can be prepared with a degree of confidence. Furthermore, the Directors see no reason why this situation should not prevail beyond this outlook period. The depreciable amount is being amortised over a period of 20 years for the purpose of the financial statements.

(o) Income tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued, no provision for potential capital gains tax has been made.

Where the earnings of overseas entities are subject to taxation under the Controlled Foreign Corporation rules, this tax has been provided for in the accounts.

Income from film production activities earned in offshore jurisdictions is evaluated on an annual basis. A determination is made as to the likelihood of repatriation of profits to Australia, and where it is virtually certain that no repatriation will occur in the foreseeable future, the income is not tax effected for Australian purposes.

(p) Valuation of inventories

Inventories are valued at the lower of cost and net realisable value and are accounted for on a first in first out basis.

(q) Employee entitlements

The value of the Executive and Employee Option Plan described in Note 19 is not being charged as an employee entitlement expense.

In respect of the economic entity's superannuation and retirement plans described in Note 24, any contributions made to the plans by the entities within the economic entity are charged against profits when due.

(r) Earnings per share

Basic earnings per share is determined by dividing the operating profit after tax and after preference dividends by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the operating profit after tax and after preference dividends adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

(s) Financial instruments

Accounting policies with respect to financial instruments, including derivatives, are included at Note 32.

Notes to the Financial Statements

	Notes	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2 REVENUES AND EXPENSES – CONTINUING OPERATIONS					
(a) Reconciliation of operating profit					
Net profit (loss) for the period attributable to members – continuing operations		123,102	115,450		
Less: Significant/Abnormal items after tax – continuing operations	2(d)	(49,468)	(29,487)		
Net profit (loss) excluding significant/abnormal items for the period attributable to members – continuing operations		73,634	85,963		
(b) Revenues from ordinary activities					
Revenues from operating activities					
Sales revenue		660,317	592,927	2,405	–
Revenues from non-operating activities					
Commissions/Fees		15,896	12,725	3,385	2,790
Dividends from:					
Controlled entities		–	–	6,400	474,865
Other entities		–	2,399	–	–
Interest from:					
Other entities		13,115	16,560	440	1,104
Associated entities (cinema interests)		12,666	3,219	–	77
Controlled entities		–	–	23,064	46,019
Sale of non-current assets		330,074	121,429	522,109	–
Rental income		6,036	4,406	–	–
Royalty revenue		108	185	–	–
Other income		19,417	19,524	836	8,899
		397,312	180,447	556,234	533,754
Total revenues from ordinary activities		1,057,629	773,374	558,639	533,754
Share of net profits (losses) of associates and joint venture partnerships accounted for using the equity method					
Share of associates' net profits	11(a)	17,375	10,675	–	–
Share of partnerships' net profits	11(b)	8,076	7,180	–	–
		25,451	17,855	–	–

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2 REVENUES AND EXPENSES – CONTINUING OPERATIONS CONTINUED				
(b) Expenses				
Employee expenses:				
Employee entitlements	6,466	7,733	(38)	759
Other employee expenses	155,897	*	17,641	*
Total employee expenses	162,363	*	17,603	*
Cost of goods sold	14,219	*	–	*
Occupancy expenses:				
Operating lease rental – minimum lease payments	85,331	60,529	487	113
Operating lease rental – contingent rental payments	45	*	–	*
Other occupancy expenses	30,318	*	315	*
Total occupancy expenses	115,694	*	802	*
Film hire and other film expenses	99,231	*	–	*
Depreciation of:				
Building and improvements	1,574	3,345	–	–
Plant, equipment and vehicles	29,243	34,131	907	986
Amortisation of:				
Goodwill	2,157	2,150	–	–
Leasehold improvements	6,222	6,657	9	8
Finance lease assets	2,379	870	85	110
Goodwill on consolidation	401	481	–	–
Deferred expenditure	(1,440)	10,619	826	175
Operating rights/licences	883	1,287	–	–
Investment in completed films	11,433	8,665	–	–
Total depreciation and amortisation	52,852	68,205	1,827	1,279
Net book value of assets sold	138,693	*	2,547	*
Net foreign currency (gains)/losses	887	(5,189)	–	2,938
Deferred expenditure written off	73,640	–	–	–
Provision for write-down of non-current assets	39,627	–	1,375	–
Provision for legal settlements and other expenses	6,191	–	–	–
General and administration expenses:				
Provision for doubtful debts	8,851	1,360	–	–
Bad debts written off – other	21,172	844	–	–
Other general and administration expenses	158,338	*	11,519	*
Total general and administration expenses	188,361	*	11,519	*
Total expenses excluding borrowing costs expense	891,758	628,247	35,673	6,213
Borrowing costs expense				
Associate and other entities	38,674	34,344	13,599	13,356
Controlled entities	–	–	3,042	1,309
Finance lease interest	680	356	–	30
Other borrowing expenses	338	*	26	*
Total borrowing costs expense	39,692	34,700	16,667	14,695

*Comparative not required due to initial adoption of new accounting standard AASB 1018 Statement of Financial Performance

Notes to the Financial Statements

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
2 REVENUES AND EXPENSES – CONTINUING OPERATIONS CONTINUED				
(c) Losses and gains				
Loss on sale of property, plant and equipment	(22,124)	-	-	-
Loss on sale of investments	(3,537)	-	-	-
Profit on sale of:				
Property, plant and equipment	525	1,335	10	-
Investments	194,736	81	-	-
Profit on conversion of convertible notes	759	8,899	759	8,899
(d) Significant Items				
The following items are individually significant in explaining the financial performance of the group. Previous year amounts are items classified as 'abnormal' under superseded accounting standards.				
Partial sale of VRB Pty. Ltd group				
Revenue	314,908	-	522,024	-
Cost of investment sold	(123,658)	-	-	-
Profit on sale	191,250	-	522,024	-
Write-down of fixed assets and loans	(73,914)	-	-	-
Deferred expenditure written off	(62,658)	-	-	-
Provision for legal settlements and lease exit costs	(5,210)	-	-	-
Total profit (loss) from significant items before tax	49,468	-	522,024	-
Related tax	-	-	-	-
Total profit (loss) from significant items after tax	49,468	-	522,024	-
<i>Items classified as abnormal in previous year – continuing operations</i>				
Profit on sale and restructuring of investments	-	20,524	-	-
Applicable income tax	-	(455)	-	-
	-	20,979	-	-
Realised foreign exchange gain	-	16,979	-	16,979
Applicable income tax	-	6,112	-	6,112
	-	10,867	-	10,867
Provision for legal and employee settlements	-	(1,100)	-	-
Applicable income tax	-	(396)	-	-
	-	(704)	-	-
Development costs and projects written off	-	(2,586)	-	-
Applicable income tax	-	(931)	-	-
	-	(1,655)	-	-
Dividends received from controlled entities	-	-	-	425,515
Applicable income tax	-	-	-	-
	-	-	-	425,515
Total abnormal items before tax	-	33,817	-	442,494
Total abnormal items after tax	-	29,487	-	436,382

CONSOLIDATED

2001 2000

3 EARNINGS PER SHARE

(a) Earnings Per Share

Basic EPS	12.98 cents	21.95 cents
Total EPS (Note i)	11.64 cents	16.54 cents

(b) Earnings per share adjusted to eliminate discontinuing operations and significant items from the calculations

Basic EPS	20.84 cents	26.38 cents
Total EPS (Note i)	15.56 cents	18.82 cents

Weighted average number of issued ordinary shares during the year used in determining earnings per ordinary share (basic) was 236,843,891 (2000 236,059,597). The weighted average number of total issued shares during the year used in determining total earnings per share (basic) was 473,920,218 (2000 456,653,936). Diluted EPS is not materially different to Basic EPS and the number of potential ordinary shares that are not dilutive is nil.

(i) Total EPS represents earnings per share on total ordinary and A class preference shares. This is an alternative form of measurement to Basic EPS.

The change in accounting policy in relation to deferred expenditure reduced Basic EPS by 33.84 cents from 46.82 cents, and reduced Total EPS by 16.89 cents from 28.53 cents per share.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
4 INCOME TAX				
Prima facie income tax attributable to reported profit from ordinary activities – continuing operations	51,554	46,182	172,142	184,625
Which is adjusted for:				
Prior year adjustment	-	439	-	-
Non-tax deductible expenses	15,246	8,820	31	-
Rebatable dividends	-	-	-	(170,952)
Other tax deductible expenditure	-	-	-	-
Non-taxable income	(3,304)	(11,515)	-	-
Prior year losses not previously brought to account	(36,304)	(26,632)	(172,173)	(12,879)
Tax on unit trust distributions included in equity profits	(2,019)	(1,064)	-	-
Tax on partnership profits included in revenues	(2,063)	(1,149)	-	-
Income tax expense – continuing operations	23,110	15,081	-	794
Income tax expense – discontinuing operations	-	(9,032)	-	-
Total income tax expense	23,110	6,049	-	794
Which is adjusted for:				
Prior year adjustment	-	-	-	-
Provision for tax acquired	-	-	-	-
Future income tax benefit	5,873	-	-	-
Deferred income tax liability	(21,716)	(5,816)	-	(794)
Income tax payable	7,267	233	-	-
The following future income tax benefits arising from tax losses of controlled entities have not been brought to account, as realisation of those benefits is not virtually certain				
Benefits for revenue losses	85,350	153,657	-	-
Benefits for capital losses	86,925	132,019	-	-

These benefits will only be obtained if:

- (a) the entity derives future assessable income of a nature and amount sufficient to enable the benefits of deductions for the losses to be realised;
- (b) there is continuity of compliance with the conditions for deductibility, imposed by law; and
- (c) no changes in tax legislation adversely affect the entity from realising the benefits of deductions for the losses.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
5 DIVIDENDS				
Dividends provided for				
Ordinary shares at 7.175 cents per share (franked to 2.817 cents) (2000 7.175 cents unfranked)	16,939	16,939	16,939	16,939
A class preference shares at 10.175 cents per share (franked to 3.995 cents) (2000 10.175 cents unfranked)	24,440	23,695	24,440	23,695
	41,379	40,634	41,379	40,634
Franking credit balance as at the end of the financial year (at 34%)			6,400	-
6 STATEMENT OF CASH FLOWS				
(a) Reconciliation of cash				
Cash balance comprises:				
Cash on hand and at bank	11,610	62,014	176	3,546
Deposits at call	291,684	7,849	50	-
	303,294	69,863	226	3,546
(b) Reconciliation of operating profit after tax to net operating cash flows				
Net operating profit after tax	55,079	75,517	506,299	512,052
Adjust for:				
Depreciation	38,899	41,332	907	987
Amortisation	29,484	33,796	920	293
Deferred costs expensed	82,583	-	1,375	-
Other write-offs	45,819	-	-	-
Provisions	61,311	14,179	(38)	1,775
Profit on disposal of assets	(172,697)	(1,416)	(519,562)	-
Abnormal items	-	5,687	-	(442,494)
Exchange (profit)/loss	5,735	(5,371)	-	(2,938)
Net equity accounted profits	(17,375)	-	-	-
Profit on conversion of convertible notes	(759)	(8,899)	(759)	(8,899)
Changes in assets and liabilities:				
Trade receivables	(42,565)	(44,727)	594	10,665
Trade creditors	37,085	49,411	197	(1,560)
Unearned income	31,571	-	-	-
Other payables and provisions	28,075	-	1,239	-
Inventories	(361)	6,141	-	-
Work in progress	-	(7,788)	-	-
Prepayments and other assets	2,876	1,597	(424)	113
Capitalised borrowing costs	-	(4,827)	-	-
Net operating cash flows	184,760	154,632	(9,252)	69,994

(c) Undrawn credit facilities

The economic entity has undrawn credit facilities at balance date of \$183.7 million (2000 \$129.7 million)

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
7 RECEIVABLES				
Current				
Trade debtors	216,455	181,813	4,045	4,639
Provision for doubtful debts ¹	(14,609)	(5,112)	-	-
	201,846	176,701	4,045	4,639
Due from associated entities	2,078	187	-	-
Other advances	3,444	11,912	-	-
	207,368	188,800	4,045	4,639
Non-current				
Unsecured advances – other	99,993	83,264	1,226	2,597
Provision for non-recovery	(5,528)	(25,968)	(1,220)	-
	94,465	57,296	6	2,597
Unsecured advances – executive loans (refer Note 33(d))	31,498	20,644	-	-
	125,963	77,940	6	2,597
Owing by:				
Controlled entities	-	-	1,335,717	1,360,496
Associated entities	157,854	184,375	-	-
	283,817	262,315	1,335,723	1,363,093
1 Reconciliation of movement in provision for trade debtors				
Opening balance	5,112			
Related to discontinuing operations	10,071			
Other movements	(574)			
Closing balance	14,609			
8 INVENTORIES				
Current				
Merchandise held for resale – cost	3,158	2,797	-	-
9 RADIO LICENCES				
At cost	461,108	454,663	-	-
Less amortisation	(300)	-	-	-
	460,808	454,663	-	-

As at 30 June 2001, the Directors of Austereo Group Limited valued radio licences at \$923.4 million, based on an independent valuation by a qualified valuer. The Village Roadshow Limited group has continued to record these radio licences at cost. Both the valuation of \$923.4 million and cost of \$461.1 million represent 100% of the radio licences.

	Notes	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
		2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
10 OTHER ASSETS					
Current					
Film projects, productions advances and other work in progress		61,554	130,833	-	-
Less amortisation		(42,913)	(113,345)	-	-
		18,641	17,488	-	-
Prepayments		12,327	19,840	39	45
Distribution rights (net) and other assets		2,046	5,051	-	-
		33,014	42,379	39	45
Non-current					
Sites under construction		8,575	9,253	-	-
Pre-opening costs on sites opened ¹		-	36,744	-	-
Less amortisation		-	(8,397)	-	-
		-	28,347	-	-
Other deferred expenditure ¹		12,114	64,098	10,595	2,860
Less amortisation		(2,764)	(10,940)	(524)	(520)
		9,350	53,158	10,071	2,340
Operating rights/licences ¹		-	21,240	-	136
Less amortisation		-	(10,395)	-	(15)
		-	10,845	-	121
Capitalised interest ¹		-	16,301	-	686
Less amortisation		-	(5,222)	-	(142)
		-	11,079	-	544
Security deposits and other assets		6,685	12,904	430	217
		24,610	125,586	10,501	3,222
<p>1 As outlined in Note 1(a)(iii) the consolidated entity has changed the accounting policy in relation to certain components of other non-current assets at 1 July 2000, resulting in \$62.3 million being written off in the current year relating to continuing operations and \$21.6 million relating to discontinuing operations.</p>					
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Non-current					
Investments in associates					
Unlisted shares		150,990	135,013	1,845	858
Listed shares		40,248	36,144	-	-
Provision for diminution in value		(12,538)	(536)	-	-
		178,700	170,621	1,845	858
Investments in joint venture partnerships		187,323	166,160	-	-
		366,023	336,781	1,845	858

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED		
(a) Investments in associates		
(i) Share of associates' profits/(losses)		
Operating profits/(losses) before income tax	26,928	15,377
Income tax (expense)/benefit attributable to operating profits/(losses)	(7,022)	(2,598)
Operating profits/(losses) after income tax	19,906	12,779
Amortisation of goodwill on acquisition	(2,531)	(2,104)
Share of associates' profits/(losses)	17,375	10,675
(ii) Summarised contribution to profits/(losses) by entity		
	EQUITY SHARE OF PROFITS/(LOSSES) AFTER TAX	
Entity	2001 \$'000	2000 \$'000
Ballarat Cinemas Pty Ltd	(190)	(142)
Cinemax SA	(355)	904
City Entertainment Corp Ltd	2,168	(65)
CJ Golden Village Company Ltd	-	1,647
CJV Company Ltd	7,505	1,215
Dartina Developments Ltd	217	270
EGV Exhibition Company Ltd	-	(570)
Entertain Golden Village Co Ltd	(1,265)	(333)
Roadshow Distributors Pty. Limited	(1,955)	(2,289)
Roadshow Unit Trust	3,863	3,266
Sea World Property Trust (Listed)	5,219	3,763
Staging Connections (Vic) Pty Ltd	(188)	327
Tri-Village Developments BV	3,101	104
Village Cinemas SA	(5,042)	423
Village Nine Leisure Operations (M) Sdn Bhd	1,522	(492)
Village Roadshow Greece SA	1,135	2,065
Warner Village Cinemas SPA	2,342	(1,768)
Warner Village Exhibition Ltd	(352)	1,299
Other	(350)	1,051
	17,375	10,675
(iii) Equity accounted share of associates		
Accumulated profits/(losses):		
At beginning of year	23,295	11,590
At end of year	40,632	23,295
Other reserves:		
At beginning of year	20,584	14,863
At end of year	22,799	20,584

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED		
(a) Investments in associates continued		
(iv) Carrying amount of investments in associates		
Balance at beginning of year	170,621	168,515
Investments equity accounted for the first time	124	6,367
Increase in cost of Investments	13,986	16,055
Investments no longer equity accounted	(2,237)	(19,935)
Provision for diminution of investment	(12,002)	-
Share of associates profit	17,375	10,675
Dividends from associates	(11,382)	(8,901)
Share of associates increase in reserves	2,215	(2,155)
Balance at end of year	178,700	170,621

Equity accounted carrying amount of investments in associates represented by

Name	Business	% owned	CONSOLIDATED CARRYING VALUES	
			2001 \$'000	2000 \$'000
All Asia Radio Technologies Sdn Bhd	Music media	50.00%	490	-
Ballarat Cinemas Pty. Limited	Cinema owner	50.00%	4,629	4,819
Cinemax SA	Cinema operator	50.00%	2,060	2,278
Cinematografica Junin SA	Cinema investor	55.00%	297	102
CJV Company Limited	Cinema operator	50.00%	35,925	8,794
CJ Golden Village Company Limited	Cinema operator	-	-	21,111
Dartina Development Limited	Multiplex investor	50.00%	538	109
Entertain Golden Village Co. Limited	Cinema manager	49.90%	8,665	9,889
Five Hundred Chapel Street Pty. Limited	Nominee company	50.00%	158	158
Priya Village Roadshow Limited	Cinema operator	40.00%	2,714	1,224
Roadshow Distributors Pty. Limited	Film distributors	50.00%	14,217	16,092
Roadshow Unit Trust	Film distributor to TV	50.00%	7,643	7,713
Sea World Property Trust (Listed)	Theme park lessor	40.32%	40,248	36,144
Staging Connections (Vic) Pty. Limited	Audio visual services	-	-	1,292
Subiaco Cinemas Unit Trust	Cinema operator	24.90%	301	320
Sydney FM Facilities Pty. Limited	Radio transmitter	50.00%	454	507
Village Nine Leisure Operations (M) Sdn. Bhd	Leisure centre developer	-	-	469
Village Cinemas SA ¹	Cinema operator	55.00%	43,982	52,791
Village Force Cinemas Limited	Cinema manager	50.00%	296	264
Tri-Village Developments BV	Cinema developer	50.00%	5,598	142
Village Roadshow Greece SA	Investor in cinema business	50.00%	5,583	4,518
Village Twin Cinemas (Morwell) Pty. Limited	Cinema operator	50.00%	439	472
Warner Roadshow Film Distributors Greece SA	Film distribution	50.00%	387	181
Warner Village (D&B) Limited	Cinema design and building	49.99%	248	207
Warner Village Cinemas SPA	Cinema owner/operator	45.00%	3,016	450
Warner Village Exhibition Limited	Cinema operator	49.99%	2,209	2,344
Other equity accounted entities in aggregate	N/A	N/A	(1,397)	(1,769)
			178,700	170,621

1 Although the chief entity has a 55% ownership interest in the issued share capital of Village Cinemas SA, it does not control the voting rights. Consequently, it has been determined with reference to AASB 1016 Accounting for Investments in Associates, that the chief entity has significant influence over the entity as opposed to control. It has therefore been accounted for as an associate.

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED		
(a) Investments in associates continued		
(v) Share of net assets of associates		
The economic entity's share of net assets of associates in aggregate at 30 June 2001 is		
Current assets	239,429	258,205
Non-current assets	1,078,157	941,609
Current liabilities	(214,135)	(248,379)
Non-current liabilities	(944,671)	(803,670)
Net assets	158,780	147,765
(vi) Events subsequent to reporting date		
No event has occurred after reporting date in relation to any associated entity which could materially affect their financial position or operating performance.		
(vii) The annual balance date of associated entities is 30 June, except for the following		
Cinemax SA	31 December	
CJV Company Limited	31 December	
Golden Village (Taiwan) Co. Limited	31 December	
Priya Village Roadshow Limited	31 March	
Sea World Property Trust	31 December	
Tanjong Golden Village Sdn Bhd	31 December	
Village Roadshow Greece SA	31 December	
Warner Village Cinemas Company Limited	30 November	
Warner Village Cinemas Limited	30 November	
Warner Village Cinemas SPA	30 November	
Warner Village (D&B) Limited	30 November	
Warner Village (Design & Build) Limited	30 November	
Warner Village Exhibition Limited	30 November	
Warner Roadshow Film Distributors Greece SA	31 December	
Warner Village Investments Limited	30 November	
Warner Village Properties Limited	30 November	
Warner Village Trustees Limited	30 November	
(b) Interests in joint venture entities/partnerships		
(i) Share of joint venture entities/partnerships' profits/(losses)		
Operating profits/(losses) before income tax	10,095	8,975
Income tax expense/(benefit) attributable to operating profits/(losses)	(2,019)	(1,795)
Operating profits/(losses) after income tax	8,076	7,180
Amortisation of goodwill on acquisition	-	-
Share of joint venture entities/partnerships' profits/(losses)	8,076	7,180

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

(b) Interests in joint venture entities/partnerships continued

(ii) Summarised contribution to profits/(losses) by entity

Entity	EQUITY SHARE OF PROFITS/(LOSSES) AFTER TAX	
	2001 \$'000	2000 \$'000
Albury Regent Cinemas Partnership	180	321
Movie World Enterprises Partnership	2,085	2,173
Sea World Aviation Partnership	74	221
Sea World Enterprises Partnership	759	818
Tasmanian Cinemas Partnership	(172)	849
Staging Connections Partnership	519	627
Unison Productions Partnership	439	909
Warner Village Exhibition Management Partnership	3,561	1,070
Warner Village Cinema Management Partnership	631	-
Other	-	192
	8,076	7,180
(iii) Equity accounted share of joint venture entities/partnerships		
Accumulated profits/(losses)		
At beginning of year	17,322	13,080
At end of year	25,398	17,322
Other reserves		
At beginning of year	-	-
At end of year	-	-
(iv) Carrying amount of investment in joint venture entities/partnerships		
Balance at beginning of year	166,160	174,814
Share of partnership operating profit before tax	10,095	8,975
Income tax expense	(2,019)	(1,795)
Net partnership distributions	(320)	(4,956)
Change in carrying value due to currency revaluation	13,407	(10,878)
Balance at end of year	187,323	166,160

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

(b) Interests in joint venture entities/partnerships continued

(iv) Carrying amount of investment in joint venture entities/partnerships continued

Name	Business	% owned	CONSOLIDATED CARRYING VALUES	
			2001 \$'000	2000 \$'000
Albury Regent Cinemas	Cinema operator	50.00%	104	199
Hastings & Napier Cinemas	Cinema operator	12.00%	-	-
Morwell Cinemas Partnership	Cinema operator	-	-	-
Movie World Enterprises	Theme park operator	50.00%	2,656	1,050
Sea World Aviation	Helicopter ride operator	50.00%	927	1,235
Sea World Enterprises	Theme park operator	50.00%	1,979	2,430
Staging Connections (Australia)	Audio visual hire	-	-	-
Staging Connections (Brisbane)	Audio visual hire	-	-	(50)
Staging Connections (Cairns)	Audio visual hire	-	-	-
Staging Connections (Gold Coast)	Audio visual hire	-	-	-
Staging Connections (IDT)	Audio visual hire	-	-	-
Staging Connections (Tasmania)	Audio visual hire	-	-	-
Staging Connections (WA)	Audio visual hire	-	-	(94)
Staging Connections (Whitsunday)	Audio visual hire	-	-	-
Staging Connections Coffs Harbour	Audio visual hire	-	-	-
Staging Connections Wollongong	Audio visual hire	-	-	-
Tasmanian Cinemas	Cinema operator	50.00%	1,302	1,518
Unison Productions	Audio visual hire	-	-	-
Warner Village Cinema Management	Manager of cinema business	50.00%	962	144
Warner Village Exhibition Management	Manager of cinema business	50.00%	6,947	2,195
Warner Village Investments Ltd	Investor in cinema operator	49.99%	172,446	157,533
			187,323	166,160

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
(v) Share of net assets of joint venture entities/partnership interests		
The economic entity's share of net assets of partnership interests in aggregate is		
Current assets	25,446	21,645
Non-current assets	517,279	398,974
Current liabilities	(14,395)	(13,916)
Non-current liabilities	(340,901)	(234,585)
Net assets	187,429	172,118

(vi) Events subsequent to reporting date

No event has occurred after reporting date in relation to any partnership which could materially affect their financial position or operating performance.

(vii) The annual balance date of joint venture entities/partnership interests is 30 June, except for the following

Movie World Enterprises	30 November
Sea World Aviation	30 November
Sea World Enterprises	30 November
Warner Village Cinema Management	30 November
Warner Village Exhibition Management	30 November
Warner Village Investments Ltd	30 November

Notes to the Financial Statements

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
12 OTHER FINANCIAL ASSETS				
Non-current				
Investments at cost comprise				
Shares – Unlisted	14,763	3,065	5,843	5,843
– Controlled Entities	–	–	718,132	272,975
	14,763	3,065	723,975	278,818

(a) Investments in controlled entities

Name	Incorporated in	% owned	VILLAGE ROADSHOW LIMITED CARRYING VALUES	
			2001 \$'000	2000 \$'000
2 Day FM Australia Pty. Limited	Australia	100.00%	–	–
Allehondro Pty. Limited	Australia	100.00%	–	–
Animus No. 2 Pty. Limited	Australia	100.00%	–	–
Aqua Del Rey International Pty. Limited	Australia	100.00%	1	–
Aras Park Pty. Limited	Australia	100.00%	–	–
Austereo Broadcast Data Pty. Limited	Australia	57.50%	–	–
Austereo Capital FM Pty. Limited	Australia	57.50%	–	–
Austereo Direct Marketing Pty. Limited	Australia	57.50%	–	–
Austereo Entertainment Pty. Limited	Australia	57.50%	–	–
Austereo ESP Finance Pty. Limited	Australia	57.50%	–	–
Austereo Group Limited	Australia	57.50%	445,156	–
Austereo International Pty. Limited	Australia	57.50%	–	–
Austereo Investments Pty. Limited	Australia	57.50%	–	–
Austereo Mall Advertising Pty. Limited	Australia	57.50%	–	–
Austereo Pty. Limited	Australia	57.50%	–	–
B105 FM Pty. Limited	Australia	100.00%	–	–
Baltimore House Pty. Limited	Australia	100.00%	–	–
Blackstone Pty. Limited	Australia	100.00%	–	–
Blouseman Productions Inc.	United States	100.00%	–	–
Broadcast FM Pty. Limited	Australia	57.50%	–	–
Bruce Nixon Smith Trust	Australia	48.30%	–	–
C0015744X Pty. Limited	Australia	100.00%	–	–
Cinema Investments Italia SPA	Italy	100.00%	–	–
Colorado Bay Pty. Limited	Australia	100.00%	–	–
Consolidated Broadcasting System (WA) Pty. Limited	Australia	57.50%	–	–
Daydream Finance Holdings Pty. Limited	Australia	100.00%	–	–
Daydream Finance Pty. Limited	Australia	100.00%	–	–
Daydream Investments Holdings Pty. Limited	Australia	100.00%	–	–
Daydream Operations Holdings Pty. Limited	Australia	100.00%	–	–
DEG Holdings Pty. Limited	Australia	100.00%	70	70
DIIR Pty. Limited	Australia	100.00%	–	–
Emperion Pty. Limited	Australia	100.00%	–	–
Entertainment and Leisure Operations Inc.	British Virgin Islands	100.00%	–	–
Entertainment of The Future Pty. Limited	Australia	100.00%	–	–
Entertainment Research Pty. Limited	Australia	57.50%	–	–
Equipment Sales and Service Wholesaler Pty Limited	Australia	100.00%	–	–
Euramo Pty. Limited	Australia	100.00%	–	–
Feature Productions Pty. Limited	Australia	100.00%	–	–
Film Services (Australia) Pty. Limited	Australia	100.00%	–	–
		c/fwd.	445,227	70

VILLAGE ROADSHOW LIMITED
CARRYING VALUES

Name	Incorporated in	% owned	2001 \$'000	2000 \$'000
12 OTHER FINANCIAL ASSETS CONTINUED				
(a) Investments in controlled entities continued				
		b/fwd.	445,227	70
FM 104 Pty. Limited	Australia	100.00%	-	-
FM Broadcasting Pty. Limited	Australia	100.00%	-	-
FM Media (ACT) Pty. Limited	Australia	100.00%	-	-
FM Media Finance Pty. Limited	Australia	100.00%	-	-
FM Media Finance Trust	Australia	100.00%	-	-
FM Media Overseas Pty. Limited	Australia	100.00%	-	-
FM Operations Pty. Limited	Australia	100.00%	-	-
Fortress Films II Pty. Limited	Australia	100.00%	-	-
Fortress Films Pty. Limited	Australia	100.00%	-	-
Fortress Production Services Pty. Limited	Australia	100.00%	-	-
Fox FM Pty. Limited	Australia	100.00%	-	-
Grand Prix FM Pty. Limited	Australia	100.00%	-	-
Hale Equipment Leasing Limited	Cyprus	100.00%	-	-
Hotel No.2 Trust	Australia	100.00%	-	-
Hotel No.3 Trust	Australia	100.00%	-	-
IMP International Pty. Limited	British Virgin Islands	-	-	-
International Equipment Supplying Limited	Hungary	100.00%	-	-
International Theatre Equipment Leasing Pty. Limited	Australia	100.00%	-	-
Intertasman Entertainments Limited	New Zealand	100.00%	-	-
Intencity Operations Inc.	Labuan	100.00%	-	-
Intencity Pty. Limited	Australia	100.00%	-	-
Jack The Ripper Productions Inc.	United States	100.00%	-	-
Jantar PLC SA	British Virgin Islands	100.00%	-	-
Jantar Productions Inc.	United States	100.00%	-	-
Jaran Bay Pty. Limited	Australia	100.00%	-	-
Jimbolla Pty. Limited	Australia	100.00%	-	-
Kaiser Finance and Investments Limited	Cayman Islands	100.00%	-	-
Kirby Banner Pty. Limited	Australia	100.00%	-	-
Larry Bruce Communications Pty. Limited	Australia	43.13%	-	-
Leisure Industries Inc.	British Virgin Islands	100.00%	6	6
Madison Hall Pty. Limited	Australia	100.00%	-	-
Marketing Austereo Village Integrated Solutions Pty. Limited	Australia	57.50%	-	-
Medbourne Proprietary Limited	Australia	100.00%	-	-
Melbourne FM Radio Pty. Limited	Australia	100.00%	-	-
Meskan House Pty. Limited	Australia	100.00%	-	-
Mount Gambier Broadcasters Pty. Limited	Australia	100.00%	-	-
MX Promotions Pty. Limited	Australia	100.00%	-	-
MX Services Pty. Limited	Australia	100.00%	-	-
Narrowcast1 Pty. Limited	Australia	57.50%	-	-
Narrowcast2 Pty. Limited	Australia	57.50%	-	-
New Broadcasting Pty. Limited	Australia	100.00%	-	-
Nu-Pay View Entertainment Pty. Limited	British Virgin Islands	100.00%	-	-
NW Productions Inc.	United States	100.00%	-	-
Pacific Drive Productions Pty. Limited	Australia	100.00%	-	-
Paradise Beach Productions Pty. Limited	Australia	100.00%	-	-
Paradise Road Films Pty. Limited	Australia	100.00%	-	-
Perth FM Radio Pty. Limited	Australia	57.50%	-	-
Pietman Pty. Limited	Australia	100.00%	-	-
Plan B Entertainment Inc.	United States	100.00%	-	-
		c/fwd.	445,233	76

			VILLAGE ROADSHOW LIMITED	
			CARRYING VALUES	
Name	Incorporated in	% owned	2001 \$'000	2000 \$'000
12 OTHER FINANCIAL ASSETS CONTINUED				
(a) Investments in controlled entities continued				
		b/fwd.	445,233	76
Radio & Research Pty. Limited	Australia	57.50%	-	-
Radio Newcastle Pty. Limited	Australia	57.50%	-	-
Reidhaven Holdings Pty. Limited	Australia	100.00%	-	-
Roadshow, Coote & Carroll Pty. Limited	Australia	100.00%	684	684
Sinclud Investments Pty. Limited	Australia	100.00%	-	-
Staging Connections (SA) Pty. Limited	Australia	-	-	-
TAJ Walker Pty. Limited	British Virgin Islands	100.00%	-	-
Tarzan Films Pty. Limited	Australia	100.00%	-	-
Tarzan Productions Pty. Limited	Australia	100.00%	-	-
The Triple-M Broadcasting Company Pty. Limited	Australia	100.00%	-	-
Today FM Brisbane Pty. Limited	Australia	57.50%	-	-
Today FM Sydney Pty. Limited	Australia	57.50%	-	-
Today Radio Network Pty. Limited	Australia	57.50%	-	-
Triple M Adelaide Pty. Limited	Australia	57.50%	-	-
Triple M Brisbane Pty. Limited	Australia	57.50%	-	-
Triple M Network Pty. Limited	Australia	57.50%	-	-
Triple M Sydney Pty. Limited	Australia	57.50%	-	-
Triple M Radio Holdings Pty. Limited	Australia	100.00%	-	-
Village Cinemas Australia Pty. Limited	Australia	100.00%	33,062	33,062
Village Cinemas Czech Republic SRO	Czech Republic	100.00%	-	-
Village Cinemas GmbH	Austria	100.00%	-	-
Village Cinemas International Pty. Limited	Australia	100.00%	225,000	225,000
Village Cinemas N.Z. Pty Limited	Australia	100.00%	-	-
Village Entertainment Equipment Sales & Service Pty Limited	Australia	100.00%	-	-
Village Equipment Distribution Australia Pty Limited	Australia	100.00%	-	-
Village Holdings (N.Z.) 1999 Limited	New Zealand	100.00%	-	-
Village Leisure Company Pty Limited	Australia	100.00%	-	-
Village Nine Leisure Operations (M) SDN Bhd	Malaysia	100.00%	-	-
Village Online Investments Pty. Limited	Australia	100.00%	-	-
Village Roadshow (Asia) Pty. Limited	Australia	100.00%	-	-
Village Roadshow (D & B) Limited	United Kingdom	100.00%	-	-
Village Roadshow (Fiji) Limited	Fiji	100.00%	-	-
Village Roadshow (Hong Kong) Limited	Hong Kong	100.00%	-	-
Village Roadshow (Hungary) Distribution KFT	Hungary	100.00%	-	-
Village Roadshow (Schweiz) GmbH	Switzerland	-	-	-
Village Roadshow (Singapore) Pte. Limited	Singapore	100.00%	-	-
Village Roadshow (Thailand) Pty. Limited	Australia	100.00%	-	-
Village Roadshow Bayonne SNC	France	-	-	-
Village Roadshow Boulange Billancourt SNC	France	-	-	-
Village Roadshow Car Park Management Pty. Limited	Australia	100.00%	-	-
Village Roadshow Cinemas UK Limited	United Kingdom	100.00%	-	-
Village Roadshow Coburg Pty. Limited	Australia	100.00%	-	-
Village Roadshow Custodians Pty. Limited	Australia	100.00%	-	-
Village Roadshow Developments Pty. Limited	Australia	100.00%	-	-
Village Roadshow Distribution (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Distribution (Malaysia) Sdn Bhd	Malaysia	100.00%	-	-
Village Roadshow Distribution Netherlands BV	Netherlands	100.00%	-	-
Village Roadshow Distribution Pty. Limited	Australia	100.00%	-	-
Village Roadshow Distribution USA Inc.	United States	100.00%	-	-
Village Roadshow Equipment Pty. Limited	Australia	100.00%	-	-
Village Roadshow Exhibition Beteiligungs GmbH	Germany	100.00%	-	-
		c/fwd.	703,979	258,822

VILLAGE ROADSHOW LIMITED
CARRYING VALUES

Name	Incorporated in	% owned	2001 \$'000	2000 \$'000
12 OTHER FINANCIAL ASSETS CONTINUED				
(a) Investments in controlled entities continued				
		b/fwd.	703,979	258,822
Village Roadshow Exhibition (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Exhibition GmbH & Co. KG Partnership	Germany	100.00%	-	-
Village Roadshow Exhibition GmbH Kinobetriebe	Germany	100.00%	-	-
Village Roadshow Exhibition Properties Limited	Guernsey	100.00%	-	-
Village Roadshow Exhibition Pty. Limited	Australia	100.00%	-	-
Village Roadshow Exhibition UK Limited	United Kingdom	100.00%	-	-
Village Roadshow Film Administration Pty. Limited	Australia	100.00%	-	-
Village Roadshow Film Distributor Pty. Limited	Australia	100.00%	-	-
Village Roadshow Film Distributors Greece EPE	Greece	100.00%	-	-
Village Roadshow Film Finance Pty. Limited	Australia	100.00%	-	-
Village Roadshow Film Operator Pty. Limited	Australia	100.00%	-	-
Village Roadshow Film Services Pty. Limited	Australia	100.00%	-	-
Village Roadshow Film Treasury Pty. Limited	Australia	100.00%	-	-
Village Roadshow Films (UK) Limited	United Kingdom	100.00%	-	-
Village Roadshow Finance Pty. Limited	Australia	100.00%	-	-
Village Roadshow Finance & Investments Pty. Limited	Australia	100.00%	12,499	12,499
Village Roadshow FM Pty. Limited	Australia	100.00%	987	987
Village Roadshow France SARL	France	-	-	-
Village Roadshow Germany GmbH	Germany	100.00%	-	-
Village Roadshow GmbH	Austria	100.00%	-	-
Village Roadshow Grundstücksentwicklungs GmbH	Germany	100.00%	-	-
Village Roadshow Holdings Britain Limited	United Kingdom	100.00%	-	-
Village Roadshow Holdings Pty. Limited	Australia	100.00%	-	-
Village Roadshow Holdings USA Inc.	United States	100.00%	-	-
Village Roadshow Hungary RT	Hungary	100.00%	-	-
Village Roadshow Intencity Pty. Limited	Australia	100.00%	-	-
Village Roadshow International BV	Netherlands	100.00%	-	-
Village Roadshow Investments UK Limited	United Kingdom	100.00%	-	-
Village Roadshow Investments Pty. Limited	Australia	100.00%	-	-
Village Roadshow Italy Holdings SRL	Italy	100.00%	-	-
Village Roadshow Jam Factory Pty. Limited	Australia	100.00%	-	-
Village Roadshow Leisure Pty. Limited	Australia	100.00%	-	-
Village Roadshow Licensing & Finance Limited	United Kingdom	100.00%	-	-
Village Roadshow Luxembourg SA	Luxembourg	100.00%	-	-
Village Roadshow Manakau Cinemas Pty. Limited	Australia	100.00%	-	-
Village Roadshow Mauritius Ltd	Mauritius	100.00%	-	-
Village Roadshow Motion Pictures (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Motion Pictures Pty. Limited	Australia	100.00%	-	-
Village Roadshow New Distribution USA Inc.	United States	100.00%	-	-
Village Roadshow New Productions (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Nice SNC	France	-	-	-
Village Roadshow Operations (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Operations Greece SA	Greece	100.00%	-	-
Village Roadshow Participations SARL	France	-	-	-
Village Roadshow Perpignon SNC	France	-	-	-
Village Roadshow Pictures (Australia) Pty. Limited	Australia	100.00%	-	-
Village Roadshow Pictures (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Pictures (U.S.A.) Inc.	United States	100.00%	663	663
Village Roadshow Pictures Entertainment Inc.	United States	100.00%	-	-
Village Roadshow Pictures International Pty. Limited	Australia	100.00%	-	-
Village Roadshow Pictures Pty. Limited	Australia	100.00%	-	-
	c/fwd.		718,128	272,971

			VILLAGE ROADSHOW LIMITED	
			CARRYING VALUES	
Name	Incorporated in	% owned	2001 \$'000	2000 \$'000
12 OTHER FINANCIAL ASSETS CONTINUED				
(a) Investments in controlled entities continued				
		b/fwd.	718,128	272,971
Village Roadshow Pictures Television Pty. Limited	Australia	100.00%	-	-
Village Roadshow Pictures Worldwide Pty. Limited	Australia	100.00%	-	-
Village Roadshow Production Services Pty. Limited	Australia	100.00%	1	1
Village Roadshow Productions (BVI) Limited	British Virgin Islands	100.00%	-	-
Village Roadshow Productions Inc.	United States	100.00%	-	-
Village Roadshow Project Management Pty. Limited	Australia	100.00%	-	-
Village Roadshow Properties (Malaysia) Sdn Bhd	Malaysia	100.00%	-	-
Village Roadshow Properties Limited	Guernsey	100.00%	-	-
Village Roadshow Properties Switzerland GmbH	Switzerland	-	-	-
Village Roadshow Property Development Pty. Limited	Australia	100.00%	1	1
Village Roadshow Property Finance Pty. Limited	Australia	100.00%	2	2
Village Roadshow Resorts Pty. Limited	Australia	100.00%	-	-
Village Roadshow Retail Stores Pty. Limited	Australia	100.00%	-	-
Village Roadshow Roubaix SNC	France	-	-	-
Village Roadshow Theatres Europe Limited	United Kingdom	100.00%	-	-
Village Roadshow Theatres Guernsey Limited	Guernsey	100.00%	-	-
Village Roadshow Theatres Pty. Limited	Australia	100.00%	-	-
Village Roadshow Ticketing Pty. Limited	Australia	100.00%	-	-
Village Roadshow Treasury Pty. Limited	Australia	100.00%	-	-
Village Roadshow UK Holdings Pty. Limited	Australia	100.00%	-	-
Village Roadshow Warehousing Services Pty. Limited	Australia	100.00%	-	-
Village Sea World Aviation Pty. Limited	Australia	100.00%	-	-
Village Sea World Investments Pty. Limited	Australia	100.00%	-	-
Village Sea World Operations Pty. Limited	Australia	100.00%	-	-
Village Theatres 3 Limited	United Kingdom	100.00%	-	-
Village Theatres (Brisbane) Pty. Limited	Australia	100.00%	-	-
Village Theatres (Paddington) Pty. Limited	Australia	100.00%	-	-
Village Theatres Morwell Pty. Limited	Australia	75.00%	-	-
Village Theatres UK 3 Limited	United Kingdom	100.00%	-	-
VNR&B Pty. Limited	Australia	100.00%	-	-
VR (Matrix) Films Pty. Limited	Australia	100.00%	-	-
VR Animation Pty. Limited	Australia	100.00%	-	-
VRB Pty. Limited	Australia	57.50%	-	-
VR DSAW Productions Limited	British Virgin Islands	100.00%	-	-
VR DTE Distribution USA Inc	United States	100.00%	-	-
VR DTE Productions Limited	British Virgin Islands	100.00%	-	-
VR International Pictures Pty. Limited	Australia	100.00%	-	-
VREW Distribution USA Inc	United States	100.00%	-	-
VREW Productions (BVI) Limited	British Virgin Islands	100.00%	-	-
VRL Aluminium Pty. Limited	Australia	100.00%	-	-
VRP Film Entertainment Inc.	United States	100.00%	-	-
VRP International Distribution Pty. Limited	Australia	100.00%	-	-
VRP Production Services Pty. Limited	Australia	100.00%	-	-
VRPTV Financing Inc.	United States	100.00%	-	-
VRS Holdings Pty. Limited	Australia	100.00%	-	-
VR Zoo Distribution USA Inc	United States	100.00%	-	-
VR Zoo Productions Limited	British Virgin Islands	100.00%	-	-
Warner Bros. Studio Store Australia Pty. Limited	Australia	64.00%	-	-
Worldwide Films Pty. Limited	Australia	100.00%	-	-
			718,132	272,975

Foreign controlled entities carry out their business activities in the country of incorporation.
Material overseas entities are audited by Ernst & Young International affiliates.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
13 PROPERTY, PLANT AND EQUIPMENT				
Land				
At cost	20,583	26,268	-	-
Buildings and improvements				
At cost (completed)	69,310	53,438	-	-
Less depreciation	(16,175)	(7,294)	-	-
	53,135	46,144	-	-
Construction in progress	10,018	17,226	244	-
	63,153	63,370	244	-
Leasehold improvements				
At cost	139,696	175,386	345	345
Less amortisation	(19,139)	(26,370)	(18)	(10)
	120,557	149,016	327	335
Equipment and vehicles (owned)				
At cost	294,456	311,214	8,537	7,834
Less depreciation	(137,588)	(132,277)	(6,187)	(5,370)
	156,868	178,937	2,350	2,464
Equipment and vehicles (leased)				
At cost	18,736	20,037	556	556
less amortisation	(5,129)	(2,575)	(262)	(177)
	13,607	17,462	294	379
	374,768	435,053	3,215	3,178

(a) Valuations

As noted in the Summary of Significant Accounting Policies (Note 1), the consolidated entity has early adopted the revised AASB 1041: Revaluation of Non-current assets, and adopted the revised AASB 1010: Recoverable amount of Non-current assets. Consequently, effective 1 July 2000, the consolidated entity has elected to use the original cost basis for measurement of each class of non-current assets.

As at 30 June 2000, the Directors valued interests in land and buildings, based on a market appraisal by qualified valuers, at \$90.4 million (economic entity). These interests are recorded in the accounts (after aggregate depreciation) as follows

	\$'000
Freehold land	26,268
Buildings and improvements	45,338
	71,606

Notes to the Financial Statements

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 ¹ \$'000	2001 \$'000	2000 ¹ \$'000
13 PROPERTY, PLANT AND EQUIPMENT CONTINUED				
(b) Reconciliations				
Land				
Carrying amount at beginning	26,268	-	-	-
Additions	18	-	-	-
Disposals	(5,703)	-	-	-
Carrying amount at end	20,583	-	-	-
Buildings and improvements				
Carrying amount at beginning	46,144	-	-	-
Additions	37,762	-	-	-
Disposals	(20,861)	-	-	-
Provision for write-down	(7,742)	-	-	-
Depreciation expense	(2,168)	-	-	-
Carrying amount at end	53,135	-	-	-
Construction in progress				
Carrying amount at beginning	17,226	-	-	-
Additions	23,252	-	244	-
Disposals/Transfers	(30,460)	-	-	-
Carrying amount at end	10,018	-	244	-
Leasehold improvements				
Carrying amount at beginning	149,016	-	335	-
Additions	31,319	-	-	-
Disposals	(52,598)	-	-	-
Amortisation expense	(7,180)	-	(8)	-
Carrying amount at end	120,557	-	327	-
Equipment and vehicles (owned)				
Carrying amount at beginning	178,937	-	2,464	-
Additions	53,644	-	868	-
Disposals	(2,814)	-	(165)	-
Provision for write-down	(36,168)	-	-	-
Depreciation expense	(36,731)	-	(817)	-
Carrying amount at end	156,868	-	2,350	-
Equipment and vehicles (leased)				
Carrying amount at beginning	17,462	-	379	-
Additions	3,864	-	-	-
Disposals	(4,564)	-	-	-
Amortisation expense	(3,155)	-	(85)	-
Carrying amount at end	13,607	-	294	-

¹ Note: comparatives not required due to initial adoption of new accounting standard AASB 1041: Revaluation of Non-Current Assets

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
14 INTANGIBLES				
Goodwill purchased	44,172	42,134	-	-
Less amortisation	(7,621)	(5,841)	-	-
	36,551	36,293	-	-
Goodwill on consolidation	11,184	11,643	-	-
Less amortisation	(6,132)	(6,347)	-	-
	5,052	5,296	-	-
Other intangibles	2,992	5,658	-	-
	44,595	47,247	-	-
15 PAYABLES				
Current				
Trade and sundry creditors	222,487	183,893	274	77
Owing to:				
Controlled entities	-	-	-	-
Associated entities	6,874	10,610	-	-
Other	388	2,843	-	-
	229,749	197,346	274	77
Non-current				
Owing to:				
Controlled entities	-	-	-	35,120
Associated entities	43,095	32,240	-	-
Other	32,395	29,199	1,220	1,219
	75,490	61,439	1,220	36,339
16 INTEREST BEARING LIABILITIES				
Current				
Secured borrowings	15,511	10,057	-	-
Finance lease liabilities	2,241	5,282	113	113
	17,752	15,339	113	113
Non-current				
Secured borrowings	289,098	462,015	102,325	111,416
Finance lease liabilities	11,337	25,468	232	319
	300,435	487,483	102,557	111,735
Convertible notes	33,973	35,657	33,973	35,657

Terms and conditions relating to the above financial instruments

The chief entity has a \$120,000,000 (2000 \$180,000,000) long term finance facility. These borrowings are secured by a fixed and floating charge over all of the assets of the chief entity and 7 of its controlled entities.

Other secured borrowings are separately secured by a fixed and floating charge over assets in the Warner Bros. Movie World Joint Venture, the investment in the Sea World Property Trust and the Austereo Group Limited economic entity. The security for these borrowings is limited to the assets and undertakings of each particular operation. The lease liability is secured by a charge over the leased assets. Refer Note 32(a)(ii) for additional information concerning finance lease terms and conditions.

16 INTEREST BEARING LIABILITIES CONTINUED

On 30 April 1998, the Company issued 2,400,000 convertible debt securities of US\$50.00 each which have been disclosed partly as liabilities and partly as equity. These Perpetual Redeemable Income Debt Exchangable for StockSM ('PRIDESSM') are unsecured, subordinated perpetual debt securities, convertible at the option of the holders into A class preference shares within 10 years of issue or, at the option of the company, may be paid out in cash at the then prevailing closing price of the A class preference shares. At any time after 30 April 2008, the PRIDES may be redeemed, in whole or in part, at the option of the company upon payment of the principal and accrued unpaid interest. Subject to certain adjustments, the A class preference shares will be issuable at \$3.60 per share.

At the commencement of the year, 738,150 PRIDES remained issued by the company. During the year ended 30 June 2001, 30,500 PRIDES were redeemed for cash, and nil PRIDES were redeemed by the issue of A class preference shares. 707,650 PRIDES remained issued at the end of the year. The company realised a profit of \$0.8 million on the cash redemptions (2000: \$8.9 million).

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
17 PROVISIONS				
Current				
Employee entitlements	12,180	12,308	3,379	3,444
Dividends	41,542	40,634	41,380	40,634
Other	20,625	14,198	561	456
	74,347	67,140	45,320	44,534
Non-current				
Employee entitlements	3,709	3,053	-	-
Other	10,103	10,308	-	-
	13,812	13,361	-	-
Employee entitlement liabilities				
Provision for employee entitlements:				
Current	12,180	12,308	3,379	3,444
Non-current	3,709	3,053	-	-
Aggregate employee entitlement liability	15,889	15,361	3,379	3,444
18 OTHER LIABILITIES				
Current				
Unearned revenue	4,431	14,468	-	-
Other liabilities	7,314	-	-	-
	11,745	14,468	-	-
Non-current				
Unearned revenue	65,212	2,216	-	-
Other liabilities	1,948	-	1,369	-
	67,160	2,216	1,369	-

Unearned revenue is partially offset by other current assets relating to film production.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
19 CONTRIBUTED EQUITY				
Issued and fully paid up capital				
Ordinary shares	125,290	125,290	125,290	125,290
A class preference shares	203,251	194,081	203,251	194,081
Other – ex-share premium account	594,526	597,276	594,526	594,525
	923,067	916,647	923,067	913,896
Convertible notes	14,866	14,866	14,866	14,866

Dividend rates on A class preference shares

Non-redeemable A class preference shares are entitled to a non-cumulative dividend in priority to all other classes of shares payable annually in respect of each financial year at the greater of 10.175 cents per share or 3 cents above all the dividends payable on each ordinary share.

During the 2000 and 2001 years, fully paid shares were issued as follows

	CONSIDERATION		NO. OF SHARES	
	2001 \$'000	2000 \$'000	2001 '000	2000 '000
(a) Ordinary shares				
Beginning of the financial year	125,290	125,077	236,088	236,019
New issue upon exercise of options:				
July 1999 issued at \$3.01	-	16	-	5
December 1999 issued at \$3.06	-	197	-	64
End of the financial year	125,290	125,290	236,088	236,088
(b) A class preference shares				
Beginning of the financial year	194,081	138,407	232,872	211,277
Executive Share Plan:				
January 2001 issued at \$1.59	2,001	-	1,258	-
January 2000 issued at \$2.30	-	1,290	-	561
June 2000 issued at \$1.66	-	1,370	-	825
Dividend re-investment:				
November 2000 issued at \$1.27	8,075	-	6,358	-
November 1999 issued at \$2.63	-	19,774	-	7,519
Convertible Notes:				
January 2000 issued at \$2.99	-	13,170	-	4,405
March 2000 issued at \$2.53	-	22,517	-	8,900
Share buyback:				
Dec 2000 at \$2.64 to \$3.22	(906)	-	(282)	-
June 2000 at \$3.22	-	(1,980)	-	(615)
Transfer in of capitalised costs in relation to convertible notes	-	(467)	-	-
End of the financial year	203,251	194,081	240,206	232,872

Share buyback

During the year, the company bought back 282,290 A class preference shares at prices ranging from \$2.64 to \$3.22, being the original issue prices. These buybacks were in relation to the Executive Share Plan and Executive and Employee Option Scheme.

19 CONTRIBUTED EQUITY CONTINUED**Issued Options**

Pursuant to the Executive and Employee Option Plan approved by shareholders on 5 October 1993, the options over A class preference shares are exercisable during the 30 day period prior to the first anniversary of their date of grant and one quarter of the options over ordinary shares are exercisable during the 30 day period prior to the second, third, fourth and fifth anniversaries of their date of grant. During the year, nil (2000 69,675) options were exercised over nil (2000 69,675) ordinary shares by nil (2000 2) executives. Since the end of the financial year to the date of this report, no options were exercised over ordinary shares. The method of fixing the price for the issue and exercise of such options is set out in the terms of the Executive and Employee Option Plan and is based on the market value of the shares at the time of issue. There are no remaining unexercised options under the plan (2000 572,175 options over ordinary shares).

During the financial year 6 million options over ordinary shares were allotted to Mr. Graham W. Burke, the Managing Director, in accordance with a special resolution of the company's shareholders on 15 May 2001. In accordance with that resolution, 2 million options are exercisable at an exercise price of \$3.00 not earlier than 15 May 2004; 2 million options are exercisable at an exercise price of \$4.00 not earlier than 15 May 2005; and 2 million options are exercisable at an exercise price of \$5.00 not earlier than 15 May 2006. All the options are exercisable no later than 30 November 2007 or 2 years following cessation of Mr. Burke's employment with the company, whichever is the earlier. The names of all persons who currently hold options are entered in the register kept by the company, which may be inspected free of charge.

As at 30 June 2001, the details of outstanding options over ordinary shares were as follows

Number of options	Expiry date	Exercise price per option
2,000,000	30 November 2007	\$3.00
2,000,000	30 November 2007	\$4.00
2,000,000	30 November 2007	\$5.00

20 RESERVES AND RETAINED PROFITS**Share premium reserve**

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
The only component of share premium reserve in the consolidated entity arises on equity accounting of associates. Consistent with the abolition of the concepts of 'par value' and 'share premium' in Australia, any share premium reserve of associates has been transferred to share capital.				
Balance at beginning of year	-	-	-	-
Post acquisition share of associates	-	2,751	-	-
	-	2,751	-	-
Transfer to share capital account	-	(2,751)	-	-
Balance at end of year	-	-	-	-
Foreign currency translation reserve				
The foreign currency translation reserve is used to record exchange differences arising from the translation of self-sustaining foreign operations and on equity accounting of associates.				
Balance at beginning of year	3,303	21,876	12,274	33,115
Amount realised during the year	-	(14,484)	-	(14,484)
Amount relating to translation of accounts	22,738	(15,108)	(8,452)	(6,357)
Reserves disposed of during the year	(3,540)	4,838	-	-
Post acquisition share of associates	22,814	6,181	-	-
Balance at end of year	45,315	3,303	3,822	12,274

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
20 RESERVES AND RETAINED PROFITS CONTINUED				
Asset revaluation reserve				
The asset revaluation reserve is used to record increments and decrements in the value of non-current assets, primarily arising on equity accounting of associates. The reserve can only be used to pay dividends in limited circumstances.				
Balance at beginning of year	7,398	18,634	-	-
Reserves disposed of during the year	-	(10,600)	-	-
Post acquisition share of associates	-	(636)	-	-
Reserves reversed on adoption of revised accounting standard	(7,398)	-	-	-
Balance at end of year	-	7,398	-	-
Capital profits reserve				
The capital profits reserve is used to accumulate realised capital profits arising from the equity accounting of associates.				
Balance at beginning of year	22	66	-	-
Post acquisition share of associates	(38)	(44)	-	-
Balance at end of year	(16)	22	-	-
Total reserves	45,299	10,723	3,822	12,274
Retained profits				
Balance at the beginning of year	87,018	52,135	486,485	15,067
Net profit attributable to members of Village Roadshow Limited	55,079	75,517	506,299	512,052
Total available for appropriation	142,097	127,652	992,784	527,119
Dividends provided or paid	41,219	40,634	41,219	40,634
Balance at end of year	100,878	87,018	951,565	486,485
21 OUTSIDE EQUITY INTERESTS				
Outside equity interests in controlled entities				
Issued and paid up capital	135,746	-	-	-
Reserves	-	-	-	-
Profit and loss appropriation	5,418	-	-	-
	141,164	-	-	-

Notes to the Financial Statements

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
22 CONTINGENT LIABILITIES				
Estimated maximum amounts relating to:				
a. Termination benefits under personal service agreements for executives	51,484	68,892	8,545	11,272
b. Termination benefits under personal service agreements for consultants	3,153	11,964	1,050	11,964
c. Guarantees for unsecured credit facilities of controlled entities	4,326	1,257	307	307
d. Guarantees for secured credit facilities of associated entities	219,929	184,604	147,871	125,376
e. Unsecured guarantees for credit facilities of associated entities	25,829	12,410	25,829	12,410
f. Secured guarantees for operating lease commitments of controlled entities	23,213	48,555	21,673	48,555
g. Secured guarantees for operating lease commitments of associated entities	629	648	43	43
h. Secured guarantees for operating lease commitments of joint ventures	441	441	-	-
i. Secured guarantees for financial undertaking of controlled entity	2,465	-	2,465	-
j. Unsecured guarantees for long term operating lease commitments of controlled entities	-	-	310,485	317,815
k. Unsecured long term joint and several operating lease commitments of joint ventures	683,288	633,902	-	-
l. Unsecured long term joint and several percentage rent operating lease commitments of joint ventures	49,706	44,920	-	-
m. Unsecured several guarantees for long-term operating lease commitments of joint ventures	-	-	259,261	269,393
n. Unsecured several guarantees for long term percentage rent operating lease commitments of joint ventures	-	-	23,980	21,299
o. Unsecured several operating lease commitments of joint ventures	115,864	93,898	-	-
p. Unsecured guarantees for operating lease commitments of associated entities	56,757	152,510	-	-
q. Unsecured several guarantees for long term operating lease commitments of associated entities	-	-	-	3,955
r. Unsecured joint and several guarantees for long-term operating lease commitments of offshore joint venture	-	-	609,501	533,214
s. Unsecured guarantee for operating equipment of associated entity	250	-	250	-
t. Unsecured guarantees for performance of landlord's obligations to local authorities	1,150	-	1,150	-
u. Unsecured guarantee in respect of partnership commitments of controlled entities	125	125	125	125
	1,238,609	1,254,126	1,412,535	1,355,728

In the event that any entity in the economic entity is required to meet a joint venture or partnership liability in excess of its proportionate share, that entity has right of recourse against the co-joint venturers or other partners in respect of that excess.

A number of claims have been lodged against the economic entity in relation to various matters, of which the economic entity's share is approximately \$1.5 million. Liability is not admitted and the claims are being defended. The Directors believe that the potential losses, if any, arising from these claims are not able to be reliably measured at reporting date and are not likely to be material.

As part of the financing arrangements for the film production division, the economic entity may be required to contribute a portion of the cumulative international prints and advertising expenditure relating to released films in the event that receipts from film exploitation are insufficient to meet third party investor repayment requirements. If subsequent receipts are sufficient, the economic entity will be repaid any such contributions. While such contributions and subsequent repayments are likely from time to time, based on the films released to 30 June 2001 and the continuation of its business by the division, the Directors do not believe that any material permanent difference will result from this arrangement.

22 CONTINGENT LIABILITIES CONTINUED

The Australian Taxation Office (ATO) is conducting a number of income tax audits of the economic entity. The company has had discussions with the ATO and has provided the ATO with certain information that the ATO has requested. It is anticipated that the process will take at least a further two or three years to complete and may result in the issuing of amended assessments or other adjustments and/or the testing of the economic entity's position in the courts. Since September 1999, as part of this process, the ATO issued a number of assessments for the economic entity, totalling approximately \$56.6 million. These assessments have been disputed. In principle agreement has been recently reached with the ATO pursuant to which it is anticipated that the disputed taxation liability will be settled without any significant taxation liability arising for the economic entity. In May 2001, a Position Paper was issued by the ATO on a separate matter proposing an adjustment increasing the 1994 taxable income for the economic entity with a tax effect (inclusive of culpability and late payment penalties) of up to \$115 million. The ATO's proposed adjustment is considered to be factually and legally flawed and is being vigorously contested in discussions with the ATO. Given the amount involved, it is considered appropriate to disclose this matter even though the ATO has not made a decision to issue any assessments at this time and the economic entity is highly confident that it will be able to successfully challenge any such assessment. The taxation treatment proposed by the ATO could also have broader application. The ultimate outcome of the tax audits cannot be determined with an acceptable degree of reliability at this time. Nevertheless, the economic entity believes that it is making adequate provision for its taxation liabilities in its Financial Statements and is taking reasonable steps to address issues arising out of the tax audits. If such audits result in taxation liabilities significantly in excess of the economic entity's provisions, there could be a significant impact on the economic entity.

Finally, it is noted that in the event that tax audit adjustments reduce tax losses which the economic entity has used and those adjustments impact subsidiaries of Austereo Group Limited, then the chief entity has provided an indemnity in favour of Austereo Group Limited.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
23 EXPENDITURE COMMITMENTS				
(a) Finance leases				
Payable within 1 year	2,659	5,282	113	113
Payable between 1 and 5 years	10,035	29,782	259	113
Payable after 5 years	1,973	1,881	-	259
	14,667	36,945	372	485
Less future finance charges	(1,089)	(6,195)	(27)	(53)
Total finance lease liabilities	13,578	30,750	345	432
(b) (i) Operating leases – Minimum lease payments				
Payable within 1 year	98,187	75,479	500	500
Payable between 1 and 5 years	364,001	337,358	2,000	2,000
Payable after 5 years	1,026,404	1,000,803	875	1,875
	1,488,592	1,413,640	3,375	4,375
(ii) Operating leases – Percentage based lease payments				
Payable within 1 year	5,858	5,228	-	-
Payable after 1 year	95,273	69,602	-	-
	101,131	74,830	-	-
Total operating lease commitments	1,589,723	1,488,470	3,375	4,375

The revised accounting standard AASB 1008: Leases applies to the estimated contingent rental commitments of the chief entity and the economic entity. This standard requires the reporting of liabilities under certain operating leases to pay percentage rent. Percentage rent is payable as either incentive rent or revenue share. Incentive rent occurs when the operating lease creates a liability to pay the lessor a percentage of the gross receipts when a cinema site's earnings exceed the base rent. Gross receipts are generally made up of box office takings, concession sales and screen advertising, but may also include revenue from licence fees, arcade games and the sale of promotional material. A revenue share does not have a fixed base rent, the entire rental liability being determined by an express percentage of the total gross receipts.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
23 EXPENDITURE COMMITMENTS CONTINUED				
(c) Other expenditure commitments				
Estimated capital expenditure contracted for at balance date but not provided for				
Payable not later than one year				
joint ventures	48,644	36,313	-	-
associates	59,073	28,575	-	-
other	27,583	129,300	-	-
	135,300	194,188	-	-
Payable later than one year but not later than five years				
joint ventures	46,434	38,680	-	-
associates	60,243	67,002	-	-
other	2,769	34,744	-	-
	109,446	140,426	-	-
24 SUPERANNUATION COMMITMENTS				
There are established superannuation and retirement plans for the benefit of employees of the company and its controlled and associated entities. The benefits provided are accumulation benefits. Contributions to the plans are based on varying percentages of employees' gross remuneration and are made either by the employer or by the employee and the employer. Contributions made to the plans will not exceed the permitted levels prescribed by income tax legislation from time to time. There are legally enforceable obligations for contributions to be made to the plans in respect of some employees. As the plans are accumulation type funds, no actuarial assessment is made and the level of funds is sufficient to meet applicable employee benefits which may accrue in the event of termination of the plans or on the voluntary or compulsory termination of employment of any employee.				
25 REMUNERATION OF DIRECTORS				
The names of Directors of the chief entity who have held office during the year are				
Directors at balance date				
J.R. Kirby, G.W. Burke, P.E. Foo, P.M. Harvie, J.H. Beale, W.J. Conn, D.B. Reardon, P.D. Jonson				
Resigned during the year				
C.R. Stern, C.R. Gregson (alternate)				
Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of each entity in the economic entity, directly or indirectly, by the entities of which they are Directors or any related party				
	16,407	15,825		
Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of Village Roadshow Limited, directly or indirectly, from the entity or any related party				
			7,085	10,066

25 REMUNERATION OF DIRECTORS CONTINUED

The number of Directors who derived the above aggregate income were within the following bands

\$ 0 – \$ 9,999	1	2
\$ 10,000 – \$ 19,999	1	-
\$ 20,000 – \$ 29,999	-	1
\$ 30,000 – \$ 39,999	1	-
\$ 40,000 – \$ 49,999	-	1
\$ 80,000 – \$ 89,999	-	1
\$ 90,000 – \$ 99,999	1	-
\$ 110,000 – \$ 119,999	-	1
\$ 130,000 – \$ 139,999	1	1
\$ 150,000 – \$ 159,999	1	-
\$ 660,000 – \$ 669,999	-	1
\$1,100,000 – \$1,109,999	-	1
\$1,120,000 – \$1,129,999	1	-
\$1,190,000 – \$1,199,999	-	1
\$1,550,000 – \$1,559,999	1	-
\$1,720,000 – \$1,729,999	1	-
\$2,130,000 – \$2,139,999	-	1
\$2,240,000 – \$2,249,999	1	-
\$2,260,000 – \$2,269,999	-	1
\$2,300,000 – \$2,309,999	-	1

CONSOLIDATED

VILLAGE ROADSHOW LIMITED

2001 2000
\$'000 \$'000

2001 2000
\$'000 \$'000

26 REMUNERATION OF EXECUTIVE OFFICERS

Remuneration received or due and receivable by executive officers of the economic entity whose remuneration is \$100,000 or more, from entities in the economic entity or a related party, in connection with the management of the affairs of the entities in the economic entity whether as an executive officer or otherwise

24,690 29,580

Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more, from the company or any related party, in connection with the management of the affairs of the company or any related party, whether as an executive officer or otherwise

13,816 13,254

Note: The above executive officers have been reclassified to reflect those senior divisional or functional heads involved in the management decision making of the company and the economic entity.

Notes to the Financial Statements

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001	2000	2001	2000
26 REMUNERATION OF EXECUTIVE OFFICERS CONTINUED				
The number of executives who derived the above aggregate income in excess of \$100,000 were within the following bands				
\$ 100,000 – \$ 109,999	–	9	–	–
\$ 110,000 – \$ 119,999	1	2	–	–
\$ 120,000 – \$ 129,999	1	8	–	1
\$ 130,000 – \$ 139,999	3	6	–	2
\$ 140,000 – \$ 149,999	–	2	–	–
\$ 150,000 – \$ 159,999	2	5	1	–
\$ 160,000 – \$ 169,999	1	5	–	2
\$ 170,000 – \$ 179,999	1	2	1	1
\$ 180,000 – \$ 189,999	3	6	1	2
\$ 190,000 – \$ 199,999	1	4	1	2
\$ 200,000 – \$ 209,999	1	2	–	1
\$ 210,000 – \$ 219,999	1	3	1	–
\$ 220,000 – \$ 229,999	1	4	–	–
\$ 230,000 – \$ 239,999	2	1	1	–
\$ 240,000 – \$ 249,999	–	2	–	1
\$ 250,000 – \$ 259,999	2	–	1	–
\$ 260,000 – \$ 269,999	2	–	2	–
\$ 270,000 – \$ 279,999	–	3	–	–
\$ 280,000 – \$ 289,999	2	4	–	1
\$ 290,000 – \$ 299,999	2	–	–	–
\$ 300,000 – \$ 309,999	1	2	–	–
\$ 330,000 – \$ 339,999	2	–	1	–
\$ 340,000 – \$ 349,999	3	1	–	–
\$ 350,000 – \$ 359,999	–	1	–	1
\$ 360,000 – \$ 369,999	–	1	–	1
\$ 370,000 – \$ 379,999	2	–	2	–
\$ 410,000 – \$ 419,999	–	2	–	2
\$ 420,000 – \$ 429,999	1	–	1	–
\$ 440,000 – \$ 449,999	–	1	–	–
\$ 500,000 – \$ 509,999	1	–	1	–
\$ 530,000 – \$ 539,999	2	1	1	–
\$ 590,000 – \$ 599,999	–	1	–	–
\$ 660,000 – \$ 669,999	1	1	–	1
\$ 750,000 – \$ 759,999	–	1	–	–
\$ 800,000 – \$ 809,999	1	–	1	–
\$ 840,000 – \$ 849,999	–	1	–	1
\$ 860,000 – \$ 869,999	–	1	–	–
\$ 880,000 – \$ 889,999	1	–	1	–
\$ 960,000 – \$ 969,999	1	–	1	–
\$1,100,000 – \$1,109,999	–	1	–	1
\$1,120,000 – \$1,129,999	1	–	1	–
\$1,130,000 – \$1,139,999	1	–	–	–
\$1,190,000 – \$1,199,999	–	1	–	–
\$1,240,000 – \$1,249,999	1	–	–	–
\$1,550,000 – \$1,559,999	1	–	1	–
\$1,660,000 – \$1,669,999	–	1	–	–
\$1,720,000 – \$1,729,999	1	–	1	–
\$2,130,000 – \$2,139,999	–	1	–	1
\$2,190,000 – \$2,199,999	1	–	–	–
\$2,240,000 – \$2,249,999	1	–	1	–
\$2,260,000 – \$2,269,999	–	1	–	1
\$2,300,000 – \$2,309,999	–	1	–	1

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
27 REMUNERATION OF AUDITORS				
Aggregate remuneration received or due and receivable by the auditors, directly or indirectly from the chief entity or any related entity, in connection with				
Chief entity auditor:				
Auditing accounts	805	702	135	120
Other services	1,769	1,257	-	-
Other auditors:				
Auditing accounts	332	296	-	-
Other services	111	-	-	-
	3,017	2,255	135	120

28 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following, there have been no material transactions which significantly affect the financial or operational position of the economic entity since the end of the financial year.

Effective 13 July 2001, the remaining 50% interests in Village Roadshow Greece SA and Cinemax SA were acquired for \$21.4 million, and an additional amount of \$2.8 million was provided to repay external debt. These entities, which were previously equity-accounted, will be consolidated from that date onwards, and the acquisitions will add net assets of approximately \$14.6 million to the group balance sheet.

29 BUSINESS UNDERTAKINGS

Interests in joint ventures

Names and principal activities of joint ventures, the percentage interest held by entities in the economic entity and the contributions of those undertakings to results after tax

Name	Business	% owned	CONTRIBUTIONS TO OPERATING PROFIT AFTER TAX CONSOLIDATED	
			2001 \$'000	2000 \$'000
Adelaide Nova/Palace	Cinema operator	25.00%	98	38
Austereo/Simon Richards	Direct marketing	28.75%	(219)	766
Australian Multiplex Cinemas	Multiplex cinema operators	33.30%	8,610	11,707
Browns Plains Multiplex Cinemas	Multiplex cinema operators	25.00%	1	22
Canberra FM Radio	Radio broadcasting	28.75%	315	1,364
Carlton Nova/Palace	Cinema operator	25.00%	372	345
Castle Towers Multiplex Cinemas	Multiplex cinema operators	25.00%	809	874
Cathay Golden Village Distribution	Film distributor	25.00%	49	(65)
Damodar Village Force Cinemas	Cinema operator	33.30%	309	363
Damodar & VAGH Village Force Cinemas	Cinema operator	33.30%	63	-
Data Sell Teleservices	Teleservices	17.25%	(35)	246
Eye Shop	Mall advertising	28.75%	(96)	(384)
Geelong Cinema	Cinema operator	50.00%	(373)	579
Golden Village Chinese Films	Film distributor	-	-	(5)
Hide & Seek	Entertainment	-	-	32
Intensity	Entertainment	100.00%	-	(18,321)
Jam Factory Shopping Centre	Shopping centre	50.00%	-	103
Jam Factory Cinema	Cinema operator	50.00%	266	1,060
Luna/Palace Cinema	Cinema operator	25.00%	58	-
MCM Entertainment	Music media	28.75%	(174)	34
Morwell Multiplex Cinemas	Cinema operator	75.00%	151	478
Movieline	Cinema ticket seller	33.33%	(868)	(1,243)
Mt. Gravatt Multiplex Cinemas	Cinema operator	37.50%	595	780
New Zealand Multiplex Cinemas	Cinema developer and lessor	50.00%	(71)	272
Parramatta Cinemas	Cinema operator	50.00%	(346)	307
Queen Street, New Zealand	Cinema operator	33.30%	482	-
Rialto Cinemas	Cinema operator	25.00%	31	-
Village Force Entertainment	Cinema operator	50.00%	1,568	-
Village Force Hoyts Cinemas	Cinema operator	33.30%	392	2,327
Village/GUO/BCC Cinemas	Cinema operator	50.00%	1,111	(159)
Village/Sali Cinemas Bendigo	Cinema operator	50.00%	296	431
Village/Sega Equipment Distribution	Equipment distributor	100.00%	-	(1,364)
Village/Sega Equipment Wholesaler	Equipment wholesaler	100.00%	-	-
Village Anderson Cinemas	Cinema operator	50.00%	483	344
Village Leisure	Electronic games operator	100.00%	-	15,115
Village Palace Cinemas	Cinema operator	50.00%	394	1,447
Village Warrnambool Cinemas	Cinema operators	50.00%	119	153
Warner Bros. Movie World Holdings	Theme park, Queensland	33.33%	1,894	1,955
Warner Bros. Studio Store Australia	Retail trading	64.00%	-	527
Warner Village Cinema Operating Assets	Property owner/lessor	50.00%	(2,559)	(2,489)
Warner Village Cinema Properties	Property owner/lessor	50.00%	(5,357)	(1,546)
Warner Village Exhibition Operating Assets	Property owner/lessor	49.99%	(80)	536
Warner Village Exhibition Properties	Property owner/lessor	49.99%	(4,743)	(3,128)
World Live!	Non-operating	-	-	1,747
			3,545	15,248

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
29 BUSINESS UNDERTAKINGS CONTINUED		
Aggregate share of assets in joint ventures		
Current assets		
Cash	8,529	5,975
Receivables	12,584	26,291
Inventories	596	1,271
Other	4,733	3,655
Non-current assets		
Property, plant and equipment	249,984	242,714
Deferred expenditure	-	10,210
Radio licence	8,916	-
Receivables	167,582	31,078
Other	22,331	35,727
	475,255	356,921

	CONSOLIDATED EXCLUDING SIGNIFICANT/ABNORMAL ITEMS PER NOTE 2		CONSOLIDATED INCLUDING SIGNIFICANT/ABNORMAL ITEMS PER NOTE 2	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
30 SEGMENT REPORTING				
(a) Reporting by Geographical Segments – Continuing Operations				
Revenue from outside customers				
Australia	491,520	575,373	806,428	575,373
United States of America	1,853	1,615	1,853	1,615
British Virgin Islands	115,699	32,662	115,698	32,662
New Zealand	18,349	17,981	18,349	17,981
Asia	19,245	7,802	19,245	78,011
South America	(5,832)	1,406	(5,832)	1,406
Europe	119,637	84,180	127,339	84,181
Consolidated operating revenue	760,471	721,019	1,083,080	791,229
Segment operating profit (loss) before tax				
Australia	60,953	69,633	167,904	85,755
United States of America	(2,384)	(4,281)	(2,384)	(4,281)
British Virgin Islands	36,905	13,143	28,765	13,143
New Zealand	972	3,631	(341)	3,631
Asia	11,390	(180)	7,822	19,845
South America	(5,757)	943	(18,013)	901
Europe	83	11,577	(32,123)	9,288
Consolidated operating profit before tax	102,162	94,466	151,630	128,282
Segment assets				
Australia	1,224,311	1,007,407	1,224,311	1,007,407
United States of America	6,675	7,175	6,675	7,175
British Virgin Islands	127,440	71,126	127,440	71,126
New Zealand	32,279	31,834	32,279	31,834
Asia	82,392	115,709	82,392	115,709
South America	72,167	69,925	72,167	69,925
Europe	528,132	457,874	528,132	457,874
Consolidated assets	2,073,396	1,761,050	2,073,396	1,761,050
Assets relating to discontinuing operations	42,822	207,499	42,822	207,499
	2,116,218	1,968,549	2,116,218	1,968,549

Inter-segment transactions are not material.

\$'000

Effect of change in accounting policy – deferred expenditure

Consolidated profit before tax from continuing operations was reduced by the amount of deferred expenditure written off at 1 July 2000 in the following geographic segments

Australia	35,130
British Virgin Islands	8,140
New Zealand	262
Europe	15,302
South East Asia	3,568
South America	256
	62,658

	CONSOLIDATED EXCLUDING SIGNIFICANT/ABNORMAL ITEMS PER NOTE 2		CONSOLIDATED INCLUDING SIGNIFICANT/ABNORMAL ITEMS PER NOTE 2	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
30 SEGMENT REPORTING CONTINUED				
(b) Reporting by Industrial Segments – Continuing Operations				
Revenue from outside customers				
Exhibition	287,378	294,550	295,079	294,550
Theme parks and resorts	23,718	39,170	23,718	39,170
Radio	262,930	242,438	577,838	242,438
Production	131,852	35,193	131,852	35,193
Other	54,593	109,668	54,593	179,878
Total operating revenue	760,471	721,019	1,083,080	791,229
Operating profit before tax				
Exhibition	(13,472)	15,517	(78,944)	32,475
Theme parks and resorts	13,718	8,015	12,209	8,015
Radio	74,989	64,647	266,239	64,647
Production	36,910	11,689	28,770	11,689
Other	(9,983)	(5,403)	(76,644)	11,456
Consolidated operating profit before tax	102,162	94,465	151,630	128,282
Segment assets				
Exhibition	894,513	831,339	894,513	831,339
Theme parks and resorts	89,905	90,688	89,905	90,688
Radio	579,126	556,994	579,126	556,994
Production	248,190	121,665	248,190	121,665
Other ¹	261,662	160,364	261,662	160,364
Consolidated assets	2,073,396	1,761,050	2,073,396	1,761,050
Assets relating to discontinuing operations	42,822	207,499	42,822	207,499
	2,116,218	1,968,549	2,116,218	1,968,549

1 Includes cash on hand held by central treasury of \$245.7 million (2000 \$15.9 million).

Inter-segment transactions are not material.

\$'000

Effect of change in accounting policy – deferred expenditure	
Consolidated profit before tax from continuing operations was reduced by the amount of deferred expenditure written off at 1 July 2000 in the following industry segments	
Exhibition	40,591
Theme parks and resorts	1,509
Radio	–
Production	8,140
Other	12,418
	62,658

31 DISCONTINUING OPERATIONS

During the year ended 30 June 2001, the economic entity's cinema operations in Germany, Austria, France, Switzerland, Hungary and Malaysia, and old film production activities not related to the ongoing film production activities, were either sold, determined by the Directors to be for sale or ceased. Therefore, the results of these operations have been classified as discontinuing for both the current and previous corresponding periods, in accordance with AASB 1042: Discontinuing Operations. The results of the discontinuing cinema operations are included in the European and Asian geographical segment and Exhibition industry segments, and the results of discontinuing production operations are included in the Australian and USA geographical segments and the production industrial segment. These disposals and cessation of activities are part of a major restructuring program which is aimed at improving the return on assets across the economic entity.

	2001 \$'000							TOTAL	
	GERMANY	AUSTRIA	SWITZERLAND	HUNGARY	FRANCE	MALAYSIA	EXHIBITION	PRODUCTION	TOTAL GROUP
(i) Financial Performance Information									
Sales revenue	18,151	10,509	10,683	-	10,483	-	49,826	488	50,314
Other revenue	955	102	5,512	18,884	8,426	-	33,879	191	34,070
Interest expense	102	18	38	814	753	-	1,725	-	1,725
Other expenses	52,255	26,052	19,131	20,336	12,340	2,000	132,114	18,568	150,682
Operating profit/(loss) from discontinuing operations before tax	(33,251)	(15,459)	(2,974)	(2,266)	5,816	(2,000)	(50,134)	(17,889)	(68,023)
(ii) Cash Flow Information									
The consolidated net cash flows of the discontinuing operation during the reporting period were as follows									
Net operating cash flows	4,068	(4,610)	(4,096)	1,659	2,078	-	(901)	1,792	891
Net investing cash flows	(3,149)	-	13,376	8,929	14,446	-	33,602	-	33,602
Net financing cash flows	1,479	1,567	(10,129)	(13,895)	(16,844)	-	(37,822)	-	(37,822)
Total net cash flows	2,398	(3,043)	(849)	(3,307)	(320)	-	(5,121)	1,792	(3,329)
(iii) Financial Position/ Other Information									
Assets - carrying amount at balance date	29,023	-	-	6,102	14	6,000	41,139	1,684	42,823
Liabilities at balance date	12,486	2,679	-	-	-	-	15,165	9,366	24,531
Net assets at balance date	16,537	(2,679)	-	6,102	14	6,000	25,974	(7,682)	18,292
Net assets disposed of or written down	57,184	13,531	13,575	10,231	32,549	6,000	133,070	N/A	133,070
Selling price of net assets disposed	27,973	-	13,264	7,021	40,576	4,000	92,834	N/A	92,834
Profit/(loss) on disposal/write down of net assets	(29,211)	(13,531)	(311)	(3,210)	8,027	(2,000)	(40,236)	N/A	(40,236)
Tax expense (credit) relating to disposal/write down of net assets	-	-	-	-	-	-	-	N/A	N/A

31 DISCONTINUING OPERATIONS CONTINUED

	2000 \$'000								
	GERMANY	AUSTRIA	SWITZERLAND	HUNGARY	FRANCE	MALAYSIA	TOTAL EXHIBITION	PRODUCTION	TOTAL GROUP
(i) Financial Performance Information									
Sales revenue	41,259	5,618	5,757	-	4,286	-	56,920	926	57,846
Other revenue	67	125	73	7,600	2,116	-	9,981	6,516	16,497
Interest expense	219	8	-	394	294	-	915	-	915
Other expenses	75,949	6,981	7,739	6,685	7,268	-	104,622	17,771	122,393
Operating profit/(loss) from discontinuing operations before tax	(34,842)	(1,246)	(1,909)	521	(1,160)	-	(38,636)	(10,329)	(48,965)
(ii) Cash Flow Information									
The consolidated net cash flows of the discontinuing operation during the reporting period were as follows									
Net operating cash flows	(22,959)	643	2,390	1,083	5,901	-	(12,942)	8,329	(4,613)
Net investing cash flows	(23,487)	(5,412)	(6,913)	(5,221)	(6,770)	-	(47,803)	-	(47,803)
Net financing cash flows	48,818	6,361	5,317	6,929	609	-	68,034	-	68,034
Total net cash flows	2,372	1,592	794	2,791	(260)	-	7,289	8,329	15,618
(iii) Financial Position/ Other Information									
Assets – carrying amount at balance date	55,098	15,014	27,902	27,771	41,630	8,000	175,415	32,084	207,499
Liabilities at balance date	19,311	4,073	21,729	3,935	17,498	-	66,546	19,876	86,422
Net assets at balance date	35,787	10,941	6,173	23,836	24,132	8,000	108,869	12,208	121,077
Net assets disposed of or written down	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Selling price of net assets disposed	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Profit/(loss) on disposal/write down of net assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tax expense (credit) relating to disposal/write down of net assets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

32 FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments

(i) Financial assets

Receivables – trade debtors

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Credit sales are normally settled on 30 day terms.

Receivables – associated entities and other advances

Amounts (other than trade debts) receivable from associated entities and for other advances are carried at nominal amounts due. Interest, when charged, is recognised in the profit and loss on an accrual basis. Details of the terms and conditions applicable to related parties are set out in Note 33.

Unsecured advances

Unsecured advances are shown at cost. Interest, when charged, is recognised in the profit and loss on an accrual basis.

Investments in unlisted shares

Investments in unlisted shares are shown at the lower of cost or recoverable amount. Dividends and distributions are recognised when declared by the investee.

(ii) Financial liabilities

Trade and sundry creditors

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the economic entity and are normally settled on 30 day terms.

Accounts payable – associated and other entities

Amounts owing to associated and other entities are carried at the principal amount. Interest, when charged, is recognised in the profit and loss on an accrual basis. Details of the terms and conditions applicable to related parties are set out in Note 33.

Secured and unsecured borrowings

Borrowings are carried at the principal amount. Interest is recognised in the profit and loss on an accrual basis. Bank loans are repayable either monthly, quarterly or bi-annually, with terms ranging from less than one year to five years. While interest is charged either at the bank's floating rate or at a contracted rate above the Australian dollar BBSY rate, certain borrowings are subject to interest rate swaps. Refer interest rate swaps in the unrecognised financial instruments section below.

Details of security over bank loans is set out in Note 16.

Provision for dividends

Dividends payable represents provision for a final dividend of 7.175 cents franked to 2.817 cents (2000: 7.175 cents unfranked) per ordinary share and 10.175 cents franked to 3.995 cents (2000: 10.175 cents unfranked) per A class preference share for the financial year ended 30 June 2001.

Convertible notes

Refer Note 16 for details in relation to convertible notes issued by the chief entity.

Finance lease liabilities

Finance lease liabilities are accounted for in accordance with AASB 1008. As at balance date, the economic entity had finance leases with an average lease term of 3 years. The average discount rate implicit in the leases is 7.03% p.a.

(iii) Equity

Ordinary shares

From 1 July 1998, ordinary share capital has been recognised at the issue value of the shares. Prior to that date, ordinary share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at balance date are set out in Note 19.

Preference shares

From 1 July 1998, preference share capital has been recognised at the issue value of the shares. Prior to that date, preference share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued are set out in Note 19.

Unrecognised Financial Instruments

Interest rate swaps

The economic entity enters into interest rate swap or hedge agreements that are used to convert the variable interest rates attached to various of its specific facilities into fixed interest rates. The swaps are entered into with the objectives of ensuring that earnings are not subject to wide fluctuations caused by fluctuating interest commitments and ensuring compliance with loan covenants. Interest rate swaps are not recognised in the financial statements.

At balance date, various entities within the economic entity had entered into interest rate swaps on debts totalling \$240 million. These swaps covered approximately 70% of total borrowings of the economic entity drawdown at balance date. The majority of the swaps mature in the short to medium term.

32 FINANCIAL INSTRUMENTS CONTINUED

(b) Interest Rate Risk

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows

FINANCIAL INSTRUMENTS	FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN				NON-INTEREST BEARING		TOTAL CARRYING AMOUNT AS PER THE BALANCE SHEET		WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	
	2001 \$'000	2000 \$'000	1 YEAR OR LESS	OVER 1 TO 5 YEARS	MORE THAN 5 YEARS	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000	2001 %	2000 %	
(i) Financial assets												
Cash	303,294	69,863	-	-	-	-	-	-	303,294	69,863	5.00%	5.75%
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
- trade debtors	-	-	-	-	-	201,846	176,701	201,846	176,701		N/A	N/A
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
- associated entities and other current advances	-	-	-	-	-	163,376	196,474	163,376	196,474		N/A	N/A
Unsecured advances	31,498	29,841	-	-	-	94,465	48,099	94,465	77,940		5.00%	3.82%
Total financial assets	334,792	99,704	-	-	-	459,687	421,274	794,479	520,978			
(ii) Financial liabilities												
Trade and sundry creditors	-	-	-	-	-	222,487	183,893	222,487	183,893		N/A	N/A
Accounts payable - associated and other entities	-	-	-	-	-	-	-	-	-		-	-
Secured and unsecured borrowings	208,009	375,472	96,600	96,600	-	-	-	304,609	472,072		7.98%	6.68%
Convertible notes	-	-	-	33,973	35,657	-	-	33,973	35,657		6.43%	6.43%
Provision for dividends	-	-	-	-	-	41,542	40,634	41,542	40,634		N/A	N/A
Finance lease liabilities	-	-	2,241	11,337	25,468	-	-	13,578	30,750		7.03%	7.13%
Interest rate swaps	-	-	-	-	-	-	-	*	*		N/A	N/A
Total financial liabilities	208,009	375,472	98,841	45,310	157,725	346,782	299,419	698,942	837,898			

N/A - not applicable for non-interest bearing financial instruments.

* Not applicable since these financial instruments are not recognised in the financial statements.

32 FINANCIAL INSTRUMENTS CONTINUED

(c) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows

	TOTAL CARRYING AMOUNT AS PER BALANCE SHEET		AGGREGATE NET FAIR VALUE	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Financial assets				
Cash	303,294	69,863	303,294	69,863
Receivables – trade debtors	201,846	176,701	201,846	176,701
Receivables – associated entities and other advances	163,376	196,474	122,471	147,281
Unsecured advances	125,963	77,940	118,077	70,469
Total financial assets	794,479	520,978	745,688	464,314
Financial liabilities				
Trade and sundry creditors	222,487	183,893	222,487	183,893
Accounts payable – associated and other entities	82,753	74,892	82,753	74,892
Secured and unsecured borrowings	304,609	472,072	253,310	397,997
Convertible notes	33,973	35,657	25,467	26,729
Dividends payable	41,542	40,634	41,542	40,634
Finance lease liabilities	13,578	30,750	11,280	26,579
Interest rate swaps	*	*	(1,801)	566
Total financial liabilities	698,942	837,898	635,038	751,290

*Not applicable since financial instruments are not recognised in the financial statements.

Receivables from associated entities and other advances, and unsecured advances, are carried in excess of their net fair value. The Directors have decided not to write down these amounts, since they expect to recover their full face values.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities

Recognised financial instruments*Cash, cash equivalents and short-term deposits*

The carrying amount approximates fair value because of short-term maturity.

Receivables and accounts payable – current

The carrying amount approximates fair value because of short term maturity.

Receivables – non-current

The fair values of non current receivables are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of arrangements.

Investments

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment.

Dividends payable

The carrying amount approximates fair value.

Borrowings – current

The carrying amount approximates fair value because of short-term maturity.

Borrowings – non-current

The fair values of non-current borrowings are estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of arrangements.

Unrecognised financial instruments*Interest rate swaps*

The fair values of interest rate swap contracts is determined as the difference in present value of the future interest cash flows.

32 FINANCIAL INSTRUMENTS CONTINUED

(d) Credit risk exposures

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any collateral or other security held in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The economic entity's maximum credit risk exposure in relation to these is as follows:

Interest rate swap contracts – limited to the net fair value of the swap agreements at balance date, being a liability of \$1.8 million.

Concentrations of credit risk

The Company minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers within the specified industries. However, the majority of customers are concentrated in Australia. Refer also to Note 30 – Segment reporting.

Concentrations of credit risk on trade accounts receivable arise in the following industries

MAXIMUM CREDIT RISK EXPOSURE FOR EACH CONCENTRATION

Industry segment	PERCENTAGE OF TOTAL TRADE DEBTORS	CONSOLIDATED TOTAL BALANCE
	2001 %	2001 \$'000
Exhibition	32	64,738
Theme parks and resorts	3	6,749
Radio	25	49,817
Production	35	70,663
Other	5	9,879
	100	201,846

Credit risk in trade receivables is managed in the following ways:

- payment terms are generally 30 days;
- a risk assessment process is used for customers over \$50,000.

33 RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the financial year and were conducted on normal commercial terms and conditions unless otherwise stated.

(a) Immediate parent entity

Immediate parent entity is Village Roadshow Corporation Limited, which is incorporated in Australia. The ultimate parent entity is Kirby's Investments Pty. Limited, which is incorporated in Australia.

Village Roadshow Corporation Limited received an unfranked dividend of \$8,023,072 (2000 \$11,181,982) on ordinary shares and \$703 (2000 \$898) on A class preference shares from the chief entity.

	VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000
33 RELATED PARTY TRANSACTIONS CONTINUED		
(b) Controlled entities		
<i>Revenues and expenses</i>		
During the year, the following transactions occurred between the chief entity and its controlled entities		
Dividends received from controlled entities	6,400	474,865
Interest received from controlled entities	23,064	46,019
Borrowing costs paid to controlled entities	3,042	1,309
<i>Receivables and payables</i>		
At balance date, the following aggregate loans were outstanding between the chief entity and its controlled entities		
Owing by controlled entities	1,335,717	1,360,496
Owing to controlled entities	-	35,120

Village Roadshow Limited and Austereo Group Limited have entered into an intercompany agreement for the provision of corporate services that will maintain the relationship between Village Roadshow and Austereo in a manner that is consistent in all material respects with past practices. The results of the economic entity for the period include an amount of \$83,333 received by Village Roadshow Limited in respect of this agreement.

(c) Associated entities*Revenues and expenses*

The following transactions with associated entities were included in the determination of the operating profit before tax for the year (material amounts have been separately identified)

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
Dividend and trust distribution revenue		
Roadshow Unit Trust	4,916	4,169
Sea World Property Trust	5,398	4,147
Other	-	616
	10,314	8,932
Interest revenue		
Warner Village Investments Ltd	10,452	-
Other	2,290	3,219
	12,742	3,219
Management and service fee revenue		
Australian Multiplex Cinemas	-	1,289
CJV Company Limited	5,223	2,103
Roadshow Distributors Pty Ltd	1,451	-
Village Force Cinemas Ltd	-	-
Warner Village Cinemas Ltd	1,667	1,121
Warner Village Exhibition Ltd	2,538	-
Other	2,213	2,733
	13,092	7,246
Commissions and fee revenue	1,345	1,418
Royalty revenue:		
Warner Village Exhibition Ltd	-	2,545
Other	-	2,228
	-	4,773
Radio advertising charges	4,442	2,395
Borrowing costs paid	262	1,111

	CONSOLIDATED	
	2001 \$'000	2000 \$'000
33 RELATED PARTY TRANSACTIONS CONTINUED		
(c) Associated entities continued		
<i>Receivables and payables</i>		
The following amounts remain receivable from or payable to associated entities at the end of the year		
Current trade receivables	2,078	187
Non-current receivables other than trade receivables		
CJV Company Limited	2,131	552
Dartina Development Ltd	12,983	8,637
Entertain Golden Village Company Ltd	9,231	8,313
EGV Exhibition Co Ltd	6,415	7,905
Golden Village Multiplex Pte Ltd	8,884	12,013
Roadshow Distributors Pty Ltd	15,615	7,115
Roadshow Unit Trust	18,603	13,688
Scape Entertainment Pty Ltd (in administration)	-	5,704
Tanjong Golden Village Sdn. Bhd.	7,279	7,279
Tri Village Developments Greece SA	-	12,535
V10 Corp Investments Pty Ltd	-	2,252
Village Cinemas SA	27,503	16,328
Village Roadshow Greece SA	5,231	2,879
Village Nine Leisure Operations (M) Sdn Bhd	-	3,521
Warner Village Cinema Properties	-	19,678
Warner Village Cinemas Company Ltd.	17,079	17,079
Warner Village Cinemas Spa	15,803	20,524
Warner Village Exhibition Ltd	1,547	9,157
Other	9,550	9,216
	157,854	184,375
There are no material provisions against trade and other receivables at 30 June 2001. No material interest has been charged on the amounts receivable.		
Current loans payable		
Roadshow Distributors Pty Ltd	6,849	-
Warner Village Properties Ltd	-	10,583
Other	25	27
	6,874	10,610
Non-current loans payable		
Agethetas Pty Ltd	1,602	1,602
Tri Village Developments BV	5,008	-
Warner Village Exhibition Ltd	12,874	-
Warner Village Partnership	-	4,412
Warner Village (Design & Build) Ltd.	18,425	19,307
Other	5,186	6,919
	43,095	32,240

33 RELATED PARTY TRANSACTIONS CONTINUED

(d) Transactions with Directors and Director-related entities

The names and remuneration of Directors is disclosed in Note 25 and detailed in the Directors' Report.

Directors' relevant interests in shares and options of the company and related bodies corporate as at the date of this report were as follows

John R. Kirby

2,020,950	Ordinary shares in Village Roadshow Corporation Limited
4,359	Preference shares in Village Roadshow Corporation Limited
111,819,817	Ordinary shares in Village Roadshow Limited
6,906	A class preference shares in Village Roadshow Limited
251,562,594	Ordinary shares in Austereo Group Limited

Robert G. Kirby

2,016,880	Ordinary shares in Village Roadshow Corporation Limited
4,059	Preference shares in Village Roadshow Corporation Limited
111,820,817	Ordinary shares in Village Roadshow Limited
307,073	A class preference shares in Village Roadshow Limited
251,562,594	Ordinary shares in Austereo Group Limited

Graham W. Burke

54,972	Ordinary shares in Village Roadshow Corporation Limited
1,746	Preference shares in Village Roadshow Corporation Limited
2,400	Ordinary shares in Village Roadshow Limited
1,390,400	A class preference shares in Village Roadshow Limited
2,000,000	Options over ordinary shares in Village Roadshow Limited exercisable at \$3.00 expiring 30/11/07
2,000,000	Options over ordinary shares in Village Roadshow Limited exercisable at \$4.00 expiring 30/11/07
2,000,000	Options over ordinary shares in Village Roadshow Limited exercisable at \$5.00 expiring 30/11/07

Peter M. Harvie

274,140	Ordinary shares in Village Roadshow Limited held under the Executive and Employee Option Plan
200,000	A class preference shares in Village Roadshow Limited held under the Executive Share Plan
48,480	A class preference shares in Village Roadshow Limited held under the Executive and Employee Option Plan
5,001	Ordinary shares in Austereo Group Limited
1,025,000	Ordinary shares in Austereo Group Limited held under the Executive Share Plan

Julian H. Beale

69,190	Ordinary shares in Village Roadshow Limited
82,637	A class preference shares in Village Roadshow Limited

William J. Conn

191,563	Ordinary shares in Village Roadshow Limited
1,148,277	A class preference shares in Village Roadshow Limited

Peter D. Jonson

32,921	A class preference shares in Village Roadshow Limited
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33 RELATED PARTY TRANSACTIONS CONTINUED

(d) Transactions with Directors and Director-related entities continued

Unfranked dividends totalling \$14,443 (2000 \$277,761) on ordinary shares and \$185,892 (2000 \$377,849) on A class preference shares were paid by the chief entity to Messrs R.G. Kirby, G.W. Burke, J.H. Beale and W.J. Conn and their Director-related entities.

W.J. Conn and his Director-related entities received unfranked dividends of \$4,510 (2000 \$6,286) on ordinary shares and \$1,021 (2000 \$947) on A class preference shares which were reinvested in the chief entity's Dividend Reinvestment Plan for 4,354 A class preference shares (2000 2,751 A class preference shares) at \$1.27 per share (2000 \$2.63).

During the year, following shareholder approval on 15 May 2001, G.W. Burke was issued 2,000,000 options over ordinary shares exercisable at \$3.00 to be exercised not earlier than 15 May 2004, 2,000,000 ordinary shares at an exercise price of \$4.00 to be exercised not earlier than 15 May 2005 and 2,000,000 options over ordinary shares exercisable at \$5.00 to be exercised not earlier than 15 May 2006. All the options must be exercised not later than the earlier of 30 November 2007 and 2 years following the cessation of employment.

During the year, P.M. Harvie was issued 1,025,000 ordinary shares in Austereo Group Limited Executive Share Plan for \$1.85 per share funded by a loan of \$1,903,800. At the end of the financial year, the total loans to P.M. Harvie relating to the Executive Share Plan, Executive and Employee Option Scheme and the Austereo Group Limited Share Plan amounted to \$3,432,186 and dividends of \$44,952 were received in payment of interest due and for capital repayment.

A total of \$2,542,164 (2000 \$2,387,494) was paid for stationery and printing services provided to the economic entity by Prestige Plates Pty. Limited of which Messrs J.R. Kirby, R.G. Kirby and G.W. Burke are Directors.

A total of \$54,087 (2000 \$Nil) was paid for stationery and printing services provided to the economic entity by Buscombe Limited of which Mr J.R. Kirby, is a Director.

During the year Buscombe Limited acquired the assets of Prestige Plates Pty. Limited. Messrs J.R. Kirby, R.G. Kirby and G.W. Burke each had an economic interest of 16.67% in Buscombe Limited at 30 June 2001.

A trust distribution and fees of \$2,402,417 (2000 \$2,138,241) were paid by Roadshow Unit Trust, a controlled entity of Roadshow Distributors Pty. Limited, to Mr G.W. Burke, a Director of the Trust, in his capacity as a unitholder. Mr G.W. Burke has held this unitholding in the Roadshow Unit Trust since prior to the Listing of the Village Roadshow Limited Group.

In total, 1,258,333 (2000 1,386,068) A class preference shares were issued during the year to executives, including Directors of controlled entities of the chief entity and their related entities under the Executive Share Plan approved by shareholders.

In total, 5,462,950 (2000 Nil) ordinary shares in Austereo Group Limited, a controlled entity, were issued to executives of Austereo, including Directors of Austereo and its controlled entities and their related entities under the Austereo Group Limited Executive Share Plans and Loan Facility approved by shareholders.

During the year, 733,333 A class preference shares at a market value of \$1,165,999 (2000 683,333 shares at \$1,379,666 value) in the chief entity were issued under the Executive Share Plan to C. Antonopolous, G. Bassar, C. Gallaher, J. Iozzi, C. Johnstone, M. Lake, P. Leggo, S. Phillipson and K. Senior for \$1.59 per share, who are directors of controlled entities of the chief entity, which amounts were funded by loans totalling \$1,170,664.

During the year, 2,575,000 ordinary shares in Austereo Group Limited at a market value of \$4,763,750 (2000 \$Nil) were issued under the Austereo Group Limited Executive Share Plans and Loan Facility to R. King, R.D. Mattingly, M. Anderson, B. Bickmore, B. March and G. Roberts for \$1.85 per share, who are directors of controlled entities of the chief entity, which amounts were funded by loans totalling \$4,782,571.

As at the end of the financial year, total loans to executives who were directors of controlled entities of the chief entity at the time of the granting of the loans, in relation to the Executive Share Plan, the Executive and Employee Option Plan and the Austereo Group Limited Executive Share Plans were \$20,069,932 (2000 \$20,644,468).

Under the terms of the Executive and Employee Option Plan Loan Facility, dividends are used to repay the interest accrued with any surplus dividend payment used to repay the capital amount of the loan.

Under the terms of the Executive Share Plan Loan Facility, the first 10 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

Other than the required dividend allocations, no repayments have been made during the year under the relevant loan agreements.

Under the terms of the Austereo Group Limited Executive Share Plans and Loan Facility, the first 6 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan. No dividends have been paid and no repayments have been made during the year under the relevant loan agreements.

During the year, an amount of \$625,000 was paid as a retainer and \$427,228 as a reimbursement of out-of-pocket expenses pertaining to external third party consulting fees, travel, motor vehicle and office expenses to Kirby Corporation Pty Limited, of which R.G. Kirby is the sole director. No options to acquire equity interests were exercised by Kirby Corporation Pty Limited.

33 RELATED PARTY TRANSACTIONS CONTINUED

(d) Transactions with Directors and Director-related entities continued

During the year, P.A. Ziegler, a former Director, and his directly controlled entities, were paid consulting fees totalling \$1,377,216 and a success fee in advance of \$4,741,134 relating to the arrangement of an additional non-recourse US\$250 million production film financing facility for the group. A 7.5% film production profit share estimated at \$950,012 was accrued to P.A. Ziegler and his directly related entities. Mr. Ziegler retains his profit share in the film production division in perpetuity in return for arranging the financing for the ongoing slate of Village Roadshow Production pictures.

(e) Material Contracts with Other Executives

B. Berman, the Chief Executive Officer of the group's film production activities, is entitled while he works for the group to a bonus equal to 15% of the group's adjusted film production profits. At the time this bonus was agreed to, the film division had a nil value as it was not operational in its existing form. Village Roadshow Pictures negotiated this bonus as part of the remuneration for B. Berman's employment. If Village Roadshow Pictures is floated during the employment of B. Berman, he will be entitled to a 15% free carrying equity in the group's interest in the IPO.

34 EMPLOYEES

The number of full-time equivalents employed as at 30 June 2001 is 1,420.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
35 BORROWING COSTS				
The amounts of borrowing costs paid or payable which have been recognised during the financial year as part of the carrying amounts of assets are as follows				
Other	-	4,827	-	-

The interest rate used to determine capitalised borrowing costs was nil% (2000 9.12%).

Directors' Declaration

In accordance with a resolution of the Directors of Village Roadshow Limited, I state that:

In the opinion of the Directors –

- (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Signed

A handwritten signature in black ink that reads "Graham Burke". The signature is written in a cursive, flowing style.

G.W. Burke
Director

Melbourne, 14 September 2001

Independent Audit Report

To the members of Village Roadshow Limited

SCOPE

We have audited the financial report of Village Roadshow Limited for the financial year ended 30 June 2001, as set out on pages 32 to 83, including the Directors' Declaration. The financial report includes the financial statements of Village Roadshow Limited, and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of Village Roadshow Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.



Ernst & Young



P.I. Buzzard
Partner, Melbourne

14 September 2001

Reported EBITDA Analysis – Continuing Operations
(excluding significant/abnormal items)

	2001 \$'000	2000 \$'000
REPORTED EBITDA¹ BY BUSINESS		
Exhibition ²	43,027	75,771
Theme parks and resorts	20,233	19,656
Radio	95,857	82,834
Distribution	5,877	3,135
Production	36,056	11,769
Other (includes corporate overheads)	(12,781)	(5,236)
Total	188,269	187,929
CALCULATION OF REPORTED EBITDA²		
Operating profit before significant/abnormal items and tax	102,162	94,465
Add: Amortisation of intangibles	3,440	3,918
Depreciation and amortisation (excluding intangibles)	49,412	64,287
Deferred expenditure written-off	6,539	–
Production amortisation	(11,433)	(8,666)
Interest expense	39,692	34,700
Tax on equity profits (including unit trust distributions)	7,022	4,285
Tax on partnership profits	2,019	1,795
Goodwill on equity profits	2,531	2,105
Less: Interest income	(25,781)	(19,779)
Interest from exhibition partnership/associates	12,666	10,819
Reported EBITDA (before minority interests)	188,269	187,929

Exhibition Box Office and Underlying EBITDA¹ from Continuing Operations – \$'000

Geographical Segment	YEAR ENDED JUNE 2001			YEAR ENDED JUNE 2000		
	Gross Box Office	100%	Village Share	Gross Box Office	100%	Village Share
Australia	258,269	66,127	24,926	273,716	75,974	26,181
Asia/New Zealand ²	239,155	73,429	32,668	215,336	49,578	17,658
Europe	300,351	69,020	35,077	237,883	66,971	33,725
South America	50,725	23,047	12,676	45,302	26,642	14,653
Total	848,500	231,623	105,347	772,237	219,165	92,217

- Underlying EBITDA represents Village Roadshow's equity share of trading in each territory on a grossed-up basis, i.e. ignoring the effect of corporate structuring. Reported EBITDA differs from this because there are a number of partnerships/associates whose contribution to reported EBITDA is Village Roadshow's share of their post-tax profits.
- Underlying EBITDA excludes the Golden Harvest results in the previous period, while reported EBITDA includes the Golden Harvest result in the previous period (\$13.303 million). The interest in the Golden Harvest group was sold effective 31/3/2000.

INTRODUCTION

The consolidated financial statements of the company are prepared in accordance with accounting principles generally accepted in Australia ('A GAAP'), which differ in certain respects from accounting principles generally accepted in the United States of America ('US GAAP'). The following is a summary of the significant differences between A GAAP and US GAAP that may affect the company's consolidated operating profit after tax and shareholders' equity for the periods presented. No attempt has been made to identify disclosures, presentation or classification differences that could affect the manner in which transactions and events are presented in the consolidated financial statements of the company.

A principal difference between the company's results calculated under A GAAP as compared to US GAAP used to arise from the different treatment of deferred expenditure by the company and its associated entities. This difference and other differences outlined below are timing differences, as the company used to amortise such expenditure over time, and there was no cash flow effect. As described in Note 2 below, under US GAAP these expenditures are recognised as incurred.

Effective from 1 July 2000, the company changed its accounting policy to immediately write-off costs previously deferred and amortised, therefore the A GAAP treatment is now the same as the US GAAP treatment.

NOTES ACCOMPANYING US GAAP RECONCILIATION

1. Amortisation of radio licences

A GAAP requires amortisation of the depreciable amount of radio licences. The Directors have determined that the depreciable amount is negligible, based on residual values calculated at the end of an outlook period over which projections can be prepared with a degree of confidence. Under US GAAP, radio licences are systematically amortised over their estimated period of benefit, which must not exceed forty years.

2. Deferred expenditure

Under A GAAP, where the benefits of expenditure are attributable to future years, that expenditure can be capitalised and amortised over the expected period of benefit. The company's balance sheet used to contain capitalised expenditure which primarily related to the development of new exhibition sites. When each site became operational, these costs were amortised on a straight line basis over a period of five years.

Under US GAAP, these costs would be considered as start up costs and expensed as incurred. The net difference between A GAAP and US GAAP in any one year is the difference between costs capitalised in the period and amortisation expense on previously capitalised amounts.

Effective from 1 July 2000, the company changed its accounting policy to immediately write-off costs previously deferred and amortised, therefore the A GAAP treatment is now the same as the US GAAP treatment. All prior year adjustments have been reversed in the 2000/2001 US GAAP reconciliation.

3. Equity accounting

Prior to 1 July 1997 under A GAAP, investments in incorporated associate entities were carried at cost in the consolidated balance sheet and only dividends declared from these entities were recognised in the consolidated profit and loss statement.

Under US GAAP, equity accounting is used to account for investments in interests where the investor has significant influence over the investee. These adjustments include US GAAP adjustments within the associate entities own accounts.

Effective 1 July 1997, equity accounting has been adopted by the company using A GAAP principles. The main impact of this change under US GAAP equity accounting used to be the treatment of deferred expenditure in the associate entity's profit and loss statement. Most associate entities used to capitalise start up costs as described in Note 2 above; however, this has been changed to write-off these costs effective from 1 July 2000.

4. Acquisition accounting

There are two major differences between A GAAP and US GAAP relating to acquisition accounting:

- a Prior to 1992, a majority of the company's shares were owned by Village Roadshow Corporation Limited ('VRC'). During that period, the company acquired interests in certain businesses from VRC. Under A GAAP, this has resulted in a gain being recorded in the books of VRC representing the difference between the carrying value of the assets disposed of and the purchase consideration. Under US GAAP, no gain would have been recorded, as the acquisitions represented a transfer between entities under common control. Accordingly, the acquired businesses would have been transferred to the company at their carrying amounts in the accounts of VRC and not at fair value.
- b The company amortises goodwill over twenty years in accordance with A GAAP. Under US GAAP, this amortisation period would be forty years.

5. Sale of real estate

During the years ended 30 June 1998 and 30 June 1999, certain interest in land and buildings were sold into a property trust in which the company had an interest. Under US GAAP, these sales were not recognised and gains/losses had been reversed. Rental costs and depreciation had been adjusted to reflect the reversal. As at 30 June 2000, the company no longer had an interest in the property trust, so no adjustments for rental and depreciation are required. All prior year adjustments have been reversed in the 1999/2000 US GAAP reconciliation.

6. Lease accounting

The company has numerous leases over properties which it classifies as operating leases and are therefore not reflected in the company's balance sheet. This treatment is in accordance with A GAAP, under which leases are only recorded in the balance sheet where the lessee enjoys substantially all the risks and benefits of ownership associated with the leased asset, the expense in the profit and loss statement reflects the amount paid or due and payable in the period. Under US GAAP, the application of the lease classification rules results in the capitalisation of some of these leases. In the earlier years of the lease, this results in a reduction of the company's profit as interest and amortisation charges exceed the lease payments. As the lease reaches maturity, this effect will reverse.

7. Interest capitalisation

Up to 30 June 1998, under A GAAP, interest was capitalised on deferred expenditure, including constructed assets. Under US GAAP, only interest on constructed assets was capitalised. From 1 July 1998, A GAAP and US GAAP capitalisation requirements are both based on constructed assets.

8. US GAAP adjusted tax expense

Under A GAAP, the expected benefits arising from the utilisation of tax losses are only booked to a profit and loss account where the benefits are virtually certain of being realised. Under US GAAP, the expected benefit of the loss is booked at the time that they become more likely than not to be realised. The company has a mix of booked and unbooked tax losses which have reduced the overall group tax expense. Under US GAAP, this reduction would have been booked in earlier years on the actual incurring of the loss.

9. Provision of dividends

Under A GAAP, dividends are recorded in the period to which they relate. Under US GAAP, dividends are recorded in the period they are declared.

10. Revaluation of property, plant and equipment

Certain interests in property, plant and equipment used to be carried in the company's consolidated financial statements and by associated entities at valuations above cost resulting in the establishment of asset revaluation reserves. US GAAP does not allow the revaluation of non-current assets except on realisation, and these reserves were therefore reversed under US GAAP. The Sea World Property Trust revalues its assets on a bi-annual basis and the company used to recognise this in its balance sheet. Under US GAAP, this was required to be reversed. For the year ended 30 June 2001, the company has reversed all asset revaluation reserves, including the share of associated companies' asset revaluation reserves.

11. Stock based compensation

In accordance with the rules of the Village Roadshow Limited Executive and Employee Option Plan, free options are issued from time to time to certain executives of the company. Under A GAAP, no expense is recorded in the books of the company. Under US GAAP, the issuance of options to an employee is considered to be stock based compensation and either the intrinsic or fair value of the award must be recognised in the accounts as an expense.

The company has adopted the intrinsic value method. Given that the option price is the same as the fair value of related shares at the date the options are granted, no expense is recorded in the accounts of the company.

The economic entity makes certain loans to executives to enable those executives to purchase shares and exercise the options. Under A GAAP, these loans are recorded as a receivable, whereas under US GAAP, the loans would be a deduction from shareholders' equity.

12. Convertible debt

During the year ended 30 June 1998 the company issued convertible debt securities which in accordance with A GAAP were disclosed partly as liabilities and partly as equity. Under US GAAP, convertible debt is disclosed as a liability, and any costs netted against equity are required to be amortised over the life of the option to convert from debt to equity.

13. Earnings per share ('EPS')

Basic and diluted EPS are presented under US GAAP using the two class method. Additionally, to determine diluted EPS, the treasury stock method is applied to calculate the dilutive effect of options.

RECONCILIATION TO US GAAP

Set forth below are reconciliations to US GAAP of the company's operating profit after tax and shareholders' equity for the last two financial years.

	Notes	30 JUNE 2001 A\$ million	30 JUNE 2000 A\$ million
Profit and Loss			
Operating profit after tax and minority interests as reported under A GAAP		55.1	75.5
US GAAP adjustments			
Amortisation of radio licences	1	(10.5)	(10.6)
Deferred expenditure	2	61.2	(20.8)
Equity accounting	3	1.4	(0.3)
Acquisition accounting	4	1.7	1.7
Lease accounting	6	(1.5)	(8.7)
Interest capitalisation	7	(1.9)	1.6
Convertible notes	12	(0.1)	(0.1)
Sale of real estate	5	-	(2.4)
Deferred tax	8	0.9	(1.0)
Tax effect of US GAAP adjustments	8	(17.1)	14.3
Total US GAAP adjustments		34.1	(26.3)
Estimated profit after tax and after minority interests under US GAAP		89.2	49.2
Estimated profit before significant/abnormal items and discontinuing operations after tax, but after minority interests under US GAAP		67.2	62.3
Earnings per share (Australian cents)			
Basic earnings per share		15.73	7.51
Diluted earnings per share		15.73	7.51
Basic earnings per share before significant/abnormal items and discontinuing operations		11.12	10.31
Shareholders' Equity			
Total shareholders' equity		1,225.0	1,029.2
Less: Outside equity interest		(141.0)	-
Shareholders' equity attributable to members of the company		1,084.0	1,029.2
US GAAP adjustments			
Amortisation of radio licences	1	(50.7)	(40.2)
Deferred expenditure	2	-	(61.2)
Equity accounting	3	(11.6)	(19.6)
Deferred tax	8	7.9	7.0
Provision for dividends	9	1.1	(10.4)
Revaluation of land	10	-	(7.4)
Stock based compensation	11	(41.4)	(29.8)
Acquisition accounting	4	8.5	6.8
Lease accounting	6	(21.1)	(19.6)
Interest capitalisation	7	-	1.9
Convertible notes	12	(15.2)	(15.1)
Tax effect of US GAAP adjustments	8	35.0	52.1
Total US GAAP adjustments		(87.5)	(135.5)
Estimated shareholders' equity according to US GAAP		996.5	893.7

These reconciliations do not identify the additional disclosures required by US GAAP.

Share Register Information and Directory

The following information is given to meet the requirements of the Listing Rules of the Australian Stock Exchange Limited.

SUBSTANTIAL SHAREHOLDERS

Notices of substantial shareholdings received and the number of issued ordinary shares held as at 14 September 2001.

Name of substantial shareholder	Ordinary shares	%
Village Roadshow Corporation	116,430,247	50.03
United Danmark A/S	42,331,109	17.93
The Capital Group of Companies, Inc.	14,614,408	6.19

SECURITY HOLDERS AS AT 14 SEPTEMBER 2001

Equity security	Number of holders	Voting rights
Ordinary shares	7,172	On a show of hands – one vote for every member present in person or by proxy. On a poll – one vote for every share held.
A class preference shares	4,663	On a show of hands – one vote for every member present in person or by proxy. On a poll – one vote for every share held. A preference share shall confer no right to vote at any general meeting except in one or more of the following circumstances: a) on a proposal that affects rights attaching to the preference share; b) during a period during which any dividend payable on the preference share is more than 6 months in arrears; c) on a proposal to reduce the share capital of the company; d) on a proposal to wind up the company; e) on a proposal for the sale of the company's undertaking.

DISTRIBUTION OF SECURITY HOLDERS AS AT 14 SEPTEMBER 2001

Category of holding	Number of holders	%	Number of units	%
ORDINARY SHARES				
1 – 1000	3,280	45.73	2,054,393	0.87
1,001 – 5000	3,063	42.71	7,659,057	3.24
5,001 – 10,000	479	6.68	3,534,894	1.50
10,001 – 100,000	291	4.06	7,239,623	3.07
100,001 and over	59	0.82	215,599,760	91.32
Total	7,172		236,087,727	
Number of holdings less than a marketable parcel	310			
A CLASS PREFERENCE SHARES				
1 – 1000	2,620	56.19	751,459	0.31
1,001 – 5000	1,300	27.88	3,327,040	1.38
5,001 – 10,000	313	6.71	2,489,320	1.04
10,001 – 100,000	320	6.86	9,184,037	3.82
100,001 and over	110	2.36	224,625,095	93.45
Total	4,663		240,376,951	
Number of holdings less than a marketable parcel	378			

20 LARGEST SECURITY HOLDERS AS AT 14 SEPTEMBER 2001

ORDINARY SHARES

Name of holder	Shares	%	Rank
Village Roadshow Corporation Limited	111,819,817	47.36	1
United Danmark A/S	42,331,109	17.93	2
Westpac Custodian Nominees Limited	14,190,065	6.01	3
Chase Manhattan Nominees Limited	10,454,627	4.43	4
Queensland Investment Corporation	6,632,607	2.81	5
Canberra Theatres Limited	6,544,167	2.77	6
National Nominees Limited	3,899,846	1.65	7
Perpetual Nominees Limited	2,310,671	0.98	8
Royal & Sun Alliance Equities Limited	1,877,344	0.80	9
AMP Life Limited	1,448,941	0.61	10
Citicorp Nominees Pty Limited	1,162,129	0.49	11
Commonwealth Custodial Services Limited (No. 100 Account)	910,403	0.39	12
JMB Pty Limited	835,000	0.35	13
Transport Accident Commission	528,721	0.22	14
Victorian Workcover Authority	496,473	0.21	15
ANZ Nominees Limited	494,160	0.21	16
Commonwealth Life Limited	486,220	0.21	17
Mr Gregory Coote	476,500	0.20	18
Commonwealth Custodial Services Limited	444,202	0.19	19
Middlewatch Holdings Limited	400,000	0.17	20
	207,743,002	87.99	

A CLASS PREFERENCE SHARES

Name of holder	Shares	%	Rank
National Nominees Limited	40,232,540	16.74	1
Perpetual Trustees Nominees Limited	36,092,522	15.01	2
Chase Manhattan Nominees Limited	33,243,035	13.83	3
Westpac Custodian Nominees Limited	26,109,128	10.86	4
HSBC Custody Nominees (Australia) Limited	9,735,439	4.05	5
ING Life Limited	8,489,946	3.53	6
Queensland Investment Corporation	5,799,195	2.41	7
NRMA Nominees Pty Limited	5,053,082	2.10	8
AMP Life Limited	4,192,254	1.74	9
National Australia Financial Management Limited	3,213,059	1.34	10
Merrill Lynch (Australia) Nominees Pty Limited	2,679,628	1.11	11
Commonwealth Custodial Services Limited (No. 100 Account)	2,603,701	1.08	12
JP Morgan Custodial Services Pty Limited	1,694,012	0.70	13
Commonwealth Custodial Services Limited (No. 11 Account)	1,690,000	0.70	14
Swiss Reinsurance Company	1,560,845	0.65	15
Cogent Nominees Pty Limited	1,457,411	0.61	16
Ancil Limited	1,438,797	0.60	17
Swiss Re Life & Health Australia Limited	1,416,527	0.59	18
Commonwealth Custodial Services Limited (No. 17 Account)	1,400,697	0.58	19
Argo Investments Limited	1,329,690	0.55	20
	189,431,508	78.81	

CONTACT INFORMATION

Principal administrative office

Village Roadshow Limited
206 Bourke Street
Melbourne Vic 3000
Australia
Ph: 03 9667 6666
Fax: 03 9663 1972

Registered office

Warner Roadshow Movie World Studios
Pacific Highway
Oxenford Qld 4210
Australia
Ph: 07 5585 9666
Fax: 07 5573 3698

Home exchange

Australian Stock Exchange Limited
123 Eagle Street
Brisbane Qld 4000
Australia
Ph: 1300 300 279
Fax: 1300 300 021

OFFICES OF CORE DIVISIONS

Cinema exhibition

Village Cinemas International
The Jam Factory
Level 1, 1 Garden Street
South Yarra Vic 3141
Australia
Ph: 03 9281 1000
Fax: 03 9287 3031

Radio

Austereo Group Limited
180 St Kilda Road
St Kilda Vic 3182
Australia
Ph: 03 9230 1051
Fax: 03 9534 8011

Theme parks

Warner Village Theme Parks
Pacific Highway
Oxenford Qld 4210
Australia
Ph: 07 5585 9666
Fax: 07 5573 3698

Distribution

Roadshow Distributors
206 Bourke Street
Melbourne Vic 3000
Australia
Ph: 03 9667 6666
Fax: 03 9663 1972

Production

Village Roadshow Pictures
Sony Plaza
3400 Riverside Drive
Suite 900
Burbank CA 91505
United States
Ph: 1 818 260 6000
Fax: 1 818 260 6001

COMPANY SECRETARIES

Philip S. Leggo
Shaun L. Driscoll

INVESTOR INQUIRIES

To ensure shareholders and other interested parties can keep up to date on the company, Village Roadshow Limited has established a corporate website. The site contains a wealth of information on the company including business unit profiles, press releases, result announcements and details of shareholder benefits. The site can be accessed at www.villageroadshow.com.au

Please contact Computershare for all inquiries on your Village Roadshow shareholding, such as

- confirmation of shareholding details;
- change of address advice; and
- participation in the Dividend Reinvestment Plan

All other investor inquiries can be directed to Investor relations.

Investor relations	Share register – Computershare Registry Services	
206 Bourke Street Melbourne Vic 3000 Australia Ph: 03 9667 6666 Fax: 03 9639 1540 E-mail: investors@roadshow.com.au	Level 12 565 Bourke Street Melbourne Vic 3000 Australia Ph: 03 9611 5711 Fax: 03 9611 5710 Melbourne.services@computershare.com.au	Level 5 1 Eagle Street Brisbane Qld 4000 Australia Ph: 07 3237 2173 Fax: 07 3229 9860 Brisbane.services@computershare.com.au
	Level 2 321 Kent Street Sydney NSW 2000 Australia Ph: 02 8234 5222 Fax: 02 8234 5050 Sydney.services@computershare.com.au	Level 8 111 St George's Terrace Perth WA 6000 Australia Ph: 08 9323 2000 Fax: 08 9323 2033 Perth.services@computershare.com.au

