

financial statements



DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2001

DIRECTORS

The names and details of the directors of the company in office during the financial year and until the date of this report are:

John Laurie (Chairman - Non-executive) B.Ec.FCPA.FAIM

Mr. Laurie was appointed Chairman of the company on 7 June 1999. Mr Laurie is a former senior executive of the CSR Group and director of related companies and is presently chairman of Pyrmont Raw Materials Pty Ltd, a Sydney based private construction, materials transportation and contracting company, as well as director of three private investment companies and Techstar Pty Ltd.

Sam Bass (Managing Director)

Mr. Bass has a long and successful career in the wholesale and retail sectors both in South Africa (where he operated one of the largest toy and giftware distributors), and, since the early 1980's in Australia

Glenn Molloy (Non-executive)

Mr. Molloy, who joined the board on the 22 January 2001, is a professional investor who has worked with public companies in financial difficulties including Apollo batteries, Crevet Limited, ARDC Limited and many private companies. He has assisted in returning these companies to profitability or assisted in developing strategic plans. He is the deputy chairman of Qven Ltd, director and major shareholder of Plaspak Group Ltd, and is a director of Grand Golf Club Ltd and sits on the Smith Family Learning for Life advisory committee on the Gold Coast.

John Abernethy (Non-executive) B.Com.LLB

Mr. Abernethy, who joined the board on 23 February 2001, is Managing Director of Loftus Pooled Development Limited and a director of Schaffer Corporation Limited, E-Com Investment Capital Limited and Jasco Holdings Limited. He is a director of numerous other private companies in which Loftus Pooled Development holds equity stakes. He has 18 years experience in funds management and corporate advisory positions.

Ray Hartley (Executive)

Mr. Hartley has been a director of the company from 21 October 1998, following the acquisition of the MRA Entertainment Group. Mr Hartley built the MRA Entertainment Group over a period of 10 years from a small home based business to one of Australia's leading distributors of CDs and Video cassettes with a staff of more than 60 people. Mr Hartley resigned as a director on the 21 May 2001 but remains an executive of MRA Entertainment Group Pty Ltd.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the company were:

	Ordinary Shares Fully Paid	Options over Ordinary Shares
J Laurie	393,000	300,000
S Bass	189,286	-
G Molloy	5,156,000	2,000,00
J Abernethy	5,100,276	1,000,000

CORPORATE STRUCTURE

Skansen Holdings Limited is a company limited by shares that is incorporated and domiciled in Australia. Skansen Holdings Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure. All subsidiaries are 100% owned.

- Skansen Holdings Limited
- Mastertech Pty Ltd
 - MRA Entertainment Group Pty Ltd
 - Total Video Services Pty Ltd
- Sweetring Imports Pty Ltd
- MRA International Pty Ltd
- Prestige Group (Australia) Pty Ltd
- Prestige Housewares (NZ) Limited
- O-Cedar Products Pty Ltd

Nature of operation and principal activities.

The principal activities during the year of entities within the consolidated entity were:

- Import, manufacture and distribution of giftware
- Import, production and distribution of music compact discs and DVD's
- Import, manufacture and distribution of houseware and consumer products encompassing plastic kitchenware, bakeware, and cleaning products.

Employees

The consolidated entity employed 147 employees as at 31 December 2001.

EARNINGS PER SHARE

Basic earnings per share 2.4 cents

DIVIDENDS

Final ordinary dividend of 0.5 cents per share as resolved by the directors to be paid on 15 April 2002 - \$224,625

REVIEW OF OPERATIONS

The profit after tax represents a major improvement over the comparative period last year. Profit of \$1,025,000 increased from \$6,300,000 loss in the December 2000 year.

Sales for the twelve months were \$31,015,000 an increase of \$7,480,000 over the corresponding period last year.

Expenditure reduced by \$2,488,000 which reflected the changes implemented over the last year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

\$2,000,000 convertible notes were issued in 2001 to assist in the restructure of the group. These funds along with cash from realisation of slow moving stock was used to reduce group creditors, provide funds for the acquisition and support of Prestige Group (Australia) Pty Ltd and reduce the debt to Scottish Pacific Business Finance. Notice was given to Scottish Pacific on the 21 January 2002 to finalise our facility with them.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors foresee that the 2002 financial year will be a period of consolidation and improvement of existing operations as well as identifying acquisitions that will increase group turnover and more importantly profitability and therefore increase shareholder value after the last couple of difficult years.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On the 15 February 2002, Mastertech Pty Ltd purchased the office/warehouse it occupies at Mansfield for \$1,000,000.

On the 14 February 2002, it was announced that Heads of Agreement had been signed between Skansen Holdings Limited and Reko Pty Ltd for the possible merger of the two operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The entity is not subject to any particular or significant environmental regulation.

SHARE OPTIONS

As at the date of this report, there were 16,430,000 unissued ordinary shares under options. Refer to note 19 of the financial statements for further details of the options outstanding.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the company has paid premiums in respect of a contract insuring all of the directors and certain officers of Skansen Holdings Limited against costs incurred in defending proceedings for conduct involving:

- (a) a willful breach of duty; or
- (b) a contravention of Sections 182 or 183 of the Corporations Act 2001, as permitted by section 190B of the Corporations Act 2001.

The company is bound by a confidentiality clause in its insurance policy not to disclose the insurance contract premiums.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the chief executive officer and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the company's financial performance. All senior executives have the opportunity to qualify for participation in the Executive Bonus Scheme which currently provides cash and share option incentives where specified criteria are met including criteria relating to profitability. At 31 December 2001 there are 1,430,000 options issued under this scheme.

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Emoluments of directors of Skansen Holdings Limited

	Annual Emoluments				Long Term Emoluments		
	Base Fee \$	Bonus \$	Other \$	Termination & similar payments \$	Option Grants Number	Super - annuation \$	Other \$
J Laurie	35,000	-	-	-	-	-	-
S Bass	169,999	-	-	-	-	-	-
R Hartley	33,330	-	-	-	-	2,665	-
G Molloy	22,916	-	-	-	2,000,000	-	-
J Abernethy	20,833	-	-	-	-	-	-

Ray Hartley resigned on the 21 May 2001. Above emoluments are for payment made to that date.

Options granted to John Abernethy were issued in Loftus Capital Pty Ltd which John Abernethy is a director.

Emoluments of the most highly paid executive officers of the company and the group.

	Annual Emoluments				Long Term Emoluments		
	Base Fee \$	Bonus \$	Other \$	Termination & similar payments \$	Option Grants Number	Super - annuation \$	Other \$
G Navratil	97,969	-	-	-	125,000	7,837	-
N Burton	85,000	-	-	-	150,000	6,800	-
H Jacobs	74,576	-	-	-	125,000	5,966	-

Options granted are exercisable immediately at an exercise price of 15 cents. Expiry date for the employee options is 11 December 2003. No options have been exercised as at the date of this report.

The terms "director" and "officer" have been treated as mutually exclusive for the purposes of this disclosure. The elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity. In the director's view, other senior personnel do not fall into the definition above.

The category "other" includes the value of any non-cash benefits provided. There were no such benefits provided during the year.

DIRECTORS MEETINGS

During the twelve-month period, 14 directors' meetings, 2 audit committee meeting and 2 remuneration committee meetings were held. The number of meetings at which directors were in attendance is as follows:

	Directors' Meetings		Meetings of Committees					
	No. Held	While in Office	Audit		Remuneration			
		Meetings Attended	No. Held	While in Office	Meetings Attended	No. Held	While in Office	Meetings Attended
J Laurie	14	14	2		2	2		2
S Bass	14	14	-		-	-		-
Glenn Molloy	14	14	-		-	2		2
John Abernethy	13	11	2		2	-		-
R Hartley	4	4	-		-	-		-

As at the date of this report, the company had an Audit Committee and a Remuneration Committee of the Board of Directors. The members of the Audit Committee are Messrs. J Laurie, and J Abernethy. The members of the Remuneration Committee are Messrs J Laurie and G Molloy.

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.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Skansen Holdings Limited support and have adhered to the principles of corporate governance. The company's corporate governance statement is contained in the additional ASX information section of this annual report.

Signed in accordance with a resolution of the directors.



J Laurie
Chairman

Sydney, 14th March 2002

STATEMENT OF FINANCIAL PERFORMANCE

YEAR ENDED 31 DECEMBER 2001	Notes	CONSOLIDATED		SKANSEN HOLDINGS LTD	
		31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
		\$'000	\$'000	\$'000	\$'000
Revenues					
Revenues from sale of goods	2	31,015	23,535	11,612	8,736
Cost of Sales		(18,008)	(14,170)	(7,234)	(5,828)
Gross Profit		13,007	9,365	4,378	2,908
Other Revenues from ordinary activities		292	154	122	12
Operating expenses					
Distribution expenses		(2,150)	(2,401)	(564)	(918)
Marketing expenses		(3,020)	(3,621)	(1,013)	(2,090)
Occupancy expenses		(1,006)	(943)	(407)	(487)
Administration expenses		(3,145)	(3,630)	(781)	(1,864)
Other expenses from ordinary activities		(1,435)	(1,261)	(960)	(919)
Borrowing cost expenses	3	(489)	(338)	(227)	(234)
Depreciation and amortisation	3	(1,029)	(956)	(219)	(353)
Writedown of Non Current Assets	3	-	(1,612)	-	(2,968)
Operating expenses		(12,274)	(14,762)	(4,171)	(9,833)
OPERATING PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		1,025	(5,243)	329	(6,913)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	1,057	-	886
OPERATING PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES AFTER RELATED INCOME TAX	5	1,025	(6,300)	329	(7,799)
Basic earnings per share(cents per share)		2.4	(18.6)		
Diluted earnings per share (cents per share)		1.9	-		

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2001	Notes	CONSOLIDATED		SKANSEN HOLDINGS LTD	
		31 Dec 2001 \$'000	31 Dec 2000 \$'000	31 Dec 2001 \$'000	31 Dec 2000 \$'000
CURRENT ASSETS					
Cash	2l(b)	1,182	864	740	528
Receivables	6	9,218	6,679	2,153	3,836
Inventories	7	3,914	2,682	970	967
Other	8	348	88	55	19
TOTAL CURRENT ASSETS		14,662	10,313	3,918	5,350
NON-CURRENT ASSETS					
Receivables	9	-	9	-	9
Investments	10	-	-	4,362	3,707
Property, plant and equipment	11	936	1,135	124	473
Intangibles	12	63	334	-	-
Other	13	947	668	-	-
TOTAL NON-CURRENT ASSETS		1,946	2,146	4,486	4,189
TOTAL ASSETS		16,608	12,459	8,404	9,539
CURRENT LIABILITIES					
Accounts payable	14	5,847	6,247	3,808	6,773
Interest Bearing Liabilities	15	3,160	2,670	474	1,097
Provisions	16	1,560	787	308	78
TOTAL CURRENT LIABILITIES		10,567	9,704	4,590	7,948
NON-CURRENT LIABILITIES					
Interest Bearing Liabilities	17	2,076	253	2,076	253
Provisions	18	413	51	14	19
TOTAL NON-CURRENT LIABILITIES		2,489	304	2,090	272
TOTAL LIABILITIES		13,056	10,008	6,680	8,220
NET ASSETS		3,552	2,451	1,724	1,319
SHAREHOLDERS' EQUITY					
Contributed Equity	19	16,860	16,560	16,860	16,560
Accumulated losses	20	(13,308)	(14,109)	(15,136)	(15,241)
TOTAL SHAREHOLDERS' EQUITY		3,552	2,451	1,724	1,319

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2001

Notes

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	34,326	25,947	14,156	11,395
Payments to suppliers and employees	(31,840)	(23,237)	(12,096)	(11,017)
Interest received	26	-	27	-
Interest and other costs of finance paid	(489)	(334)	(226)	(234)
Goods and services tax paid	(1,580)	(603)	(668)	(184)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	443	1,773	1,193	(40)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(132)	(44)	-	(3)
Acquisition of Prestige Group (Australia) Pty Ltd	(265)	-	(355)	-
Acquisition of masters	(369)	(172)	-	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(766)	(216)	(355)	(3)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash proceeds issue of shares	-	-	-	-
Finance lease principal paid	(219)	(260)	(177)	(199)
Borrowings - Paid	(1,140)	(5,939)	(2,449)	(5,945)
Proceeds from Convertible Note Issue	2,000	-	2,000	-
Borrowings - Received	-	2,429	-	5,196
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	641	(3,770)	(626)	(948)
NET INCREASE/(DECREASE) IN CASH HELD	318	(2,213)	212	(991)
Add opening cash brought forward	864	3,077	528	1,519
CLOSING CASH CARRIED FORWARD	1,182	864	740	528

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention. The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 which includes applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The accounting policies adopted are consistent with those of the previous year. As a result of applying the revised accounting standard AASB1018 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 represented or reclassified to ensure comparability with the current period reporting period.

Principles of consolidation

The consolidated accounts are those of the economic entity, comprising Skansen Holdings Limited (the parent entity) and all entities which Skansen Holdings controlled from time to time during the year and at balance date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

Financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction. Amounts payable to and by the entities within the consolidated entity that are outstanding at the 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. All resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit or loss for the financial year. Refer to note 32 (a) for the accounting policy related to specific hedges.

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 bank overdrafts.

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is assigned on an average cost basis and includes expenditure incurred in acquiring the stock.

Net realisable value is the estimated proceeds of sale less, where applicable, all costs to be incurred in marketing and distribution to customers.

Manufacturing

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials - purchase cost on a first-in-first-out basis; and
- Finished goods and work in progress - cost of direct material and labour and a proportion of manufacturing overheads based on normal operation capacity

Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining the recoverable amount the expected net cash flows have not been discounted to their present value.

NOTES ON THE FINANCIAL STATEMENTS

Property, plant and equipment**Cost and valuation**

Items of property, plant and equipment are carried at cost.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold land.

Major depreciation periods are:	2001	2000
· Leasehold improvements:	the lease term	the lease term
· Plant and equipment:	5 to 15 years	5 to 15 years
· Dies and Moulds	5 years	-

Intangibles**Goodwill**

Goodwill is recorded initially at the amount by which the purchase price for a business or for shares in a controlled entity exceeds the fair value of the net tangible assets at the date of acquisition. Goodwill is amortised by the straight-line method over the period during which benefits are expected to be received. This is taken as being up to 5 years (2000 : 5 years).

At 30 June 2000 the carrying amount of the remaining goodwill balance was reviewed and as a result an additional amortisation charge of \$1,612,480 was recorded during the period.

Income Tax

The entity has adopted the liability method of income tax effect accounting. Income tax expense shown in the profit and loss account is calculated on the operating result before tax, adjusted for items which, due to treatment under income tax legislation, create permanent differences between accounting profit and taxable income.

Future income tax benefits represent the expected future tax effect of timing differences which occur when items of expenditure are included in the determination of accounting profit in periods different to the periods in which those items are allowable for income tax purposes.

The net future income tax benefit relating to timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Income recognition

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

Sale of Goods

Control of the goods has passed to the buyer.

Interest

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

Employee entitlements

Provision is made for long service leave and annual leave estimated to be payable to employees on the basis of statutory and contractual entitlements. The contributions made to superannuation funds are charged against profits.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to profit and loss.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Goods and Services Tax

GST received from customers is included in cash flows from customers. GST paid on supplies is included in payments to suppliers and employees. GST paid on acquisitions of plant and equipment is included in payments to suppliers and employees. GST is not included in revenue, expenses but is included in receivables and payables.

Earnings Per Share

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

Diluted earnings per share is determined by dividing the operating result after tax 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.

Financial Instruments

Refer to note 32 (a) for accounting policies related to financial instruments.

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NOTES ON THE FINANCIAL STATEMENTS

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2. REVENUE FROM ORDINARY ACTIVITIES

Revenue from sales of goods

Interest

Associated companies

Other persons/corporations

Total Interest

Royalties

Sundry Income

Total revenues from ordinary activities

3. EXPENSES AND LOSSES/(GAINS)

(a) Expenses

Amortisation of non-current assets

Goodwill

Music masters

Depreciation of non-current assets

Plant and equipment

Plant and equipment under lease

Dies and Moulds

Leasehold improvements

Total depreciation and amortisation expenses

Bad and doubtful debts

Trade debtors - other persons

Borrowing costs expensed

Interest expense - other persons/corporations

Other borrowing costs

Finance charges - lease liability

Total borrowing costs expensed

Rental - operating leases

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001 \$'000	31 Dec 2000 \$'000	31 Dec 2001 \$'000	31 Dec 2000 \$'000
Revenue from sales of goods	31,015	23,535	11,612	8,736
Interest				
Associated companies	-	-	9	-
Other persons/corporations	26	-	18	-
Total Interest	26	-	27	-
Royalties	151	128	47	6
Sundry Income	115	26	48	6
Total revenues from ordinary activities	31,307	23,689	11,734	8,748
3. EXPENSES AND LOSSES/(GAINS)				
(a) Expenses				
Amortisation of non-current assets				
Goodwill	336	351	-	58
Music masters	90	61	-	-
	426	412	-	58
Depreciation of non-current assets				
Plant and equipment	341	317	49	105
Plant and equipment under lease	107	111	58	76
Dies and Moulds	40	-	-	-
Leasehold improvements	115	116	112	114
	603	544	219	295
Total depreciation and amortisation expenses	1029	956	219	353
Bad and doubtful debts				
Trade debtors - other persons	330	516	180	406
Borrowing costs expensed				
Interest expense - other persons/corporations	251	126	123	122
Other borrowing costs	193	166	75	70
Finance charges - lease liability	45	46	29	42
Total borrowing costs expensed	489	338	227	234
Rental - operating leases	1,302	743	412	427

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	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001 \$'000	31 Dec 2000 \$'000	31 Dec 2001 \$'000	31 Dec 2000 \$'000
(b) Losses/(Gains)				
Net foreign currency (gains) / losses	136	191	47	39
Net loss on disposal of fixed assets	330	-	145	-
(c) Significant Items				
Write down of investment of controlled entity.	-	-	-	2,968
Write down in the value of goodwill arising on the acquisition of the Mastertech Pty Ltd	-	1,612	-	-
Applicable income tax	-	-	-	-
	-	1,612	-	2,968

4. INCOME TAX

The prima facie tax, using tax rates applicable in the country of operation, on operating result differs from the income tax provided in the accounts as follows:

Prima facie tax on operating profit(loss) at 30% (2000: 34%)	293	(1,783)	95	(1,341)
Tax effect of permanent differences				
Amortisation of goodwill	107	648	-	-
Future Income Tax Benefit written off	-	1,383	-	886
Over provision for prior year Income Tax	-	(327)	-	-
Current Year tax losses not taken up	-	1,136	-	1341
Prior Year losses taken up	(400)	-	(95)	-
Income tax expense attributable to operating result	-	1,057	-	886
Future Income tax benefit arising from tax losses of a controlled entity not brought to account at balance date as realisation of the benefit is not regarded as virtually certain.	2,546	898	995	735

This future Income Tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

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5. DIVIDENDS PAID OR PROVIDED FOR

Dividends paid/provided during the year
Fully franked dividends (0.5¢ per share)
Prior year dividends provided not paid

CONSOLIDATED		SKANSEN HOLDINGS LTD	
31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
\$'000	\$'000	\$'000	\$'000
(224)	-	(224)	-
-	16	-	16
(224)	16	(224)	16

The tax rate at which dividends have or will be franked is 30% (2000: 34%)

The amount of franking credits available for the subsequent financial year are:

-franking account balance as at the end of the financial year
-franking debits that will arise from the payment of dividends as at the end of the financial year

2,363	1,792	1,214	1,011
(224)	-	(224)	-
2,139	1,792	990	1,011

6 RECEIVABLES (CURRENT)

Trade debtors
Provision for doubtful debts

6(a)

9,641	7,327	2,018	2,856
(423)	(748)	(95)	(520)
9,218	6,579	1,923	2,336
-	3	-	3
-	-	230	1,500
-	97	-	(3)
9,218	6,679	2,153	3,836

(a) Australian dollar equivalent of amounts receivable in foreign currencies not effectively hedged:

US Dollars

566	202	309	-
566	202	309	-

(b) Terms and conditions relating to the above financial instruments are set out in note 32

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NOTES ON THE FINANCIAL STATEMENTS

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10. INVESTMENTS (NON-CURRENT)**Investments comprise:**

Shares in controlled entities

Unlisted shares

Total investments in balance sheet

(a) Investment in controlled entities

Name

Country of
incorporationPercentage of
equity interest
held by the
consolidated entity2001 2000
% %**Sweet Ring Imports Pty Ltd**

Aust

- ordinary shares

100 100

621

621

MRA International Pty Ltd

Aust

- ordinary shares

100 100

-

-

Investment \$1 (whole dollars)

Mastertech Pty Ltd

Aust

- ordinary shares

100 100

6,054

6,054

Less provision for write-down

(2,968)

(2,968)

3,086

3,086

MRA Entertainment Group Pty Ltd

Aust

- ordinary shares

100 100

-

-

Investment \$1 (whole dollars)

Prestige Group(Australia) Pty Ltd

Aust

-ordinary shares

100 -

451

-

Investment \$450,686 (whole dollars)

Prestige Homewares (NZ) Pty Ltd

NZ

ordinary shares

100 -

204

-

Investment \$204,217 (whole dollars)

O-Cedar Products Pty Ltd

Aust

- ordinary shares

100 -

-

-

Investment \$1 (whole dollars)

Total Video Services Pty Ltd

Aust

-ordinary shares

100 100

-

-

Investment \$100 (whole dollars)

4,362

3,707

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001 \$'000	31 Dec 2000 \$'000	31 Dec 2001 \$'000	31 Dec 2000 \$'000
Unlisted shares	-	-	4,362	3,707
Total investments in balance sheet	-	-	4,362	3,707
(a) Investment in controlled entities				
Sweet Ring Imports Pty Ltd				
- ordinary shares	100	100	621	621
MRA International Pty Ltd				
- ordinary shares	100	100	-	-
Investment \$1 (whole dollars)				
Mastertech Pty Ltd				
- ordinary shares	100	100	6,054	6,054
Less provision for write-down			(2,968)	(2,968)
			3,086	3,086
MRA Entertainment Group Pty Ltd				
- ordinary shares	100	100	-	-
Investment \$1 (whole dollars)				
Prestige Group(Australia) Pty Ltd				
-ordinary shares	100	-	451	-
Investment \$450,686 (whole dollars)				
Prestige Homewares (NZ) Pty Ltd				
ordinary shares	100	-	204	-
Investment \$204,217 (whole dollars)				
O-Cedar Products Pty Ltd				
- ordinary shares	100	-	-	-
Investment \$1 (whole dollars)				
Total Video Services Pty Ltd				
-ordinary shares	100	100	-	-
Investment \$100 (whole dollars)				
			4,362	3,707

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Notes

II. PROPERTY PLANT & EQUIPMENT

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001 \$'000	31 Dec 2000 \$'000	31 Dec 2001 \$'000	31 Dec 2000 \$'000
Leasehold improvements				
At cost	9	497	-	487
Provision for amortisation	(7)	(234)	-	(230)
	2	263	-	257
Plant and equipment				
At cost	6,306	2,525	1,070	1,457
Provision for depreciation	(5,943)	(1,908)	(1,026)	(1,366)
	363	617	44	91
Plant and equipment under lease				
At cost	723	530	322	309
Provision for amortisation	(466)	(275)	(242)	(184)
	257	255	80	125
Dies and Moulds				
At cost	2,817	-	-	-
Provision for depreciation	(2,503)	-	-	-
	314	-	-	-
Total Property, plant and equipment				
Cost	9,855	3,552	1,392	2,253
Provision for depreciation and amortisation	(8,919)	(2,417)	(1,268)	(1,780)
Total written down value	936	1,135	124	473

(a) Assets pledged as security

Fixed and floating charges have been granted over all non current assets as security over the Groups financing facility.

Assets under lease are pledge as security for the associated lease liabilities

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NOTES ON THE FINANCIAL STATEMENTS

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Notes

(b) Reconciliations

Reconciliations of the carrying amount of fixed assets at the beginning and end of the current financial year.

Leasehold Improvements

Carrying amount at beginning
Disposals
Depreciation Expense

Plant and Equipment

Carrying amount at beginning
Additions
Disposals
Additions through acquisitions of entities/operations
Depreciation Expense

Plant and Equipment under Lease

Carrying amount at beginning
Additions
Disposals
Additions through acquisitions of entities/operations
Depreciation Expense

Dies and Moulds

Carrying amount at beginning
Additions
Additions through acquisitions of entities/operations
Depreciation Expense

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
	\$'000	\$'000	\$'000	\$'000
	263		257	
	(146)		(145)	
	(115)		(112)	
	2		-	
	617		91	
	98		2	
	(176)		-	
	164		-	
	(340)		(49)	
	363		44	
	255		125	
	-		13	
	(8)		-	
	117		-	
	(107)		(58)	
	257		80	
	-		-	
	5		-	
	350		-	
	(41)		-	
	314		-	

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Notes

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
	\$'000	\$'000	\$'000	\$'000
12. INTANGIBLES				
Goodwill	3,643	3,643	88	88
Provision for amortisation	(3,643)	(3,309)	(88)	(88)
	-	334	-	-
Trademarks	65	-	-	-
Provision for amortisation	(2)	-	-	-
	63	-	-	-
	63	334	-	-
13. OTHER NON-CURRENT ASSETS				
Audio and video masters	1,165	796	-	-
Provision for amortisation	(218)	(128)	-	-
	947	668	-	-
14. ACCOUNTS PAYABLE (CURRENT)				
Trade creditors	5,847	6,247	1,115	2,254
Amounts other than trade debts payable to:				
Wholly-owned group				
- controlled entity	-	-	2,693	4,519
	5,847	6,247	3,808	6,773
(a) Australian dollar equivalent of amounts payable in foreign currencies not effectively hedged:				
US Dollars	434	679	167	-
United Kingdom pounds	242	482	-	-
European Euros	37	-	-	-

(b) Terms and conditions relating to the above financial instruments are set out in note 32

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Notes

15. INTEREST-BEARING LIABILITIES (CURRENT)

Lease liability	15(a), 22
Borrowings secured	15(b)
- factoring facility	

CONSOLIDATED		SKANSEN HOLDINGS LTD	
31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
\$'000	\$'000	\$'000	\$'000
199	241	188	188
2,961	2,429	286	909
3,160	2,670	474	1,097

(a) Secured lease liability - finance lease

The lease liability is secured by a charge over the leased assets.

(b) The factoring facility is secured by first mortgage over the whole of the group's assets including goodwill and uncalled capital and called capital.

(c) Terms and conditions relating to the above financial instruments are set out in note 32

199	241	188	188
-----	-----	-----	-----

16. PROVISIONS (CURRENT)

Employee entitlements	23
Dividends	
Other	

972	293	84	78
224	-	224	-
364	494	-	-
1,560	787	308	78

17. INTEREST-BEARING LIABILITIES (NON-CURRENT)

Borrowings Secured	
Lease liability	17(a), 22
Convertible Notes	

76	253	76	253
2,000	-	2,000	-
2,076	253	2,076	253

(a) Secured lease liability - finance lease

The lease liability is secured by a charge over the leased assets.

(b) Secured Convertible notes

The convertible notes are secured by way of a fixed and floating charge ranking behind the security of the factoring facility

(c) Terms and conditions relating to the above financial instruments are set out in note 32

76	253	76	253
----	-----	----	-----

2,000	-	2,000	-
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Notes

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
	\$'000	\$'000	\$'000	\$'000
18. PROVISIONS (NON-CURRENT)				
Employee entitlements	413	51	14	19
	413	51	14	19
19. CONTRIBUTED EQUITY				
(a) Issued and paid up capital				
-44,925,193 ordinary shares fully paid				
(2000 : 41,925,193)	16,860	16,560	16,860	16,560
	16,860	16,560	16,860	16,560

(b) Movement in shares on issue

	2001		2000	
	Number of shares	\$'000	Number of Shares	\$'000
Beginning of the financial year	41,925,193	16,560	33,175,192	14,810
Purchase of Prestige Group (Australia) Pty Ltd	3,000,000	300	-	-
Conversion of Converting Preference Shares	-	-	8,750,001	1,750
End of the financial year	44,925,193	16,860	41,925,193	16,560

(i) On the 1 August 2001, 3,000,000 ordinary shares were issued as part consideration in acquiring 100% of Prestige Group (Australia) Pty Ltd and Prestige Housewares (NZ) Pty Ltd. The value placed on the issue is \$0.10 per share.

(ii) 2,692,308 converting preference shares were converted into 8,750,001 ordinary shares on the 30 November 2000

(c) Share Options**Options of the Redeemable Convertible Notes**

During the year, 12,000,000 options were issued over ordinary shares in conjunction with the issue of \$2,000,000 redeemable convertible notes. The exercise price is 15 cents with a five year exercise period. At year end all options were exercisable, none have been exercised.

Skansen Holdings Executive Option Scheme

During the financial year, 1,430,000 options were issued over ordinary shares, exercisable immediately at an exercise price of 15 cents. Details are provided in note 23

Director Options

During the year, after approval from shareholders at the company's annual general meeting, 3,000,000 options were issued to directors of the company. Details are provided in note 29

(d) Terms and conditions of contributed equity**Ordinary Shares**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

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Notes

20. RETAINED PROFITS

Balance at the beginning of the financial year
 Operating profit/(loss) from ordinary activities
 Total available for appropriation
 Dividends provided for or paid
 Balance at end of the financial year

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001 \$'000	31 Dec 2000 \$'000	31 Dec 2001 \$'000	31 Dec 2000 \$'000
	(14,109)	(7,825)	(15,241)	(7,458)
	1,025	(6,300)	329	(7,799)
	(13,084)	(14,125)	(14,912)	(15,257)
	(224)	16	(224)	16
	(13,308)	(14,109)	(15,136)	(15,241)

5

21. STATEMENT OF CASH FLOWS

a) Reconciliation of the operating result after tax to the net cash flows from operations

Operating (loss)/profit after tax
 Depreciation of non-current assets
 Amortisation of non-current assets
 Provision movements
 Net (profit)/loss on disposal of property, plant and equipment

Changes in assets and liabilities

Trade receivables
 Inventory
 Trade and other creditors
 Reversal of the Future income tax benefit
 Reversal of Provision for Taxation
 Prepayments
 Net cash flow from (used in) operating activities

	1,025	(6,300)	329	(4,831)
	603	317	219	105
	426	2,251	-	247
	313	(106)	1	(121)
	330	-	145	-
	457	2,265	1,683	2,655
	728	1,359	(3)	1,104
	(3,136)	375	(1,139)	(477)
	-	1,383	-	886
	-	(328)	-	-
	(303)	557	(42)	392
	443	1,773	1,193	(40)

(b) Cash balance comprises:

- cash on hand

	1,182	864	740	528
--	-------	-----	-----	-----

(c) The consolidated entity and the chief entity do not have a bank overdraft/bank bills/letter of credit facility available.

(d) Non-Cash Financing and Investing Activities

During the year the consolidated entity acquired plant and equipment with an aggregate fair value of \$27,000. The chief entity acquired plant and equipment with an aggregate fair value of \$13,000 by way of finance leases

21. STATEMENT OF CASH FLOWS (continued)**(e) Acquisition of Controlled Entities.**

On the 1 August 2001, Skansen Holdings Limited acquired 100% of the share capital of Prestige Group (Australia) Pty Ltd and Prestige Housewares (NZ) Limited. The components of the acquisition cost are

	\$'000
Consideration	
Shares Issued	300
Cash Paid	355
	<u>655</u>
Net Assets of the two entities at 1 August 2001	
Cash	90
Trade debtors	3,130
Inventories	2,115
Property plant and equipment	505
Interest bearing liabilities	(1,673)
Trade creditors	(1,982)
Employee Provisions	(736)
Other Provisions	(442)
Net Assets	<u>1,007</u>
Discount arising on acquisition	(352)
	<u>655</u>
Net Cash Effect	
Cash consideration paid	355
Cash included in net assets acquired	(90)
Cash paid for purchase of controlled entities as reflected in the consolidated financial report	<u>265</u>

22. EXPENDITURE COMMITMENTS

(a) Capital expenditure commitments.

Capital expenditure contracted for at balance date but not provided for, payable. Not later than one year.

CONSOLIDATED		SKANSEN HOLDINGS LTD	
31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
\$'000	\$'000	\$'000	\$'000
1,000	-	-	-
880	623	29	395
2,360	1,030	-	761
865	-	-	-
4,105	1,653	29	1,156
<hr/>			
215	247	202	214
77	302	77	275
292	549	279	489
(17)	(55)	(15)	(48)
275	494	264	441
15	241	188	188
17	253	76	253
275	494	264	441
<hr/>			
16	1	-	-
16	293	84	78
18	51	14	19
1,401	345	98	97

(b) Lease expenditure commitments

(i) Operating leases (non-cancellable)

- not later than one year

- later than one year and not later than five years

- later than five years

- aggregate lease expenditure contracted for at balance date

Operating leases at the balance date have an average term of 3 years.

Assets, which are the subject of operating leases, are buildings, items of small machinery and office furniture.

(ii) Finance leases

- not later than one year

- later than one year and not later than five years

- total minimum lease payments

- future finance charges

- lease liability

- current liability

- non-current liability

Refer to note 32 (a) for a general description of finance leases.

23. EMPLOYEE ENTITLEMENTS

Employee Entitlements

The aggregate employee entitlement liability is comprised of:

Accrued salaries, wages and on-costs

Provisions (current)

Provisions (non-current)

Notes

CONSOLIDATED		SKANSEN HOLDINGS LTD	
31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
\$'000	\$'000	\$'000	\$'000
1,000	-	-	-
880	623	29	395
2,360	1,030	-	761
865	-	-	-
4,105	1,653	29	1,156
<hr/>			
215	247	202	214
77	302	77	275
292	549	279	489
(17)	(55)	(15)	(48)
275	494	264	441
15	241	188	188
17	253	76	253
275	494	264	441
<hr/>			
16	1	-	-
16	293	84	78
18	51	14	19
1,401	345	98	97

Skansen Holdings Executive Option Plan

An Executive option plan, approved at this years annual general meeting, has been established where executives and certain members of staff of the group are issued with options over the ordinary shares of Skansen Holdings Limited. The options, issued of nil consideration, are issued in accordance with the plan. The options are issued for a term of two years and are exercisable immediately. The options cannot be transferred and will not be quoted on the ASX. There are currently 5 executives and 11 staff that have been issued options under this plan

	2001		2000	
	Number of options	Exercise Price	Number of options	Exercise Price
Balance at beginning of year	-	-	-	-
Granted	1,430,000	15 cents	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Balance at end of year	1,430,000	15 cents	-	-
Exercisable at end of year	1,430,000		-	-

24. CONTINGENT LIABILITIES

The directors are not aware of any material contingent liabilities existing at balance date or at the date of signature of the financial report.

25. EARNINGS PER SHARE

	2001	2000
(a) Basic earnings per share (cents per share)	24	(18.6)
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	43,182,727	33,918,343
(c) Diluted earnings per share (cents per share)	19	-
(d) Weighted average number of ordinary shares on issue used in the calculation of diluted earnings per share	56,978,892	-

Diluted earnings per share was not been disclosed for the 2000 year as there was no potential ordinary shares that were dilutive.

There have been no conversions, calls, subscription or issues after 31 December 2001.

26. REMUNERATION OF DIRECTORS

Notes

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:

Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Skansen Holdings Limited, directly or indirectly, from the entity or any related party:

The number of directors Skansen Holdings Limited whose income (including superannuation contributions) falls within the following bands is:

		2001	2000
\$0 -	-\$9,999		1
\$20,000 -	\$29,999	2	-
\$30,000 -	\$39,999	1	1
\$100,000 -	\$109,999	-	1
\$160,000 -	\$169,999	1	1

In the opinion of directors, remuneration paid to directors is considered reasonable.

CONSOLIDATED		SKANSEN HOLDINGS LTD	
31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
\$	\$	\$	\$
245,833	309,920		
		245,833	309,920

Notes

	CONSOLIDATED		SKANSEN HOLDINGS LTD	
	31 Dec 2001	31 Dec 2000	31 Dec 2001	31 Dec 2000
	\$	\$	\$	\$
	275,807	269,921		
			169,999	269,921
	118,000	121,000	59,000	80,000
	32,000	40,000	21,000	20,000
	150,000	161,000	80,000	100,000
	16,612	-	-	-
	166,612	161,000	80,000	100,000

27. REMUNERATION OF EXECUTIVES

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

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:

The number of executives of the consolidated entity and the company whose remuneration falls within the following bands:

	Consolidated Entity		Skansen Holdings Limited	
	2001	2000	2001	2000
\$100,000 - \$109,999	1	1	-	1
\$160,000 - \$169,999	1	1	1	1

In the opinion of directors, remuneration paid to executives is considered reasonable.

28. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors of Skansen Holdings Limited for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity
- other services in relation to the entity and any other entity in the consolidated entity

Amounts received or due and receivable by auditors other than the auditors of Skansen Holdings Limited

- an audit or review of the financial report of subsidiary entities

31 DECEMBER 2001**29. RELATED PARTY DISCLOSURES**

(a) The directors of Skansen Holdings Limited during the financial year were:

J Laurie
 M White (resigned 17 January 2001)
 R Hartley (resigned 21 May 2001)
 S Bass
 Glenn Molloy (appointed 22 Jan 2001)
 John Abernethy (appointed 23 February 2001)

(b) The following related party transactions occurred during the financial year. All were on normal commercial terms and conditions unless stated otherwise:

(i) Transactions with related parties in wholly-owned group

1. Sales made under normal commercial terms and conditions were made within the group.
2. Loans made by Skansen Holdings Limited to controlled entities (wholly-owned) repayable on demand.
3. Loans made to Skansen Holdings Limited by controlled entities (wholly-owned) repayable on demand.
4. Accounts payable balances existed at 31 December 2001 between Skansen Holdings Limited & controlled entities arising from expenses paid by one entity on behalf of another.

(ii) Transactions with director-related entities.

In respect of companies of which Mr J Laurie is a director, the following transactions occurred:

1. \$2,178 was paid or payable to JW & M Laurie Pension Fund relating to the interest accrued on the Skansen Holdings redeemable convertible notes.
2. JW & M Laurie Pension Fund of which Mr J Laurie is a beneficiary invested \$50,000 to the Skansen Holdings redeemable convertible note issue.

In respect of companies of which Mr R Hartley is a director, the following transactions occurred:

1. Rentals totaling \$256,959 were paid or payable to Hartley Group Pty Ltd for the lease of premises at 3-5 Dividend Street, Mansfield, Queensland.
2. A sundry debtors balance that existed at 31 December 2000 of \$99,833 payable to MRA Entertainment Pty Ltd from Retail Express Pty Ltd (formerly MRA Group Pty Ltd) was written off during the year as uncollectable.
3. Sales of \$Nil (2000: \$3,734) were made to Hartrade Pty Ltd.

In respect of companies of which Mr. G Molloy is a director, the following transactions occurred:

1. Consultancy fees totaling \$96,250 were paid to Corso Management Pty Ltd.
2. Consultancy fees totaling \$ 3,663 were paid to Plaspak Limited

In respect of companies of which Mr. J Abernethy is a director, the following transactions occurred:

1. Consultancy fees totalling \$9,350 were paid to Loftus Capital Pty Ltd.
2. \$22,465.75 was paid or payable to Loftus Pooled Development Limited relating to the interest accrued on the Skansen Holdings redeemable convertible notes.
3. Loftus Pooled Development Limited of which Mr J Abernethy is a director invested \$500,000 to the Skansen Holdings redeemable convertible note issue.

(c) Skansen Holdings Limited is the ultimate parent entity.**(d) Equity instruments of directors**

- (i) Interests in the equity instruments of entities in the consolidated entity held by directors of the reporting entity and their director-related entities at balance date, being the number of instruments held:

	Ordinary Shares Fully Paid		Options over Ordinary Shares	
	2001	2000	2001	2000
	Number	Number	Number	Number
John Laurie	393,000	352,800	300,000	-
Sam Bass	189,286	110,000	-	-
Glenn Molloy	5,156,000	-	2,000,000	-
John Abernethy	5,150,276	-	1,000,000	-

Movements in directors' equity holdings.

During the year, Mr J Laurie and his director related entities acquired 128,250 ordinary shares. 300,000 options were also acquired via the investment in the Skansen Holdings convertible note issue. Mr S Bass acquired 79,286 ordinary shares. Mr G Molloy and his director related entities acquired 5,156,000 ordinary shares and was issued 2,000,000 options approved at the company's AGM held on 22 May 2001. Mr J Abernethy and his director related entities acquired 5,150,276 ordinary shares and was issued 1,000,000 options approved at the company's AGM held on 22 May 2001.

30. SEGMENT INFORMATION**(a) Industry Segment**

The consolidated entity operates in the wholesale and retail distribution industry.

(b) Geographical Segment

The consolidated entity operates predominantly within Australia.

31. SUBSEQUENT EVENTS

On the 15 February 2002, Mastertech Pty Ltd purchased the office/warehouse it occupies at Mansfield for \$1,000,000

On the 14 February 2002, it was announced that Heads of Agreement had been signed between Skansen Holdings Limited and Reko Pty Ltd for the possible merger of the two operations.

32. FINANCIAL INSTRUMENTS

Recognised Financial Instruments	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(i) Financial assets			
Receivables - trade	6	Trade receivables 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 on 30 day terms. Trade debtors are not charged interest.
Other debtors	6	Other 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 on 30 day terms. Trade debtors are not charged interest.
(ii) Financial liabilities			
Bank overdrafts	15	The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's base lending rate plus a margin. There is no overdraft facility in place.
Trade creditors and accruals	14	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally on 30 day terms.
	15	Liabilities are recognised at the time amounts are advanced by the various factoring companies.	Interest is charged at the bank's base lending rate plus a margin. The average interest rate for the year was 9.62%. An administration charge of 0.6% is also charged on value of invoices funded. The contract was for a 12 month period commencing September 2001. Three month notice has been served on Scottish Pacific to terminate the Skansen and MRA facility.
Finance lease liability	15, 17	The lease liability is accounted for in accordance with AASB 1008.	As at balance date, the consolidated entity had finance leases with an average lease term of 1.7 years. The average discount rate implicit in the leases is 8.9%, (2000 8.9%). The security over finance leases is disclosed in notes 15(a) and 17(a).
Convertible Notes	17	The liability is carried at the principal amount. Interest on the convertible notes is charged as an expense as it accrues.	Interest is accrued at an interest rate of 10%pa. Interest is paid quarterly in arrears. The notes expire between July and September 2003 at which time they will be converted to 5 ordinary shares for each note

32(a) Terms, conditions and accounting policies

The consolidated 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	Balance Sheet Notes	Accounting Policies	Terms and Conditions
(iii) Equity			
Ordinary shares and options	19	Ordinary share capital is recognised at the fair value of the consideration received by the company.	Details of shares and options issued at balance date are set out in note 19.
(iv) Derivatives			
Forward exchange contracts		<p>The consolidated entity enters into various types of foreign exchange and hedging contracts. The objective is to match the contract with anticipated future cash flows from purchases in foreign currencies and to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations.</p> <p>The consolidated entity enters into forward exchange contracts where it agrees to buy specified amounts of foreign currencies in the future at a predetermined rate. The forward exchange contracts are usually for no longer than 6 months. Exchange gains or losses on forward exchange contracts are charged to the profit and loss except those relating to hedges of specific commitments which are deferred and included in the measurement of the purchase.</p> <p>The company also enters into other foreign currency hedging contracts which protect the company against adverse currency fluctuations.</p>	<p>At 31 December 2001 the company had no commitments to purchase any foreign currencies.</p> <p>At 31 December 2001 there was no hedging contracts in place.</p>
Letters of credit		The consolidated entity enters into letters of credit with some of its suppliers where it agrees to pay for goods upon the presentation of shipping documents to its bank. These are entered into to provide additional security over specific purchases.	As at 31 December 2001, there are no outstanding letters of credit

32 (b) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, approximates the carrying amounts as disclosed in the Balance Sheet. The carrying amounts of cash assets and liabilities approximates fair value because of their short-term to maturity.

32 (c) Credit risk exposures

The consolidated entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial assets, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

Trade receivables: The company minimises concentrations of credit risk in relation to trade debtors by undertaking transactions with a large number of customers within the industry. The majority of customers are in Australia. Credit risk is managed by having payment terms of normally of 30 days and performing trade reference checks of all proposed new customers.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2001

32. FINANCIAL INSTRUMENTS

32(d) Interest rate risk

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

	Fixed interest rate maturing in:										Total carrying amount as per the balance sheet	Weighted average effective interest rate		
	Floating interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing			2001	2000	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	\$'000	\$'000	2001	2000
Financial Instruments	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
(i) Financial assets														
Cash	1182	864	-	-	-	-	-	-	-	-	1182	864	3.7%	6.1%
Receivables - trade	-	-	-	-	-	-	-	-	9,218	6,579	9,218	6,579	N/A	N/A
Other debtors	-	-	-	-	-	-	-	-	-	100	-	100	N/A	N/A
Loans to Employee Share Trust	-	-	-	-	-	-	-	-	-	9	-	9	N/A	N/A
Total financial assets	1182	864	-	-	-	-	-	-	9,218	6,688	10,400	7,552		
(ii) Financial liabilities														
Trade creditors and accruals	-	-	-	-	-	-	-	-	5,847	6,247	5,847	6,247	N/A	N/A
Finance lease liability	-	-	199	241	76	253	-	-	-	-	275	494	8.9%	8.9%
Factoring Facility	-	-	2,961	2,429	-	-	-	-	-	-	2,961	2,429	9.62%	12.4%
Convertible Notes	-	-	-	-	2,000	-	-	-	-	-	2,000	-	10.0%	-
Dividends payable	-	-	-	-	-	-	-	-	224	-	224	-	N/A	N/A
Total financial liabilities	-	-	3160	2670	2076	253	-	-	6,071	6,247	11,307	9170		

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Skansen Holdings Limited, I state that:

(l) 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 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2001 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to meet any pay its debts as and when they become due and payable.

On behalf of the Board



J Laurie
Chairman

Sydney, 14th March 2002

INDEPENDENT AUDIT REPORT - CORPORATE ENTITY PRESENTING CONSOLIDATED ACCOUNTS



To the members of Skansen Holdings Limited

Scope

We have audited the financial report of Skansen Holdings Limited for the financial year ended 31 December 2001, as set out on pages 10 to 36, including the Directors' Declaration. The financial report includes the financial statements of Skansen Holdings Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at 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 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 Skansen Holdings 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 (balance date) 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'P M Glenny'.

P M Glenny

Partner

Brisbane

Date: 15/03/02

CORPORATE GOVERNANCE STATEMENT

Additional information required by the Australian Stock Exchange Limited not shown elsewhere in this report is as follows:

a) Statement of shareholdings

The information is made up to 11 March 2002

Name of Shareholder	20 Largest Shareholders Ordinary Shares No. of Shares
Golfing Pty Ltd	5,000,000
Loftus Pooled Development Fund Ltd	3,850,276
Helen Hartley	3,651,838
The Prestige Group PLC	3,000,000
National Nominees Limited	2,844,797
Deancorp Pty Ltd	2,000,000
Mitchelstown Holdings Ltd	1,984,894
Saltbush Nominees	1,908,725
Mr. K P Galloway	1,847,227
ANZ Nominees Limited	1,619,269
Legis Trading Pty Ltd	1,351,762
Schaffer Corporation Limited	1,011,000
Equipment Company of Australia	1,000,000
Mr. Warren Hartley	999,999
Loftus Trading Fund Limited	950,000
Mr. David Schwartz	574,700
Mr. Fraser John Clay	373,627
Ruminator Pty Ltd	319,213
Cobarm Pty Ltd	311,500
Double Pty Ltd	300,000
S F Ewen Enterprises Pty Limited	300,000
	35,198,827

Proportion Held by 20 Largest Holders 78.3%

Number of Shareholders Holding Less than a Marketable Parcel

Shareholder Spread Ordinary Shares	No. of Holders	No. of Shares
1 - 1,000	21	116,423
1,001 - 5,000	77	269,923
5,001 - 10,000	79	647,883
10,001 - 100,000	151	5,860,790
100,001 - Over	41	38,130,174
	369	44,925,193

b) Voting Rights

Ordinary shares - carry one vote per share without restriction.

31 December 2001

The board of directors of Skansen Holdings Limited is responsible for the corporate governance of the consolidated entity. The board guides and monitors the business and affairs of Skansen Holdings Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. To ensure the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

Composition of the Board

The composition of the board is determined in accordance with the following principles and guidelines:

- the board should comprise at least three directors and should maintain a majority of non-executive directors;
- the chairperson must be a non-executive director;
- the board should comprise directors with an appropriate range of qualifications and expertise; and
- the board shall meet at least bi-monthly and follow meeting guidelines set down to ensure all directors are made aware of, and have available all necessary information, to participate in an informed discussion of all agenda items.

The directors in office at the date of this statement are:

- J Laurie - Chairperson, Non-executive Director
- S Bass - Managing Director
- G Molloy - Non-executive Director
- J Abernethy - Non-executive Director

Remuneration Committee

The board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The board has established a remuneration committee, comprising two non-executive directors. Members of the remuneration committee during the year were:

- J Laurie (appointed 7 June 2000)
- M White (resigned 17 January 2001)
- G Molloy (appointed 13 March 2001)

Audit Committee

The board has established an audit committee which operates under a charter approved by the board. It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. Two members of the audit committee are non-executive directors. The members of the audit committee during the year were:

- J Laurie (appointed 7 June 2000)
- R Hartley (resigned 21 May 2001)
- J Abernethy (appointed 21 May 2001)

The audit committee is also responsible for:

- directing and monitoring the internal audit function; and
- nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual statutory audit and half year statutory audit or review.

Board Responsibilities

As the board acts on behalf of and is accountable to the shareholders, the board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. The board seeks to discharge these responsibilities in a number of ways. The responsibility for the operation and administration of the consolidated entity is delegated by the board to the managing director and the executive team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the managing director and the executive team.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the board. The board has a number of mechanisms in place to ensure this is achieved. In addition to the establishment of the committees referred to above, these mechanisms include the following:

- board approval of a strategic plan, which encompasses the entity's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk;
- the strategic plan is a dynamic document and the board is actively involved in developing and approving initiatives and strategies designed to ensure the continued growth and success of the entity;
- implementation of operating plans and budgets by management and board monitoring of progress against budget - this includes the establishment and monitoring of key performance indicators (both financial and non-financial) for all significant business processes; and
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the company's expense.

Company Secretary

Neil Burton BBus.Acct CPA

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(02) 8235 5069

■ **Legal Advisors**

Macgillivrays Solicitors
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The Anzac Square Building
200 Adelaide Street
Brisbane Qld 4000

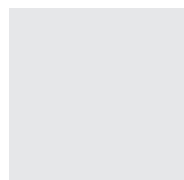
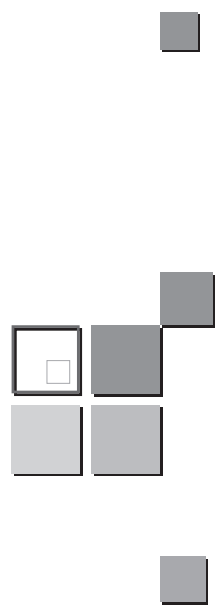
Doherty Partners
Level 1
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Liverpool NSW 2170

■ **Auditor**

Ernst & Young
1 Eagle Street
Brisbane Qld 4000

■ **Bankers**

Westpac Banking Corporation
Garden City
Brisbane Qld 4122



annual report 2001

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