VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

22 February 2019

To: Company Announcements Office
Australian Securities Exchange

By: Electronic lodgement

Announcement of Half-Year Results – December 2018

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 2018:

- 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 2018.

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 2018

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

31 December 2017

2. Results for announcement to the market

					$A'000
2.1	Revenues from continuing operations	Up	2.2%	to	526,480
2.2	Loss after tax from continuing operations	Down	N/A	to	(353)
2.3	Net profit for the period attributable to members	Down	N/A	to	2,416

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	$0.94	$1.09

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)	Wet'n'Wild Sydney Pty. Ltd.
4.6	Date from which control was lost	3 October 2018
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	**$A'000** ($399)
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	($3,401)

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:	Ordinary shares	-	-	-

5. Dividends & Distributions (continued)

5.3 Total Dividends & Distributions paid

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

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:				
Village Roadshow Entertainment Group (BVI) Ltd	20.00%	20.00%	--	--
iPic-Gold Class Entertainment LLC [1]	24.50%	28.01%	--	--
VR iPic Finance LLC [1]	--	42.86%	--	--
FilmNation Entertainment LLC	31.03%	31.03%	1,814	578
Other [2]	N/A	N/A	162	(60)
Total			**1,976**	**518**
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 2 February 2018, the new holding company of iPic Gold Class Entertainment LLC, iPic Entertainment Inc., 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 iPic Entertainment Inc. group has reduced to 24.5%. In addition, the VRL group's previous 42.86% shareholding in VR iPic Finance LLC has reduced to nil, and VRL's guarantee exposure in relation to the iPic business has reduced to USD 5.6 million. There is no other recourse to the VRL group.

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

TURNAROUND UNDERWAY
RECOVERY LED BY THEME PARKS

22 February 2019: Village Roadshow Limited (ASX:VRL) today announces its results for the six months to 31 December 2018 ("1H19").

KEY 1H19 RESULTS

Six months ended 31 December	1H19	1H18
Attributable net profit after tax[1]	2.4	171.9
NPAT excluding material items[2]	12.8	0.0
PBT excluding material items[3]	15.6	0.7
EBITDA[4]	65.0	49.8
Operating cash flow[5]	52.9	14.1
Net debt/EBITDA	2.04x	2.83x

1H19 HIGHLIGHTS

- VRL Group EBITDA $65.0 million, up 31%
- Operating cash flow $52.9 million, free cash flow $26.4 million
- Gold Coast Theme Parks 1H19 ticket sales dollars up 27% on 1H18
- Strength in Cinema Exhibition Industry reflected in Village Cinemas' results
- Cost reduction program implemented in FY19, on track to deliver annualised savings in excess of $10 million
- Proactive steps taken to strengthen the balance sheet, with leverage reduced to 2.04x at 31 December 2018, net debt reduced from $338.5 million to $216.4 million
- Completed debt facility refinancing, providing anticipated financing requirements for the medium to long-term
- The Board intends to reinstate dividends at the full year if performance continues to meet expectations

KEY COMMENTARY

Village Roadshow Theme Parks are reaping the rewards of an 18-month market differentiation strategy in the aftermath of the Dreamworld tragedy. This strategy is underpinned by three key pillars;

- **High-Yield Ticket strategy:** Through the successful implementation of two successive price increases, it has been demonstrated that guests will pay for a high-quality experience. The new pricing strategy has seen ticket yields increase 34%. Further, the removal of reseller discounts is driving customers back to VRL's own channels;
- **Customer Experience:** Customer satisfaction levels across VRL's parks are at an all-time high (Net Promoter Scores up substantially on the prior year) as a result of

[1]Attributable net profit after tax to the members of VRL.
[2]Attributable net profit after tax before material items and discontinued operations.
[3]Profit before tax, excluding material items and discontinued operations, also referred to as "Operating Profit".
[4]Earnings before interest, tax, depreciation and amortisation, excluding material items and discontinued operations (refer Reconciliation of Results on pages 4 and 5 of the attached Half-Year Financial Report)
[5]Includes the cash impact of material items, $3.6 million cash outflow in 1H19 and $2.2 million cash outflow in 1H18.

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listening and responding to customer and front-line employee insights. This has led to enhanced food quality, improved online experience, a streamlined in-park experience and high impact attractions including the *DC Rivals HyperCoaster*, *Sea Jellies Illuminated*, *Shaun the Sheep*, the reimagined *Scooby Doo Next Generation Spooky Coaster* and *Aquaman - The Exhibition*, based on the number one Christmas movie around the world including Australia; and

- **Dynamic Marketing:** VRL has successfully reinvigorated the fashion of visiting theme parks after a difficult two years. Using traditional media and targeted, personalised digital platforms, VRL has activated the teen market through a high-energy, *DC Rivals HyperCoaster*-led commercial, and the family market with Queensland's favourite daughter Sally Pearson.

The strong momentum of 1H19 has continued into the current quarter, with record January trading.

Topgolf opened in June 2018 and has shown promising signs with excellent guest satisfaction and strong attendance. There is a continued focus on refining service delivery to optimise the customer offering and maximise food and beverage spend. The site is on track to deliver a full year EBITDA result of circa $5 million, a little lower than original expectations.

The Australian Cinema Exhibition Industry recorded its second-best ever first half industry box office result and this is reflected in VRL's performance with 1H19 up on the prior year. Village Cinemas delivers a unique, fashionable and exciting place to visit and has now also made movies more affordable with every day pricing of $15 for V**rewards** loyalty program members. Appealing to the tight family budget, this strategy has driven memberships and now accounts for approximately 50% of all ticket sales. The Company anticipates a strong finish to the year with blockbuster titles including *Avengers: Endgame, Aladdin, Captain Marvel*, *Shazam!* and *Toy Story 4.*

The Film Distribution division is continuously reorientating its strategy to counter the "Netflix effect" with more selective acquisitions. Distribution has ever been a "hit" driven business and FY19 will depend on the success of titles, *The Lego Movie 2: The Second Part*, *Shazam!* and independent films, *Five Feet Apart*, *Poms*, and *Hell Boy.* The industry continues its inevitable transition to a low-cost digital universe, and assisting this is the implementation of bipartisan legislation to combat piracy.

The Marketing Solutions division has had a slow start to the year, driven by lower promotional activity in the first half. Promotional activity in the Marketing Solutions division is expected to be skewed to 2H19.

VRL's cost reduction program implemented in FY19 is on track to deliver annualised savings in excess of $10 million across Corporate and various divisions. This is over and above those savings identified and implemented by the divisions in FY18.

By 31 December 2018, VRL had reduced its leverage ratio to 2.04x. In January 2019, VRL also completed the sale and leaseback of the Coburg drive-in cinema, and the buyout of the *DC Rivals HyperCoaster* lease.

In December 2018, VRL completed the refinancing of its existing debt facility with a syndicate of local and international lenders. The total facility of $340 million includes a three-year revolving facility of $230 million and a five-year term debt facility of $110 million. These facilities provide the Company with its anticipated financing requirements for the medium to long-term.

To achieve maximum free cash flow, the Company continues to adopt a strictly controlled approach to capital expenditure with budgeted full year capex of approximately $50 million, substantially lower than prior years.

The VRL Board is committed to shareholder returns. As previously indicated, the Board has not declared an interim FY19 dividend. The Board intends to reinstate dividends at the full year if performance continues to meet expectations.

As separately announced, Graham Burke AO will retire as Chief Executive Officer of VRL at the end of calendar year 2019. The VRL Board will meet for its annual strategy review in May 2019. Later in May, a briefing will be held for covering research analysts and major investors. Further information will be provided closer to the date.

Reflecting on the result, VRL Chief Executive Officer Graham Burke said:
"Our first half result provides clear evidence that the turnaround is underway. With a dedicated team and a clear strategy, we continue to 'right the ship'.

"We have achieved a 31% increase in Group EBITDA, a $38.8 million increase in operating cash flow, significant cost controls, and a reduction in debt from $338.5 million to $216.4 million.

"Theme Parks are realising the rewards of an 18-month turnaround strategy. Cinema Exhibition recorded its second best first-half industry box office result. Roadshow is proactively managing the transition to a digital universe.

"The team is focused on delivery and we will not be distracted from the task at hand."

VRL Executive Chairman Robert Kirby said:
"We have made real progress but the job is not done. In the second half, investors can expect the same disciplined approach to capital expenditure and costs, and a continued commitment to driving operational performance – because we are building an even stronger entertainment business for the future."

DIVISIONAL REVIEW AND OUTLOOK

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. 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 Metrics ($m)	Gold Coast Theme Parks		Topgolf		Wet'n'Wild Sydney		Wet'n'Wild Las Vegas		Asia Theme Parks		Theme Parks (Total)	
	1H19	1H18	1H19	1H18	1H19	1H18	1H19	1H18	1H19	1H18	1H19	1H18
EBITDA	36.5	29.4	2.6	-	-	(1.6)	1.1	1.8	(0.4)	(0.3)	39.7	29.2
EBIT	15.7	9.3	1.7	-	-	(3.8)	0.5	1.0	(0.4)	(0.3)	17.5	6.2
PBT	8.5	4.3	1.1	-	-	(5.0)	0.0	0.5	(0.5)	(0.3)	9.1	(0.6)

The Theme Parks division had a strong 1H19, with EBITDA improving 36% to $39.7 million from $29.2 million in the prior corresponding period. This improvement is despite changes in revenue recognition from the new accounting standard which have negatively impacted the Theme Park division's 1H19 reported earnings by $2.1 million and similarly increased deferred revenue.

Gold Coast Theme Parks

The Gold Coast theme parks are reaping the rewards of an 18-month differentiation strategy, with three key pillars; **Customer Experience**; **Dynamic Marketing**; and a **High-Yield Ticket strategy**, coupled with good weather.

The new ticketing strategy, including the removal of reseller discounts, has driven strong ticket sales in dollars for the first half and improved ticket yields as guests migrated towards higher priced annual and multi-day passes. 1H19 ticket yield has increased 34% over the prior comparative period, driving revenue growth despite the anticipated decline in attendance. The successful rollout of the high-yield ticket strategy demonstrates the willingness of guests to pay for the high-quality experience delivered by VRTP parks.

At Warner Bros. Movie World, the *DC Rivals HyperCoaster* is a drawcard for 'teens' and 'thrill seekers'. High-impact, low-cost initiatives including the reimagined *Scooby Doo Spooky Coaster* and the *DC Rivals HyperCoaster* 'Sunset Walk' maintain the park's excitement factor. Further, *Aquaman - The Exhibition*, based on the number one Christmas movie around the world including Australia has proved hugely popular, delivering "fashion on steroids". Special events *Fright Nights* and *White Christmas* continued their success in 1H19, with improved guest experiences and additional nights added for *White Christmas*. The highly successful ticketed events monetise assets during extended opening hours, target key market segments and add another dimension to the theme parks. Entry to *White Christmas* and *Carnivale* are included in the new annual Village Roadshow One Pass, which is a major value add for visitors, and *Fright Nights* is a profitable standalone event.

At Sea World, in addition to the *Sea Jellies* exhibit, the Polar Bear Cub, *The Reef* splash zone and the new *Seal Guardians* show continue to add to the guest experience and length of stay. The low-cost *Sky Flyer* opened in December, and has proven popular during the school holidays. Sea World Resort continued its tradition of high occupancy with a fantastic start to FY19.

Wet'n'Wild maintained its popularity as a successful summer branding campaign drove solid attendance through December. The new Australian Outback Spectacular show, *Heartland*, launched in late November, with a new storyline and enhanced projection experience. *Shaun the Sheep* arrived at Paradise Country in December, further expanding the attractive offerings at this park.

Village Roadshow Studios continued its successful run, as *Dora the Explorer* wrapped and *Godzilla vs. Kong* commenced filming, with completion expected during 2H19.

Topgolf

Topgolf Gold Coast opened in June 2018 and has shown promising signs with excellent guest satisfaction and strong attendance. There is a continued focus on refining service delivery to optimise the customer offering and maximise food and beverage spend. The site is on track to deliver a full year EBITDA result of circa $5 million, a little lower than original expectations.

Wet'n'Wild Sydney

The sale of Wet'n'Wild Sydney to Parques Reunidos was completed on 3 October 2018, with net proceeds of approximately $37 million used to reduce VRL's debt.

Wet'n'Wild Las Vegas

Wet'n'Wild Las Vegas (50.09% owned by VRL) delivered a 1H19 EBITDA of $1.1 million (1H18: $1.8 million) due to factors including closures during peak trading periods.

Asia

VRTP continues to pursue key projects in Asia, with a focus on management operating agreements and no equity investment.

The Lai Sun project for the development of the Lionsgate Entertainment World at Novotown on Hengqin Island continues to gather momentum toward an opening date in mid-2019.

THEME PARKS – OUTLOOK

The Theme Parks division is committed to delivering the best guest experience possible. The current strategy of smart capital enhancements including leveraging technology is successfully driving customer engagement.

The second half of FY19 is expected to benefit from the recognition of a large portion of the additional deferred revenue (approximately $9 million higher than 1H18) from annual pass sales in 1H19, in addition to the reversal of the impact of the new accounting standard in 1H19 (approximately $2 million).

January trading has seen record ticket sales in dollars at the Gold Coast Parks as well as a record result at Sea World Resort. This strength in trading has continued into February. It is expected that second half FY19 earnings will be a significant improvement on 2H18. Attractions such as the hugely fashionable *Aquaman – The Exhibition* are expected to be a drawcard for locals in the off-peak trading periods. In addition, the division is expected to benefit from Easter school holiday trading with the absence of the negative impact of the Commonwealth Games which affected 2H18 trading.

CINEMA EXHIBITION

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

CINEMA EXHIBITION PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	Australia		Other		Exhibition (Total)	
	1H19	1H18	1H19	1H18	1H19	1H18
EBITDA	25.0	21.6	(0.1)	0.1	24.9	21.7
EBIT	16.5	13.3	(0.4)	(0.1)	16.0	13.1
PBT	13.9	11.5	(0.4)	(0.6)	13.4	10.9

Note: Figures presented are VRL share, before Material Items. Other includes Leisure.
iPic is classified as an associate for accounting purposes and due to the recognition of accumulated losses, iPic has no impact on the VRL group's results unless there is a cash movement. The carrying value of VRL's investment in iPic is nil.

Australian Cinema Exhibition Sites & Screen summary

As at 30 Jun 18		Opened / (Closed/Sold)		As at 31 Dec 18	
Sites	Screens	Sites	Screens	Sites	Screens
58	583	-	-	58	583

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 1H19 EBITDA result of $24.9 million (1H18: $21.7 million), despite the negative $1.8 million non-cash impact of new revenue recognition accounting standard on the division's reported results.

It is clear that people want to go out, as demonstrated by the strength of the Cinema Exhibition industry globally:

- USA CY18 box office US$11.9 billion – record year;
- UK CY18 box office £1.3 billion – second best year;
- Australia CY18 box office $1.3 billion – second best year; and
- Global CY18 box office US$41.7 billion – record year.

The strength of the Exhibition Industry is reflected in VRL's performance, with the Australian Cinema Exhibition business generating a $25.0 million 1H19 EBITDA (1H18: $21.6 million). Key titles included *Bohemian Rhapsody, A Star is Born, Crazy Rich Asians* and *Aquaman*.

Appealing to the tight family budget, in 1H19, Village made movies more affordable, with every day pricing of $15 for **V rewards** loyalty program members. Approximately 50% of Village patrons are now **V rewards** members, growing attendance numbers and concession sales and providing the ability to have direct marketing contact with customers.

Following the expansion of **Gold Class** and **V max** plus the successful introduction of **V Junior** in recent years, Village Cinemas is now focused on leveraging these investments. These concepts appeal to specific market segments, delivering a unique, exciting and fashionable place to visit.

In line with its strategy of measured expansion into select population growth corridors, the division also has a number of new sites committed, mostly within the Event circuit through the Village/Event joint venture:

New Site	Expected Opening	Total Screens	Gold Class	Vmax	Vpremium	VJunior
Edmonson Square, NSW	Mid 2021	6	-	2	-	-
Clayton, VIC	Mid 2020	6	-	-	-	-
Innaloo, WA	Late 2020	10	4	3	-	-
Green Square, NSW	Late 2022	5	-	-	-	-
Castle Hill, NSW	2023	13	4	4	-	1

CINEMA EXHIBITION OUTLOOK

The Company anticipates a strong finish to the year, with 2H19 earnings expected to outperform 1H19, driven by new attractive pricing and blockbuster titles including: *Avengers: Endgame, Aladdin, Captain Marvel*, *Toy Story 4*, and *Shazam!.* Overall, Cinema Exhibition is expected to finish full year FY19 ahead of the prior year.

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 BlinkTV, 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)	1H19	1H18
EBITDA	8.2	9.9
EBIT	6.5	8.4
PBT	4.7	6.4

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

The Film Distribution division ("Roadshow") delivered a 1H19 EBITDA of $8.2 million (1H18: $9.9 million). Key theatrical titles in the first half included *Aquaman*, *A Star Is Born* and *Crazy Rich Asians.* The division's performance reflects the ongoing decline of the physical DVD market as it transitions towards a digital universe.

Roadshow has reoriented its strategy to counter the "Netflix effect" with more selective acquisitions. Distribution has ever been a "hit" driven business and FY19 will depend on the success of titles *The Lego Movie 2: The Second Part* and *Shazam!* and independent films *Five Feet Apart*, *Poms*, and *Hell Boy.*

Digital Transition

While still a long way to go, the industry is inexorably transitioning from DVD to digital. Roadshow's physical DVD and blue ray 1H19 revenues are down 46% on 1H18, while digital revenues have increased 33%. Roadshow's net earnings from digital are now almost equal to those from physical sales.

Piracy

Digital and piracy are intrinsically linked. Korea, which has led the way with piracy reduction, has had explosive growth in digital.

Piracy is heading in the right direction in Australia, with a combination of site blocking and a 'hearts and minds' campaign. Research shows community attitudes (like smoking in restaurants), have changed. In 2012, 66% of adults saw piracy as acceptable, down to 32% in 2018. With new bipartisan legislation to block sites on search engines passed late last year - the industry has the weapons to address. When implemented, it is believed a critical mass will be reached and, as in Korea, create the environment for digital growth.

Content strategy

Roadshow plans to diversify revenue, and tie in content creation with the digital strategy.

Roadshow Television

Roadshow Rough Diamond continues its development of TV drama for domestic and international audiences, with minimal investment from VRL. Production of *Australian Gangster* which was commissioned by Channel Seven has now completed, *Les Norton* a 10-episode drama series is in pre-production for ABC TV, and other projects are in development.

Blink TV recently produced *Eurovision - Australia Decides*, and importantly has the rights to Eurovision Asia with SBS and *Show Me the Movie* is now in its second season with Channel 10, hosted by Rove McManus, who is joined by team captains, Joel Creasey and Brooke Satchwell.

FilmNation

FilmNation is continuing its production strategy, with calendar year 2019 releases including *Gloria Bell*, *The Lodge*, *David Copperfield* and *Late Night*.

FilmNation continues to build its TV slate with projects including *I Know This Much Is True*, *The House of The Spirits* and *Feminist Fight Club.* In addition, FilmNation has partnered with Nordic Entertainment Group to launch a television joint venture in the UK, to build a dedicated television content pipeline, while expanding both partners' global footprint.

Australian Feature Films

Village Roadshow has historically been a leader in Australian feature film production, providing locomotives for distribution and is currently working with local producers to develop Australian feature films.

FILM DISTRIBUTION - OUTLOOK

The FY19 earnings result is dependent on the performance of titles, and is likely to be a reduction on FY18.

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 focused on digital platforms and rewards and works with some of the world's largest brands.

MARKETING SOLUTIONS PERFORMANCE SUMMARY

Key Earnings Metrics ($m)	1H19	1H18
EBITDA	1.9	3.6
EBIT	1.0	2.7
PBT	(0.4)	1.5

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

The Marketing Solutions division delivered an 1H19 EBITDA of $1.9 million, down from $3.6 million in 1H18. The slow start to the year was driven by lower promotional activity in the first half.

Edge

Key clients in 1H19 included Harvey Norman, Medibank, Suncorp, Mitsubishi Electric and Treasury Wine Estates.

Edge continues to focus on delivering incentive technologies to drive customer acquisition and retention for Australia's leading brands and retailers. To this end, Edge continues to invest in promotional data analytics, new promotional platforms and new reward products, including the soon to be launched – Mobile Pay, a digital card reward payment solution supported by all major mobile devices including Apple Pay, Samsung Pay, and Google Pay.

Opia

Key clients for Opia include HP, Samsung and LG.

Opia is focused on expanding its product offerings and range of solutions, with consumer loyalty a key focus from all clients. With a strengthened sales team, Opia is committed to growing its existing customer base in the UK and Europe as well as continuing its geographic expansion, focusing on South Africa and the USA.

MARKETING SOLUTIONS - OUTLOOK

Promotional activity in the Marketing Solutions division is expected to be skewed to 2H19.

CORPORATE & OTHER

CORPORATE & OTHER PERFORMANCE SUMMARY

Key Results ($m)	1H19	1H18
EBITDA - Corporate	(8.3)	(11.2)
EBITDA - Digital & IT	(1.5)	(3.5)
EBITDA - Corporate & Other	**(9.8)**	**(14.6)**
Depreciation & amortisation	(1.0)	(0.9)
Interest expense (net)	(0.4)	(1.8)
PBT	**(11.2)**	**(17.4)**

Note: Figures presented are before Material Items.

A continued commitment to cost reduction has seen cost savings in the Corporate division, including the savings resulting from the 25% reduction in Executive Directors' base remuneration and Non-Executive Directors' fees, effective July 2018. Other savings have been achieved in Shared Services, Finance, and IT.

Due to the timing of expenses, Corporate overheads are expected to be slightly higher in 2H19 compared to 1H19.

MATERIAL ITEMS

Material items attributable loss after tax of $10.4 million in HY19 included the following:

- Impairment of assets and other non-cash adjustments totalling $7.8 million pre-tax, including impairment of assets at Wet'n'Wild Las Vegas of $5.4 million; and
- Restructuring and borrowing costs totalling $6.7 million pre-tax across the VRL group from the cost management program and refinancing.

FURTHER INFORMATION:

Graham Burke
Chief Executive Officer
03 9829 0667

VILLAGE ROADSHOW 1H19 RESULTS TELECONFERENCE

22 FEBRUARY 2019 2:00 PM AEDT (NSW, VIC, TAS, ACT)

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 1H19 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 2018

Your Directors submit their report for the half-year ended 31 December 2018.

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. – Executive Chairman
Graham W. Burke AO: – Chief Executive Officer
John R. Kirby AM: B. Ec., CPA – Deputy Chairman
Timothy M. Antonie: B. Ec.
David J. Evans (retired 22 November 2018)
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 $526.5 million for the current period compared to $515.2 million for the previous corresponding period, total expenses excluding finance costs were $519.4 million (2017: $526.8 million), and finance costs were $18.0 million (2017: $14.8 million). Loss from continuing operations after tax was $0.4 million, compared to a profit from continuing operations after tax of $168.1 million for the previous corresponding period. During the period, the Group adopted the new revenue accounting standard, Australian Accounting Standards Board ("AASB") 15, *Revenue from Contracts with Customers*. Due to the transition method adopted, the Group has not restated comparative information and therefore may not be directly comparable – refer to Note 1(c) in the half-year financial statements for further information.

There were no results from discontinued operations in the current or previous corresponding periods. Material items in the current period totalled an attributable loss after tax of $10.4 million, being an impairment of assets of $4.7 million, restructuring costs of $4.7 million and a loss on disposal of businesses of $1.0 million, compared to a profit after tax of $171.9 million in the prior period, which was mainly due to the gain on disposal of the Singapore Cinema Exhibition investment. The attributable net profit after tax, excluding material items of income and expense for the period was $12.8 million (2017: $0.04 million).

No final dividend relating to the year ended 30 June 2018 was declared (2017: nil). No interim dividend has been declared in the current or prior period.

Total assets of the Group increased by $8.4 million to $1,343.0 million compared to 30 June 2018, and total liabilities of the Group decreased by $40.0 million to $900.8 million compared to 30 June 2018. Total equity increased by $48.4 million compared to 30 June 2018, which was mainly due to an increase in contributed equity of $49.2 million and an increase in retained earnings of $1.2 million partly offset by a decrease in non-controlling interests of $2.6 million. The increase in contributed equity related to the issue of shares under the pro-rata non-renounceable entitlement offer of $49.2 million in the current period. The increase in retained earnings related to the attributable profit of $2.4 million offset by a $1.2 million decrease due to the adoption of the new revenue accounting standard.

Basic earnings per share was 1.3 cents (2017: 106.2 cents), and diluted earnings per share was 1.3 cents (2017: 106.1 cents). Diluted earnings per share before material items and discontinued operations were 6.8 cents (2017: 0.02 cents), based on a weighted average total of 189,113,947 ordinary shares (2017: 161,986,238 ordinary shares).

Net cash flows from operating activities totalled $52.9 million for the current period compared to $14.1 million for the previous corresponding period, net cash flows from investing activities totalled $22.5 million (2017: $208.8 million), and net cash flows used in financing activities totalled $39.9 million (2017: $247.5 million).

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 22nd day of February 2019.

G.W. Burke
Director

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(i) Reconciliation of results:												
<u>Continuing Operations:</u>												
Earnings before Interest, Tax, Depreciation and Amortisation, excluding material items of income and expense ("EBITDA")	**39,733**	**29,244**	**24,881**	**21,652**	**8,246**	**9,943**	**1,931**	**3,623**	**(9,750)**	**(14,645)**	**65,041**	**49,817**
Depreciation and amortisation	(22,277)	(23,044)	(8,833)	(8,550)	(1,768)	(1,586)	(924)	(932)	(990)	(876)	(34,792)	(34,988)
Finance costs	(8,410)	(6,965)	(2,689)	(2,294)	(2,153)	(2,220)	(1,470)	(1,230)	(628)	(2,062)	(15,350)	(14,771)
Interest income	46	138	78	54	358	222	21	19	182	214	685	647
Operating profit (loss) before tax and material items of income and expense ("PBT")	**9,092**	**(627)**	**13,437**	**10,862**	**4,683**	**6,359**	**(442)**	**1,480**	**(11,186)**	**(17,369)**	**15,584**	**705**
Income tax (expense) benefit, excluding material items	(2,880)	303	(5,161)	(3,981)	(1,030)	(1,995)	(204)	(632)	6,445	6,076	(2,830)	(229)
Operating profit (loss) after tax, before material items of income and expense	**6,212**	**(324)**	**8,276**	**6,881**	**3,653**	**4,364**	**(646)**	**848**	**(4,741)**	**(11,293)**	**12,754**	**476**
Non-controlling interests, excluding material items	(6)	(230)	--	--	--	--	56	(211)	--	--	50	(441)
Attributable operating profit (loss) after tax, before material items of income and expense ("NPAT")	**6,206**	**(554)**	**8,276**	**6,881**	**3,653**	**4,364**	**(590)**	**637**	**(4,741)**	**(11,293)**	**12,804**	**35**
Material items of income and expense before tax	(7,702)	(10,495)	(25)	154,006	(1,697)	(278)	(439)	(161)	(6,390)	(436)	(16,253)	142,636
Income tax benefit – material items	745	24,733	8	--	510	83	110	48	1,773	131	3,146	24,995
Material items of income and expense after tax	(6,957)	14,238	(17)	154,006	(1,187)	(195)	(329)	(113)	(4,617)	(305)	(13,107)	167,631
Material items – non-controlling interest	2,687	4,225	--	--	--	--	32	--	--	--	2,719	4,225
Material items – (loss) profit after tax and non-controlling interest	(4,270)	18,463	(17)	154,006	(1,187)	(195)	(297)	(113)	(4,617)	(305)	(10,388)	171,856
Total (loss) profit before tax from continuing operations	1,390	(11,122)	13,412	164,868	2,986	6,081	(881)	1,319	(17,576)	(17,805)	(669)	143,341
Total income tax benefit (expense) from continuing operations	(2,135)	25,036	(5,153)	(3,981)	(520)	(1,912)	(94)	(584)	8,218	6,207	316	24,766
Total non-controlling interests	2,681	3,995	--	--	--	--	88	(211)	--	--	2,769	3,784
Total attributable profit (loss) after tax from continuing operations per the statement of comprehensive income	**1,936**	**17,909**	**8,259**	**160,887**	**2,466**	**4,169**	**(887)**	**524**	**(9,358)**	**(11,598)**	**2,416**	**171,891**
<u>Discontinued Operations:</u>												
Attributable profit after tax from discontinued operations											--	--
Net profit attributable to the members of Village Roadshow Limited											**2,416**	**171,891**

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018 (Continued)

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(ii) Material items of income and expense from continuing operations:												
(Loss) gain on disposal of businesses / asset held for sale	(1,718)	--	--	154,006	--	--	--	--	--	--	(1,718)	154,006
Impairment and other non-cash adjustments (refer note 2(d))	(5,686)	(8,465)	--	--	(1,672)	--	--	--	(477)	--	(7,835)	(8,465)
Restructuring costs	(298)	(2,030)	(25)	--	(25)	(278)	(439)	(161)	(5,913)	(436)	(6,700)	(2,905)
Total (loss) profit from material items of income and expense before tax	(7,702)	(10,495)	(25)	154,006	(1,697)	(278)	(439)	(161)	(6,390)	(436)	(16,253)	142,636
Income tax benefit – material items	745	24,733	8	--	510	83	110	48	1,773	131	3,146	24,995
Total non-controlling interest – material items	2,687	4,225	--	--	--	--	32	--	--	--	2,719	4,225
Total attributable (loss) profit from material items of income and expense after tax	(4,270)	18,463	(17)	154,006	(1,187)	(195)	(297)	(113)	(4,617)	(305)	(10,388)	171,856
(iii) Earnings Per Share:												
Basic EPS											1.3c	106.2c
Diluted EPS											1.3c	106.1c
(iv) Earnings Per Share adjusted to eliminate discontinued operations and material items of income and expense from the calculations:												
Basic EPS											6.8c	0.02c
Diluted EPS											6.8c	0.02c

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 reviewed half-year financial statements.

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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 2018, 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

Ernst & Young

Kylie Bodenham
Partner
Melbourne
22 February 2019

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
Continuing operations			
Income			
Revenue	12, 13	526,480	515,163
Other income	2(a)	8,329	169,275
Expenses excluding finance costs		(519,437)	(526,844)
Finance costs	2(b)	(18,017)	(14,771)
Share of net profits of equity-accounted investments	2(c)	1,976	518
(Loss) profit from continuing operations before income tax benefit		(669)	143,341
Income tax benefit		316	24,766
(Loss) profit after tax from continuing operations		(353)	168,107
Discontinued operations			
Profit after tax from discontinued operations		--	--
NET (LOSS) PROFIT FOR THE PERIOD		(353)	168,107
(Loss) profit for the period is attributable to:			
Non-controlling interests		(2,769)	(3,784)
Owners of the parent		2,416	171,891
		(353)	168,107
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Equity instruments at fair value through other comprehensive income		(350)	1,120
Cash flow hedges		208	1,564
Foreign currency translation		(446)	(2,738)
Other comprehensive expense for the period after tax		(588)	(54)
Total comprehensive (expense) income for the period		(941)	168,053
Total comprehensive (expense) income for the period is attributable to:			
Non-controlling interests		(2,769)	(3,784)
Owners of the parent		1,828	171,837
		(941)	168,053
Earnings per share (cents per share)			
For profit for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic earnings per share		1.3c	106.2c
Diluted earnings per share		1.3c	106.1c
For profit from continuing operations for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic earnings per share		1.3c	106.2c
Diluted earnings per share		1.3c	106.1c

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 $'000	30 June 2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		99,391	63,393
Trade and other receivables		159,126	119,300
Inventories		25,210	23,578
Current tax assets		--	2,373
Film distribution royalties		28,546	47,704
Assets held for sale	9	2,051	40,610
Derivatives		1,151	1,153
Other		18,074	10,183
Total Current Assets		333,549	308,294
Non-Current Assets			
Trade and other receivables		10,645	23,925
Goodwill and other intangible assets		250,741	253,675
Investments – equity-accounted		33,218	31,742
Equity instruments		1,539	1,737
Property, plant & equipment		636,908	639,943
Deferred tax assets		10,767	11,417
Film distribution royalties		65,329	63,517
Derivatives		53	63
Other		269	294
Total Non-Current Assets		1,009,469	1,026,313
Total Assets		**1,343,018**	**1,334,607**
LIABILITIES			
Current Liabilities			
Trade and other payables		234,323	202,777
Liabilities held for sale		--	1,829
Interest bearing loans and borrowings		6,585	6,866
Income tax payable		789	6,880
Provisions		31,916	34,749
Derivatives		--	16
Unearned revenue		71,818	50,128
Total Current Liabilities		345,431	303,245
Non-Current Liabilities			
Trade and other payables		46,218	42,736
Interest bearing loans and borrowings	4	309,193	395,024
Lease liability		104,637	102,962
Deferred tax liabilities		5,213	4,751
Provisions		10,535	10,592
Unearned revenue		78,494	80,246
Other		1,095	1,240
Total Non-Current Liabilities		555,385	637,551
Total Liabilities		**900,816**	**940,796**
Net Assets		**442,202**	**393,811**
EQUITY			
Equity attributable to equity holders of the parent:			
Contributed equity	4	274,795	225,548
Reserves		87,250	86,774
Retained earnings		71,731	70,509
Parent interests		433,776	382,831
Non-controlling interests		8,426	10,980
Total Equity		**442,202**	**393,811**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		562,601	559,979
Payments to suppliers and employees		(495,359)	(544,822)
Dividends and distributions received		1,980	480
Interest and other items of similar nature received		685	668
Finance costs		(12,582)	(12,505)
Income taxes (paid) refunded		(4,450)	10,250
Net cash flows from operating activities		52,875	14,050
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(23,941)	(43,664)
Purchases of software and other intangibles		(2,588)	(6,077)
Proceeds from sale of property, plant & equipment		1,315	928
Proceeds from sale and leaseback of property		--	101,209
Purchase of investments/businesses		--	(2,053)
Proceeds from sale of businesses/investments	5	38,516	163,948
Loans from (or repaid by) other entities		9,148	--
Loans to (or repaid to) other entities		--	(5,541)
Net cash flows from investing activities		22,450	208,750
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,000	19,000
Repayment of borrowings		(92,098)	(266,483)
Proceeds from issue of shares	4	49,211	--
Net cash flows used in financing activities		(39,887)	(247,483)
Net increase (decrease) in cash and cash equivalents		35,438	(24,683)
Cash and cash equivalents at beginning of period		63,393	100,400
Effects of exchange rate changes on cash		560	(7)
Total cash and cash equivalents at end of period	3	99,391	75,710

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			NON-CONTROLLING INTEREST	TOTAL EQUITY
	ISSUED CAPITAL $ '000	RETAINED EARNINGS $ '000	OTHER RESERVES $ '000	$ '000	$ '000
Balances as at 1 July 2018	225,548	70,509	86,774	10,980	393,811
Adoption of new accounting standard – refer Note 1(c)	--	(1,194)	--	(310)	(1,504)
Restated balances as at 1 July 2018	225,548	69,315	86,774	10,670	392,307
(Loss) profit for the period	--	2,416	--	(2,769)	(353)
Other comprehensive expense (net)	--	--	(588)	--	(588)
Total comprehensive (expense) income for the period	--	2,416	(588)	(2,769)	(941)
Share-based payment movements	(77)	--	139	--	62
Issue of shares under Directors' share plan from Directors' fees	113	--	--	--	113
Issue of shares from entitlement offer	49,211	--	--	--	49,211
Controlled entity acquisition reserve movements	--	--	925	89	1,014
Other changes in equity	--	--	--	436	436
Balances as at 31 December 2018	274,795	71,731	87,250	8,426	442,202

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			NON-CONTROLLING INTEREST	TOTAL EQUITY
	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) for the period	--	171,891	--	(3,784)	168,107
Other comprehensive expense (net)	--	--	(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 from business combination	--	--	(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

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 2018 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. Other than comparative items relating to revenue and other income due to the adoption of AASB 15 as noted below, 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 2018.

(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 2018, except for the adoption of new standards and interpretations as of 1 July 2018 as noted below:

The Group applies for the first time, AASB 9: *Financial Instruments* and AASB 15: *Revenue from Contracts with Customers.* The nature and effect of these changes are disclosed below.

The Group has also adopted AASB 2016-5: *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions* in the current financial period. Adoption of this amended standard did not have any material impact on the financial position or performance of the Group.

AASB 9: *Financial Instruments*

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*, and includes a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting.

The Group has adopted AASB 9 on the effective date of 1 July 2018. The Group has performed an impact assessment and there is no significant change to the measurement basis from adoption of the new classification and measurement model under AASB 9.

Loans and receivables previously accounted for at amortised cost are held to collect contractual cashflows and give rise to cashflows representing solely payments of principle and interest. As a result, these are now classified and measured as debt instruments at amortised cost under AASB 9. For financial assets and liabilities previously held at fair value, the Group will continue measuring these assets and liabilities at fair value under AASB 9.

Prior to the adoption of AASB 9, the Group previously recognised quoted equity shares as available-for-sale investments with gains and losses recognised in other comprehensive income ("OCI"). Under AASB 9, the Group has applied the option for equity instruments not held for trading to continue to present fair value changes in OCI, therefore there is no impact on transition to AASB 9. Under this option, there is no recycling of cumulative gains or losses through the profit or loss upon de-recognition of equity instruments. Equity instruments at fair value through OCI are intended to be held for the foreseeable future.

1. Basis of Preparation and Accounting Policies (Continued)

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

AASB 9: *Financial Instruments* (continued)
AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing the incurred loss approach under AASB 139 with the forward looking expected credit loss approach on all trade and other receivables, and contract assets. The Group has adopted the simplified approach and records lifetime expected losses on all trade receivables and has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. On adoption of AASB 9, there was no significant impact to the impairment loss allowance.

Under AASB 9, the hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices and this has been applied prospectively from 1 July 2018. The Group has determined that all existing hedge relationships would qualify as continuing hedges under AASB 9, and all derivatives have been designated as hedging instruments. Accordingly, there is no impact on the accounting for its hedging relationships.

AASB 15: *Revenue from Contracts with Customers*:
The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. AASB 15 supersedes all previous revenue recognition requirements under Australian Accounting Standards.

The Group has adopted AASB 15 retrospectively using the cumulative effect transition method (i.e. modified approach) at the date of initial application and therefore comparative information has not been restated and is presented as previously reported. Additionally, the disclosure requirements in AASB 15 have not been applied to comparative information. Under this transition method, AASB 15 has only been applied retrospectively to contracts that are not completed contracts at 1 July 2018 and the Group has recognised the cumulative effect of adjustments against the opening balance of equity at this date. The Group has also applied the practical expedient for completed contracts on transition at 1 July 2018.

Revenue from services in the Theme Parks and Exhibition segments continue to be recognised at the time that the service is provided, with the exception of those items set out below. Revenue from sale of goods in the Theme Parks and Exhibition segments also continues to be recognised at a point in time when control of the goods passes to the customer.

In the Film Distribution segment, revenue is recognised from the distribution of film and television titles at a point in time. On transition to AASB 15, there is no change in the Group's revenue recognition in the Film Distribution segment.

In the Marketing Solutions segment, revenue earned from promotional activities is recognised as the entity satisfies its performance obligations over time, because the customer simultaneously receives and consumes the benefits provided by the Group, with the exception of commissions earned which are recognised at a point in time. Where contracts span more than one reporting period, the stage of completion is based on an assessment of the value of work performed at that date. On transition to AASB 15, there is no change in the Group's revenue recognition in the Marketing Solutions segment.

1. Basis of Preparation and Accounting Policies (Continued)

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

AASB 15: *Revenue from Contracts with Customers* (continued):
The following summarises the impact, net of tax, of transition to AASB 15 on retained earnings attributable to members of the parent and non-controlling interest at 1 July 2018 (increase/(decrease)):

		Impact of adopting AASB 15
Retained earnings attributable to members of the parent	Note	$'000
Breakage revenue	(a)	4,318
Loyalty programs	(b)	(3,648)
Admissions revenue	(c)	(2,240)
Increase in deferred tax liability	(a)	(1,305)
Increase in deferred tax asset	(b),(c)	1,681
Impact at 1 July 2018		(1,194)
Non-controlling interest		
Admissions revenue	(c)	(310)
Impact at 1 July 2018		(310)

(a) Breakage revenue

Within the Cinema Exhibition segment, non-refundable gift cards and vouchers are sold to customers that give customers the right to receive goods or services in the future. If a customer does not exercise their right, this amount is recognised as breakage revenue. Prior to the adoption of AASB 15, the prepayment amount received from a customer was recognised as an unearned revenue liability and the breakage revenue was recognised upon expiry of the gift cards and vouchers. Under AASB 15, breakage revenue is recognised in proportion to the pattern of rights exercised by the customer as there is an expectation the Group will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. The breakage rates have been estimated based on historical redemption rates of gift cards and vouchers sold.

On transition to AASB 15, the Group has determined that for contracts which were not completed as at 1 July 2018, higher breakage revenue of $4.3 million would have been recognised in the year ended 30 June 2018, had AASB 15 been applied to those contracts. This has resulted in an increase in retained earnings and a corresponding decrease in the unearned revenue liability on 1 July 2018. An adjustment of $1.3 million has also been recognised to decrease retained earnings and increase the deferred tax liability associated with this adjustment.

(b) Loyalty programs

The Cinema Exhibition segment operates loyalty programs where a customer can earn points when they purchase cinema tickets and concession items which can be redeemed in the future for goods and services. Under AASB 15, these loyalty programs give rise to a separate performance obligation as it provides a material right to the customer. The Group has allocated a portion of the transaction prices to the loyalty points based on relative stand-alone selling prices and deferred until such point the points are redeemed. Previously, revenue was deferred on an allocation of the fair value of points issued. On transition to AASB 15, the Group has determined that lower revenue of $3.6 million would have been recognised cumulatively in periods prior to 1 July 2018 for open contracts, had AASB 15 been applied to these loyalty programs. This has resulted in a decrease in retained earnings and a corresponding increase in the unearned revenue liability on 1 July 2018. An adjustment of $1.1 million has also been recognised to increase retained earnings and increase the deferred tax asset associated with this adjustment.

(c) Admissions revenue

The Theme Parks segment sells annual passes which give customers continuous access to theme parks for a period of 12 months, or the full operating season in the case of seasonal theme parks. Prior to the adoption of AASB 15, the Group recognised revenue based on average visitation using historical data over the period in which the passes are available to be used. Where services were yet to be rendered or visits yet to be made, amounts were recorded as an unearned revenue liability. Under AASB 15, revenue recognition on annual and seasonal passes has changed and is now recognised on a straight-line basis to reflect that these passes give rise a stand-ready performance obligation over the period to which the customer is entitled to use the parks.

1. Basis of Preparation and Accounting Policies (Continued)

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

AASB 15: *Revenue from Contracts with Customers* (continued):

(c) Admissions revenue (continued)

An annual pass may also include entry to events which provides a customer with a material right to attend the events. These are separate performance obligations and the transaction price is allocated between these performance obligations and the stand-ready performance obligation based on stand-alone selling prices. Revenue is recognised for these events once they have been held and the performance obligation satisfied.

On transition to AASB 15, the Group has determined that lower revenue of $2.5 million would have been recognised prior to 1 July 2018, had revenue been recognised on a straight-line basis previously. This has resulted in a decrease in retained earnings and non-controlling interest of $2.2 million and $0.3 million, respectively, and a corresponding increase in the unearned revenue liability of $2.5 million. An adjustment of $0.6 million has also been recognised to increase retained earnings and increase the deferred tax asset associated with this adjustment.

(d) Rights of return

Within the Film Distribution segment, certain contracts with customers provide a right to return goods. Prior to the adoption of AASB 15, the Group accounted for this right of return using an average rate of return approach based on historical return data, similar to the expected value method adopted under AASB 15. Under the previous accounting policy, the amount of revenue related to the expected returns was deferred and a corresponding adjustment to cost of sales was also deferred, both of which were recognised in trade and other payables on a net basis. Under AASB 15, the Group presents a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position. On transition to AASB 15, the Group has reclassified $0.4 million from trade and other payables to a right-to-return asset in inventory. There was no cumulative effect adjustment against retained earnings.

(e) Presentation and disclosure

The presentation and disclosure of revenue from contracts with customers is not consistent with the disclosure in the prior period as the Group has adopted the cumulative effect transition method under AASB 15 and the comparative balances have not been restated. Certain items previously presented in revenue from rendering of services have been reclassified to rental income and certain items previously presented in other income have been reclassified to revenue from contracts with customers. Refer to Note 2(a) and Note 12 for further information.

The following summarises the impacts of adopting AASB 15 on the Group's consolidated financial statements for the half-year ended 31 December 2018 (increase/(decrease)):

	Note	As reported $'000	Adjustments $'000	Balances without adopting AASB 15 $'000
Consolidated statement of comprehensive income				
Revenue	(a),(b),(c)	526,480	(506)	525,974
Other income	(e)	8,329	4,426	12,755
Expenses (including finance costs)		(537,454)	--	(537,454)
Share of net profits of equity-accounted investments		1,976	--	1,976
(Loss) profit before income tax expense		(669)	3,920	3,251
Income tax benefit (expense)		316	(814)	(498)
(Loss) profit after income tax		(353)	3,106	2,753
Non-controlling interests		2,769	310	3,079
Total attributable profit after tax		2,416	3,416	5,832

1. Basis of Preparation and Accounting Policies (Continued)

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

AASB 15: *Revenue from Contracts with Customers* (continued):

	Note	As reported $'000	Adjustments $'000	Balances without adopting AASB 15 $'000
Summarised consolidated statement of financial position				
Inventories	(d)	25,210	(364)	24,846
Total Current Assets		333,549	(364)	333,185
Deferred tax assets	(a),(b),(c)	10,767	(2,495)	8,272
Total Non-Current Assets		1,009,469	(2,495)	1,006,974
Total Assets		1,343,018	(2,859)	1,340,159
Trade and other payables	(d)	234,323	(364)	233,959
Unearned income	(a),(b),(c)	71,818	(5,800)	66,018
Total Current Liabilities		345,431	(6,164)	339,267
Deferred tax liabilities	(a),(c)	5,213	(1,305)	3,908
Total Non-Current Liabilities		555,385	(1,305)	554,080
Total Liabilities		900,816	(7,469)	893,347
Retained earnings	(a),(b),(c)	71,731	4,610	76,341
Non-controlling interests		8,426	--	8,426
Total Equity		442,202	4,610	446,812

2. Income and Expenses

	Consolidated 2018 $'000	Consolidated 2017 $'000
(a) Other Income – Continuing Operations		
Net gain on disposal of investments (i)	--	154,006
Unearned revenue written back (ii)	--	2,502
Commissions/fees received	3,675	3,058
Management fees received (iii)	2,058	3,630
Other (iii)	2,596	6,079
Total other income	8,329	169,275

(i) The net gain on disposal of investment in the prior period of $154.0 million relates to the sale of the Group's Singapore Cinema Exhibition investment.

(ii) The Group previously classified unearned revenue written back within other income in the statement of comprehensive income. Under AASB 15, $3.6 million for the half-year ended 31 December 2018 is now classified within revenue from contracts with customers. As the Group has applied the cumulative effect transition method under AASB 15, the comparative balance of $2.5 million has not been restated.

(iii) Following the adoption of AASB 15, the Group has reclassified $4.4 million of income that would have been previously presented in total other income to revenue from contracts with customers for services of $3.6 million and to revenue from contracts with customers for goods of $0.8 million. Of those income items reclassified in the current period, the comparative balance of $4.7 million has not been restated.

2. Income and Expenses (Continued)

	Consolidated 2018 $'000	Consolidated 2017 $'000
(b) Finance Costs – Continuing Operations		
Total finance costs before finance restructuring costs	15,350	14,771
Finance restructuring costs (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	2,667	--
Total finance costs	18,017	14,771
(c) Share of Net Profits of Equity-Accounted Investments		
Total share of net profits of equity-accounted investments	1,976	518

(d) Impairment

Impairment losses for property, plant & equipment of $5.4 million were recognised for continuing operations in the half-year ended 31 December 2018 (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 the Wet'n'Wild Las Vegas Cash Generating Unit ("CGU") which is in the Theme Parks segment (2017: $8.5 million).

For the Wet'n'Wild Las Vegas assessment, the pre-tax discount rate used was 10.4% 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 that would be taken by a market participant. Under the fair value hierarchy, level 3 inputs were used.

If the recovery of earnings of the Wet'n'Wild Las Vegas CGU is lower than currently forecast, there may be a risk of further impairment.

3. Cash and Cash Equivalents

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

	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash on hand and at bank	98,792	75,416
Deposits at call	599	294
Total cash and cash equivalents	99,391	75,710

Cash on hand and at bank includes $12.6 million (2017: $3.6 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

As advised to the Australian Securities Exchange on 10 July 2018 (and updated a number of times in July and August 2018), the VRL group completed a 5 for 26 pro-rata accelerated non-renounceable entitlement offer during the period. The offer has raised net proceeds of $49.2 million, and the net proceeds have been used to reduce the VRL group's borrowings.

As advised to the Australian Securities Exchange on 21 December 2018, the VRL group refinanced its Group finance facility with a syndicate of local and international lenders. The total facility of $340 million includes a three-year revolving facility of $230 million and a five-year term debt facility of $110 million. These facilities have no scheduled amortisation and are subject to interest at variable interest rates (however the Group has interest rate hedging in place over a portion of the debt). These facilities are secured by guarantees from VRL and various wholly-owned subsidiaries and charges over the assets of those subsidiaries. The drawn balance at 31 December 2018 was $310 million (2017: $374 million).

5. Changes to Composition of Entity

Other than the following, there were no other changes in composition of the VRL group which had a material impact during the half-year ended 31 December 2018.

As advised to the Australian Securities Exchange on 2 July 2018, the VRL group signed an agreement on 29 June 2018 to sell its wholly owned Wet'n'Wild Water Park located in Western Sydney to Parques Reunidos. The sale completed on 3 October 2018 and generated net proceeds of $36.6 million which has been used to reduce the VRL group's borrowings. The sale has resulted in a loss on disposal of $0.4 million in the half-year ended 31 December 2018, which has been included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report.

6. Related Party Transactions

Other than the items disclosed below, related party transactions are not materially different from those disclosed in the 30 June 2018 financial report.

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 $14.2 million (2017: $10.3 million), and to FilmNation Entertainment LLC of $2.2 million (2017: $1.8 million).

In addition to specific disclosure requirements, the VRL group continuously reassesses judgemental matters surrounding relationships with key management personnel and completeness of its related party disclosures. Judgements relating to the following relationships have been reviewed by the VRL group and considered prudent to make a judgement in this half-year period to include these as related party disclosures.

The VRL group purchased uniforms from Leaf Group Pty. Ltd., an entity associated with a relative of R.G. Kirby. Purchases from the Leaf Group first occurred in 2003, prior to the establishment of the familial relationship with R.G. Kirby, which arose in 2008. The total purchases were $121,892 in the half-year ended 31 December 2018 (2017: $191,446). The uniforms were purchased for the Theme Parks and Cinema Exhibition divisions and these transactions were carried out under arm's length terms and conditions. As at 31 December 2018, the total amount owing by the VRL group, and included in current liabilities was $18,824 (2017: $54,870).

The Theme Parks division entered into a contract in the current half-year period for call centre services with Oracle Customer Management Solutions Pty. Ltd. A relative of G.W. Burke has a minority economic interest in that contract. Total purchases under that contract were $892,788 in the half-year ended 31 December 2018 and these transactions were carried out under arm's length terms and conditions. As at 31 December 2018, the total amount owing by the VRL group under that contract, and included in current liabilities was $170,239.

7. Dividends and Distributions

There have been no dividends declared or paid during the half-year ended 31 December 2018 (2017: nil). There has been no dividend declared subsequent to 31 December 2018.

8. Contingencies

(a) Contingent Liabilities

Contingent liabilities are not materially different from those disclosed in the 30 June 2018 financial report, but an update of one key matter is noted as follows:

<u>Tax Audit by Australian Taxation Office:</u>

As disclosed in Note 22(a)(iii) in the 30 June 2018 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.

Since the commencement of the audit, VRL has provided multiple rounds of information requested by the ATO. VRL remains of the view that no material impact will arise from this Tax Audit.

(b) Contingent Assets

Contingent assets are not materially different from those disclosed in the 30 June 2018 financial report.

9. Events After the End of the Reporting Period

Other than the following, 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.

On 29 January 2019, the VRL group completed the sale and leaseback of its drive-in cinema property in Coburg, Victoria. The sale generated net proceeds of approximately $12 million which has been used to reduce the VRL group's borrowings. The assets relating to the Coburg property has been classified as Held for Sale at 31 December 2018.

On 30 January 2019, the VRL group terminated its operating lease on the Hypercoaster ride in the Gold Coast. The Hypercoaster ride was repurchased for $31 million, and will lead to a saving of approximately $5.4 million per annum in operating lease expense.

10. 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 2018 $'000	Aggregate Net Fair Value 31 December 2018 $'000
Financial assets:		
Cash	99,391	99,391
Trade and other receivables	169,771	169,771
Equity instruments at fair value through OCI	1,539	1,539
Derivatives	1,204	1,204
Total financial assets	271,905	271,905
Financial liabilities:		
Trade and other payables	280,541	280,541
Secured and unsecured borrowings	315,778	309,341
Lease liability	104,637	104,637
Total financial liabilities	700,956	694,519

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.

10. Financial Risk Management – Fair Values (Continued)

	Valuation technique – market observable inputs (Level 1) 31 December 2018 $'000	Valuation technique – market observable inputs (Level 2) 31 December 2018 $'000	Valuation technique – non market observable inputs (Level 3) 31 December 2018 $'000	Total 31 December 2018 $'000
Financial assets:				
Equity instruments at fair value through OCI	1,014	--	525	1,539
Derivatives	--	1,204	--	1,204
Total financial assets	1,014	1,204	525	2,743
Financial liabilities:				
Secured and unsecured borrowings	--	309,341	--	309,341
Lease liability	--	--	104,637	104,637
Payables and accruals	--	--	9,218	9,218
Total financial liabilities	--	309,341	113,855	423,196

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 equity instruments at fair value through OCI are derived from quoted market prices in active markets. As a result, equity instruments at fair value through OCI 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 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, the fair value has been classified based on non-observable market inputs as Level 3. During the half-year ended 31 December 2018, a gain of $0.9 million (2017: $0.4 million loss) has been recognised in reserves.

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.

11. Business Combination

Effective from 13 August 2018, the ownership percentage of the Topgolf Joint Venture ("Topgolf JV") by the VRL group's joint venture partner, Topgolf Australia Pty. Ltd. ("Topgolf Australia") has reduced from 33.33% to 3.7%. As a result, the VRL group's ownership percentage in the Topgolf JV has increased from 66.67% to 96.3%. The amount receivable by the VRL group in relation to the Topgolf JV immediately prior to 13 August 2018 of approximately $10.9 million (included in non-current trade and other receivables at 30 June 2018), was recovered through VRL's increased share in the Topgolf JV.

Prior to 13 August 2018, for accounting purposes, the Topgolf JV was jointly controlled and was accounted for as a joint operation. The change in ownership resulted in the VRL group gaining control of the Topgolf JV on 13 August 2018, and therefore represented a business combination. At the date of gaining control, the VRL group re-measured its existing interest in the joint operation to fair value, but given the recent completion of the build of the first Topgolf site and the recent commencement of trading, this did not result in a material change in the carrying value of the VRL group's existing interest in the Topgolf JV. The information presented below in relation to the business combination accounting is provisional.

11. Business Combination (Continued)

The provisional estimated fair values of the VRL group's 66.67% interest in assets and liabilities of the Topgolf JV immediately prior to the date of gaining control and the provisional estimated fair value of the 96.3% controlled identifiable assets and liabilities of the Topgolf JV as at the date of gaining control were:

	Interest at 66.67% prior to gaining control $'000	Interest at 96.3% on gaining control $'000
Cash and cash equivalents	666	962
Property, plant & equipment	24,741	35,737
Intangible assets	1,135	1,640
Other assets	794	868
Total assets	27,336	39,207
Payables and accruals	4,323	6,243
Other liabilities	299	433
Total liabilities	4,622	6,676
Fair value of identifiable net assets	22,714	32,531
Goodwill arising on acquisition	--	1,050
	22,714	33,581
Cost of combination:		
Amount receivable in relation to Topgolf JV converted to equity		10,867

The provisional goodwill arising from the increase in ownership of the Topgolf JV is $1.1 million. All of the cost base of the goodwill is expected to be included for capital gains tax purposes on a future disposal of the Topgolf JV.

There were no material transactions costs relating to this acquisition.

Topgolf Australia has an option to increase its ownership in the Topgolf JV back to 33.33% at any time prior to 31 December 2020, for consideration based on market value at the relevant time. The impact of the exercise of this option on control or joint control would therefore be re-assessed at that time should the option be exercised.

If the increase in the VRL group's ownership percentage in the Topgolf JV had taken place on 1 July 2018, the impact on revenue and net profit before tax would not have been material to the VRL group.

12. Disaggregation of Revenue

Set out below is the disaggregation of the Group's revenue from contracts with customers by type of services or goods.

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]	2018	2017[1]
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Type of services												
Admissions – recognised at a point in time	76,957	53,600	94,041	85,903	--	--	--	--	--	--	170,998	139,503
Admissions – recognised over a period of time	16,022	31,370	--	--	--	--	--	--	--	--	16,022	31,370
Accommodation and conferences	16,685	15,794	--	--	--	--	--	--	--	--	16,685	15,794
Film and television licencing	--	--	--	--	122,716	98,274	--	--	--	--	122,716	98,274
Sales promotions and client loyalty programs	--	--	--	--	--	--	38,246	43,949	--	--	38,246	43,949
Other	787	1,137	10,825	9,256	431	861	--	--	--	--	12,043	11,254
Total revenue with customers – services [2, 4]	110,451	101,901	104,866	95,159	123,147	99,135	38,246	43,949	--	--	376,710	340,144
Types of goods									--	--		
Film and television distribution	--	--	--	--	40,984	75,980	--	--	--	--	40,984	75,980
Concessions	59,766	57,265	41,909	41,071	--	--	--	--	--	--	101,675	98,336
Total revenue with customers – goods [4]	59,766	57,265	41,909	41,071	40,984	75,980	--	--	--	--	142,659	174,316
Total revenue from contracts with customers	**170,217**	**159,166**	**146,775**	**136,230**	**164,131**	**175,115**	**38,246**	**43,949**	**--**	**--**	**519,369**	**514,460**
Reconciliation of revenue from contracts with customers to total segment revenue												
Rental income [3]	6,287	--	44	--	--	--	--	--	--	--	6,331	--
Inter-segment revenue	--	--	--	--	9,153	9,679	432	552	--	--	9,585	10,231
Total segmental revenue – refer Note 13	**176,504**	**159,166**	**146,819**	**136,230**	**173,284**	**184,794**	**38,678**	**44,501**	**--**	**--**	**535,285**	**524,691**

1. The results for the comparative half-year ended 31 December 2017 have not been restated under AASB 15 and are presented under AASB 118, *Revenue*.
2. The Group previously classified unearned revenue written back within other income in prior periods. Under AASB 15, $3.6 million of unearned revenue written back is now classified within revenue from contracts with customers. As the Group has adopted the cumulative effect transition method under AASB 15, the comparative balance of $2.5 million has not been restated.
3. The Group has reclassified $6.3 million of revenue previously presented in revenue from rendering of services to rental income as it does not fall in the scope of AASB 15 but rather the scope of AASB 117, *Leases*. As the Group has adopted the cumulative effect transition method under AASB 15, the comparative balance of $4.9 million has not been restated.
4. Following the adoption of AASB 15, the Group has reclassified $4.4 million of income that would have been previously presented in total other income to revenue from contracts with customers for services of $3.6 million and to revenue from contracts with customers for goods of $0.8 million. Of those income items reclassified in the current period, the comparative balance of $4.7 million has not been restated.

13 Segment Reporting

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
Reporting by Operating Segments – Continuing Operations:	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Total segment revenue	176,504	159,166	146,819	136,230	173,284	184,794	38,678	44,501	--	--	535,285	524,691
Plus: Non-segment revenue	--	--	--	--	--	--	--	--	780	703	780	703
Less: Inter-segment revenue	--	--	--	--	(9,153)	(9,679)	(432)	(552)	--	--	(9,585)	(10,231)
Total revenue											**526,480**	**515,163**
Segment results before tax	9,092	(627)	13,437	10,862	4,683	6,359	(442)	1,480	--	--	26,770	18,074
Non-segment result (Corporate) before tax	--	--	--	--	--	--	--	--	(11,186)	(17,369)	(11,186)	(17,369)
Operating profit (loss) before tax – segment purposes	**9,092**	**(627)**	**13,437**	**10,862**	**4,683**	**6,359**	**(442)**	**1,480**	**(11,186)**	**(17,369)**	**15,584**	**705**
(Loss) gain on disposal of businesses / asset held for sale	(1,718)	--	--	154,006	--	--	--	--	--	--	(1,718)	154,006
Impairment and other non-cash adjustments	(5,686)	(8,465)	--	--	(1,672)	--	--	--	(477)	--	(7,835)	(8,465)
Restructuring costs	(298)	(2,030)	(25)	--	(25)	(278)	(439)	(161)	(5,913)	(436)	(6,700)	(2,905)
Operating (loss) profit before tax											**(669)**	**143,341**
Income tax benefit											316	24,766
Non-controlling interests	2,681	3,995	--	--	--	--	88	(211)	--	--	2,769	3,784
Total attributable profit after tax from continuing operations per the statement of comprehensive income											**2,416**	**171,891**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' DECLARATION
31 DECEMBER 2018

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 2018 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, 22 February 2019

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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 2018, 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 2018 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 2018 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

Kylie Bodenham
Partner
Melbourne
22 February 2019