VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

21 February 2020

To: Company Announcements Office
Australian Securities Exchange

By: Electronic lodgement

Announcement of Half-Year Results – December 2019

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 2019:

- 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 2019.

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054
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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 2019

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

31 December 2018

2. Results for announcement to the market

					$A'000
2.1	Revenues from continuing operations	Down	7.3%	to	491,245
2.2	Loss after tax from continuing operations	Up	N/A	to	(28,231)
2.3	Net loss for the period attributable to members	Up	N/A	to	(25,843)

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	($1.25)[1]	$0.94

[1] For regulatory reporting purposes, right-of-use assets recognised following the adoption of the new leases accounting standard, AASB 16 *Leases,* are considered to be intangible assets. At 31 December 2019, the VRL group has $371.6 million of right-of-use assets which have not been included in the calculation of net tangible assets per security. The calculation includes $459.5 million of lease liabilities, resulting in a negative net tangible asset per security.

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)	Edge Loyalty Systems Pty. Ltd. and Subsidiaries
4.6	Date from which control was lost	31 October 2019
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** 786
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	981

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: (paid October 2019)	Ordinary shares	5.0 cents	5.0 cents	--

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)*	9,731	--
Total	**9,731**	**--**

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 Entertainment Inc. Group [1]	24.43%	24.50%	--	--
FilmNation Entertainment LLC	31.03%	31.03%	828	1,814
Other [2]	N/A	N/A	(102)	162
Total			**726**	**1,976**
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 29 July 2019, iPic Entertainment Inc. ("iPic") announced that it missed a scheduled interest payment under its credit facility. On 5 August 2019, iPic announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. In August 2019, VRL made a payment of $8.0 million to settle the liability relating to its bank guarantee exposure to a shareholder in the iPic business. At 30 June 2019, VRL had recognised the full amount of this financial guarantee liability of $8.0 million. VRL carries its investment in iPic at nil in its accounts and there is no further recourse to the VRL group in relation to iPic.

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

VRL 1H FY20 RESULTS

21 February 2020: Village Roadshow Limited (ASX:VRL) today announces its results for the six months to 31 December 2019 ("1H FY20").

KEY 1H FY20 RESULTS

VRL has adopted the new lease accounting standard, AASB 16 *Leases,* from 1 July 2019. The key 1H FY20 results below have been presented both including and excluding the impact of AASB 16, as comparatives have not been restated under the standard. The key commentary below excludes the impact of AASB 16.

Metrics ($m)	1H20 incl AASB16	1H20 excl AASB16	1H19
Attributable net (loss)/profit after tax [1]	(25.8)		2.4
EBITDA [2]	83.6	59.1	65.0
EBIT [3]	30.5	23.1	30.2
PBT excluding material items [4]	11.1	11.4	15.6
NPAT excluding material items [5]	7.1	6.7	12.8
Operating Cash Flow [6]	76.3	59.5	52.9
Net debt/EBITDA		1.67x	2.04x

1H FY20 KEY POINTS

- Gold Coast Theme Parks profitability continues to improve. 1H FY20 ticket sales, ticket yield and attendance show growth.
- Cinema division largely in line with prior year.
- Maintained a strong balance sheet, with net debt reduced from $219.6 million to $198.4 million, with a corresponding reduction in interest expense
- Improved leverage to 1.67x at 31 December 2019 from 1.76x at 30 June 2019
- Sale of Edge Loyalty Systems ("Edge") to Blackhawk Network (Australia) completed on 31 October 2019
- Commitment to prudent capital spend

[1] Attributable net profit after tax ("NPAT") to the members of VRL.

[2] EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation, excluding Material Items and Discontinued Operations. EBITDA incl. AASB 16 for 1H FY20 excludes $24.5 million of fixed lease costs following the introduction of AASB 16 *Leases*.

[3] EBIT is Earnings Before Interest and Tax, after Depreciation and Amortisation, excluding Material Items and Discontinued Operations. EBIT incl. AASB 16 for 1H FY20 excludes $24.5 million of fixed lease costs offset by $17.1 million depreciation on right-of-use lease assets.

[4] PBT is Profit Before Tax, excluding Material Items and Discontinued Operations, also referred to as "Operating Profit". PBT incl. AASB 16 for 1H FY20 excludes $24.5 million of fixed lease costs offset by $17.1 million depreciation on right-of-use lease assets and $7.7 million of interest on lease liabilities.

[5] NPAT excluding material items incl. AASB 16 for 1H FY20 includes $0.7 million of tax effect differences relating to the AASB 16 adjustments.

[6] Operating cashflow incl. AASB 16 for 1H FY20 includes $16.8 million positive adjustment for lease payments now reported under financing activities under AASB 16.

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KEY COMMENTARY

Village Roadshow's Gold Coast theme parks continue to reap the rewards of its successful implementation of a high-yield and value differentiating ticket sales strategy, with strong first half ticket sales and improved ticket yield (up 6% on prior comparative period). This is now being complemented by improving volume, with attendance up 12% on the prior corresponding period, underpinning higher in-park revenue.

Continued attendance growth at higher yields supports the Company's focus on customer experience and appropriately planned capital expenditure.

The strategy has been greatly assisted by the marketing thrust, including the exciting new master brand campaign launched in September 2019 positioning our theme parks as the premier offering in Australia.

The momentum of 1H FY20 has continued into the current quarter, with strong January trading over the holiday period despite some days with challenging weather conditions including bushfires, two day closure due to flooding and the effect of international tourists not visiting due to coronavirus. These items are currently expected to have an unfavourable EBITDA impact of approximately $3 million in 2H FY20. Easter school holiday scheduling across the states provides an extended holiday visitation window for the parks in April 2020. A suite of new attractions including *The Vortex* at Sea World, improved Studios performance and increased deferred revenue at 31 December 2019 will provide further support to 2H FY20 earnings.

Topgolf 1H FY20 EBITDA was slightly below prior year, as the prior corresponding period benefited from strong demand from the launch. Management continues to refine its strategy to maximise revenue opportunities and optimise labour mix. In addition, Topgolf has successfully been integrated into Theme Parks' operating functions including sales and marketing to achieve synergies and drive revenue. Outstanding guest satisfaction is supporting second year attendance.

The Cinema Exhibition division had a good start to FY20 with the release of *The Lion King* and *Spiderman: Far From Home* in 1Q FY20, followed by the exceptional opening and strong box office performance of Warner Bros./Village Roadshow Pictures' *Joker*. Other strong titles towards the end of 2Q FY20 were *Frozen 2*, *Star Wars: The Rise of Skywalker* and *Jumanji: The Next Level*. However, this was partially offset by some titles which performed below management's expectations. Over the first half, Cinema Exhibition revenues performed in line with the industry box office.

Cinema Exhibition's 1H FY20 EBITDA was $1.4 million below prior year. This was primarily due to unfavourable film hire rates driven by the title mix of the first half film slate. Based on the titles scheduled to release in 2H FY20, film hire rates are expected to normalise on an annualised basis.

Cinema Exhibition continued to leverage premium concepts incorporating exceptional food & beverage offerings and targeting niche market segments. The division's focus on driving customer loyalty and rewarding customers has continued to deliver strong growth in the member base. Management's strategy to offer lower ticket prices to loyalty club members in the Village managed circuit continues to support admissions growth and underpins an uplift in concessions revenue.

Development work for two new sites – Edmondson Park (NSW) and M-City Monash (VIC) is progressing well. Both sites are expected to open in mid-2020 and will contribute to full year earnings from next financial year.

The Film Distribution division's 1H FY20 performance was primarily affected by a delay in Pay TV contract renewal and revised SVOD deals, which had an adverse impact on earnings and contributed to higher than budgeted minimum guarantee losses. The Pay TV contract is now in place and will positively contribute in 2H FY20.

The division's primary strategic focus for the Home Entertainment market is to grow revenue from digital channels like Electronic Sell-through ("EST") and Video On Demand ("VOD") to offset continuous market decline of the less profitable physical DVD sell-thru market. New emerging digital platforms offer organic growth opportunities in the digital space, as reflected by additional sales to Amazon and Stan.

The business is currently undertaking a strategic review to ensure it is appropriately aligned with the ongoing changes in the industry. In 1H FY20, a streamlining of the management structure resulted in a reduction in overheads.

The Company has carried out an in-depth review of expected future revenue streams from post-theatrical windows, including DVD retail and Pay TV revenues. Expected revenues from these windows have been reduced to more closely reflect recent changes in the film distribution industry in Australia. This review has resulted in a material impairment of the carrying value of the division's assets (details set out below). This write down means the remaining carrying value of the film library reflects expected future revenues.

In the Marketing Solutions division, Opia achieved a strong performance in 1H FY20 with EBITDA up by $2.9 million on prior year. The uplift was primarily driven by revenue contribution from new territories such as USA and South Africa, and increasing penetration across different industry segments. Management is confident of continuing this strong momentum into 2H FY20 and achieving a significantly better full year result than the prior year.

The sale of Edge to Blackhawk Network was completed in 2Q FY20 at an enterprise value of $32.3 million. Net proceeds from the sale were used to reduce group debt.

1H FY20 results include material items totalling an attributable loss after tax of $32.9 million. This includes impairment of assets totalling $39.7 million pre-tax; primarily comprised of impairment of Film Distribution royalty amounts of $16.4 million, impairment of goodwill of $17.1 million relating to Film Distribution, impairment of assets at Wet'n'Wild Las Vegas of $5.1 million before non-controlling interest and loss on disposal of business of $0.6 million pre-tax.

Graham Burke AO retired as Chief Executive Officer ("CEO") at the end of calendar year 2019. Mr Burke has been succeeded by Mr Clark Kirby, who commenced the Group CEO role on 1 January 2020 while retaining his role as CEO of the Theme Parks division. Mr Burke will remain on the board as a Non-Executive Director.

As previously announced, the Company has received two separate unsolicited, non-binding indicative proposals from Pacific Equity Partners Pty Ltd ("PEP") and BGH Capital Pty Ltd ("BGH") to acquire all of the shares in VRL by way of scheme of arrangement. An Independent Committee of the VRL Board of Directors ("IBC") was established to assess the proposals. VRL has engaged with both parties in relation to due diligence. VRL will inform the market of material developments in accordance with its continuous disclosure requirements.

VRL shareholders do not need to take any action in relation to either the PEP Proposal or the BGH Proposal at this stage. There is no certainty that either proposal will result in a transaction.

The search for an independent Non-Executive Chair is on hold until outcome of the proposals is known.

Whilst the Board remains committed to an ongoing, sustainable dividend policy, an interim FY20 dividend has not been declared.

Reflecting on the result, VRL Chief Executive Officer Clark Kirby said:
"Village Roadshow is fundamentally leveraged into and committed to the world of experiences; refreshing and refashioning will be the core of our future success."

VRL Executive Chairman Robert Kirby said:
"We remain cautiously optimistic the positive momentum of our business will continue despite current difficult trading conditions."

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, Topgolf 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 theme park opportunities in Asia, with the relevant development costs reflected in the segment result.

THEME PARKS PERFORMANCE SUMMARY

Key Earnings Metrics ($m) 1 2 3	Gold Coast Theme Parks		Topgolf		Wet'n'Wild Las Vegas		Asia Theme Parks		Theme Parks (Total)	
	1H20	1H19	1H20	1H19	1H20	1H19	1H20	1H19	1H20	1H19
EBITDA	39.0	36.5	2.4	2.6	0.7	1.1	0.4	(0.4)	42.5	39.7
EBIT	16.7	15.7	1.2	1.7	0.2	0.5	0.2	(0.4)	18.3	17.5
PBT	9.7	8.5	0.7	1.1	(0.4)	-	0.2	(0.5)	10.2	9.1

Notes
(1) Figures presented are before Non-Controlling Interests relating to Wet'n'Wild Las Vegas, and before Material Items.
(2) EBITDA, EBIT and PBT numbers exclude the impact of the new lease accounting standard.
(3) Refer to Reconciliation of Results in the Director's Report for divisional numbers including the impact of AASB 16.

The Theme Parks division had a strong 1H FY20, with EBITDA improving 7% to $42.5 million from $39.7 million in the prior corresponding period. This improvement is despite lower than expected revenue recognition on ticket sales (due to an increased number of un-activated tickets at 31 December 2019) which has increased deferred revenue, and underperformance at Village Roadshow Studios due to cancellation of two mid-tier productions.

Gold Coast Theme Parks

The Gold Coast theme parks have achieved record ticket sales and ticket yield in 1H FY20 through the high yield ticketing strategy, supported by ticket price increase in December 2019. Attendance growth in 1H FY20 (12% up on prior year) under the high yield ticket strategy demonstrates that VRTP has successfully differentiated its exceptional theme parks offering through outstanding customer experience and dynamic marketing. Village Roadshow Theme Parks' master brand campaign, which launched in September, brought together all properties including Topgolf for the first time, positioning the theme parks as the premier offering in Australia.

1H FY20 ticket yield has increased 6% over the prior corresponding period. Revenue recognition was lower than expected due to strong One Pass renewals and un-activated tickets at the end of 1H FY20, which has resulted in record deferred revenue.

Warner Bros. Movie World experienced strong performance from its special events, with a sell-out season at *Fright Nights* and additional nights added for *White Christmas* due to overwhelming demand. High-impact, low-cost initiatives introduced in 1H FY20 include the Warner Bros. Studio Showcase featuring set pieces from blockbuster hits *The Great Gatsby, A Star is Born, Suicide Squad, Wonder Woman, Shazam* and *Mad Max*.

Sea World grew its attendance despite undergoing extensive construction in the *New Atlantis* precinct aimed at rejuvenating the park. *The Vortex,* the first main attraction in the *New Atlantis* precinct*,* is scheduled to open in time for Easter 2020. Foundation works have commenced on the other two attractions, *Wooden Coaster* and *Leviathan,* which are slated to open in FY21.

Sea World Resort continued to perform strongly with growth in occupancy and average room rate, while also earning recognition at tourism industry awards. The successful opening of two low capital F&B experiences, *The Boatshed Bar and Grill* and *Melrose Pizzeria* in 1H FY20, has improved customer choice and driven F&B revenue growth.

Wet'n'Wild maintained its popularity with strong attendance and strong in-park revenue. Improved guest comfort in waiting areas and new retail items were introduced in response to customer feedback. *Dive'n'Movies* and *Showtime FMX Summer Stunt* Show ran over the peak season further enhancing guest experience.

Australian Outback Spectacular's *Heartland* show was refined for the December holiday season, with the improved show featuring additional trick riding, audience participation and lighting effects. Implementation of the Accesso Showare system enhanced the online purchase experience and resulted in 29% sales growth on prior year.

The limited time Tiger Cubs exhibit at Paradise Country's Global Conservation Centre resulted in strong attendance growth in 1Q20, while the Marmosets and Tasmanian Devils exhibits and new *Shaun the Sheep* character arrived in December.

Village Roadshow Studios successfully secured the production of Warner Bros.' untitled Elvis Presley biopic, directed by Baz Luhrmann. 1H FY20 earnings were negatively impacted by the cancellation of two mid-tier productions.

Topgolf
Topgolf 1H FY20 EBITDA was slightly below prior year, as attendance and per capita spend declined slightly following its opening year in FY19. Topgolf Gold Coast has maintained excellent guest satisfaction while expanding brand awareness to the interstate and Brisbane market through third party vendors. Management continues to refine the labour model, with further labour savings in 1H FY20 compared to prior year. 1H FY20 saw the integration of Topgolf into the theme park group's operating functions, streamlining various processes and leveraging the group's broad sales and marketing reach.

Wet'n'Wild Las Vegas
Wet'n'Wild Las Vegas (50.09% owned by VRL) had its first full season with a new management team and strategy. The park delivered a 1H FY20 EBITDA of $0.7 million (1H19: $1.1 million) and achieved improved ticket sales and revenues on prior year. 1H FY20 EBITDA included a number of one-off operating expenses which are not expected to reoccur in 2H FY20. The business is expected to benefit from the introduction of special event evening attractions similar to those experienced at the Gold Coast parks.

Asia
VRTP operates Lionsgate Entertainment World at Novotown on Hengqin Island in China, which successfully opened in July 2019. VRTP continues to pursue key projects in Asia, with a focus on management operating agreements and no capital investment.

THEME PARKS – OUTLOOK
The Theme Parks division is committed to delivering the best guest experience possible. In line with its strategy of smart capital enhancements, the division plans to leverage technology such as its Accesso platform to maximise guest experience and revenue. VRTP continues to work closely with government to ensure an uncompromising approach to safety, benchmarked against the highest global industry standards.

The second half of FY20 is expected to benefit from the recognition of a large portion of deferred revenue (approximately $7.5 million higher than 1H19) from higher annual pass sales in November and December 2019 prior to the price increase.

Trading since December 2019 has continued to perform well, however, the parks have been impacted by some extreme weather conditions including bushfires, two day closure and the effect of international tourists not visiting due to the coronavirus. These items are currently expected to have an unfavourable impact of approximately $3 million on EBITDA. Key attractions in 2H FY20 include *The Vortex,* which will launch at Sea World in time for the Easter school holiday period, and the return of *DC Super Heroes and Super Villains* at Movie World in the June/ July school holidays will provide support to 2H FY20 earnings.

CINEMA EXHIBITION

VRL's Cinema Exhibition division operates predominantly in Australia through a joint venture with Event Hospitality & Entertainment Limited.

CINEMA EXHIBITION PERFORMANCE SUMMARY

Key Earnings Metrics ($m) [1 2 3]	Australia		Other [4]		Exhibition (Total)	
	1H20	1H19	1H20	1H19	1H20	1H19
EBITDA	23.5	25.0	-	(0.1)	23.5	24.9
EBIT	15.5	16.5	(0.3)	(0.4)	15.2	16.0
PBT	14.4	13.9	(0.3)	(0.4)	14.1	13.4

Notes

(1) Figures presented are VRL share, before Material Items.

(2) EBITDA, EBIT and PBT numbers exclude the impact of the new lease accounting standard.

(3) Refer to Reconciliation of Results in the Director's Report for divisional numbers including the impact of AASB 16.

(4) Other includes Intencity.

Australian Cinema Exhibition Sites & Screen summary [(1)]

As at 30 Jun 19		Opened / (Closed/Sold)		As at 31 Dec 19	
Sites	Screens	Sites	Screens	Sites	Screens
57	577	0	0	57	577

Notes

(1) Includes all screens in which VRL has an economic interest, taking no account of ownership structure.

The Cinema Exhibition division delivered a 1H FY20 EBITDA result of $23.5 million (1H FY19: $24.9 million).

While 1H FY20 Box office revenues were consistent with the prior corresponding period, EBITDA was down due to higher film hire rates arising from the title mix in the 1H FY20 film slate. Key titles in 1H FY20 included *The Lion King, Spider Man: Far From Home, Star Wars: The Rise of Skywalker, Jumanji: The Next Level, Frozen 2* and *Joker*.

Since the introduction of special member pricing in August 2018 in the Village circuit, the **rewards** loyalty program has made movies more affordable with every day pricing of $15 for members. The **rewards** program now has over 1 million members, representing 31.5% growth on prior year. This strategy has contributed to growth in admissions and concession sales in the Village circuit.

Following the successful expansion of its premium cinema concepts in recent years, Village Cinemas is now focused on 'refashioning for the 2020s' to ensure its cinemas continue to be a destination of choice. Upcoming refurbishments and redesigns in line with this strategy include an exciting new bar and entertainment concept in the Knox cinema foyer in 2H FY20 and the new M-City Clayton site which will feature a 'taphouse' style bar, a high-quality craft food and beverage menu, innovative ordering technology and premium seating. The division also has a new site under development in New South Wales, which will be managed by Event and included in the Village/Event joint venture:

New Site	Expected Opening	Total Screens	Gold Class	max	premium	Junior
Edmondson Park, NSW	Mid 2020	6	-	2	-	-
Clayton, VIC	Mid 2020	6	-	-	-	-

CINEMA EXHIBITION OUTLOOK

Full year FY20 Australian box office is forecast to be in line with FY19, with key 2H titles including *No Time To Die, Fast & Furious 9, Wonder Woman 1984* and *Black Widow*.

M-City Clayton and Edmondson Park are scheduled to open in mid 2020. These sites are expected to contribute a full year of earnings in FY21. A number of Event-managed sites have refurbishments planned in line with lease renewals in coming years, which will showcase premium concepts.

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) [1 2 3]	1H20	1H19
EBITDA	0.4	8.2
EBIT	(1.5)	6.5
PBT	(2.9)	4.7

Notes

(1) Figures presented are VRL share, before Material Items.

(2) EBITDA, EBIT and PBT numbers exclude the impact of the new lease accounting standard.

(3) Refer to Reconciliation of Results in the Director's Report for divisional numbers including the impact of AASB 16.

The Film Distribution division ("Roadshow") delivered a 1H FY20 EBITDA of $0.4 million (1H FY19: $8.2 million). Key theatrical titles in the first half included *Joker, Hustlers* and *Angel Has Fallen.* Strong performance of these titles did not fully offset the impact of underperformance of other theatrical releases and soft non-theatrical sales revenues, including a delay in the Pay TV contract renewal. Higher minimum guarantee losses impacted the trading result compared to the prior half year.

Following an in-depth review of Film Distribution's future revenue streams, VRL has determined there is a material impairment of the carrying value of the division's assets. Impairment has been applied to both the film library and goodwill of this division.

Roadshow's future approach to film acquisition will be more targeted and selective in light of current industry trends. The division is vertically aligned to maximise revenue across the entire product lifecycle. The division has a strategic focus of growing digital revenue from EST and VOD to mitigate the market decline in physical home entertainment.

Content strategy

Roadshow's content strategy is to produce film and TV titles through a low-cost investment approach.

Roadshow Television

Roadshow Rough Diamond continues its development of TV drama for domestic and international audiences, with low cost investment from VRL. The *Les Norton* drama series was delivered to the ABC in 1Q FY20, with a number of other projects in development. Blink TV produced *Eurovision - Australia Decides* in February 2020 and will also produce *Tour de France* and *Mardi Gras* coverage for SBS in 2H FY20.

FilmNation

Film titles produced by FilmNation releasing in calendar year 2020 include *The Personal History of David Copperfield, Ironbark, Promising Young Woman* and *The Nest*. In TV production, 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.*

FILM DISTRIBUTION - OUTLOOK

2H FY20 is expected to show an improvement on the first half. However, overall FY20 earnings results are likely to be less than FY19. Key theatrical releases in 2H FY20 include *Wonder Woman 1984*, *Birds of Prey*, *Scoob* and *Promising Young Woman*. In the Pay TV window, Roadshow has recently renewed a 2-year contract with Foxtel and has content slates locked in for 2H FY20 with its key TV partners.

MARKETING SOLUTIONS

VRL's Marketing Solutions division is a world leader in sales promotions, with offices in the UK and the US. The Division is focused on managing end to end promotions and rewards and works with some of the world's largest brands.

MARKETING SOLUTIONS PERFORMANCE SUMMARY

Key Earnings Metrics ($m) [1 2 3]	1H20	1H19
EBITDA	4.1	1.9
EBIT	3.4	1.0
PBT	2.3	(0.4)

Notes

(1) Figures presented are before Non-Controlling Interests relating to Opia, and before Material Items.

(2) EBITDA, EBIT and PBT numbers exclude the impact of the new lease accounting standard.

(3) Refer to Reconciliation of Results in the Director's Report for divisional numbers including the impact of AASB 16.

The Marketing Solutions division delivered a 1H FY20 EBITDA of $4.1 million, up from $1.9 million in 1H19. As the sale of Edge to Blackhawk Network was completed on 31 October 2019, 1H FY20 Marketing Solutions earnings include only four months of Edge earnings.

In July 2019, Opia implemented restructured its operations to reflect distinct business models for full service promotional offerings and fixed fee cover resulting in increased efficiencies. Key clients for Opia in 1H FY20 include HP, Samsung, Unieuro and Conns. Opia has invested in new functions and sales resources to support future growth and also incurred costs related to a business review that is expected to deliver future cost savings.

MARKETING SOLUTIONS - OUTLOOK

Opia is well positioned for expansion following a comprehensive business review and investments in personnel to strengthen the business. Opia sees the opportunity to grow its existing customer base in the UK and Europe while continuing to expand in South Africa and the USA. This expansion leverages on taking long-term existing clients into new territories while establishing new relationships and entering new industry sectors. The expansion into the USA is showing encouraging early success with ongoing discussions with a number of new clients for future promotions.

CORPORATE & OTHER

CORPORATE & OTHER PERFORMANCE SUMMARY

Key Results ($m) [1 2 3]	1H20	1H19
EBITDA	(11.4)	(9.8)
EBIT	(12.4)	(10.7)
PBT	(12.4)	(11.2)

Notes
(1) Figures presented are before Material Items.
(2) EBITDA, EBIT and PBT numbers exclude the impact of the new lease accounting standard.
(3) Refer to Reconciliation of Results in the Director's Report for divisional numbers including the impact of AASB 16.

The Corporate division's 1H FY20 EBITDA of $11.4 million loss was unfavourable to prior year ($9.8 million loss) as identified during the FY19 results announcement.

MATERIAL ITEMS

Material items attributable loss after tax of $32.9 million in 1H FY20 included the following:

- Impairment of assets totalling $39.7 million pre-tax, including impairment of film distribution royalty amounts of $16.4 million, impairment of goodwill of $17.1 million relating to Film Distribution, and impairment of assets at Wet'n'Wild Las Vegas of $5.1 million before non-controlling interest; and
- Loss on disposal of business of $0.6 million pre-tax.

FURTHER INFORMATION:

Clark Kirby
Chief Executive Officer
03 9829 0667

VILLAGE ROADSHOW 1H FY20 RESULTS TELECONFERENCE

21 FEBRUARY 2020 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.
https://villageroadshow.com.au/investors/corporate-diary/teleconferences

A copy of this release and the VRL 1H FY20 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 2019

ASX CODE: VRL

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2019.

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:
John R. Kirby AM: B. Ec., CPA
Timothy M. Antonie: B. Ec. (Retired 4 December 2019)
Robert Le Tet: B. Ec.
Jennifer Fox Gambrell: MBA, DBA
Peter C. Tonagh: MBA (Appointed 18 July 2019)
Anna Duran: B. Laws (Hons), B. A., Dip. Ed. (Appointed 4 December 2019)
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 3 and 4.

For continuing operations, total revenue for the Village Roadshow Limited group ("the Group", "VRL group" or "consolidated entity") was $491.2 million for the current period compared to $530.1 million for the previous corresponding period, total expenses excluding finance costs were $506.8 million (2018: $519.4 million), and finance costs were $20.2 million (2018: $18.0 million). Loss from continuing operations after tax was $28.2 million, compared to a loss from continuing operations after tax of $0.4 million for the previous corresponding period. During the period, the Group adopted the new lease accounting standard, Australian Accounting Standards Board ("AASB") 16, *Leases*. Due to the transition method adopted, the Group has not restated comparative information and therefore may not be directly comparable. The impact of AASB 16 on the loss from continuing operations before tax in the current half-year period was $0.3 million expense. 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 $32.9 million, being an impairment of assets of $31.9 million and a loss on disposal of businesses of $1.0 million, compared to a loss after tax of $10.4 million in the prior period. The attributable net profit after tax, excluding material items of income and expense for the period was $7.1 million (2018: $12.8 million).

A fully-franked final dividend of 5.0 cents per ordinary share, totalling $9.7 million relating to the year ended 30 June 2019 was paid in October 2019 (2018: nil). No interim dividend has been declared in the current or prior period.

Total assets of the Group increased by $210.6 million to $1,492.8 million compared to 30 June 2019, and total liabilities of the Group increased by $305.5 million to $1,153.2 million compared to 30 June 2019. The increases in both total assets and total liabilities is mainly due to the adoption of the new leases accounting standard – refer to Note 1(c) in the half-year financial statements for further information. Total equity decreased by $94.9 million compared to 30 June 2019, which was mainly due to a decrease in retained earnings of $90.3 million and a decrease in non-controlling interests of $2.7 million, partly offset by an increase in contributed equity of $1.8 million. The decrease in retained earnings related to the attributable loss of $25.8 million, payment of dividends of $9.7 million and a $54.7 million decrease due to a one-off adjustment for the adoption of the new leases accounting standard.

Basic loss per share was 13.3 cents (2018: earnings 1.3 cents), and diluted loss per share was 13.3 cents (2018: earnings 1.3 cents). Diluted earnings per share before material items and discontinued operations were 3.6 cents (2018: 6.8 cents), based on a weighted average total of 195,081,400 ordinary shares (2018: 189,113,947 ordinary shares).

Net cash flows from operating activities totalled $76.3 million for the current period compared to $52.9 million for the previous corresponding period, net cash flows used in investing activities totalled $28.1 million (2018: $22.5 million from investing activities), and net cash flows used in financing activities totalled $37.1 million (2018: $39.9 million). Due to the adoption of the new leases accounting standard, net cash flows from financing activities includes lease payments of $16.8 million, previously reported as cash flows from operating 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 5.

Signed in accordance with a resolution of the directors at Melbourne this 21st day of February 2020.

____

R.G. Kirby
Director

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(i) Reconciliation of results:												
<u>Continuing Operations:</u>												
Earnings before Interest, Tax, Depreciation and Amortisation, including fixed lease costs, excluding material items of income and expense ("EBITDA")	**42,530**	**39,733**	**23,455**	**24,881**	**365**	**8,246**	**4,077**	**1,931**	**(11,369)**	**(9,750)**	**59,058**	**65,041**
Fixed lease costs[1]	1,343	--	20,792	--	606	--	107	--	1,700	--	24,548	--
Depreciation and amortisation[2]	(25,037)	(22,277)	(22,593)	(8,833)	(2,384)	(1,768)	(752)	(924)	(2,322)	(990)	(53,088)	(34,792)
Finance costs[2]	(9,019)	(8,410)	(7,244)	(2,689)	(1,701)	(2,153)	(1,178)	(1,470)	(1,027)	(628)	(20,169)	(15,350)
Interest income	39	46	40	78	247	358	27	21	395	182	748	685
Operating profit (loss) before tax and material items of income and expense ("PBT")	**9,856**	**9,092**	**14,450**	**13,437**	**(2,867)**	**4,683**	**2,281**	**(442)**	**(12,623)**	**(11,186)**	**11,097**	**15,584**
Income tax (expense) benefit, excluding material items	(3,141)	(2,880)	(4,757)	(5,161)	677	(1,030)	(721)	(204)	4,094	6,445	(3,848)	(2,830)
Operating profit (loss) after tax, before material items of income and expense	**6,715**	**6,212**	**9,693**	**8,276**	**(2,190)**	**3,653**	**1,560**	**(646)**	**(8,529)**	**(4,741)**	**7,249**	**12,754**
Non-controlling interests, excluding material items	185	(6)	--	--	--	--	(362)	56	--	--	(177)	50
Attributable operating profit (loss) after tax, before material items of income and expense ("NPAT")	**6,900**	**6,206**	**9,693**	**8,276**	**(2,190)**	**3,653**	**1,198**	**(590)**	**(8,529)**	**(4,741)**	**7,072**	**12,804**
Material items of income and expense before tax	(5,138)	(7,702)	--	(25)	(34,530)	(1,697)	(633)	(439)	--	(6,390)	(40,301)	(16,253)
Income tax benefit (expense) – material items	--	745	--	8	5,237	510	(416)	110	--	1,773	4,821	3,146
Material items of income and expense after tax	(5,138)	(6,957)	--	(17)	(29,293)	(1,187)	(1,049)	(329)	--	(4,617)	(35,480)	(13,107)
Material items – non-controlling interest	2,565	2,687	--	--	--	--	--	32	--	--	2,565	2,719
Material items – loss after tax and non-controlling interest	(2,573)	(4,270)	--	(17)	(29,293)	(1,187)	(1,049)	(297)	--	(4,617)	(32,915)	(10,388)
Total (loss) profit before tax from continuing operations	4,718	1,390	14,450	13,412	(37,397)	2,986	1,648	(881)	(12,623)	(17,576)	(29,204)	(669)
Total income tax benefit (expense) from continuing operations	(3,141)	(2,135)	(4,757)	(5,153)	5,914	(520)	(1,137)	(94)	4,094	8,218	973	316
Total non-controlling interests	2,750	2,681	--	--	--	--	(362)	88	--	--	2,388	2,769
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income	**4,327**	**1,936**	**9,693**	**8,259**	**(31,483)**	**2,466**	**149**	**(887)**	**(8,529)**	**(9,358)**	**(25,843)**	**2,416**
<u>Discontinued Operations:</u>												
Attributable profit after tax from discontinued operations											--	--
Net (loss) profit attributable to the members of Village Roadshow Limited											**(25,843)**	**2,416**

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019 (Continued)

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
(ii) Material items of income and expense from continuing operations:												
Loss on disposal of businesses	--	(1,718)	--	--	--	--	(633)	--	--	--	(633)	(1,718)
Impairment of assets (refer note 2(c))	(5,138)	(5,686)	--	--	(34,530)	(1,672)	--	--	--	(477)	(39,668)	(7,835)
Restructuring costs	--	(298)	--	(25)	--	(25)	--	(439)	--	(5,913)	--	(6,700)
Total loss from material items of income and expense before tax	(5,138)	(7,702)	--	(25)	(34,530)	(1,697)	(633)	(439)	--	(6,390)	(40,301)	(16,253)
Income tax benefit (expense) – material items	--	745	--	8	5,237	510	(416)	110	--	1,773	4,821	3,146
Total non-controlling interest – material items	2,565	2,687	--	--	--	--	--	32	--	--	2,565	2,719
Total attributable loss from material items of income and expense after tax	(2,573)	(4,270)	--	(17)	(29,293)	(1,187)	(1,049)	(297)	--	(4,617)	(32,915)	(10,388)
(iii) (Loss) Earnings Per Share:												
Basic EPS											(13.3c)	1.3c
Diluted EPS											(13.3c)	1.3c
(iv) Earnings Per Share adjusted to eliminate discontinued operations and material items of income and expense from the calculations:												
Basic EPS											3.6c	6.8c
Diluted EPS											3.6c	6.8c

[1] Under the new lease accounting standard, AASB 16 *Leases,* previous operating leases are now recognised as right-of-use assets and leases liabilities. Fixed lease expenses are lease payments included in the measurement of the lease liability. Fixed lease expenses excludes expenses relating to short-term, low value leases and variable payments, and are no longer recognised in operating profit under AASB 16, but are included in EBITDA presented above. The comparative operating profit has not been restated as required under specific transitional provisions under the standard. Refer to Note 1(c) in the half-year financial statements for further information.

[2] Under AASB 16, right-of-use assets have been recognised and $17.1 million has been depreciated during the half-year period, and included in total depreciation and amortisation expense. Under AASB 16, additional lease liabilities have been recognised and $7.7 million of interest from these lease liabilities for the half-year period has been included in total finance costs. Refer to Note 1(c) in the half-year financial statements for further information.

Note:
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.

Building a better working world

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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 2019, 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
21 February 2020

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $'000	2018 $'000
Continuing operations			
Income			
Revenue	2, 13	491,245	530,155
Other income		5,836	4,654
Expenses excluding finance costs		(506,842)	(519,437)
Finance costs	2(a)	(20,169)	(18,017)
Share of net profits of equity-accounted investments	2(b)	726	1,976
Loss from continuing operations before income tax benefit		(29,204)	(669)
Income tax benefit		973	316
Loss after tax from continuing operations		(28,231)	(353)
Discontinued operations			
Profit after tax from discontinued operations		--	--
NET LOSS FOR THE PERIOD		(28,231)	(353)
Loss for the period is attributable to:			
Non-controlling interests		(2,388)	(2,769)
Owners of the parent		(25,843)	2,416
		(28,231)	(353)
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Equity instruments at fair value through other comprehensive income		(252)	(350)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		(387)	208
Foreign currency translation		(106)	(446)
Other comprehensive expense for the period after tax		(745)	(588)
Total comprehensive expense for the period		(28,976)	(941)
Total comprehensive (expense) income for the period is attributable to:			
Non-controlling interests		(2,388)	(2,769)
Owners of the parent		(26,588)	1,828
		(28,976)	(941)
(Loss) Earnings per share (cents per share)			
For (loss) profit for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic (loss) earnings per share		(13.3c)	1.3c
Diluted (loss) earnings per share		(13.3c)	1.3c
For (loss) profit from continuing operations for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic (loss) earnings per share		(13.3c)	1.3c
Diluted (loss) earnings per share		(13.3c)	1.3c

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31 December 2019 $'000	30 June 2019 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	3	73,085	61,653
Trade and other receivables		120,556	129,337
Inventories		24,863	23,137
Current tax assets		1,694	1,694
Film distribution royalties		15,562	37,439
Derivatives		47	542
Other		19,204	18,967
Total Current Assets		255,011	272,769
Non-Current Assets			
Trade and other receivables		9,693	17,588
Goodwill and other intangible assets	2(c), 5	197,320	239,957
Investments – equity-accounted	9	32,355	32,463
Equity instruments		836	1,219
Property, plant & equipment	1(c)	551,388	656,217
Right-of-use assets	1(c)	371,583	--
Deferred tax assets		32,357	7,961
Film distribution royalties		42,046	53,897
Derivatives		67	1
Other		174	173
Total Non-Current Assets		1,237,819	1,009,476
Total Assets		1,492,830	1,282,245
LIABILITIES			
Current Liabilities			
Trade and other payables		188,868	228,400
Lease liabilities	1(c)	49,202	--
Interest bearing loans and borrowings		10,316	6,026
Income tax payable		219	405
Provisions		30,734	31,381
Derivatives		129	129
Unearned revenue		80,261	63,762
Total Current Liabilities		359,729	330,103
Non-Current Liabilities			
Trade and other payables		40,126	50,833
Interest bearing loans and borrowings		261,193	275,229
Lease liabilities	1(c)	410,295	106,125
Deferred tax liabilities		4	3
Provisions		6,738	8,653
Derivatives		58	--
Unearned revenue		75,082	76,790
Total Non-Current Liabilities		793,496	517,633
Total Liabilities		1,153,225	847,736
Net Assets		339,605	434,509
EQUITY			
Equity attributable to equity holders of the parent:			
Contributed equity		276,972	275,171
Reserves		85,001	88,730
Retained (losses) earnings		(27,559)	62,740
Parent interests		334,414	426,641
Non-controlling interests		5,191	7,868
Total Equity		339,605	434,509

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		562,170	562,601
Payments to suppliers and employees		(469,148)	(495,359)
Dividends and distributions received		264	1,980
Interest and other items of similar nature received		748	685
Finance costs		(17,419)	(12,582)
Income taxes paid		(335)	(4,450)
Net cash flows from operating activities		76,280	52,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(33,829)	(23,941)
Purchases of software and other intangibles		(3,467)	(2,588)
Proceeds from sale of property, plant & equipment		175	1,315
Proceeds from sale of businesses/investments	5	24,553	38,516
Loans from (or repaid by) other entities		2,343	9,148
Loans to (or repaid to) other entities		(9,860)	--
Payment of financial guarantee	9	(8,026)	--
Net cash flows (used in) from investing activities		(28,111)	22,450
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		27,000	3,000
Repayment of borrowings		(37,585)	(92,098)
Lease payments	1(c)	(16,820)	--
Proceeds from issue of shares		--	49,211
Dividends paid	7	(9,731)	--
Net cash flows used in financing activities		(37,136)	(39,887)
Net increase in cash and cash equivalents		11,033	35,438
Cash and cash equivalents at beginning of period		61,653	63,393
Effects of exchange rate changes on cash		399	560
Total cash and cash equivalents at end of period	3	73,085	99,391

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			**NON-CONTROLLING INTEREST**	**TOTAL EQUITY**
	CONTRIBUTED EQUITY $'000	RETAINED (LOSSES) EARNINGS $'000	RESERVES $'000	$'000	$'000
Balances as at 1 July 2019	275,171	62,740	88,730	7,868	434,509
Adjustment for adoption of new accounting standard – refer Note 1(c)	--	(54,725)	--	--	(54,725)
Adjusted balances as at 1 July 2019	275,171	8,015	88,730	7,868	379,784
Loss for the period	--	(25,843)	--	(2,388)	(28,231)
Other comprehensive expense (net)	--	--	(745)	--	(745)
Total comprehensive expense for the period	--	(25,843)	(745)	(2,388)	(28,976)
Share-based payment movements	1,674	--	252	--	1,926
Issue of shares under Directors’ share plan from Directors’ fees	127	--	--	--	127
Equity dividends	--	(9,731)	--	--	(9,731)
Controlled entity acquisition reserve movements	--	--	(3,236)	(362)	(3,598)
Other changes in equity	--	--	--	73	73
Balances as at 31 December 2019	276,972	(27,559)	85,001	5,191	339,605

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			NON-CONTROLLING INTEREST	TOTAL EQUITY
	CONTRIBUTED EQUITY	RETAINED EARNINGS	RESERVES		
	$'000	$'000	$'000	$'000	$'000
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

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 2019 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 leases due to the adoption of AASB 16 *Leases*, 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 2019.

(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 2019, except for the adoption of new standards and interpretations as of 1 July 2019, and a change to the Group's deferred tax policy, as noted below:

The Group has adopted AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*. Adoption of this amended standard did not have any material impact on the financial position or performance of the Group.

The Group has adopted AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle.* Adoption of this amended standard did not have any material impact on the financial position or performance of the Group.

The Group has adopted AASB Interpretation 23 *Uncertainty over Income Tax Treatments*. Adoption of this interpretation did not have any material impact on the financial position or performance of the Group.

The Group applies for the first time, AASB 16 *Leases.* The nature and effect of these changes are disclosed below.

AASB 16 *Leases*

AASB 16 supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an arrangement contains a lease*, AASB Interpretation 115 *Operating Lease-Incentives*, and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. AASB 16 did not have an impact for leases where the Group is the lessor, other than in respect of subleases for which classification is performed by reference to the head lease right-of-use asset rather than the underlying asset.

1. Basis of Preparation and Accounting Policies (Continued)

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

AASB 16 *Leases* (Continued)

(i) Impact of adoption on 1 July 2019

The Group has adopted AASB 16 retrospectively with the cumulative effect of initially applying the standard recognised on 1 July 2019, being the initial date of application. Comparatives have not been restated as required under specific transitional provisions in the standard. The adjustments arising from the standard are therefore recognised in opening retained earnings in the statement of changes in equity on 1 July 2019.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of AASB 117*.* These lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 July 2019. For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous immediately before the date of initial application;
- application of short-term lease exemptions to leases with lease term that ends within 12 months at the date of initial application;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The recognition of the lease liability can be reconciled to the operating lease commitments disclosed in the annual financial report as at 30 June 2019 as follows:

	Consolidated $'000
Operating lease commitments disclosed as at 30 June 2019	400,568
Discounted using the weighted average incremental borrowing rate of 4.1%[1]	(161,316)
Add: adjustments as a result of different treatment of extension options and termination options	119,317
Add: commitments related to leases previously classified as finance leases	106,125
Add: adjustments related to changes in lease payments	7,802
Add: other adjustments	342
Lease liability recognised as at 1 July 2019	472,838

[1] The weighted average incremental borrowing rates used for Australian leases is 4.1% and 3.1% for United Kingdom leases at the date of initial application.

The associated right-of-use assets for property leases were measured on a retrospective basis as if AASB 16 had always been applied. All other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 30 June 2019. In accordance with the specific transition provisions in AASB 16, the Group has not restated comparatives.

1. Basis of Preparation and Accounting Policies (Continued)

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

AASB 16 *Leases* (Continued)

(i) Impact of adoption on 1 July 2019 (continued)

The change in accounting policy affected the following items in the balance sheet on 1 July 2019 (in $'000):

- Right-of-use assets – increased by $387,241 (including finance lease asset of $101,500 previously presented as Property, plant & equipment)
- Property, plant & equipment - finance lease asset – decreased by $101,500
- Deferred tax assets – increased by $23,591
- Lease liabilities – increased by $366,713 (excluding an existing lease liability of $106,125)
- Onerous lease and rent incentive provisions – decreased by $2,656
- Retained earnings – increased by $54,725

(ii) Amounts recognised in the Statement of Financial Position

The balance sheet shows the following amounts relating to leases:

	Consolidated 31 December 2019 $'000	Consolidated 1 July 2019 $'000
Right-of-use assets		
Properties	370,322	385,159
Plant & equipment	1,177	1,540
Rides & attractions	84	542
Total right-of-use assets (net of accumulated depreciation)	371,583	387,241
Lease liabilities		
Current	49,202	49,624
Non-current	410,295	423,214
Total lease liabilities	459,497	472,838

(iii) Amounts recognised in the Statement of Financial Performance

The Statement of Financial Performance contains the following amounts relating to leases:

For the half year ended 31 December	Consolidated 2019 $'000
Depreciation charge on right-of-use assets	
Properties	16,328
Plant & equipment	375
Rides & attractions	389
Total depreciation charge on right-of-use assets	17,092
Interest on lease liabilities (included in finance costs)[1]	12,494
Expenses relating to variable contingent lease payments	2,212
Expenses relating to short term leases	31
Expenses relating to leases of low-value assets	60

[1] Interest on lease liabilities includes $4.8 million of interest relating to an existing finance lease liability.

(iv) Impact on the Statement of Cash Flows

Lease payments of $16.8 million for the half-year ended 31 December 2019 allocated to the lease liability, is recognised in cash flows from financing activities. These payments were previously recognised in cash flows from operating activities.

1. Basis of Preparation and Accounting Policies (Continued)

(c) Changes in Accounting Policies, Standards and Interpretations (Continued)
AASB 16 *Leases* (Continued)
(v) The VRL group's leasing activities and accounting policy
The Group has entered into commercial leases for cinemas, offices and other operational location sites. Property leases typically are for a period of up to 25 years and often have extension options. Plant & equipment and rides & attractions leases are typically for a period of 1 to 5 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In prior periods, leases of property, plant & equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In the statement of cash flows, the finance cost is recognised in cash flows from operating activities, and the lease payment allocated to the liability is recognised in cash flows from financing activities. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option.

The Group has applied the practical expedient to account for lease and non-lease components as a single component.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the lease liability. Where the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before commencement date, less any lease incentives received;
- Any initial direct costs; and
- An estimate of restoration or make good costs.

The Group applies the short-term lease recognition exemption to leases with terms of 12 months or less and the low value asset recognition exemption to leases of assets that are considered low value. Payments associated with short-term leases and leases of low value assets are expensed on a straight-line basis in the Statement of Financial Performance.

The Group is required to pay percentage rent on certain leases. Percentage rent is payable as either Incentive Rent or Revenue Share. Incentive rent occurs when the lease creates a liability to pay the lessor a percentage of the Gross Receipts when a cinema site's earnings exceed the base threshold. Gross receipts are generally made up of box office takings, concession sales and screen advertising, but also may include revenue from licence fees, arcade games and the sale of promotional material. As these payments are variable and dependent on the use of the leased asset (and not dependent on an index), percentage rent is expensed as incurred.

1. Basis of Preparation and Accounting Policies (Continued)

(c) Changes in Accounting Policies, Standards and Interpretations (Continued)
AASB 16 *Leases* (Continued)
(vi) Significant judgements in applying AASB 16

Extension and termination options
Extension options are included in most property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

In determining the lease term, there is an assessment of the length of the period a lease contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party, with no more than an insignificant penalty.

Management considers all facts and circumstances that create an economic incentive to exercise an extension term or option not to terminate the lease. Extension options and options not to terminate are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment and that is within control of the lessee.

The IFRS Interpretations Committee ("IFRIC") has issued a final agenda decision (the "Agenda Decision") in November 2019, clarifying the determination of the lease term for cancellable or renewable leases under AASB 16, and whether the useful life of any non-removable leasehold improvements is limited to the lease term of the related lease. The Group has yet to consider the impact of the Agenda Decision, which may have an impact on its right-of-use asset and lease liability balances in the Statement of Financial Position, as well as depreciation and interest expense in the Statement of Comprehensive Income. The impact of the Agenda Decision is not reasonably estimable as the Group has yet to complete its assessment. The Group expects to adopt this Agenda decision in the Group's annual financial statements for the year ending 30 June 2020.

Incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses the lessee's incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available, and is required to make certain estimates such a credit rating.

Voluntary Change in Accounting Policy - Deferred Taxes on Initial Recognition of Leases
Prior to the adoption of AASB 16 on 1 July 2019, the Group applied the initial recognition exemption permitted under AASB 112 *Income Taxes,* to the finance lease recognised in the Statement of Financial Position. As a consequence, neither a deferred tax asset for the deductible temporary difference on the lease liability, nor the corresponding deferred tax liability for the taxable temporary difference on the lease asset, was recognised.

Following the adoption of AASB 16, the Group has re-assessed its policy on the recognition of deferred taxes on leases. From 1 July 2019, the Group has elected to change its accounting policy with regard to accounting for deferred taxes on initial recognition of leases and deferred tax is now recognised for the temporary differences that arises due to the differing amortisation profile of the right-of-use assets and lease liabilities. The Group believes this accounting policy provides more relevant information on the tax effect of lease accounting to users of its financial statements, and will provide better comparability of the Group's financial report.

1. Basis of Preparation and Accounting Policies (Continued)

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

Voluntary Change in Accounting Policy - Deferred Taxes on Initial Recognition of Leases (Continued)

The change in accounting policy has been applied retrospectively in accordance with AASB 108, *Accounting Policies, Changes in Accounting Estimates and Errors*. The change did not have a material impact to previously presented periods. The impact to the opening balances of the earliest presented period, being 1 July 2018, was to recognise a deferred tax asset of $23.9 million and a deferred tax liability of $23.9 million, which have been offset in the Statement of Financial Position. The impact on retained earnings at 1 July 2018 and the net loss after tax for the half-year ended 31 December 2018, and net loss after tax for the half-year ended 31 December 2019, was not material.

	Consolidated 2019 $'000	Consolidated 2018 $'000
2. Expenses		
(a) Finance Costs – Continuing Operations		
Interest on debts and borrowings	6,841	9,580
Interest on lease liabilities	12,494	4,629
Other	834	1,141
Total finance costs before finance restructuring costs	20,169	15,350
Finance restructuring costs (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	--	2,667
Total finance costs	20,169	18,017
(b) Share of Net Profits of Equity-Accounted Investments		
Total share of net profits of equity-accounted investments	726	1,976

(c) Impairment

Film Distribution

In the half-year ended 31 December 2019, as a result of a decline in post theatrical revenue streams, in particular the Pay TV market and the decline in the physical market, and the underperformance of certain film titles, impairment losses of $34.5 million were recognised (included in the current period's material items of income and expense in the Reconciliation of Results included in the Directors' Report), thereby reducing the carrying value of the Film Distribution Cash Generating Unit ("CGU") to its recoverable amount.

As a result of the above factors, an in-depth review of the segment's future revenue streams and the carrying value of the film distribution royalty amounts, including unreleased titles, has been conducted. At 31 December 2019, an impairment loss of film distribution royalties of $16.4 million has been recognised (2018: $1.7 million). The impairment losses of $34.5 million also includes impairment of goodwill of $17.1 million and impairment of a property right-of-use asset of $1.1 million.

For the Film Distribution goodwill assessment, the pre-tax discount rate used was 17.8% 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 0%, 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 Film Distribution in the half-year 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 earnings of the Film Distribution CGU is lower than currently forecast, there may be a risk of further impairment

2. Expenses (Continued)

(c) Impairment (Continued)

Wet'n'Wild Las Vegas

In the half-year ended 31 December 2019, impairment losses for property, plant & equipment of $5.1 million were recognised (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 CGU which is in the Theme Parks segment (2018: $5.4 million).

For the Wet'n'Wild Las Vegas assessment, the pre-tax discount rate used was 11.1% 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 2.0%, 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 in the close of the most recent operating season, 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 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 2019 $'000	Consolidated 2018 $'000
Cash on hand and at bank	72,386	98,792
Deposits at call	699	599
Total cash and cash equivalents	73,085	99,391

Cash on hand and at bank includes $6.8 million (2018: $12.6 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

There have been no major changes to debt, other than repayments and drawdowns, and equity securities of the Group during the half-year ended 31 December 2019.

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 2019.

As advised to the Australian Securities Exchange on 29 August 2019, the VRL group signed an agreement to sell its wholly owned promotional solutions agency, Edge Loyalty Systems Pty. Ltd., for an enterprise value of $32.3 million to Blackhawk Network (Australia) Pty. Ltd. Net proceeds from the sale were used to reduce VRL group debt. The sale was completed on 31 October 2019. The loss on sale of this business was $1.0 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).

6. Related Party Transactions

Other than the items disclosed below, related party transactions are not materially different from those disclosed in the 30 June 2019 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 $20.2 million (2018: $14.2 million), and to FilmNation Entertainment LLC of $0.6 million (2018: $2.2 million).

7. Dividends and Distributions

A fully-franked final dividend of 5.0 cents per ordinary share, totalling $9.7 million relating to the year ended 30 June 2019, was paid in October 2019 (2018: nil). No interim dividend has been declared in the current or prior period.

8. Contingencies

(a) Contingent Liabilities

Contingent liabilities are not materially different from those disclosed in the 30 June 2019 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 23(a)(ii) in the 30 June 2019 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.

In July 2019, the ATO issued a position paper. VRL responded to the ATO position paper in August 2019. Any subsequent ATO response has not yet been received. VRL considers that it has complied with its obligations under the law and has assessed the matter under AASB Interpretation 23 *Uncertainty over Income Tax Treatments*.

(b) Contingent Assets

Contingent assets are not materially different from those disclosed in the 30 June 2019 financial report.

9. Investments – Equity-Accounted

iPic Entertainment Inc. group

VRL holds a 24.4% ownership interest in iPic Entertainment Inc. ("iPic"). As advised to the Australian Securities Exchange on 29 July 2019, iPic Entertainment Inc. announced that it missed a scheduled interest payment under its credit facility. On 5 August 2019, iPic announced that it had filed voluntary petitions for bankruptcy protection under Chapter 11 of the US Bankruptcy code. In August 2019, VRL made a payment of $8.0 million to settle the liability relating to its bank guarantee exposure to a shareholder in the iPic business. At 30 June 2019, VRL had recognised the full amount of this financial guarantee liability of $8.0 million. VRL carries its investment in iPic at nil in its accounts and there is no further recourse to the VRL group in relation to iPic.

10. Events After the End of the Reporting Period

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 as at 31 December 2019.

	Total carrying amount as per Consolidated Statement of Financial Position $'000	Aggregate Net Fair Value $'000
Financial assets:		
Cash	73,085	73,085
Trade and other receivables	130,249	130,249
Equity instruments at fair value through OCI	836	836
Derivatives	114	114
Security deposits	174	174
Total financial assets	204,458	204,458
Financial liabilities:		
Trade and other payables	228,994	228,994
Secured and unsecured borrowings	271,509	263,716
Derivatives	187	187
Total financial liabilities	500,690	492,897

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 measurement hierarchy for assets and liabilities at 31 December 2019, as well as the methods used to estimate the fair value, are summarised in the table below.

	Valuation technique – market observable inputs (Level 1) $'000	Valuation technique – market observable inputs (Level 2) $'000	Valuation technique – non market observable inputs (Level 3) $'000	Total $'000
Financial assets:				
Equity instruments at fair value through OCI	678	--	158	836
Derivatives	--	114	--	114
Total financial assets	678	114	158	950
Financial liabilities:				
Secured and unsecured borrowings	--	263,716	--	263,716
Payables and accruals	--	--	13,293	13,293
Derivatives	--	187	--	187
Total financial liabilities	--	263,903	13,293	277,196

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 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 2019, a loss of $3.2 million (2018: $0.9 million gain) 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.

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue from contracts with customers												
Type of services:												
Admissions	76,556	76,957	97,546	97,716	--	--	--	--	--	--	174,102	174,673
Admissions – annual and season passes	20,990	16,022	--	--	--	--	--	--	--	--	20,990	16,022
Accommodation and conferences	16,625	16,685	--	--	--	--	--	--	--	--	16,625	16,685
Film and television licencing	--	--	--	--	70,139	122,716	--	--	--	--	70,139	122,716
Sales promotions and client loyalty programs	--	--	--	--	--	--	48,863	38,246	--	--	48,863	38,246
Other	584	787	10,799	10,825	668	431	--	--	21	--	12,072	12,043
Total revenue with customers – services	**114,755**	**110,451**	**108,345**	**108,541**	**70,807**	**123,147**	**48,863**	**38,246**	**21**	**--**	**342,791**	**380,385**
Types of goods:									--	--		
Film and television distribution	--	--	--	--	38,805	40,984	--	--	--	--	38,805	40,984
Concessions	62,565	59,766	43,108	41,909	--	--	--	--	--	--	105,673	101,675
Total revenue with customers – goods	**62,565**	**59,766**	**43,108**	**41,909**	**38,805**	**40,984**	**--**	**--**	**--**	**--**	**144,478**	**142,659**
Total revenue from contracts with customers	**177,320**	**170,217**	**151,453**	**150,450**	**109,612**	**164,131**	**48,863**	**38,246**	**21**	**--**	**487,269**	**523,044**
Reconciliation of revenue from contracts with customers to total segment revenue												
Rental income – variable	1,034	810	--	--	--	--	--	--	--	--	1,034	810
Rental income - fixed	2,153	5,477	41	44	--	--	--	--	--	--	2,194	5,521
Non-segment revenue	--	--	--	--	--	--	--	--	(21)	--	(21)	--
Inter-segment revenue	--	--	--	--	5,384	9,153	333	432	--	--	5,717	9,585
Total segmental revenue – refer Note 13	**180,507**	**176,504**	**151,494**	**150,494**	**114,996**	**173,284**	**49,196**	**38,678**	**--**	**--**	**496,193**	**538,960**

13 Segment Reporting

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
Reporting by Operating Segments – Continuing Operations:	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Total segment revenue – refer Note 12	180,507	176,504	151,494	150,494	114,996	173,284	49,196	38,678	--	--	496,193	538,960
Plus: Non-segment revenue	--	--	--	--	--	--	--	--	769	780	769	780
Less: Inter-segment revenue	--	--	--	--	(5,384)	(9,153)	(333)	(432)	--	--	(5,717)	(9,585)
Total revenue											**491,245**	**530,155**
Segment results before tax	9,856	9,092	14,450	13,437	(2,867)	4,683	2,281	(442)	--	--	23,720	26,770
Non-segment result (Corporate) before tax	--	--	--	--	--	--	--	--	(12,623)	(11,186)	(12,623)	(11,186)
Operating profit (loss) before tax – segment purposes	**9,856**	**9,092**	**14,450**	**13,437**	**(2,867)**	**4,683**	**2,281**	**(442)**	**(12,623)**	**(11,186)**	**11,097**	**15,584**
Loss on disposal of businesses	--	(1,718)	--	--	--	--	(633)	--	--	--	(633)	(1,718)
Impairment and other non-cash adjustments (refer note 2(c))	(5,138)	(5,686)	--	--	(34,530)	(1,672)	--	--	--	(477)	(39,668)	(7,835)
Restructuring costs	--	(298)	--	(25)	--	(25)	--	(439)	--	(5,913)	--	(6,700)
Operating loss before tax											**(29,204)**	**(669)**
Income tax benefit											973	316
Non-controlling interests	2,750	2,681	--	--	--	--	(362)	88	--	--	2,388	2,769
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income											**(25,843)**	**2,416**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' DECLARATION
31 DECEMBER 2019

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 2019 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

R.G. Kirby
Director

Melbourne, 21 February 2020

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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 2019, 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 2019 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 2019 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
21 February 2020