



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

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 Basser		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