# VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

16 February 2018

To: Company Announcements Office
Australian Securities Exchange

By: Electronic lodgement

**Announcement of Half-Year Results – December 2017**

**Half-year information given to ASX under Listing Rule 4.2A**

Attached are the following documents for the Company's results for the half-year ended 31 December 2017:

- ASX Appendix 4D – Half-Year Report;
- ASX Release on Half-Year Report; and
- Half-Year Financial Report, including Directors' Report and Independent Review Report.

This information should be read in conjunction with the most recent Annual Report of the Company for the financial year ended 30 June 2017.

*RULE 4.2A.3*

# APPENDIX 4D

## Half-Year Report

Introduced 1/1/2003.

Name of entity:

| VILLAGE ROADSHOW LIMITED |
|---|

ABN:

| 43 010 672 054 |
|---|

## 1. Reporting period

Half-year ended ('reporting period'):

| 31 December 2017 |
|---|

Previous half-year ended ('previous corresponding period'):

| 31 December 2016 |
|---|

## 2. Results for announcement to the market

| | | | | | $A'000 |
|---|---|---|---|---|---|
| 2.1 | Revenues from continuing operations | Down | 5.0% | to | 515,163 |
| 2.2 | Profit after tax from continuing operations | Up | N/A | to | 168,107 |
| 2.3 | Net profit for the period attributable to members | Up | N/A | to | 171,891 |

| **Dividends (distributions)** | | Amount per security | Franked amount per security at 30% tax | Conduit foreign income per security |
|---|---|---|---|---|
| 2.4 | Interim dividend declared – Ordinary shares | -- | -- | -- |
| 2.5 | +Record date for determining entitlements to the dividend | N/A | | |

2.6 Brief explanation of any of the figures reported above:

*Refer attached ASX Release on Half-Year Report for further details.*

# 3. Net tangible assets per security

| | Current period | Previous corresponding period |
|---|---|---|
| Net tangible asset backing per +ordinary security | $1.09 | $0.35 |

# 4. Entities over which control has been gained or lost

## Control gained over entities

| | | |
|---|---|---|
| 4.1 | Name of entity (or group of entities) | N/A |
| 4.2 | Date from which control was gained | |
| 4.3 | Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) from the date control was gained to the end of the current period | |
| 4.4 | Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the whole of the previous corresponding period | |

## Loss of control of entities

| | | |
|---|---|---|
| 4.5 | Name of entity (or group of entities) | N/A |
| 4.6 | Date from which control was lost | |
| 4.7 | Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) from the beginning of the current period to the date control was lost | |
| 4.8 | Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the whole of the previous corresponding period | |

# 5. Dividends & Distributions

## 5.1 Dividends & Distributions paid - Current Period

| | | Amount per security | Franked amount per security at 30% tax | Conduit foreign income per security |
|---|---|---|---|---|
| **Final Dividend:** | Ordinary shares | -- | -- | -- |

## 5.2 Dividends & Distributions paid - Previous Corresponding Period

| | | Amount per security | Franked amount per security at 30% tax | Conduit foreign income per security |
|---|---|---|---|---|
| **Final Dividend:** (Paid October 2016) | Ordinary shares | 14.0 cents | 14.0 cents | Nil |

# 5. Dividends & Distributions (continued)

## 5.3 Total Dividends & Distributions paid

| | Current period $A'000 | Previous corresponding period $A'000 |
|---|---|---|
| +Ordinary securities *(each class separately)* | -- | 22,556 |
| **Total** | **--** | **22,556** |

## 5.4 Dividends declared subsequent to half-year end – Current Period

| | | Amount per security | Franked amount per security at 30% tax | Conduit foreign income per security |
|---|---|---|---|---|
| **Interim dividend** | Ordinary shares | -- | -- | -- |

## 5.5 Dividends declared subsequent to half-year end – Previous Corresponding Period

| | | Amount per security | Franked amount per security at 30% tax | Conduit foreign income per security |
|---|---|---|---|---|
| **Interim dividend** | Ordinary shares | -- | -- | -- |

# 6. Dividend reinvestment plans

| | |
|---|---|
| Dividend reinvestment plans in operation | N/A |
| The last date(s) for receipt of election notices for participation in any +dividend reinvestment plans | N/A |

# 7. Details of associates

| **Equity accounted associates** | Percentage of ownership interest held at end of period or date of disposal | | Contribution to net profit (loss) after tax | |
|---|---|---|---|---|
| ***Name of entity*** | Current period | Previous corresponding period | Current period A$'000 | Previous corresponding period A$'000 |
| **Associates:** | | | | |
| Dartina Development Ltd [1] | -- | 50.00% | -- | 4,707 |
| Entertainment Group Holdings Ltd [2] | -- | 50.17% | -- | (5,929) |
| Village Roadshow Entertainment Group (BVI) Ltd [2] | 20.00% | -- | -- | -- |
| iPic-Gold Class Entertainment LLC [3] | 28.01% | 30.00% | -- | (19,196) |
| VR iPic Finance LLC [3] | 42.86% | 42.86% | -- | -- |
| FilmNation Entertainment LLC | 31.03% | 31.03% | 578 | 913 |
| Other [4] | N/A | N/A | (60) | -- |
| **Total** | | | **518** | **(19,505)** |
| Other Material Interests | | | N/A | N/A |
| **Total** | | | **N/A** | **N/A** |

# 7. Details of associates (continued)

Notes:

1. As advised to the Australian Securities Exchange on 13 June 2017 (and updated on 11 August 2017), the VRL group signed an agreement to sell its 50% stake in the Singapore Cinema Exhibition business, Golden Village, to mm2 Asia Ltd. As a result, effective from 1 June 2017, the investment in the holding company, Dartina Development Ltd. ("Dartina"), had been classified as Held for Sale, and equity accounting ceased from that date.

   As advised to the Australian Securities Exchange in October 2017, the VRL group signed an agreement to sell its 50% stake in Golden Village to Orange Sky Golden Harvest Entertainment (Holdings) Limited, the owner of the other 50% of Golden Village. The sale was completed on 26 October 2017. The gain on disposal of this asset held for sale was $154.0 million after tax (included in the current period's material items of income and expense in the Reconciliation of Results included in the Directors' Report in the 31 December 2017 half-year financial report).

2. As disclosed in the 30 June 2017 financial report, there was a restructuring of the Village Roadshow Entertainment Group business ("VREG"), which resulted in the VRL group reducing its ordinary shareholding in the ongoing VREG group to 20%, and retaining USD 10.0 million of subordinated notes (ranking in priority to the ordinary equity of VREG), repayable by November 2022, with a non-cash return of 15.5%.

   In the half-year ended 31 December 2017, the VRL group disposed of its 50.17% shareholding in the dormant former parent entity, Entertainment Group Holdings Ltd., for no consideration.

3. Further to the relevant disclosures in the 30 June 2017 financial report in relation to iPic-Gold Class Entertainment LLC ("IGCE") and VR iPic Finance LLC ("VRIF"), as advised to the Australian Securities Exchange on 2 February 2018, the new holding company of IGCE was listed on NASDAQ and funding of USD 15 million was raised from that listing.

   Following that restructuring, the VRL group's shareholding in the IGCE business has reduced to approximately 25%. In addition, the previous 42.86% shareholding in VRIF has reduced to nil, and VRL's guarantee exposure in relation to the IGCE business has reduced from USD 24.2 million to USD 5.6 million (refer also Note 8(a)(ii) in the 31 December 2017 half-year financial report).

4. In relation to 'other' associates referred to above, there have been no significant changes in the state of affairs during the period.

VILLAGE ROADSHOW

# VRL – HEADWINDS IN THE FIRST HALF – CONFIDENCE IN THE FUTURE

**16 February 2018:** Village Roadshow Limited (ASX:VRL) today announces its results for the six months to 31 December 2017 ("1H18").

## KEY 1H18 RESULTS

- Attributable net profit of $171.9 million (six months to 31 December 2016 ("1H17"): $6.7 million loss) after gain from material items after tax of $171.9 million (1H17: $25.9 million loss);
- Attributable net profit after tax before material items and discontinued operations ("NPAT") $0.04 million, (1H17: $19.2 million);
- Earnings before interest, tax, depreciation and amortisation, excluding material items and discontinued operations ("EBITDA") $49.8 million (1H17: $78.4 million) (refer Reconciliation of Results on pages 4 and 5 of the attached Half-Year Financial Report).

The first half has been impacted by two major factors outside of the Company's control.

In Theme Parks the massive coverage from the Dreamworld tragedy continues to shake mums' confidence in taking their children and putting them on the rides. This is in line with experience in other countries where the effect diminishes reasonably quickly. Already this has been seen with the stronger January trading on the Gold Coast and based on this the Company is confident of coming in for the full year well ahead of the prior year.

Additionally, a new pricing strategy has been implemented and with the strong attractions and powerful marketing campaigns the response has been positive.

In Cinema Exhibition the disappointing result versus prior year can be put down to timing or scheduling of product with weaker titles in the first quarter. However, the Company expects to finish the year on a strong note with an unprecedented four giant blockbusters in the last quarter with:

- *The Avengers*
- *SOLO: A Star Wars Story*
- *Deadpool 2*
- *Jurassic World – Fallen Kingdom*

all compacted into this period. As a result it is expected the Company should mostly pick up the shortfall from the first half and based on projections will likely come in only slightly behind prior year.

Importantly, a period of downturn is always a good time to attack costs. This initiative is spearheaded by bringing down the silos within the Company's major businesses and avoiding costly duplication by affecting a "ONE CO" philosophy.



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However, while crucial, the Company is not only about cutting costs but progressing major transformational growth opportunities. Having won the Australian franchise for Topgolf, a concept with 38 outlets in America and 10 being built a year that has proven very high returns, the Company has its first site on the Gold Coast halfway through construction, on budget and on time for a grand opening in June this year.

An important achievement in the period under review is VRL has been successful in bringing its leverage ratio down to below 3.00x as at 31 December 2017, following the sale of VRL's 50% share in its Singapore Cinema Exhibition business and the sale and leaseback of freehold land at Oxenford, Queensland, as proceeds from these transactions have been used to repay debt. The Company now is in a strong position to go forward with cash flows to fund its new growth plans.

Recent research shows that site blocking introduced by bipartisan support from the government is beginning to have an effect. Accordingly on piracy for the Company's film related businesses there is only upside, with other initiatives underway.

The iPic exhibition business in the USA has been successfully floated and is now a public company with Village Roadshow having an ownership of 25%.

Commenting on the result, VRL Co-Executive Chairman and Co-Chief Executive Officer, Mr Robert Kirby said:

*"Across all of our businesses there is a simultaneous razor focus on addressing all costs while, unlike many companies, we have very real growth initiatives actually underway. I have never been more confident about our future."*

VRL Co-Executive Chairman and Co-Chief Executive Officer, Mr Graham Burke said:

*"The first six months was summed up by a Sydney friend who said 'looking at those big towers at Wet'n'Wild after the Dreamworld tragedy gave me the heebie geebies'. We have implemented new product at Warner Bros Movie World with the DC HyperCoaster and attractions at Sea World which, coupled with irresistible creative marketing, will ensure strong future trading."*

# DIVISIONAL REVIEW AND OUTLOOK

## CINEMA EXHIBITION

*VRL's Cinema Exhibition division operates predominantly in Australia through a joint venture with Event Hospitality & Entertainment in Australia, and has a minority interest in iPic Theaters in the United States.*

### CINEMA EXHIBITION PERFORMANCE SUMMARY

| Key Earnings | Australia | | Other | | Exhibition (Total) | |
|---|---|---|---|---|---|---|
| Metrics ($m) | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 |
| EBITDA | 21.6 | 29.1 | 0.1 | 3.3 | **21.7** | **32.4** |
| EBIT | 13.3 | 21.0 | (0.1) | 3.0 | **13.1** | **24.0** |
| PBT | 11.5 | 19.1 | (0.6) | 2.6 | **10.9** | **21.6** |

*Note: Figures presented are VRL share, before Material Items.*
*Other includes Leisure, iPic, Belfast and Singapore in 1H17.*

### Cinema Exhibition Sites & Screen summary

| | As at 30 Jun 17 | | Opened / (Closed/Sold) | | As at 31 Dec 17 | |
|---|---|---|---|---|---|---|
| Location | Sites | Screens | Sites | Screens | Sites | Screens |
| Australia | 55 | 560 | 2 | 14 | **57** | **574** |
| USA | 16 | 121 | - | - | **16** | **121** |
| United Kingdom | 1 | 12 | - | - | **1** | **12** |
| **Total** | **72** | **693** | **2** | **14** | **74** | **707** |

*Note: Includes all screens in which VRL has an economic interest, taking no account of ownership structure.*
*Does not reflect screen conversions completed throughout the period.*

The Cinema Exhibition division delivered a 1H18 EBITDA result of $21.7 million (compared to 1H17: $27.7 million on a like for like basis excluding Singapore). Trading was significantly down on the prior period, primarily driven by the lack of product particularly from August to November 2017, and underperformance of key titles.

Softer admissions were partially offset by higher spend per person compared to the prior year, driven by the division's successful and continued focus on, and expansion of, enhanced food and beverage offerings, including gourmet popcorn.

**Australian Cinema Exhibition**
The Australian Cinema Exhibition business delivered EBITDA of $21.6 million for the six months to 31 December 2017.

The slate of films released in the first half was weak, however key stand-out titles were *Thor: Ragnarok* and *Spiderman: Homecoming.* Strong carry into 2H18 is expected from *Star Wars: The Last Jedi* and *Jumanji* which opened in the last two weeks of the calendar year.

The business remains focussed on positioning itself as a destination of choice through a diverse offering of exceptional experiences which are complemented by high standard traditional cinemas. These premium concepts, including **Gold Class**, **Vmax**, **VJunior**, **VPremium** and **Dolby Atmos** appeal to specific market segments and provide Village Cinemas a competitive advantage over other offerings in the market.

The **VJunior** concept continues to perform strongly, highlighted by the successful launch of the second location at Fountain Gate in June 2017 followed by a third location at Knox which opened in September 2017. Two additional sites are also expected to open in March, 2018 at Plenty Valley and Sunshine.

The Australian Cinema Exhibition business continues to expand its focus on population growth corridors with two new locations opening successfully during the period: Whitford featuring two **Gold Class**, two **Vmax** and four traditional auditoria and Palmerston with two **Vmax** and four traditional auditoria.

The division has a number of new sites under construction and planned, including:

| Location | Expected Opening | Total Screens | GOLD CLASS | Vmax | Vpremium | VJunior |
|---|---|---|---|---|---|---|
| Plenty Valley, VIC | Mar 2018 | 9 | 3 | 2 | 2 | 2 |
| Coomera, QLD | Late 2018 | 8 | 2 | 2 | - | - |
| Green Square, NSW | Mid 2020 | 5 | - | - | - | - |
| Edmondson Park, NSW | Late 2020 | 6 | | 2 | | |
| Clayton, VIC | Late 2020 | 6 | | | | |
| Innaloo, WA | Late 2020 | 14 | 4 | 4 | - | - |

The division's higher than normal capital expenditure on existing sites is coming to an end as most locations are in outstanding condition.

**Singapore Cinema Exhibition**
The sale of 50% owned Golden Village Singapore completed in October 2017, with equity accounting ceasing from June 2017.

**iPic Entertainment, USA**
iPic Entertainment ("iPic") successfully listed on NASDAQ in February 2018, raising US$15 million. Post the equity raising VRL's contingent liability relating to this business has reduced from US$24 million to US$6 million.

iPic will utilise the capital raised to continue its development plans to reach critical mass.

VRL's ownership of iPic following the IPO is 25%, which is valued at approximately US$36.4 million as at 9 February 2018. VRL carries this investment at nil in its accounts due to the equity accounting standards.

## CINEMA EXHIBITION - OUTLOOK

2H18 has started strongly with *Star Wars: The Last Jedi* as expected and *Jumanji* surpassing expectations at the box office.

It is expected that Cinema Exhibition earnings will be biased toward the second half of the financial year reflecting the stronger line up of titles. Highlights for the balance of the 2018 financial year include 4 huge blockbusters: *Avengers: Infinity War, Solo: A Star Wars Story, Deadpool 2* and *Jurassic World: Fallen Kingdom.*

Cinema Exhibition is expected to perform strongly in the second half to finish slightly below the prior year.

# THEME PARKS

*Village Roadshow Theme Parks ("VRTP") owns and operates Warner Bros. Movie World, Sea World, Wet'n'Wild Gold Coast, Paradise Country, Australian Outback Spectacular and Sea World Resort & Water Park on Queensland's Gold Coast, and Wet'n'Wild Sydney. VRTP also operates and has majority ownership in Wet'n'Wild Las Vegas. VRTP has a program of development including Topgolf in Australia and theme park opportunities in Asia, with the relevant development costs reflected in the segment result.*

## THEME PARKS PERFORMANCE SUMMARY

| Key Earnings | Gold Coast Theme Parks | | Wet'n'Wild Sydney | | Wet'n'Wild Las Vegas | | Asia Theme Parks | | Theme Parks (Total) | |
|---|---|---|---|---|---|---|---|---|---|---|
| Metrics ($m) | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 |
| EBITDA | 29.4 | 38.0 | (1.6) | 3.0 | 1.8 | 2.7 | (0.3) | (1.0) | 29.2 | 42.6 |
| EBIT | 9.3 | 17.2 | (3.8) | (0.7) | 1.0 | 1.8 | (0.3) | (1.1) | 6.2 | 17.3 |
| PBT | 4.3 | 12.1 | (5.0) | (1.9) | 0.5 | 1.2 | (0.3) | (1.1) | (0.6) | 10.3 |

*Note: Figures presented are before Non-Controlling Interests relating to WnW Las Vegas, and before Material Items.*

VRTP delivered 1H18 EBITDA of $29.2 million, down on the prior corresponding period's EBITDA of $42.6 million. The 1H18 results were impacted by the Dreamworld tragedy. The 1H18 decline includes the full impact of the tragedy in comparison to the prior period as the financial impact in 1H17 was largely offset by the usual recognition of deferred revenue.

The Gold Coast Theme Parks continue to recover from the Dreamworld tragedy, as reflected by improved revenue and higher ticket sales in the month of January 2018. This recovery is expected to gain momentum over the coming months driven by customer-focussed attractions, a new pricing strategy and powerful creative marketing.

The sale and long term leaseback of the Company's land at Oxenford, Queensland, which was completed in December 2017, is treated as a finance lease in accordance with the requirements of accounting standards, and the Company has not recorded a profit on sale in its reported results.

### Gold Coast Theme Parks

The theme park admission revenue (including Warner Bros. Movie World, Wet'n'Wild Gold Coast and Sea World) is up 4% from 1 November 2017 to 31 January 2018 on the prior corresponding period. The introduction of the new ticketing plan along with opening of highly successful DC Rivals Hypercoaster at **Warner Bros. Movie World** is accelerating the rate of recovery as reflected by strong January trading – ticket yield is up 30% and admission revenue is up 24% on the prior period. Local visitor market (QLD) is well up on prior year showing resurgence in the core market.

In late November 2017, VRTP launched a series of new and simplified pricing options into the market with a number of inclusions that offer guests exceptional value for money:

| New Ticket Offering | $ |
|---|---|
| One Day Pass | 79 (online) / 89 (at gate) |
| 2 Day 2 Park Pass (MW & SW) | 119 |
| 7 Day 3 Park Pass (MW, SW, WnW) | 149 |
| 14 Day 4 Park Pass (MW, SW, WnW, PC) | 179 |
| Annual Pass 4 Park Pass (Locals) | 139 |
| Annual Pass 4 Park Pass (Visitors) | 199 |

This pricing strategy is rigid and there are no other categories or discounts. Early feedback from this new pricing strategy is encouraging and positive on the overall performance of Gold Coast Theme Parks.

VRTP continued to refresh the theme parks in 1H18. The birth and arrival of *Mishka* at **Sea World** combined with the new splash zone *Castaway Bay The Reef,* the new seal show and introduction of *Paw Patrol* has significantly increased the product offering at **Sea World**, resulting in increased length of stay and attendance. VRTP's **Special Events** have performed exceedingly well in the first half of FY18 attracting a record number of visitors during *Fright Nights* and *White Christmas*, with both events enjoying positive guest feedback.

Village Roadshow Studios continue to perform strongly. The latest production Warner Bros. DC's Aquaman completed filming in October. Ongoing production discussions are continuing with Warner Bros. and Disney along with a number of Australian producers. Studios will be used for various sports competitions as part of the Commonwealth Games in April 2018.

VRTP's new landmark entertainment attraction, **Topgolf**, is on track to have its highly anticipated grand opening in June, 2018. Topgolf is a global leader in sports entertainment and has enjoyed enormous success in the U.S. Topgolf is expanding globally at a rapid pace in Europe, Canada and South America.

VRTP has the exclusive rights for the Topgolf concept in Australia. Construction is on schedule and within budget to bring the first Topgolf location to Australia at the Oxenford site, adjacent to Warner Bros. Movie World.

VRTP continue to explore attractive sites for Topgolf locations in other major Australian cities.

**Wet'n'Wild Sydney**

Wet'n'Wild Sydney opened its summer season in September 2017 to solid ticket sales, however continued to be challenged by unfavourable weather which resulted in some very high attendance days mixed with many low attendance days.

A number of enhanced guest experience initiatives have been well received by guests and resulted in excellent customer feedback. The new *Dinosaur Lagoon* attraction and **Special Events** including *Dive In Movies* and *Summer DJ Sessions* have performed well with good attendance on warmer days.

Wet'n'Wild Sydney delivered a 1H18 EBITDA loss of $1.6 million, down on the prior corresponding period's EBITDA of $3.0 million.

**Wet'n'Wild Las Vegas**

Wet'n'Wild Las Vegas (50.09% owned by VRL) was adversely impacted by a tragic incident at a competitor's park, a shortened holiday season and an unfavourable heatwave during the peak season.

Wet'n'Wild Vegas delivered 1H18 EBITDA of $1.8 million, down on the prior corresponding period's EBITDA of $2.7 million.

**China and South East Asia**
The construction of two major projects, which are pure management deals with no equity - Mission Hills Wet'n'Wild Water Park and Lai Sun's Lionsgate Entertainment Indoor Theme park - are progressing well. VRTP is also in discussions to explore the development of other major destination based theme parks in the Asian region.

The construction of the Mission Hills project is nearing completion and will mark China's first Wet'n'Wild branded theme park at Haikou on Hainan Island. VRTP is currently providing consultation services for the park's development. The pre-opening training phase has also commenced on site along with the certification process. VRTP will manage the park's operations after its opening, expected in May 2018.

The Lai Sun project involving the development of the Lionsgate Entertainment World at Novotown on Hengqin Island is currently ahead of schedule. This is an indoor experience centre, themed around some of Lionsgate's key franchises, including *The Hunger Games* and *Twilight*. VRTP is currently providing consultation services for the experience centre's development and will also manage its operations after opening, expected in 1Q calendar year 2019.

## THEME PARKS – OUTLOOK

Gold Coast Theme Parks anticipate a significant recovery following the introduction of the new ticketing and marketing strategy. Major focus on improving the overall guest experience is resulting in a sizable uplift in the customer feedback, in-park spend and ticket yield.

It is expected that the division will deliver an FY18 EBITDA above the previous year. The extent of the uplift will largely depend on May and June 2018 ticket sales.

## FILM DISTRIBUTION

*VRL's Film Distribution division ( "Roadshow" ) predominantly distributes theatrical film content to cinemas. It also has a substantial business in distributing film and TV programs to broadcasters, Subscription Video on Demand and Pay TV platforms, DVD and Digital retailers in Australia and New Zealand. Roadshow Rough Diamond was formed in 2016 to focus on producing quality TV drama and in 2017, Roadshow acquired 50% of Blink TV, which focuses on producing unscripted content. The division also has a 31% interest in FilmNation Entertainment LLC; a US based international film sales and production/distribution business.*

### FILM DISTRIBUTION PERFORMANCE SUMMARY

| Key Earnings Metrics ($m) | 1H18 | 1H17 |
|---|---|---|
| EBITDA | 9.9 | 10.8 |
| EBIT | 8.4 | 9.0 |
| PBT | 6.4 | 7.1 |

*Note: Figures presented are VRL share, before Material Items.*

The Film Distribution division ("Roadshow") delivered EBITDA of $9.9 million (1H17: $10.8 million) after a challenging 1H18. The division was negatively impacted by a soft first half in the Australian Box Office.

The Film Distribution business had a number of successful titles within its output agreements, including *Wonder* and *The Big Sick*. However, the underperformance of key titles *Logan Lucky, Bad Moms 2* and *Suburbicon* adversely impacted 1H18 earnings.

Home Entertainment performed well to achieve a result in line with the prior corresponding period, driven by strong Warner Bros. product in particular *Wonder Woman* and *Dunkirk*, HBO's *Game of Thrones S7* as well as savings in costs. In the Digital space, *Wonder Woman* became the highest performing Roadshow digital title ever on iTunes.

Television outperformed 1H17 due to the timing of license fees on key titles including *The Hunger Games Part 2, Point Break* and *Passengers*.

**New Roadshow**

During the period, the division continued its focus on diversifying its business model to explore new revenue generating opportunities. In particular, Roadshow's initiatives in relation to content production continue to build momentum as highlighted below.

- **FilmNation** is an international film sales company which provides Roadshow with access to global revenue. Recent success included *The Big Sick* which was sold to Amazon Studios for global release. FilmNation is continuing its production strategy, with a number of titles in post-production.

- Released on Stan on New Year's Day, **Roadshow Rough Diamond's** first original series *Romper Stomper* became one of Stan's most successful releases to date, with a record number of views in its first 24 hours. Roadshow's nascent partnership with acclaimed producer, John Edwards continues to progress with a number of upcoming series currently under development.

- **Blink TV** – Eurovision and associated materials were a key focus for Blink TV during the period. Blink's existing relationship with SBS was further strengthened after signing an exclusive option with the European Broadcasting Union to bring *Eurovision Asia* to the region.

- **Australian Film Initiatives:** Roadshow Films is currently developing a portfolio of Australian feature films. These projects are at different stages of development and the intention is for them to become a key part of the future content slate.

**Cost Reduction**

The Film Distribution division has completed a comprehensive review of its business model with a view to slimming down its operating costs and maximising earnings. Recommendations following this review are expected to be implemented in the next few months with cost savings in the vicinity of $2.5 million being realised over the next financial year.

## FILM DISTRIBUTION - OUTLOOK

Roadshow continues to drive value from emerging markets – SVOD, and Digital Transactional, with content agreed with key partners Stan and Netflix. Roadshow is also building relationships with AMC and Amazon ahead of their Australian SVOD launch to ensure a lucrative partnership in the future.

A strong theatrical slate is expected in 2H18 including *Ready Player One*, *Tomb Raider* and *I, Tonya.* However, the Division expects some weakness amongst some upcoming independent titles which could adversely impact trading in the second half and overall full year result in FY18 is expected to be materially lower than the previous year.

Key upcoming Home Entertainment titles releasing in 2H18 include *Justice League* and *Tomb Raider*.

# KEY THEATRICAL PRODUCT

| Key Titles FY18 | Licensor | Release |
|---|---|---|
| *I, Tonya* | RDS | 25.01.2018 |
| *Game Night* | WB | 01.03.2018 |
| *Tomb Raider* | WB | 15.03.2018 |
| *Ready Player One* | VRP | 29.03.2018 |
| *Rampage* | WB | 12.04.2018 |
| *Ocean's 8* | VRP | 07.06.2018 |

# MARKETING SOLUTIONS

*VRL's Marketing Solutions division is a world leader in consumer incentive programs, with offices in Australia, Asia and the UK. The Division is focussed on digital platforms and rewards and works with some of the world's largest brands.*

## MARKETING SOLUTIONS PERFORMANCE SUMMARY

| Key Earnings Metrics ($m) | 1H18 | 1H17 |
|---|---|---|
| EBITDA | 3.6 | 7.4 |
| EBIT | 2.7 | 6.7 |
| PBT | 1.5 | 5.5 |

*Note: Figures presented are before Non-Controlling Interests relating to Opia, and before Material Items.*

The division delivered 1H18 EBITDA of $3.6 million, with the division continuing to invest in its market leading promotional platforms to deliver more innovative, efficient and impactful behavioural incentive campaigns.

The half-year result has been impacted by costs of expansion into US and Asia and the timing of some key promotions being moved into the second half of the financial year.

The Marketing Solutions division has also continued its focus on leveraging the customer relationships between its Australian and UK based businesses to expand its geographical reach worldwide and enter into new industry segments. The business continued its expansion into new territories with the aim to drive growth from both new business development and new client acquisition.

**Edge**

Edge Loyalty rebranded as Edge during the period to better reflect the next generation of campaign based incentive technologies that Edge now provides, and clearly distinguishes the business from traditional points based loyalty programs.

Edge expanded into Asia during the period and successfully executed the first of its promotions, leveraging its strong relationship with blue chip multinational clients.

Notable promotions with major clients delivered in the first half included Harvey Norman , Treasury Wines, Fujitsu, Suncorp and CUB. Edge enjoys multi-year agreements with each of these clients.

**Opia**

Opia's international expansion continues in Asia with recurring client activity expected into the second half. In the U.S, a framework agreement has been successfully negotiated with Microsoft, enabling promotions to commence worldwide.

The fundamentals of the business are strong, with recent investment in the sales team and support infrastructure across all territories to provide a strong pipeline of activity that is anticipated to drive second half trading.

## FILM PRODUCTION

*Village Roadshow Entertainment Group ("VREG") is an equity-accounted associate of VRL and consists of Village Roadshow Pictures ("VRP") and Village Roadshow Pictures Asia ("VRPA").*

Key releases in the upcoming period include Steven Spielberg directed *Ready Player One* and Clint Eastwood-directed *The 15:17 Train to Paris* followed by the reboot of the Ocean's franchise, *Ocean's 8*.

## CORPORATE & OTHER

### CORPORATE & OTHER PERFORMANCE SUMMARY

| Key Results ($m) | 1H18 | 1H17 |
|---|---|---|
| EBITDA - Corporate | (11.2) | (11.9) |
| EBITDA - Digital & IT Development | (3.5) | (2.8) |
| **EBITDA - Corporate & Other** | **(14.6)** | **(14.7)** |
| Depreciation & amortisation | (0.9) | (0.5) |
| Interest expense (net) | (1.8) | (2.2) |
| **PBT** | **(17.4)** | **(17.4)** |

*Note: Figures presented are before Material Items. Asia development costs have now been included in the Theme Parks division.*

Total net Corporate & Other costs for the six months ended 31 December 2017 were $17.4 million, and EBITDA was a $14.6 million loss, compared to a $14.7 million EBITDA loss in the prior corresponding period.

**Digital & IT Development**

The investment in Digital & IT Development in 1H18 was $3.5 million, compared to $2.8 million in the prior corresponding period as the business continues to focus on investing in new IT infrastructure and technology which will support improved eCommerce capabilities, improve employee productivity and expand its Digital offering.

The investment in data analytics is continuing to support the divisions.

**Material Items**

Material items attributable gain after tax of $171.9 million in 1H18 related to the gain on sale of VRL's 50% share in the Golden Village Singapore cinema circuit of $154.0 million, impairment of assets of $4.2 million, restructuring costs of $2.0 million, and a tax benefit of $24.1 million from the initial recording of a deferred tax asset in relation to the sale and long-term leaseback of land at Oxenford.

## DEBT

Despite a challenging first half, VRL has been successful in reducing its leverage to below 3.0x at 31 December 2017 following the sale of its share in the Singapore Cinema Exhibition business and the freehold land at Oxenford. These divestments also enabled VRL to access capital to invest in other opportunities for future earnings growth.

## DIVIDENDS

VRL's Board is committed to shareholder returns, while maintaining the ability to invest in the business. Despite recent deleveraging with substantial growth opportunities available, the Board has decided not to pay an interim FY18 dividend. This is a cautious short-term measure and the Directors intend to reinstate the dividend as soon as it is deemed prudent.

## PIRACY

There is only upside in piracy for VRL's film dependent businesses. Recent research has shown the site blocking resulting from bipartisan government legislation has had an impact on piracy. Further initiatives are underway.

## EARNINGS ESTIMATE

VRL currently expects FY18 attributable Net Profit After Tax before material items and discontinued operations to be in the range of $12 - $17 million.

## FURTHER INFORMATION:


**Graham Burke**
*Co-Executive Chairman & Co-CEO*
03 9829 0667

**Julie Raffe**
*Finance Director*
03 9667 6511


## VILLAGE ROADSHOW 1H18 RESULTS TELECONFERENCE
### 16 FEBRUARY 2018 2:00 PM AEDT (NSW, VIC, TAS, ACT)
### CONFERENCE ID: 708605

**In order to pre-register for this conference and avoid a queue when calling, please follow the link below.**
You will be given a unique pin number to enter when you call which will bypass the operator and give you immediate access to the event.

[http://villageroadshow.com.au/investors/corporate-diary/teleconferences]

A copy of this release and the VRL 1H18 Results Presentation including additional conference call details are available at www.asx.com.au and www.villageroadshow.com.au

# VILLAGE ROADSHOW LIMITED
# ABN 43 010 672 054

# CONDENSED
# HALF-YEAR FINANCIAL REPORT
# 31 DECEMBER 2017

Your Directors submit their report for the half-year ended 31 December 2017.

## DIRECTORS

The names of the Directors of Village Roadshow Limited ("the Company" or "VRL") in office during the half-year and until the date of this report are:

Robert G. Kirby AO: B. Comm. – Co-Executive Chairman and Co-Chief Executive Officer
Graham W. Burke AO: – Co-Executive Chairman and Co-Chief Executive Officer
John R. Kirby AM: B. Ec., CPA – Deputy Chairman
Timothy M. Antonie: B. Ec.
David J. Evans
Robert Le Tet: B. Ec.
Jennifer Fox Gambrell: MBA, DBA
Julie E. Raffe (Alternate for Messrs. R.G. Kirby and G.W. Burke)

## REVIEW AND RESULTS OF OPERATIONS

The Reconciliation of Results, which forms part of this Directors' Report, is set out on pages 4 and 5.

For continuing operations, total revenue for the Village Roadshow Limited group ("the Group", "VRL group" or "consolidated entity") was $515.2 million for the current period compared to $542.5 million for the previous corresponding period, total expenses excluding finance costs were $526.8 million (2016: $522.1 million), and finance costs were $14.8 million (2016: $15.7 million). Profit from continuing operations after tax was $168.1 million, compared to a loss from continuing operations after tax of $5.7 million for the previous corresponding period.

There were no results from discontinued operations in the current or previous corresponding periods. Material items in the current period totalled an attributable profit after tax of $171.9 million, being a gain on disposal from an asset held for sale of $154.0 million, impairment of non-current assets of $4.2 million, restructuring costs of $2.0 million, and a tax benefit of $24.1 million relating to the initial recording of a deferred tax asset (refer also to note 12 in the half-year financial report), compared to a loss after tax of $25.9 million in the prior period. The attributable net profit excluding material items of income and expense for the period was $0.04 million (2016: $19.2 million).

No final dividend relating to the year ended 30 June 2017 was declared. In the prior period, a fully-franked final dividend of 14.0 cents per ordinary share, totalling $22.6 million, was paid in October 2016. No interim dividend has been declared in the current or prior period.

Total assets of the Group increased by $61.8 million to $1,523.1 million compared to 30 June 2017, and total liabilities of the Group decreased by $105.8 million to $955.4 million compared to 30 June 2017. Total equity increased by $167.6 million compared to 30 June 2017, which was mainly due to an increase in retained earnings of $171.9 million partly offset by a decrease in non-controlling interests of $4.2 million. The increase in retained earnings related to the attributable profit of $171.9 million in the current period.

Refer also to note 12 in the half-year financial report for a summary of the significant impacts on asset and liability balances following the sale and leaseback of land at Oxenford, Queensland.

Basic earnings per share was 106.2 cents (2016: loss per share 4.2 cents), and diluted earnings per share was 106.1 cents (2016: loss per share 4.2 cents). Diluted earnings per share before material items and discontinued operations were 0.02 cents (2016: 11.9 cents), based on a weighted average total of 161,986,238 ordinary shares (2016: 162,157,994 ordinary shares).

Net cash flows from operating activities totalled $14.1 million for the current period compared to $64.5 million for the previous corresponding period, net cash flows from investing activities totalled $208.8 million (2016: $60.1 million used in investing activities), and net cash flows used in financing activities totalled $247.5 million (2016: $16.9 million from financing activities).

**ROUNDING**

The amounts contained in this report and in the half-year financial report have been rounded where applicable to the nearest thousand dollars (unless stated otherwise) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

**AUDITOR INDEPENDENCE**

The Auditor's Independence Declaration to the Directors of Village Roadshow Limited, which forms part of this Directors' Report, is set out on page 6.

Signed in accordance with a resolution of the directors at Melbourne this 16th day of February 2018.

G.W. Burke
Director

**VILLAGE ROADSHOW LIMITED**
**RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | Theme Parks | | Cinema Exhibition | | Film Distribution | | Marketing Solutions | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| (i) **Reconciliation of results:** | | | | | | | | | | | | |
| __Continuing Operations:__ | | | | | | | | | | | | |
| **Earnings before Interest, Tax, Depreciation and Amortisation, excluding material items of income and expense ("EBITDA")** | **29,244** | **42,599** | **21,652** | **32,361** | **9,943** | **10,792** | **3,623** | **7,360** | **(14,645)** | **(14,733)** | **49,817** | **78,379** |
| Depreciation and amortisation | (23,044) | (25,338) | (8,550) | (8,336) | (1,586) | (1,781) | (932) | (629) | (876) | (486) | (34,988) | (36,570) |
| Finance costs | (6,965) | (6,988) | (2,294) | (2,441) | (2,220) | (2,180) | (1,230) | (1,243) | (2,062) | (2,872) | (14,771) | (15,724) |
| Interest income | 138 | 22 | 54 | 60 | 222 | 246 | 19 | -- | 214 | 657 | 647 | 985 |
| **Operating profit (loss) before tax and material items of income and expense ("PBT")** | **(627)** | **10,295** | **10,862** | **21,644** | **6,359** | **7,077** | **1,480** | **5,488** | **(17,369)** | **(17,434)** | **705** | **27,070** |
| Income tax (expense) benefit, excluding material items | 303 | (3,264) | (3,981) | (5,391) | (1,995) | (1,945) | (632) | (1,370) | 6,076 | 5,150 | (229) | (6,820) |
| **Operating profit (loss) after tax, before material items of income and expense** | **(324)** | **7,031** | **6,881** | **16,253** | **4,364** | **5,132** | **848** | **4,118** | **(11,293)** | **(12,284)** | **476** | **20,250** |
| Non-controlling interests, excluding material items | (230) | (596) | -- | -- | -- | -- | (211) | (416) | -- | -- | (441) | (1,012) |
| **Attributable operating profit (loss) after tax, before material items of income and expense ("NPAT")** | **(554)** | **6,435** | **6,881** | **16,253** | **4,364** | **5,132** | **637** | **3,702** | **(11,293)** | **(12,284)** | **35** | **19,238** |
| Material items of income and expense before tax | (10,495) | -- | 154,006 | (19,316) | (278) | -- | (161) | -- | (436) | (6,628) | 142,636 | (25,944) |
| Income tax benefit – material items | 24,733 | -- | -- | -- | 83 | -- | 48 | -- | 131 | -- | 24,995 | -- |
| Material items of income and expense after tax | 14,238 | -- | 154,006 | (19,316) | (195) | -- | (113) | -- | (305) | (6,628) | 167,631 | (25,944) |
| Material items – non-controlling interest | 4,225 | -- | -- | -- | -- | -- | -- | -- | -- | -- | 4,225 | -- |
| Material items – profit (loss) after tax and non-controlling interest | 18,463 | -- | 154,006 | (19,316) | (195) | -- | (113) | -- | (305) | (6,628) | 171,856 | (25,944) |
| Total profit (loss) before tax from continuing operations | (11,122) | 10,295 | 164,868 | 2,328 | 6,081 | 7,077 | 1,319 | 5,488 | (17,805) | (24,062) | 143,341 | 1,126 |
| Total income tax benefit (expense) from continuing operations | 25,036 | (3,264) | (3,981) | (5,391) | (1,912) | (1,945) | (584) | (1,370) | 6,207 | 5,150 | 24,766 | (6,820) |
| Total non-controlling interests | 3,995 | (596) | -- | -- | -- | -- | (211) | (416) | -- | -- | 3,784 | (1,012) |
| **Total attributable profit (loss) after tax from continuing operations per the statement of comprehensive income** | **17,909** | **6,435** | **160,887** | **(3,063)** | **4,169** | **5,132** | **524** | **3,702** | **(11,598)** | **(18,912)** | **171,891** | **(6,706)** |
| __Discontinued Operations:__ | | | | | | | | | | | | |
| Attributable profit after tax from discontinued operations | | | | | | | | | | | -- | -- |
| **Net profit (loss) attributable to the members of Village Roadshow Limited** | | | | | | | | | | | **171,891** | **(6,706)** |

## VILLAGE ROADSHOW LIMITED
## RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017 (Continued)

| | Theme Parks | | Cinema Exhibition | | Film Distribution | | Marketing Solutions | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **(ii) Material items of income and expense from continuing operations:** | | | | | | | | | | | | |
| Gain on disposal – asset held for sale (refer to note 9(a)) | -- | -- | 154,006 | -- | -- | -- | -- | -- | -- | -- | 154,006 | -- |
| Equity-accounted losses on net investments (refer note 2(c)) | -- | -- | -- | (19,196) | -- | -- | -- | -- | -- | (6,628) | -- | (25,824) |
| Impairment and other non-cash adjustments (refer note 2(d)) | (8,465) | -- | -- | (120) | -- | -- | -- | -- | -- | -- | (8,465) | (120) |
| Restructuring costs | (2,030) | -- | -- | -- | (278) | -- | (161) | -- | (436) | -- | (2,905) | -- |
| Total profit (loss) from material items of income and expense before tax | (10,495) | -- | 154,006 | (19,316) | (278) | -- | (161) | -- | (436) | (6,628) | 142,636 | (25,944) |
| Income tax benefit – material items | 24,733 | -- | -- | -- | 83 | -- | 48 | -- | 131 | -- | 24,995 | -- |
| Total non-controlling interest – material items | 4,225 | -- | -- | -- | -- | -- | -- | -- | -- | -- | 4,225 | -- |
| **Total attributable profit (loss) from material items of income and expense after tax** | 18,463 | -- | 154,006 | (19,316) | (195) | -- | (113) | -- | (305) | (6,628) | 171,856 | (25,944) |
| **(iii) Earnings (Loss) Per Share:** | | | | | | | | | | | | |
| Basic EPS | | | | | | | | | | | 106.2c | (4.2)c |
| Diluted EPS | | | | | | | | | | | 106.1c | (4.2)c |
| **(iv) Earnings Per Share adjusted to eliminate discontinued operations and material items of income and expense from the calculations:** | | | | | | | | | | | | |
| Basic EPS | | | | | | | | | | | 0.02c | 11.9c |
| Diluted EPS | | | | | | | | | | | 0.02c | 11.9c |

Notes:

1. The VRL group results are prepared under Australian Accounting Standards, and also comply with International Financial Reporting Standards ("IFRS"). The Reconciliation of Results includes certain non-IFRS measures including EBITDA and operating profit excluding material items of income and expense and discontinued operations. These measures are used internally by management to assess the performance of the business, make decisions on the allocation of resources and assess operational management. Non-IFRS measures have not been subject to audit or review, however all items used to calculate these non-IFRS measures have been derived from information used in the preparation of the audited or audit-reviewed (as applicable) financial statements.

Building a better working world

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ey.com/au

## Auditor's Independence Declaration to the Directors of Village Roadshow Limited

As lead auditor for the review of Village Roadshow Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Village Roadshow Limited and the entities it controlled during the financial period.

Ernst & Young

David Shewring
Partner
Melbourne
16 February 2018

# VILLAGE ROADSHOW LIMITED
## HALF-YEAR FINANCIAL REPORT
## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

| | Notes | Consolidated 2017 $'000 | Consolidated 2016 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| Income | | | |
| Revenues | | 515,163 | 542,521 |
| Other income | 2(a) | 169,275 | 15,886 |
| Expenses excluding finance costs | | (526,844) | (522,052) |
| Finance costs | 2(b) | (14,771) | (15,724) |
| Share of net profits (losses) of equity-accounted investments | 2(c) | 518 | (19,505) |
| **Profit from continuing operations before income tax benefit (expense)** | | 143,341 | 1,126 |
| Income tax benefit (expense) | | 24,766 | (6,820) |
| **Profit (loss) after tax from continuing operations** | | 168,107 | (5,694) |
| **Discontinued operations** | | | |
| Profit after tax from discontinued operations | | -- | -- |
| **NET PROFIT (LOSS) FOR THE PERIOD** | | 168,107 | (5,694) |
| Profit (loss) for the period is attributable to: | | | |
| Non-controlling interests | | (3,784) | 1,012 |
| Owners of the parent | | 171,891 | (6,706) |
| | | 168,107 | (5,694) |
| **Other comprehensive income (expense)** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Available-for-sale investments | | 1,120 | -- |
| Cash flow hedges | | 1,564 | 1,104 |
| Foreign currency translation | | (2,738) | 1,471 |
| **Other comprehensive (expense) income for the period after tax** | | (54) | 2,575 |
| **Total comprehensive income (expense) for the period** | | 168,053 | (3,119) |
| Total comprehensive income (expense) for the period is attributable to: | | | |
| Non-controlling interests | | (3,784) | 1,012 |
| Owners of the parent | | 171,837 | (4,131) |
| | | 168,053 | (3,119) |
| **Earnings (loss) per share (cents per share)** | | | |
| For profit (loss) for the half-year attributable to ordinary equity holders of Village Roadshow Limited: | | | |
| Basic earnings (loss) per share | | 106.2c | (4.2)c |
| Diluted earnings (loss) per share | | 106.1c | (4.2)c |
| For profit (loss) from continuing operations for the half-year attributable to ordinary equity holders of Village Roadshow Limited: | | | |
| Basic earnings (loss) per share | | 106.2c | (4.2)c |
| Diluted earnings (loss) per share | | 106.1c | (4.2)c |

**VILLAGE ROADSHOW LIMITED**
**HALF-YEAR FINANCIAL REPORT**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2017**

| | Notes | Consolidated 31 December 2017 $'000 | Consolidated 30 June 2017 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | | 75,710 | 100,400 |
| Trade and other receivables | | 152,427 | 128,300 |
| Inventories | | 25,729 | 21,292 |
| Current tax assets | | 2,179 | 12,326 |
| Film distribution royalties | | 39,848 | 57,310 |
| Asset held for sale | 9(a) | -- | 11,839 |
| Other | | 16,429 | 9,257 |
| Total Current Assets | | 312,322 | 340,724 |
| **Non-Current Assets** | | | |
| Trade and other receivables | | 19,752 | 18,300 |
| Goodwill and other intangible assets | | 380,408 | 381,870 |
| Investments – equity-accounted | | 30,615 | 30,037 |
| Available-for-sale investments | | 2,721 | 407 |
| Property, plant & equipment | 12 | 698,195 | 615,813 |
| Deferred tax assets | | 3,875 | 774 |
| Film distribution royalties | | 71,758 | 69,895 |
| Other | | 3,472 | 3,524 |
| Total Non-Current Assets | | 1,210,796 | 1,120,620 |
| **Total Assets** | | **1,523,118** | **1,461,344** |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | | 252,321 | 262,956 |
| Interest bearing loans and borrowings | | 7,044 | 1,072 |
| Income tax payable | | 117 | 39 |
| Provisions | | 33,266 | 31,870 |
| Unearned revenue | | 65,259 | 59,528 |
| Other | | 426 | 3,026 |
| Total Current Liabilities | | 358,433 | 358,491 |
| **Non-Current Liabilities** | | | |
| Trade and other payables | | 26,038 | 31,347 |
| Interest bearing loans and borrowings | 4 | 373,918 | 626,418 |
| Lease liability | 12 | 101,500 | -- |
| Deferred tax liabilities | | 1,407 | 22,692 |
| Provisions | | 8,975 | 8,950 |
| Unearned revenue | 12 | 84,304 | 12,674 |
| Other | | 846 | 640 |
| Total Non-Current Liabilities | | 596,988 | 702,721 |
| **Total Liabilities** | | **955,421** | **1,061,212** |
| **Net Assets** | | **567,697** | **400,132** |
| **EQUITY** | | | |
| Equity attributable to equity holders of the parent: | | | |
| Contributed equity | | 225,479 | 225,176 |
| Reserves | | 89,422 | 89,852 |
| Retained earnings | | 242,181 | 70,290 |
| Parent interests | | 557,082 | 385,318 |
| Non-controlling interests | | 10,615 | 14,814 |
| **Total Equity** | | **567,697** | **400,132** |

**VILLAGE ROADSHOW LIMITED**
**HALF-YEAR FINANCIAL REPORT**
**STATEMENT OF CASH FLOWS**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | Notes | Consolidated 2017 $'000 | Consolidated 2016 $'000 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers | | 559,979 | 580,356 |
| Payments to suppliers and employees | | (544,822) | (512,504) |
| Dividends and distributions received | | 480 | 16,991 |
| Interest and other items of similar nature received | | 668 | 1,692 |
| Finance costs | | (12,505) | (14,833) |
| Income taxes refunded (paid) | | 10,250 | (7,202) |
| **Net cash flows from operating activities** | | 14,050 | 64,500 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of property, plant & equipment | | (43,664) | (40,926) |
| Purchases of software and other intangibles | | (6,077) | (5,836) |
| Proceeds from sale of property, plant & equipment | | 928 | 6,772 |
| Proceeds from sale and leaseback of property | 12 | 101,209 | -- |
| Purchase of investments/businesses | | (2,053) | (1,019) |
| Proceeds from sale of investments/businesses | 9(a) | 163,948 | -- |
| Loans from (or repaid by) other entities | | -- | 6,686 |
| Loans to (or repaid to) other entities | | (5,541) | (25,824) |
| **Net cash flows from (used in) investing activities** | | 208,750 | (60,147) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | 19,000 | 50,000 |
| Repayment of borrowings | 4 | (266,483) | (10,574) |
| Dividends and distributions paid | | -- | (22,556) |
| **Net cash flows (used in) from financing activities** | | (247,483) | 16,870 |
| **Net (decrease) increase in cash and cash equivalents** | | (24,683) | 21,223 |
| Cash and cash equivalents at beginning of period | | 100,400 | 64,338 |
| Effects of exchange rate changes on cash | | (7) | (14) |
| Total cash and cash equivalents at end of period | 3 | 75,710 | 85,547 |

**VILLAGE ROADSHOW LIMITED**
**HALF-YEAR FINANCIAL REPORT**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED | | | NON-CONTROLLING INTEREST | TOTAL EQUITY |
|---|---|---|---|---|---|
| CONSOLIDATED | ISSUED CAPITAL $ '000 | RETAINED EARNINGS $ '000 | OTHER RESERVES $ '000 | $ '000 | $ '000 |
| **Balances as at 1 July 2017** | 225,176 | 70,290 | 89,852 | 14,814 | 400,132 |
| Profit (loss) profit for the period | -- | 171,891 | -- | (3,784) | 168,107 |
| Other comprehensive expense | -- | -- | (54) | -- | (54) |
| **Total comprehensive income (expense) for the period** | -- | 171,891 | (54) | (3,784) | 168,053 |
| Share-based payment movements | 158 | -- | (208) | -- | (50) |
| Issue of shares under Directors' share plan from Directors' fees | 145 | -- | -- | -- | 145 |
| Controlled entity acquisition reserve movements | -- | -- | (168) | (211) | (379) |
| Other changes in equity | -- | -- | -- | (204) | (204) |
| **Balances as at 31 December 2017** | 225,479 | 242,181 | 89,422 | 10,615 | 567,697 |

**VILLAGE ROADSHOW LIMITED**
**HALF-YEAR FINANCIAL REPORT**
**STATEMENT OF CHANGES IN EQUITY (Continued)**
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

| | ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED | | | NON-CONTROLLING INTEREST | TOTAL EQUITY |
|---|---|---|---|---|---|
| CONSOLIDATED | ISSUED CAPITAL $ '000 | RETAINED EARNINGS $ '000 | OTHER RESERVES $ '000 | $ '000 | $ '000 |
| **Balances as at 1 July 2016** | 224,234 | 159,564 | 81,539 | 15,022 | 480,359 |
| (Loss) profit for the period | -- | (6,706) | -- | 1,012 | (5,694) |
| Other comprehensive income | -- | -- | 2,575 | -- | 2,575 |
| **Total comprehensive (expense) income for the period** | -- | (6,706) | 2,575 | 1,012 | (3,119) |
| Share-based payment movements | 800 | -- | 7 | -- | 807 |
| Issue of shares under Directors' share plan from Directors' fees | 75 | -- | -- | -- | 75 |
| Equity dividends | -- | (22,556) | -- | -- | (22,556) |
| Controlled entity acquisition reserve from business combination | -- | -- | 1,558 | (416) | 1,142 |
| Other changes in equity | -- | -- | -- | 416 | 416 |
| **Balances as at 31 December 2016** | 225,109 | 130,302 | 85,679 | 16,034 | 457,124 |

## 1. Basis of Preparation and Accounting Policies

### (a) Basis of Preparation

The condensed half-year financial report is a general-purpose financial report, which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and considered together with any public announcements made by Village Roadshow Limited ("the Company" or "VRL") up to the date of this report in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

Apart from the changes in accounting policies, standards and interpretations as noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report. The presentation and classification of comparative items in the half-year financial report have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

### (b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Village Roadshow Limited and its subsidiaries ("the Group", "VRL group" or "consolidated entity") for the half-year ended 31 December 2017.

### (c) Changes in Accounting Policies, Standards and Interpretations

The accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017, except for the adoption of new standards and interpretations as of 1 July 2017 as noted below:

- AASB 2016-1: *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses;*
- AASB 2016-2: *Amendments to Australian Accounting Standards – Disclosure Initiative;*
- AASB 2017-2: *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016.*

Adoption of these policies, standards and interpretations did not have any material impact on the financial position or performance of the Group.

| | Consolidated 2017 $'000 | Consolidated 2016 $'000 |
|---|---|---|
| **2. Income and Expenses** | | |
| **(a) Other Income – Continuing Operations** | | |
| Management fees received | 3,630 | 4,818 |
| Net gain on disposal of investments (refer Note 9(a)) | 154,006 | 262 |
| Unearned revenue written back | 2,502 | 3,879 |
| Commissions/fees received | 3,058 | 2,714 |
| Other | 6,079 | 4,213 |
| Total other income | 169,275 | 15,886 |
| **(b) Finance Costs – Continuing Operations** | | |
| Total finance costs | 14,771 | 15,724 |
| **(c) Share of Net Profits (Losses) of Equity-Accounted Investments** | | |
| Total share of net profits before equity-accounted losses on net investments | 518 | 6,319 |
| Equity-accounted losses on net investments (included in material items of income and expense in Reconciliation of Results contained in Directors' Report) | -- | (25,824) |
| Total share of net profits (losses) of equity-accounted investments | 518 | (19,505) |

**(d) Impairment**

Impairment losses for property, plant & equipment of $8.5 million were recognised for continuing operations in the half-year ended 31 December 2017 (included in the current period's material items of income and expense in the Reconciliation of Results included in the Directors' Report), in relation to Wet'n'Wild Las Vegas which is in the Theme Parks segment (2016: $0.1 million related to the Cinema Exhibition segment).

For the Wet'n'Wild Las Vegas assessment, the pre-tax discount range used was 9.1% to 10.6% and the recoverable amount was based on fair value less costs of disposal. Cash flows beyond five years were extrapolated using a terminal growth rate of 2.5%, and the latest updated forecasts were used in the impairment review, which were lower than the forecasts included in the latest five year plan due to the underlying financial performance of Wet'n'Wild Las Vegas being lower than expected. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used.

## 3. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

| | Consolidated 2017 $'000 | Consolidated 2016 $'000 |
|---|---|---|
| Cash on hand and at bank | 75,416 | 38,419 |
| Deposits at call | 294 | 47,128 |
| Total cash and cash equivalents | 75,710 | 85,547 |

Cash on hand and at bank includes $3.6 million (2016: $2.2 million) of cash held on behalf of customers which is restricted and held in separate bank accounts and used for payment of promotional rebates. This balance cannot be called upon should the Group become insolvent.

## 4. Major Changes in Debt and Equity Securities

There have been no major changes to equity securities of the Group during the half-year ended 31 December 2017, however debt facilities have been significantly reduced from $650 million at 30 June 2017 to $500 million at 31 December 2017, following the repayments totalling $265 million in the half-year to 31 December 2017. The drawn balance has reduced from $620 million at 30 June 2017 to $374 million at 31 December 2017.

## 5. Changes to Composition of Entity

There were no changes in composition of the VRL group which had a material impact during the half-year ended 31 December 2017.

## 6. Related Party Transactions

Related party transactions are not materially different from those disclosed in the 30 June 2017 financial report, but the key amounts in relation to associated entities were film hire and other film expenses paid by the VRL group, to entities in the Village Roadshow Entertainment Group (BVI) Limited group of $10.3 million (2016: $15.1 million), and to FilmNation Entertainment LLC of $1.8 million (2016: $1.6 million).

| | Consolidated 2017 $'000 | Consolidated 2016 $'000 |
|---|---|---|
| **7. Dividends & Distributions** | | |
| **(a) Declared and paid during the half-year** | | |
| Final dividend on ordinary shares of nil cents per share (2016: 14.0 cents per share fully-franked) | -- | 22,556 |
| **(b) Declared subsequent to half-year end** | | |
| Interim dividend on ordinary shares of nil cents per share (2016: nil cents per share) | -- | -- |

## 8. Contingencies

### (a) Contingent Liabilities

The contingent liability in relation to the guarantee issued in relation to an associated entity, as detailed below, is materially different from the contingent liability disclosed in the 30 June 2017 financial report, and the key matters in relation to contingent liabilities are noted as follows:

(i) Tax Audit by Australian Taxation Office:

As disclosed in Note 22(a)(iii) in the 30 June 2017 financial report, following a Client Risk Review, the Australian Taxation Office ("ATO") advised in July 2016 that a Tax Audit was to be carried out in relation to the VRL Tax Consolidated group, covering the financial years from 2012 to 2015.

VRL has provided information requested by the ATO during the period to 31 December 2017. In January 2018, the ATO issued an Audit Position Paper and requested a response from VRL. VRL does not currently believe that any material impact will result from the Tax Audit.

(ii) Guarantee issued in relation to Associate:

As disclosed in Note 22(a)(v) in the 30 June 2017 financial report, VRL procured a bank guarantee to support the financing of an associated entity, VR iPic Finance LLC ("VRIF"), in which the VRL group had a 42.86% (3/7th) interest. VRIF obtained debt financing to contribute funds to iPic-Gold Class Entertainment LLC ("IGCE"), which is also an associated entity of VRL. Following a restructuring of IGCE and VRIF in February 2018 (refer also Note 9(c)), VRL's guarantee exposure in relation to VRIF has reduced from USD 24.2 million to USD 5.6 million.

### (b) Contingent Assets

Contingent assets are not materially different from those disclosed in the 30 June 2017 financial report.

## 9. Investments – Equity-Accounted

**(a) Dartina Development Limited ("Dartina"):**
As advised to the Australian Securities Exchange on 13 June 2017 (and updated on 11 August 2017), the VRL group signed an agreement to sell its 50% stake in the Singapore Cinema Exhibition business, Golden Village, to mm2 Asia Ltd. As a result, effective from 1 June 2017, the investment in the holding company, Dartina Development Ltd. ("Dartina"), had been classified as Held for Sale, and equity accounting ceased from that date.

As advised to the Australian Securities Exchange in October 2017, the VRL group signed an agreement to sell its 50% stake in Golden Village to Orange Sky Golden Harvest Entertainment (Holdings) Limited, the owner of the other 50% of Golden Village. The sale was completed on 26 October 2017. The gain on disposal of this asset held for sale was $154.0 million after tax (included in the current period's material items of income and expense in the Reconciliation of Results included in the Directors' Report).

**(b) Village Roadshow Entertainment Group (BVI) Ltd. ("VREG") and Entertainment Group Holdings Ltd.:**
As disclosed in the 30 June 2017 financial report, there was a restructuring of the Village Roadshow Entertainment Group business ("VREG"), which resulted in the VRL group reducing its ordinary shareholding in the ongoing VREG group to 20%, and retaining USD 10.0 million of subordinated notes (ranking in priority to the ordinary equity of VREG), repayable by November 2022, with a non-cash return of 15.5%.

In the half-year ended 31 December 2017, the VRL group disposed of its 50.17% shareholding in the dormant former parent entity, Entertainment Group Holdings Ltd., for no consideration.

**(c) iPic-Gold Class Entertainment LLC ("IGCE") and VR iPic Finance LLC ("VRIF"):**
Further to the relevant disclosures in the 30 June 2017 financial report in relation to iPic-Gold Class Entertainment LLC ("IGCE") and VR iPic Finance LLC ("VRIF"), as advised to the Australian Securities Exchange on 2 February 2018, the new holding company of IGCE was listed on NASDAQ and funding of USD 15 million was raised from that listing.

Following that restructuring, the VRL group's shareholding in the IGCE business has reduced to approximately 25%. In addition, the previous 42.86% shareholding in VRIF has reduced to nil, and VRL's guarantee exposure in relation to the IGCE business has reduced from USD 24.2 million to USD 5.6 million (refer also Note 8(a)(ii)).

## 10. Events after the End of the Reporting Period

Other than as separately disclosed, there have been no material transactions which significantly affect the financial or operational position of the VRL group since the end of the half-year.

## 11. Financial Risk Management – Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements.

| | Total carrying amount as per Consolidated Statement of Financial Position 31 December 2017 $'000 | Aggregate Net Fair Value 31 December 2017 $'000 |
|---|---|---|
| *Financial assets:* | | |
| Cash | 75,710 | 75,710 |
| Trade and other receivables | 172,179 | 172,179 |
| Available-for-sale investments | 2,721 | 2,721 |
| Derivatives | 36 | 36 |
| Total financial assets | 250,646 | 250,646 |
| *Financial liabilities:* | | |
| Trade and other payables | 278,359 | 278,359 |
| Secured and unsecured borrowings | 380,962 | 373,552 |
| Lease liability | 101,500 | 101,500 |
| Derivatives | 426 | 426 |
| Total financial liabilities | 761,247 | 753,837 |

The methods and assumptions used to determine the fair values of financial assets and liabilities are the same as those used in the most recent annual financial report.

The Group uses the following methods in calculating or estimating the fair value of a financial instrument:
- Level 1: Fair value is calculated using quoted prices in active markets.
- Level 2: Fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: Fair value is estimated using inputs for the asset that are not based on observable market data.

The fair value of the financial instruments, as well as the methods used to estimate the fair value, are summarised in the table below.

| | Valuation technique – market observable inputs (Level 1) 31 Dec 2017 $'000 | Valuation technique – market observable inputs (Level 2) 31 Dec 2017 $'000 | Valuation technique – non market observable inputs (Level 3) 31 Dec 2017 $'000 | Total 31 Dec 2017 $'000 |
|---|---|---|---|---|
| *Financial assets:* | | | | |
| Available-for-sale investments | 2,120 | -- | 601 | 2,721 |
| Derivatives | -- | 36 | -- | 36 |
| Total financial assets | 2,120 | 36 | 601 | 2,757 |
| *Financial liabilities:* | | | | |
| Secured and unsecured borrowings | -- | 373,552 | -- | 373,552 |
| Lease liability | -- | -- | 101,500 | 101,500 |
| Payables and accruals | -- | -- | 9,615 | 9,615 |
| Derivatives | -- | 426 | -- | 426 |
| Total financial liabilities | -- | 373,978 | 111,115 | 485,093 |

**11. Financial Risk Management – Fair Values (Continued)**

The net fair values of the financial instruments are determined using valuation techniques that utilise data from observable and unobservable market data. Assumptions are based on market conditions existing at each reporting date.

The fair value of available-for-sale investments are derived from quoted market prices in active markets. As a result, available-for-sale investments have been classified based on the observable market inputs as Level 1.

The fair values of derivatives are calculated as the present value of the estimated future cash flows using an appropriate market based yield curve, which is independently derived. As a result, these derivatives have been classified based on the observable market inputs as Level 2. The net fair values of the secured and unsecured borrowings are determined based on the weighted average market-based interest rates that are applicable to the borrowings. As a result, these borrowings have been classified based on observable market inputs as Level 2.

Payables and accruals relate to the estimated put and call option liability over the remaining 20% non-controlling interest in Opia. The fair value of payables and accruals is determined using a discounted expected future financial performance based on terms of the sale contract and the knowledge of the business. As a result, payables and accruals have been classified based on non-observable market inputs as Level 3. An increase (decrease) in the future financial performance of Opia would result in higher (lower) fair value of the put and call option liability, while a significant increase (decrease) in the discount rate would result in a lower (higher) fair value of the liability.

**12. Finance Lease Resulting from Sale and Long-Term Leaseback**

Following the sale and long-term leaseback of the VRL group's freehold land on the Gold Coast, as advised to the Australian Securities Exchange on 22 December 2017, this transaction has been treated as a sale and finance leaseback in accordance with Accounting Standards. The initial lease term is for 30 years, with 6 further terms of 10 years each (at the VRL group's option), with the maximum lease term of 90 years. The VRL group also has a number of repurchase options at various points throughout the contractual term.

As a result, the land has been derecognised, a finance lease asset and finance lease liability have been recognised, both initially for $101.5 million (representing the lower of the fair value of the land and the present value of the future minimum lease payments, which are based on an expectation of exercising one of the options to repurchase the land after 25 years), and the calculated gain on sale of $73.7 million has been deferred and treated as unearned revenue. Annual rent payable under the lease is $6.2 million, with fixed annual increases of 3%.

For the year ending 30 June 2018 and subsequent years, the statement of financial performance will show the calculated finance lease interest expense, and the recognition of the unearned revenue, over the minimum lease term (currently assessed as 25 years). Given the lease calculations have assumed the land will be repurchased after 25 years, consistent with the VRL group's previous accounting policy to not depreciate land, the lease asset will not be amortised.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments at 31 December 2017 (2016: Nil), based on expectation of exercising the option to repurchase the land after 25 years, are as follows:

| | Minimum lease payments $'000 | Present value of lease payments $'000 |
|---|---|---|
| Within 1 year | 6,200 | 6,200 |
| After one year but not more than 5 years | 26,717 | 21,180 |
| More than 5 years | 399,459 | 74,120 |
| Total minimum lease payments | 432,376 | 101,500 |
| Less amounts representing finance charges | (330,876) | -- |
| Present value of minimum lease payments | 101,500 | 101,500 |

As a result of deferring the gain on sale, which will instead be recognised over the 25 year assumed lease term, a deferred tax asset has been recorded of $22.1 million, which will be expensed in line with the recognition of the unearned revenue over 25 years. A deferred tax liability of $2.0 million has also been reversed.

## 13. Segment Reporting

| | Theme Parks | | Cinema Exhibition | | Film Distribution | | Marketing Solutions | | Other | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 | 2017 $'000 | 2016 $'000 |
| **Reporting by Operating Segments – Continuing Operations:** | | | | | | | | | | | | |
| Segment revenue – services | 101,901 | 108,867 | 95,159 | 107,262 | 108,814 | 117,280 | 44,501 | 29,857 | -- | -- | 350,375 | 363,266 |
| Segment revenue – goods | 57,265 | 60,039 | 41,071 | 42,819 | 75,980 | 87,450 | -- | -- | -- | -- | 174,316 | 190,308 |
| Total segment revenue | 159,166 | 168,906 | 136,230 | 150,081 | 184,794 | 204,730 | 44,501 | 29,857 | -- | -- | 524,691 | 553,574 |
| Plus: Non-segment revenue | -- | -- | -- | -- | -- | -- | -- | -- | 703 | 1,120 | 703 | 1,120 |
| Less: Inter-segment revenue | -- | (20) | -- | -- | (9,679) | (11,817) | (552) | (336) | -- | -- | (10,231) | (12,173) |
| Total revenue | | | | | | | | | | | **515,163** | **542,521** |
| Segment results before tax | (627) | 10,295 | 10,862 | 21,644 | 6,359 | 7,077 | 1,480 | 5,488 | -- | -- | 18,074 | 44,504 |
| Non-segment result (Corporate) before tax | -- | -- | -- | -- | -- | -- | -- | -- | (17,369) | (17,434) | (17,369) | (17,434) |
| **Operating profit (loss) before tax – segment purposes** | **(627)** | **10,295** | **10,862** | **21,644** | **6,359** | **7,077** | **1,480** | **5,488** | **(17,369)** | **(17,434)** | **705** | **27,070** |
| Gain on disposal – asset held for sale | -- | -- | 154,006 | -- | -- | -- | -- | -- | -- | -- | 154,006 | -- |
| Equity-accounted losses on net investments | -- | -- | -- | (19,196) | -- | -- | -- | -- | -- | (6,628) | -- | (25,824) |
| Impairment and other non-cash adjustments | (8,465) | -- | -- | (120) | -- | -- | -- | -- | -- | -- | (8,465) | (120) |
| Restructuring costs | (2,030) | -- | -- | -- | (278) | -- | (161) | -- | (436) | -- | (2,905) | -- |
| **Operating profit before tax** | | | | | | | | | | | **143,341** | **1,126** |
| Income tax benefit (expense) | | | | | | | | | | | 24,766 | (6,820) |
| Non-controlling interests | 3,995 | (596) | -- | -- | -- | -- | (211) | (416) | -- | -- | 3,784 | (1,012) |
| **Total attributable profit (loss) after tax from continuing operations per the statement of comprehensive income** | | | | | | | | | | | **171,891** | **(6,706)** |

**VILLAGE ROADSHOW LIMITED**
**HALF-YEAR FINANCIAL REPORT**
**DIRECTORS' DECLARATION**
**31 DECEMBER 2017**

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

In the opinion of the Directors -

a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

   i) Giving a true and fair view of the financial position as at 31 December 2017 and the performance for the half-year ended on that date of the consolidated entity; and

   ii) Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

G.W. Burke
Director

Melbourne, 16 February 2018

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# Independent Auditor's Review Report to the Members of Village Roadshow Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Village Roadshow Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a description of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

David Shewring
Partner
Melbourne
16 February 2018