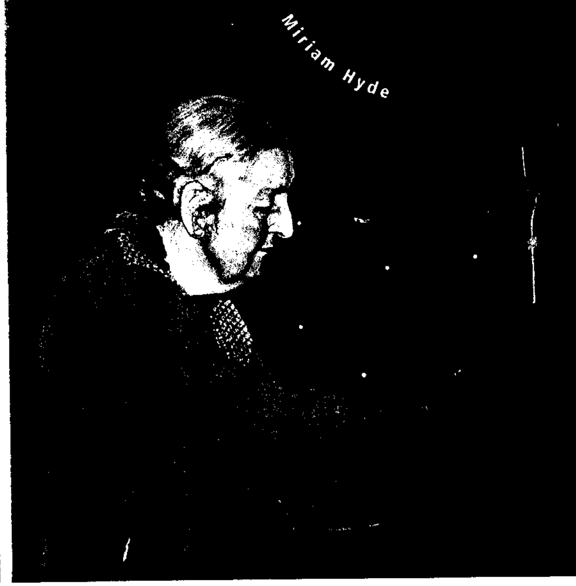
STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2002

	Note	2002 $'000	2001 $'000
Revenue from rendering of services	3	99,040	94,724
Other revenues from ordinary activities	3	1,570	2,049
Total revenue	3	100,610	96,773
Administration and finance expenses		3,736	3,350
Distribution expenses		2,508	2,395
Information services expenses		1,690	1,643
Licensing expenses		4,171	3,589
Member services expenses		1,963	1,966
International expenses		293	354
Legal expenses		609	589
Net operating revenue before related income tax expense and royalty payments		85,640	82,887
Income tax (expense)/benefit relating to ordinary activities	6(a)	26	(170)
Net operating revenue after related income tax expense and before royalty payments		85,666	82,717
Royalties paid and payable to members and affiliated societies		(85,666)	(82,717)
Net operating revenue and retained earnings		-	-



The statement of financial performance is to be read in conjunction with the notes to the financial statements set out on pages 23 to 28.

STATEMENT OF FINANCIAL POSITION As at 30 June 2002

	Note	2002 $'000	2001 $'000
Current assets			
Cash assets	7	**29,032**	28,835
Receivables	8	**10,484**	8,362
Current tax receivable	6(b)	**125**	-
Total current assets		**39,641**	37,197
Non-current assets			
Receivables	8	**303**	354
Property, plant and equipment	9	**9,221**	9,695
Total non-current assets		**9,524**	10,049
Total assets		**49,165**	47,246
Current liabilities			
Payables	10	**3,931**	3,183
Current tax liabilities	6 (b)	-	170
Royalties payable	11	**43,692**	42,370
Provisions	12	**1,349**	1,303
Total current liabilities		**48,972**	47,026
Non-current liabilities			
Provisions	12	**193**	220
Total non-current liabilities		**193**	220
Total liabilities		**49,165**	47,246
Net assets		-	-
Members' equity			
Retained earnings		-	-

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 23 to 28.

STATEMENT OF CASH FLOWS For the year ended 30 June 2002

	Note	2002 $'000	2001 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		**104,399**	100,155
Cash payments in the course of operations		**(20,411)**	(18,850)
Interest received		**1,477**	1,941
Income taxes paid	6(b)	**(306)**	(66)
Net cash provided by operating activities	18(ii)	**85,159**	83,180
Cash flows from investing activities			
Payments for property, plant and equipment		**(762)**	(1,010)
Proceeds from secured loans receivable		**51**	10
Proceeds from sale of non-current assets		**93**	108
Royalties paid		**(84,344)**	(80,574)
Net cash used in investing activities		**(84,962)**	(81,466)
Net increase / (decrease) in cash held		**197**	1,714
Cash at the beginning of the financial year		**28,835**	27,121
Cash at the end of the financial year	18(i)	**29,032**	28,835

... of cash flows is to be read in conjunction with the ... set out on pages 23 to 28.

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act, 2001.

It has been prepared on the basis of historical costs and except where stated does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(b) Revenue recognition

Revenue from rendering of services

Licence fee revenue is recognised in the period over which the licence is issued.

Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The profit and loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(e) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Current valuations for land and buildings valued on the cost basis are carried out at least once every three years.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(f) Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(g) Acquisition of assets

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

(h) Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives.

Assets are depreciated from the date of acquisition and depreciation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset are as follows:

- Buildings 1%
- Plant and equipment 10% to 50%

(i) Income tax

The Company adopts the income statement liability method of tax effect accounting.

Income tax expense represents the tax effect of permanent differences between tax and accounting treatments. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes is carried forward in the balance sheet as a deferred tax asset or a deferred tax liability.

Deferred tax assets are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Deferred tax assets relating to tax losses are only brought to account when their realisation is virtually certain.

(j) Cash and short term deposits

Cash and short-term deposits are carried at face value of the amounts deposited or drawn. The carrying amounts of cash and short-term deposits approximate net fair value. Interest revenue is accrued at the market or contracted rates.

(k) Royalty distributions / royalties payable

Distributable revenue of the Company comprises gross licence fees collected plus investment income earned on such fees, less administrative expenses. The distributable revenue is distributed on a six-monthly basis with members receiving payment following the six month periods to 31 December and 30 June of each year. Payments to affiliated societies are made one month after payments to members.

Distributions to members are made from separate pools based upon the source of revenue (for example, broadly from television, radio, concerts, other). A points system is used whereby credit points are attached to performances based on various criteria including duration, use and time of broadcasting of the music.

Distributable revenue received, which cannot be allocated to a specific pool, is apportioned to those pools, which in the Board's view, most accurately reflect the music performed.

Royalty allocations are made to writer and publisher members and affiliated societies in accordance with the Company's rules. In the absence of specific notification of contractual agreement to the contrary the shares of a musical work are allocated in accordance with the guidelines of the Distribution Rules.

Royalties payable are recognised for amounts to be distributed to members in future periods.

(l) Foreign currency

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

The assets and liabilities of a foreign branch that is considered to be an integrated operation are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange current at balance date while non-monetary items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are taken directly to the statement of financial performance.

(m) Employee entitlements

Wages, salaries and annual leave

The provisions for employee entitlements to wages, salaries and annual leave represent the amount that the Company has a present obligation to pay resulting from employees' services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and include related on-costs.

Long service leave

The liability for employees entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

In determining the liability for employees' entitlements, consideration has been given to future increases in wage and salary rates, and the Company's experience with staff departures. Related on-costs have also been included.

Superannuation plan

The Company contributes to various employee defined contribution superannuation funds. Contributions are charged against income as they are made.

(n) Receivables

Trade debtors to be settled within 60 days are carried at amounts due. The collectability of debts is assessed at balance date and doubtful accounts are written off. The Company effectively minimises concentrations of credit risk through dealing with all users of copyright music in public. The carrying amount of trade debtors approximates net fair value.

(o) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

(p) Derivatives

The Company is exposed to changes in interest rates and foreign exchange balances. The Company does not use derivative financial instruments to hedge these risks.

2 Members' guarantee

The Company is limited by guarantee. Every member of the Company has a liability to contribute towards any deficiencies in the event of the winding up of the Company, to the extent of twenty dollars per member. At 30 June 2002 the Company had 33,404 (2001: 32,066) members.

3 Revenue from ordinary activities

	2002 $'000	2001 $'000
Rendering of services revenue from operating activities		
Licence fee revenue from:		
Broadcasting and television	61,104	58,636
General and mechanical	21,666	20,249
Distributions received from affiliated societies	16,270	15,839
	99,040	94,724
Other revenues		
From operating activities:		
Interest	1,477	1,941
From outside operating activities		
Gross proceeds from sale of non-current assets	93	108
Total other revenues	1,570	2,049
Total revenue from ordinary activities	100,610	96,773

4 Net operating revenue from ordinary items before income tax expense and royalty payments

Net operating revenue from ordinary activities before income tax expense and royalty payments has been arrived at after charging / (crediting) the following items:

	2002 $'000	2001 $'000
Depreciation of:		
Buildings	50	197
Plant and equipment	1,063	1,015
	1,113	1,212
Net expense from movements in employee entitlements	19	368
Operating lease rental expense	87	80
Loss/(profit) on sale of plant and equipment	30	(10)

5 Auditor's remuneration

	2002 $	2001 $
Audit services:		
Auditors of the Company – KPMG		
Audit and review of the financial reports	84,120	71,848
Other services:		
Auditors of the Company – KPMG		
Accounting assistance	37,664	-
Taxation	99,904	42,207
	221,688	114,055

6 Taxation

	2002 $'000	2001 $'000
(a) Income tax expense/(benefit)		
Prima facie income tax expense calculated at 30% (2001: 34%) on the net operating revenue before tax expense and after royalty payments	(8)	58
Increase / (decrease) in income tax expense due to:		
• Non-deductible expenditure	14	154
• Other	(32)	(58)
	(26)	154
Add income tax under provided	-	16
Income tax expense attributable to operating profit	(26)	170
Total income tax expense attributable to operating profit is made up of:		
Current income tax provision	(26)	154
Under provision in prior year	-	16
	(26)	170
(b) Current income tax liability/ (receivable)		
Movements during the year:		
Balance at beginning of year	170	31
Income tax paid	(306)	(66)
Current year's income tax expense on operating profit	(26)	154
Other – confederation account	37	35
Under provision in prior year	-	16
	(125)	170

(c) Deferred tax assets not brought to account

The potential deferred tax asset arising from timing differences has not been recognised as an asset because recovery of timing differences is not assured beyond reasonable doubt:

	2002 $'000	2001 $'000
Timing differences	436	539

7 Cash assets

	2002 $'000	2001 $'000
Cash at bank	29,032	28,835

Interest rates at 30 June 2002 are between 4.21% and 5.02% (2001: 4.95% and 6.09%), which are the prevailing interest rates on short-term deposits.

8 Receivables

	2002 $'000	2001 $'000
Current		
Trade debtors	10,390	8,247
Other debtors	94	115
	10,484	8,362
Non-current		
Loans - secured	303	354

Interest rates at 30 June 2002 on secured loans are between 4.55 % and 6.51% (2001: 5.21% and 6.92%) and are variable. They are fully secured by first registered mortgages over property.

9 Property, plant and equipment

	2002 $'000	2001 $'000
Freehold land		
At cost	2,250	2,250
Buildings		
At cost	5,085	5,085
Accumulated depreciation	(855)	(805)
	4,230	4,280
Plant and equipment		
At cost	5,835	5,749
Accumulated depreciation	(3,094)	(2,584)
	2,741	3,165
Total property, plant and equipment – net book value	9,221	9,695

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below:

	2002 $'000	2001 $'000
Freehold land		
No movement in carrying amount		
Buildings		
Carrying amount at beginning of year	4,280	4,477
Depreciation	(50)	(197)
Carrying amount at end of year	4,230	4,280
Plant and equipment		
Carrying amount at beginning of year	3,165	3,268
Additions	762	1,010
Disposals	(123)	(98)
Depreciation	(1,063)	(1,015)
Carrying amount at end of year	2,741	3,165

Valuations

The land and building of the Company located at Atchison Street, St Leonards, was subject to an independent valuation at 30 June 2001. The valuation was carried out by Chesterton International (NSW) Pty Limited, on the basis of the current market value of the property. The independent valuation assessed the current market value of the property to be $8,000,000.

The land and building of the Company located at Parnell Road, Auckland, New Zealand, was subject to a director's valuation as at 30 June 2001. The valuation amounted to $319,000 and was on the basis of the current market value of the property.

The land and building of the Company located at Sanders Place, Richmond was subject to a director's valuation as at 30 June 2001. The valuation amounted to $450,000 and was on the basis of the current market value of the property.

Total value of the independent and directors valuations is $8,769,000, compared to the carrying value at 30 June 2002 of $6,480,000. As land and buildings are recorded at cost the valuations have not been brought to account.

	2002 $'000	2001 $'000

10 Payables

	2002 $'000	2001 $'000
Trade creditors	3,468	2,954
Other creditors and accruals	463	229
	3,931	3,183

11 Royalties payable

	2002 $'000	2001 $'000
Royalties owing to members and affiliated societies	**43,692**	42,370

12 Provisions

	2002 $'000	2001 $'000
Current		
Employee entitlements	**1,349**	1,303
Non-current		
Employee entitlements	**193**	220

13 Commitments

Non-cancellable operating lease expense commitments

	2002 $'000	2001 $'000
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	49	66
One year or later and no later than five years	34	103
	83	169

The company leases offices under non-cancellable operating leases expiring from 1 to 5 years. Leases of offices generally provide the company with a right of renewal at which time all terms are renegotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on the Consumer Price Index.

14 Segment information

The Company derives the majority of its revenue from its principal activity of licensing the public performance and broadcast use of music under the Company's control and operates in the following major geographical segments:

	Australasia		Outside Australasia		Total	
	2002 $'000	2001 $'000	2002 $'000	2001 $'000	2002 $'000	2001 $'000
Segment revenue	**84,340**	80,934	**16,270**	15,839	**100,610**	96,773

Distributable revenue of the Company comprises gross licence fees collected plus investment income earned on such fees, less administrative expenses. As a result of this distribution policy, the operating profit in each geographical segment is nil. All segment assets are held entirely within Australasia.

The company operates in one business segment, being the licensing of public performance and broadcast use of music under its control.

15 Directors' remuneration

	2002 No.	2001 No.
The number of directors whose income from the Company or any related party falls within the following bands:		
$0 - $ 9,999	-	4
$10,000 - $19,999	**12**	10
	$	$
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party.	**140,000**	129,568

16 Related party disclosures

Directors

The names of each person holding the position of Director of Australasian Performing Right Association Limited during the financial year are S Abramowitz, R Aird, J Anderson, A Baysting, I James, E McCusker, R Meale, J Morris, C Neal, M Perjanik, F Riccobono and D Trotter. Mr S Abramowitz retired as a director subsequent to year end.

Other

All directors who held office during the year, or their director-related entities, are entitled to distributions calculated in accordance with note 1 (l), on the same terms and conditions as other members. There were no other director related transactions during the course of the financial year.

17 Additional financial instruments disclosure

Interest rate risk

The Company is exposed to interest rate risk in relation to its cash and short-term deposit balances. The weighted average interest rate on cash and short-term deposits of $29,032,000 at 30 June 2002 is 4.83% (2001: $28,835,000, 4.92%). It is Company policy not to hedge this exposure to interest rate risk.

Foreign exchange risk

The Company receives royalties from overseas affiliates in foreign currencies and operates a branch in New Zealand. It is Company policy not to hedge this exposure to foreign exchange risk. No foreign currency receivables or payables exist at 30 June 2002 and the New Zealand branch is translated in accordance with the policy at note 1 (l).

Credit risk exposure

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted. The credit risk on financial assets is the carrying amount. Concentrations of credit risk are minimised by undertaking transactions with a large number of licensees and counterparties.

18 Notes to the statement of cash flows

(i) Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flow is reconciled to the related items in the balance sheet as follows:

	2002 $'000	2001 $'000
Cash assets	**29,032**	28,835

(ii) Reconciliation of net operating revenue after income tax and before royalty payments to net cash provided by operating activities

Net operating revenue after income tax and before royalty payments	**85,666**	82,717
Add/(less) items classified as investing/financing:		
Loss/(profit) on sale of non-current assets	**30**	(10)
Add/(less) non-cash items:		
Depreciation	**1,113**	1,212
Increase / (decrease) in income taxes payable	**(295)**	139
Net cash provided by operating activities before change in assets and liabilities	**86,514**	84,058
Change in assets and liabilities:		
(Increase) in trade and other debtors	**(2,122)**	(1,229)
Increase/(decrease) in trade creditors and accruals	**748**	(17)
Increase in provisions	**19**	368
Net cash provided by operating activities	**85,159**	83,180

19 Subsequent events

On 1 July 2002, the assets and liabilities of the company's New Zealand branch, excluding land and buildings, were sold to the newly incorporated APRA New Zealand Limited. APRA New Zealand Limited was incorporated on 1 July 2002 as a wholly owned subsidiary of the company.