Village Roadshow Limited
ABN 43 010 672 054

29 September 2020

Dear Shareholder,

Deferral of 2020 Annual General Meeting

On 28 August 2020, Village Roadshow Limited (ASX: VRL) released an Appendix 4E which included advice that it would be holding its Annual General Meeting (AGM) on 30 October 2020.

The Board has determined that the AGM will be deferred to late January 2021. Further details regarding the AGM will be provided to shareholders in December 2020.

The deferral of the AGM will enable the Company to know the outcome of shareholder meetings to be convened and held in November 2020 to consider two alternative Schemes of Arrangement with interests associated with BGH Capital Pty Ltd, as announced on 7 August 2020. VRL considers that deferring the date for holding its AGM will be in the interests of shareholders as it will save money and avoid the inconvenience of convening and holding an AGM in circumstances where that AGM may not be necessary if shareholders approve either of the schemes proposed.

Yours sincerely

Village Roadshow Limited

VILLAGE ROADSHOW LIMITED

2020 Annual Report

VILLAGE ROADSHOW

Village Roadshow was founded by Roc Kirby in Melbourne, Australia in 1954 and has been listed on the Australian Securities Exchange since 1988 (ASX: VRL). Over the years, VRL has become a leading entertainment company with well recognised brands. Village Roadshow holds a diversified portfolio of assets including Theme Parks, Cinema Exhibition, Film Distribution and Marketing Solutions, entertaining millions of people annually.

VILLAGE ROADSHOW

THEME PARKS

Village Roadshow has been involved in theme parks since 1989, is Australia's leading theme park owner, and is one of the pre-eminent theme park operators in the world. In Australia, this includes Warner Bros. Movie World, Sea World, Wet'n'Wild Gold Coast, Paradise Country, Australian Outback Spectacular, Topgolf Gold Coast and Sea World Resort, all on Queensland's Gold Coast. Village Roadshow Theme Parks ("VRTP") also operates and has majority ownership in Wet'n'Wild Las Vegas, USA. VRTP also operates Asia's first movie themed indoor interactive experience, Lionsgate Entertainment World, in Novotown, Hengquin, China.

FILM DISTRIBUTION

Started by Village Roadshow in the late 1960's, VRL's Film Distribution division ("Roadshow") distributes theatrical film content to cinemas. It also has a substantial business in distributing movies and television content to broadcasters and home entertainment platforms in Australia and New Zealand. An active supporter of Australian film and television, Roadshow's strategy includes investing in original content creation through Roadshow Rough Diamond, BlinkTV, and a 31% interest in FilmNation.

CINEMA EXHIBITION

Cinema Exhibition is where Village Roadshow started, with its first drive-in cinema opening in 1954. Today Village Roadshow jointly owns and operates a combined 577 screens at 57 sites across Australia. VRL continues to drive and embrace innovation, with premium cinema concepts including Gold Class, Vmax, Vpremium and VJunior. VRL is continuing to invest in the expansion of premium cinema concepts and new entertainment and social offerings.

MARKETING SOLUTIONS

VRL's Marketing Solutions division delivers consumer incentive programs for many of the world's leading brands. With its head office in the UK, the division delivers customer acquisition and retention programs across Australasia, Europe and North America. The business brings a sophisticated suite of digital platforms and rewards to market, to create compelling customer experiences.

ANNUAL REPORT 2020

VILLAGE ROADSHOW LIMITED

ABN 43 010 672 054

Contents

DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2020.

CORPORATE INFORMATION
Village Roadshow Limited ("the Company" or "VRL") is a company limited by shares that is incorporated and domiciled in Australia. The registered office and principal administrative office of the Company is located at Level 1, 500 Chapel Street, South Yarra, Victoria 3141.

DIRECTORS AND SECRETARIES
The names of the Directors and Secretaries of the Company in office during the financial year and until the date of this report are:

Directors
Robert G. Kirby
Graham W. Burke
John R. Kirby
Robert Le Tet
Timothy M. Antonie (Retired 4 December 2019)
Jennifer Fox Gambrell
Peter C. Tonagh (Appointed 18 July 2019)
Anna M. Duran (Appointed 4 December 2019)
Julie E. Raffe (alternate for Messrs. R.G. Kirby and G.W. Burke)

Company Secretaries
Simon T. Phillipson
Julie E. Raffe

The qualifications and experience of the Directors and Secretaries and the special responsibilities of the Directors are set out below.

Directors

Robert G. Kirby AO
Executive Chairman, Executive Director

First joined the Board on 12 August 1988, reappointed 5 July 2001. Holds a Bachelor of Commerce with over 40 years' experience in the entertainment and media industry. Chairman of Village Roadshow Limited 1994 to 1998, 2002 to 2006 and from June 2010 to November 2013. Co-Executive Chairman and Co-Chief Executive Officer November 2013 to August 2018 when he became Executive Chairman. Deputy Chairman Village Roadshow Limited 1990 to 1994, 1998 to 1999, 2001 to 2002, and 2006 to June 2010. Through the launch of Roadshow Home Video, Mr. Kirby was the driving force behind the Australian video revolution of the 1980's and 1990's. He is a pioneer of new cinema concepts in both Australia and internationally and has been at the forefront of Village Roadshow's successful diversification into theme parks, radio and international film production. Director of Village Roadshow Corporation Pty. Ltd., Former Board member and Deputy Chair of Peter MacCallum Cancer Foundation for 15 years, Member of Patrons Council of Epilepsy Foundation and Patron of Arts Centre Melbourne.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Graham W. Burke AO
Non-Executive Director

Member of the Board since 9 September 1988. Chief Executive Officer of Village Roadshow Limited from 1988 to 29 November 2013 and Co-Executive Chairman and Co-Chief Executive Officer from November 2013 to August 2018 when he became Chief Executive Officer. On 31 December 2019, Mr. Burke retired as Chief Executive Officer and remains on the Board as a Non-Executive Director. With unrivalled experience in the entertainment and film industries, Mr. Burke has been one of the strategic and creative forces behind Village Roadshow's development and founded Roadshow Distributors with the late Mr. Roc Kirby. Mr. Burke has been integral to strategically developing Warner Bros. Movie World and Village Roadshow's involvement with Sea World as well as ongoing Australian and international film production. Chairman of Creative Content Australia (formerly IP Australia Foundation) from March 2016. Director Village Roadshow Corporation Pty. Ltd.

Other Listed Public Company Directorships in previous 3 years: Nil

DIRECTORS AND SECRETARIES (continued)
Directors (continued)

John R. Kirby AM, D Univ
Non-Executive Director

Bachelor of Economics, University of Tasmania. Honorary Doctor, Griffith University. Member of the Australian Society of Accountants. Chairman of Village Roadshow Corporation Pty. Ltd. Mr. Kirby has held a wide number of executive positions in cinema exhibition, film distribution, radio, theme parks, construction and strategy over his 50 years within Village Roadshow, being at the forefront of many of the Group's successful growth outcomes today. Currently Chairman of the Victoria University Confucius Institute, Director Asia Pacific Screen Academy and Queensland College of Arts. Previously Chairman, Village Roadshow Limited and Austereo Limited. He was Chairman of The Salvation Army Advisory Board and Red Shield Appeal and Sony Foundation Australia, Deputy Chairman of The Conversation Media Group, former Director of IMNIS and former Director of Jigsaw Foundation at the Royal Children's Hospital, Surf Life Saving Australia Foundation, Griffith University Advisory for CILECT Congress. Former Chairman of Sponsors Appeal Committee of the Victorian College of the Arts, and former Deputy Chairman of the Interim Council of the National Film and Sound Archive. Former member of the Victorian Premier's Multi Media Task Force, Victorian Advisory Council of the Australian Opera, and Progressive Business Victoria and former advisor, Commando Welfare Trust.

Other Listed Public Company Directorships in previous 3 years: Nil

Robert Le Tet
Independent Non-Executive Director

Member of the Board since 2 April 2007. Holds a Bachelor of Economics Degree from Monash University and is a qualified accountant. Founded and currently Executive Chairman of venture capital company, Questco Pty. Ltd. Over 35 years' experience in broadcasting, film and entertainment industries, including Director of television production company Crawford Productions. Formerly Deputy Chairman of radio station EONFM and 20 years as Chairman and CEO of Australia's largest film and advertising production company, The Filmhouse Group. Previously Chairman of radio stations 3UZ and 3CV, WSA Communications Pty. Ltd. and Entertainment Media Pty. Ltd. and Chairman of Metropolitan Ambulance Service in Melbourne. Served as Board Member of the Australian Broadcasting Authority and Chairman of its Audit Committee.

Chairman Audit & Risk Committee
Member Corporate Governance & Nomination Committee
Member Remuneration Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Jennifer Fox Gambrell
Independent Non-Executive Director

Member of the Board since 19 November 2015. Holds a Doctorate in Business Administration (DBA) from the International School of Management in Paris, France and an MBA from Baylor University, Texas, USA. Until the sale to Accor in 2016, was President of Fairmont Hotels and Resorts and President FRHI International, overseeing the luxury brand's global hotel portfolio including Raffles, Fairmont and Swissôtel in all international markets outside North America. Over 25 years of experience in the luxury, resort and business segments of the hospitality industry. Formerly Chief Operating Officer, Europe as well as Senior Vice-President Global Brand Management for InterContinental Hotels Group, and previously holding several senior management roles at Starwood and ITT Sheraton including VP Global Brand Manager Sheraton Hotels & Resorts.

Chair, Corporate Governance & Nomination Committee
Member Remuneration Committee
Member Audit & Risk Committee

Other Listed Public Company Directorships in previous 3 years:
Millennium & Copthorne Hotels Plc, 19 June 2018 to 27 September 2018

DIRECTORS AND SECRETARIES (continued)
Directors (continued)

Peter C. Tonagh
Independent Non-Executive Director

Member of the Board since 18 July 2019 and Lead Independent Director from 4 December 2019. Holds a Master in Business Administration (MBA) from INSEAD, France and a Bachelor of Commerce from UNSW. Was Chief Executive Officer at Foxtel Management Pty. Limited until 2018. Prior to that, Mr. Tonagh held various other senior executive roles at News Corporation including Chief Executive Officer and Chief Operating Officer at News Corp Australia, interim CEO of REA Group Limited and Chief Operating Officer and Chief Financial Officer of Foxtel. Mr. Tonagh is a former Vice President and Partner at The Boston Consulting Group.

Chairman Remuneration Committee (from February 2020)
Member Corporate Governance & Nomination Committee
Member Audit & Risk Committee

Other Listed Public Company Directorships in previous 3 years:
Ten Network Holdings Limited, 30 March 2016 to 16 November 2017

Anna M. Duran
Independent Non-Executive Director

Member of the Board since 4 December 2019. Ms. Duran holds Law and Arts degrees from La Trobe University, and has completed the directors' course at the Australian Institute of Company Directors. Ms. Duran has extensive experience as a lawyer, including most recently as Principal Litigation Lawyer conducting litigation on behalf of a Commonwealth agency. She has previously worked at the Victorian Office of Public Prosecutions and at commercial law firms.

Member Corporate Governance & Nomination Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Julie E. Raffe
Finance Director

Member of the Board since 15 May 2012 as alternate director for Messrs. R.G. Kirby and G.W. Burke. Fellow of Chartered Accountants Australia and New Zealand and in the UK, Fellow of Financial Services Institute of Australia, and graduate of Australian Institute of Company Directors. Formerly Chief Financial Officer since 1992, Ms. Raffe has over 25 years experience in the media and entertainment industries. Director of Village Roadshow's wholly owned subsidiaries and Member of the Executive Committee. Deputy Chair of not for profit organisation Entertainment Assist and Vice President of the not for profit Finance Executive Institute.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years: Nil

Company Secretaries

Simon T. Phillipson
Director of Corporate Affairs
General Counsel

Holds a Bachelor of Laws and Bachelor of Commerce from the University of Melbourne. Chairman of the Group's Management Risk & Compliance Committee, Director of Village Roadshow's wholly owned subsidiaries and Member of the Executive Committee. Mr. Phillipson has over 20 years with Village Roadshow after working in private legal practice with a major international law firm.

Julie E. Raffe
Finance Director

Appointed secretary of the Company on 29 April 2011. Details as above.

DIRECTORS AND SECRETARIES (continued)
Relevant Interests
As at the date of this report, the relevant interests of the Directors in the shares (and "in-substance options" which are included in the totals shown for ordinary shares) and options of the Company and related bodies corporate were as follows:

Name of Director	Ordinary Shares	Ordinary Options
Robert G. Kirby	77,940,322	-
Graham W. Burke	77,940,322	-
John R. Kirby	77,940,322	-
Jennifer Fox Gambrell	151,055	-
Robert Le Tet	369,210	-
Peter C. Tonagh	28,175	-
Anna M. Duran	-	-
Julie E. Raffe (alternate)	1,276,084	-

Messrs R.G. Kirby, G.W. Burke and J.R. Kirby each have a relevant interest in 100% of the issued capital of:
- Village Roadshow Corporation Pty. Limited, the immediate parent entity of the Company; and
- Positive Investments Pty. Limited, the ultimate parent entity of the Company.

OPERATING AND FINANCIAL REVIEW
Principal Activities
The principal activities of the Company and its controlled entities ("the Group", "VRL group" or "consolidated entity") during the financial year were:
- Theme park and water park operations ("Theme Parks");
- Cinema exhibition operations ("Cinema Exhibition");
- Film distribution operations ("Film Distribution"); and
- Sales promotion and loyalty program operations ("Marketing Solutions").

Other activities, including corporate overheads, financing activities, digital and information technology development, and other investments, are included under 'Other'.

Overview of Results and Dividends / Distributions
The VRL group reported an attributable net loss of $117.4 million for the year ended 30 June 2020 ("FY2020"), compared to an attributable net loss of $6.6 million for the year ended 30 June 2019 ("FY2019"), which included an attributable net loss from material items of $73.9 million in FY2020, and an attributable net loss from material items of $27.2 million in FY2019. The attributable net loss from material items after tax of $73.9 million in FY2020 included impairment of assets of $71.2 million, a loss on disposal of businesses of $1.3 million and restructuring costs of $1.4 million – refer page 9 for further details in relation to material items. During the year, 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 and excluding material items in the current year was $0.5 million income. Refer to Note 1(b)(ii) in the Financial Statements for further information.

The attributable net loss before material items and discontinued operations ("NPAT") for FY2020 was $43.4 million, compared to the prior year attributable net profit of $20.6 million. Earnings before interest, tax, depreciation and amortisation, including fixed lease costs[1], excluding material items and discontinued operations ("EBITDA") for FY2020 was $31.1 million, compared to the prior year result of $124.9 million.

Basic loss per share from continuing operations was 60.1 cents (FY2019: loss per share of 3.4 cents). There were no potential ordinary shares in FY2020 (FY2019: nil). Diluted loss per share before material items and discontinued operations for FY2020 was 22.2 cents per share, compared to the prior year earnings per share of 10.7 cents per share, based on a weighted average total of 195,140,274 ordinary shares (FY2019: 191,759,401 ordinary shares).

A full-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 (FY2019: nil). No further dividends have been declared or paid since then.

Net cash flows from operating activities totalled $51.9 million in FY2020, compared to $82.4 million in the prior year. Cash flows used in investing and financing activities totalled $49.7 million in FY2020, compared to $84.7 million used in the prior year. Proceeds from sale businesses totalled $23.4 million in FY2020 (FY2019: $52.2 million including sale and leaseback of property of $12.3 million), and net proceeds from borrowings in FY2020 was $59.1 million, compared to net repayment of borrowings of $124.8 million in FY2019. Due to the adoption of the new leases accounting standard, net cash flows from financing activities includes lease payments of $33.9 million, previously reported as cash flows from operating activities.

An analysis of the Group's operations, financial position, business objectives and future prospects is set out below. Further financial summary information is set out in the Reconciliation of Results, which forms part of this Directors' Report, on pages 13 and 14, and in Note 31 to the Financial Statements.

[1] Refer to the Reconciliation of Results on page 14 for further information on fixed lease costs.

OPERATING AND FINANCIAL REVIEW (continued)

Operational Results

Theme Parks

The Theme Parks division had a strong six months to 31 December 2019 ("1H FY2020"), with EBITDA improving 7% to $42.5 million from $39.7 million in the prior corresponding period. However, the combined impact of bushfires, flooding and, particularly, park closures due to COVID-19 in the six months to 30 June 2020 ("2H FY2020") has resulted in full year EBITDA of $36.3 million compared to $76.5 million in the prior corresponding period.

Prior to COVID-19, strong 1H FY2020 performance at Gold Coast Theme Parks in conjunction with its high yield ticket strategy demonstrated that VRTP had successfully differentiated its exceptional theme parks offering through outstanding customer experience and dynamic marketing. The Gold Coast theme parks achieved strong growth in attendance (12% on prior year) and 6% increase in ticket yield.

- Warner Bros. Movie World's special events performed strongly, with a sell-out season at *Fright Nights* and additional nights added for *White Christmas* due to overwhelming demand.
- Sea World grew its attendance despite undergoing extensive construction in the *New Atlantis Precinct* aimed at rejuvenating the park.
- Sea World Resort experienced growth in occupancy and average room rate, while also earning recognition at tourism industry awards.
- Wet'n'Wild maintained its popularity with strong attendance and strong in-park revenue.
- 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.
- Village Roadshow Studios was busy with the commencement of the production of Warner Bros.' untitled *Elvis Presley* biopic, directed by Baz Luhrmann.

Prior to the official closure in March, 2H FY2020 attendance was below the prior corresponding period primarily due to travel restrictions for international guests while local visitors stayed away based upon early government advice. The parks were eventually closed on 22 March 2020 based on government directive. Sea World Resort continued to operate at limited capacity in accordance with the government guidelines and a COVID Safe plan.

Theme Parks' management implemented a number of cost control initiatives to efficiently manage cash flows during the close down period. This included stand down of majority of the staff and deferral of all non-critical capital spend. The animal care, park maintenance and security remained a priority during this period.

On 17 June 2020, Village Roadshow Theme Parks announced a planned reopening of all its theme parks and attractions under an industry approved COVID Safe plan with park capacity reduced to 50%.

Theme Parks experienced encouraging attendance over the July school holidays period including promising ticket sales and in-park spend. However, visitation has been soft after school holidays, mainly due to Victoria and New South Wales border closures and no visitors from the international market.

Sea World Resort also experienced a noticeable increase in occupancy since the easing of government restrictions announced on 31 May 2020. Sea World Resort's strong brand loyalty resulted in occupancy reaching 80% to 90% during the July school holidays, however overall occupancy is still below pre-COVID levels.

Despite the prudent approach to capital investment, an uncompromising approach to safety is integral to the guest experience and the Village Roadshow Theme Parks brand. This approach is manifest in the quality of attraction selection, safety awareness programs and induction processes to ingrain VRL's safety culture in all team members. These programs are benchmarked on the highest global industry standards.

As part of the COVID Safe plan, a new mobile app was launched in July 2020 to assist guest experience and safety. This app includes several key safety enhancements such as contactless entry, contact tracing and virtual ride queueing.

Topgolf FY2020 EBITDA finished below prior year due to the impact of COVID-19 in 2H FY2020, with the site closed from 22 March for close to 3 months. Topgolf was successfully integrated into the theme park group's operating functions in 1H FY2020, streamlining various processes and leveraging the group's broad sales and marketing reach.

Topgolf reopened on 12 June 2020 under a COVID Safe plan with restricted capacity at 50%. Visitation from the local market upon reopening has been stronger than anticipated, and recently the site was able to increase capacity to 60 out of 90 bays in line with relaxed restrictions.

Wet'n'Wild Las Vegas (50.09% owned by VRL) had a FY2020 EBITDA loss of $1.9 million (FY2019: $0.9 million profit) due to a reduced operating calendar caused by COVID-19. In 1H FY2020, the park had its first season with the new management team and strategy and delivered improved ticket sales and revenues on prior year. The park was due to reopen in early April 2020 but this was postponed for over 2 months as a result of lockdown and COVID-19 related restrictions. The park reopened on 22 June 2020 with COVID-19 safety precautions in place.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results (continued)
Theme Parks (continued)
VRTP operates Lionsgate Entertainment World at Novotown on Hengqin Island in China, which successfully opened in July 2019. This indoor park has been closed for the majority of 2H FY2020 due to COVID-19.

Asia Theme Parks division delivered a positive contribution to the Theme Parks' results in FY2020. VRTP continues to pursue key projects in Asia, with a focus on management operating agreements and no capital investment.

Theme Parks are in a strong position to face short term challenges posed by COVID-19 and drive its continued recovery, with FY2019 and 1H FY2020 results supporting management's confidence around the pricing strategy and customer focused enhancements.

A number of new attractions and events are planned for FY2021, including the planned launch of *Vortex*, the first in the *New Atlantis* ride trilogy, to kick start before December 2020 peak period. This will be further strengthened by the planned launch of *Leviathan,* biggest wooden roller coaster in the southern hemisphere and second ride of the *New Atlantis Precinct*, likely to be during Easter school holidays in 2021.

Warner Bros. Movie World will see the return of its *White Christmas* special event in December, with improvements such as parade route extension, and new music and floats. Sea World will host its first Halloween family event, *Spooky Nights* in October 2020. *Fright Nights* at Movie World will not be held in FY2021 due to social distancing rules, but will be reinstated in calendar year 2021.

Australian Outback Spectacular's *Heartland* show has been refined to incorporate advanced technology, higher audience participation and trick riding. New exhibits showcasing Marmoset Monkeys and Tasmanian Devils continue to attract visitors to Paradise Country.

Additional efforts to enhance guest experience include improved guest comfort, in-park experience and refreshed food and retail offering.

Cinema Exhibition
The Cinema Exhibition division delivered a FY2020 EBITDA result of $8.5 million (FY2019: $53.9 million). The full year result was significantly impacted by COVID-19, due to the deferral of several key titles scheduled to release in 3Q FY2020 followed by reduced capacity and theatre closures.

Prior to the introduction of COVID-19 restrictions, the division achieved box office revenues in 1H FY2020 consistent with the prior corresponding period with EBITDA only slightly below that of 1H FY2019. This was due to higher film hire rates arising from the title mix in the 1H FY2020 film slate.

Key titles in 1H FY2020 included *The Lion King*, *Spider Man: Far From Home*, *Star Wars: The Rise of Skywalker*, *Jumanji: The Next Level*, *Frozen 2* and *Joker*.

Q3 FY2020 also started with strong performance of summer releases in January 2020 including *The Gentlemen, 1917, Bad Boys For Life*, and *Little Women*. However, cinema exhibition started to experience lower attendances and product delays from February 2020 onwards.

As a result of COVID-19, Australian theatres were closed nationally on 23 March 2020, resulting in a loss of over 3 months' trading. During this period, the division focused on cashflow management and cost minimisation. The JobKeeper scheme provided the business with funding for a substantial portion of payroll costs. Management had lengthy and successful negotiations with landlords, which resulted in rent abatement and deferral for the close down period. Most of these abatements and deferrals will be reflected in FY2021 results due to completion of the agreements occurring after 30 June 2020.

M-City Clayton, a new site in Victoria, is near completion and is expected to open in 2Q FY2021. The development of the new food & beverage and entertainment concept, *Roc's Social* in the Knox site foyer, is well progressed and due to open early 2Q FY2021.

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. FY2020 delivered a 12% increase in contactable **rewards** members, bringing the total membership base across Victoria and Tasmania to over 1 million members. Membership continues to reflect positively in division's NPS customer experience scores.

The division is firmly focused on the successful re-opening of the cinemas in Victoria in line with anticipated easing of restrictions in mid-October 2020. Capacity restrictions are expected to remain for a period of time thereafter. Nationally, Village Cinemas in Tasmania and the business' cinemas within the Australian Theatres Joint Venture with EVENT in other states are operating under restricted capacity and COVID-19 Safe plans.

Operating within these parameters is challenging, however the Cinema Exhibition business is in a strong position to face this short term challenge. The division's management is focused on optimising performance, COVID-19 protocol compliance, and cost and cashflow management.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results (continued)
Cinema Exhibition (continued)
With the delay of major blockbusters previously scheduled to release from March through to June 2020, the division is anticipating a strong line-up of titles from October 2020 to the end of FY2021, starting with the recent release of Warner Bros.' title *Tenet*. Upcoming releases include *Jurassic World: Dominion*, Marvel Cinematic Universe Production *The Eternals*, *Minions: The Rise of Gru*, *Wonder Woman 1984, Black Widow, Bond: No Time To Die* and *Peter Rabbit 2: The Runaway.*

Whilst this is expected to lead to a strong 2H FY2021, the overall box office for the industry is likely to be between FY2020 and FY2019 total box office.

The Cinema Exhibition division will continue to follow a clear strategy to position itself as a destination of choice through a diverse offering of exceptional experiences which are complemented by high standard traditional cinemas. These concepts appeal to specific market segments and give Village Cinemas a competitive advantage over other offerings in the market. Key new projects, complementing this strategy, include M-City Clayton (opening 2Q FY2021), *Roc's Social* at Knox (opening 2Q FY2021) and the addition of **Junior** in Albury (opening in September 2020).

Film Distribution
The Film Distribution division ("Roadshow") delivered a FY2020 EBITDA of $3.8 million (FY2019: $8.6 million). Key theatrical titles released predominantly in the first half, including *Joker, Hustlers* and *Angel Has Fallen.*

The division's performance in 2H FY2020 was impacted by the closure and reduced capacity of Australian theatres and the delay of theatrical release dates scheduled for the final quarter due to COVID-19. This was partly offset by a stronger Entertainment result, particularly in Digital and a significant saving in overheads.

Following an in-depth review of Film Distribution's future revenue streams, VRL has determined that there is a material impairment of the carrying value of the division's assets. Impairment has been applied to both the film library and the 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 Electronic Sell Through ("EST") and Video On Demand ("VOD") to mitigate the market decline in physical home entertainment.

Roadshow has a low-cost investment approach to content creation – while the contribution is small today, there is potential for growth. Roadshow Rough Diamond continues its development of TV drama for domestic and international audiences, with minimal investment from VRL. New production *Bump* is currently in pre-production and is expected to be released by Stan in the later part of calendar year 2020 / early 2021.

Blink TV produced *Eurovision - Australia Decides* and *Mardi Gras* for SBS in February 2020. While the planned *Eurovision* show was cancelled as a result of COVID-19, Blink TV worked with SBS to broadcast a replacement show focusing on the pre-recorded songs of the artists who were set to perform.

FilmNation experienced a challenging year with the impairment and reduction in film revenue for *David Copperfield* and the impact of titles being delayed due to COVID-19.

Due to the impact of COVID-19, there is currently some uncertainty in the forecast FilmNation produced titles likely to release in calendar year 2020 and 2021. *The Personal History of David Copperfield* released in the UK in January 2020. Other FilmNation-produced titles such as *The Courier*, *Promising Young Woman* and *The Nest* are anticipated to release by the end of the calendar year. In TV production, *I Know This Much Is True* was released on HBO in May 2020. Projects in development include *The House of The Spirits* and *Feminist Fight Club*, both in development for Hulu.

FY2021 theatrical releases will feature a strong Warner slate including the highly anticipated release of *Tenet*, *Wonder Woman 1984* and *Dune*, as well as a number of proposed Australian film releases including *The Dry*, *Penguin Bloom* and *Rams*.

Home Entertainment is expected to remain quite strong, particularly in the Digital landscape, and the Film Distribution division continues to identify further opportunities for titles to be released within Premium Video On Demand ("PVOD") window following a highly profitable result from the release of *Scoob!* in that window.

Roadshow is also currently considering further opportunities including taking content direct to streaming platforms ("SVOD") in light of the limitations to exhibition exploitation as a consequence of COVID-19.

Roadshow will continue to work with its Television partners and already has content or volume slates agreed with Foxtel, Netflix, Network 10, Channel 9, Stan, Amazon and SkyNZ for FY2021.

Roadshow will continue to identify opportunities to right-size its overheads and business operations.

OPERATING AND FINANCIAL REVIEW (continued)
Operational Results (continued)
Marketing Solutions
The Marketing Solutions division delivered an FY2020 EBITDA of $3.1 million, down from $5.3 million in FY2019 due to the impact of COVID-19 on promotional activity in Q4 FY2020. As the sale of Edge to Blackhawk Network was completed on 31 October 2019, FY2020 earnings include only four months of Edge earnings.

In FY2020, Opia implemented a restructure program following a comprehensive business review of its operations to reflect distinct business model for full service promotional offerings. Management has invested in new functions and sales resources to support future growth in North America, broader Europe and South Africa. FY2020 earnings include costs related to the business review that is expected to deliver future cost savings and earnings growth.

Opia had a strong 1H FY20 EBITDA of circa $2.5 million representing a $3 million improvement on the prior corresponding period, driven by revenue contribution from new territories USA and South Africa.

However, softer results in 2H FY2020 reflect the adverse impact of COVID-19 on promotional activity, particularly in Q4 FY2020. Overall, Opia delivered full year FY2020 EBITDA of $1.5 million, lower than FY2019 EBITDA of $2.2 million. Key clients for Opia in FY2020 include HP, Samsung, Unieuro and Conns. Opia was also able to take advantage of the UK Government furlough scheme to cover payroll costs for roles impacted by the reduction in volume of work.

Opia's FY2021 trading is expected to see an improvement in margins as tangible benefits arise from the business review and investments in personnel to strengthen the business. The main growth drivers include a continued expansion within North America and mainland Europe, re-engagement with existing UK clients and improved margins from driving down claim handling and delivery costs.

Other
The Corporate division's FY2020 EBITDA of $20.5 million loss was unfavourable to prior year ($19.5 million loss), primarily driven by higher IT systems costs and compliance costs. As part of the cost management initiatives during close down, VRL's senior executives' salary reduced in 4Q FY2020.

Material Items
Material items attributable loss after tax of $73.9 million in FY2020 included the following:
- Impairment of assets totalling $92.1 million pre-tax, including impairment of assets in Topgolf, Australian Outback Spectacular and Wet'n'Wild Las Vegas of $33.9 million, impairment of assets in some sites Cinema Exhibition of $12.0 million, impairment of film distribution royalty amounts and other assets of $20.2 million, and impairment of goodwill relating to Film Distribution of $17.1 million and Marketing Solutions of $9.0 million;
- Loss on disposal of business of $0.9 million pre-tax; and
- Restructuring costs totalling $2.0 million pre-tax relating to the proposed private equity transaction.

Financial Position
During the year ended 30 June 2020, total assets of the consolidated entity increased by $160.2 million, including an increase in right-of-use assets of $393.6 million due to adoption of the new leases accounting standard, AASB 16 (refer Note 1(b)(ii) in the Financial Statements for further information). This was offset by a decrease in property, plant & equipment of $136.0 million which was mainly due to a reclassification of lease land of $101.5 million to right-of-use assets, and a decrease in intangible assets of $60.3 million, which was mainly due to impairment of goodwill of $26.8 million and disposal of goodwill from the sale of business of $22.3 million. Total liabilities increased by $346.8 million, including an increase in lease liabilities of $389.8 million due to the adoption of AASB 16, an increase in interest bearing loans and borrowings of $60.9 million and offset by a decrease in trade and other payables of $97.0 million. Also during FY2020, total equity of the consolidated entity decreased by $186.7 million to $247.8 million due to the decrease in retained earnings related to the attributable loss of $117.4 million, payment of dividends of $9.7 million and a $57.5 million decrease due to a one-off adjustment for the adoption of AASB 16.

The VRL group's net debt as at 30 June 2020 was $278.3 million, giving a gearing ratio of 53%, compared to the prior year's net debt of $219.6 million and gearing ratio of 34% (refer to Note 21 to the Financial Statements for further information). Of the total debt of $342.1 million, $10.2 million is classified as current liabilities, and $332.0 million is classified as non-current liabilities, which has been determined in accordance with the requirements of the VRL group's relevant finance agreements.

In FY2020, while net debt reduced in the first half of the year from the sale of Edge Loyalty Systems, the outbreak of COVID-19 in the second half of the year significantly impacted the Group's key businesses with the Australian Governments' mandated closures of its cinemas and theme parks operations. In response to COVID-19 the VRL Board took proactive steps to preserve cash flow and reduce operating costs. With the closures of the Group's key businesses, all employees were either partially or fully stood down and several other cost reduction strategies were also implemented to reduce the potential impact of COVID-19 on the Group's earnings and cashflows. As a result, the Group has almost fully drawn down on its Group finance facility, of which $5.0 million was undrawn at 30 June 2020. The Group has received a waiver from its debt covenants at 30 June 2020, and they will not be tested until 31 March 2021. In August 2020, the Group secured additional funding of $69.5 million from its existing lenders and the Queensland Treasury Corporation and the VRL Board expects this additional debt facility will be sufficient to fund the Group's cash needs for the next 12 months.

OPERATING AND FINANCIAL REVIEW (continued)

Financial Position (continued)

As profitability and cash flow generation have been significantly impacted by COVID-19 and debt levels have increased, the Board has not declared a final FY2020 dividend. The VRL Board intend to reinstate the payment of dividends after the reduction in debt and subject to performance recovering from the impact of COVID-19 and meeting expectations, and available operating free cash flow.

Events Subsequent to Reporting Date

Other than the following, there have been no material transactions which significantly affect the financial or operational position of the consolidated entity since the end of the financial year.

As advised to the Australia Securities Exchange on 6 August 2020, the VRL group secured additional funding of $69.5 million from its existing lenders and the Queensland Treasury Corporation. $42.5 million of the new facility is a short-term facility of 12 months with the balance having a 5-year tenor. The new facility has no scheduled amortisation and is subject to interest at variable interest rates. As part of securing the new facilities, VRL has given an undertaking to raise a minimum of $35 million through new shareholder equity or equity like instruments. This must be completed by the earlier of the Company's half year announcement or three months after the termination of a transaction with BGH Capital Pty. Ltd. A total of $34 million of loans and grants has been received from the Queensland Government, subsequent to 30 June 2020.

As advised to the Australian Securities Exchange on 6 August 2020, VRL has signed an implementation agreement with an entity owned by funds managed by BGH Capital Pty. Ltd ("BGH"), under which BGH undertakes to acquire control of VRL by way of two alternative but concurrent schemes of arrangement. This BGH transaction is subject to limited conditions and the implementation agreement sets out certain circumstances in which a break fee of $4.3 million would be payable to BGH, or reverse break fee of the equivalent amount payable to VRL. A Scheme Meeting is expected to be held in November 2020, and if approved, the BGH transaction would be implemented shortly thereafter. During the year ended 30 June 2020, VRL has recognised $2.0 million of transaction related costs which has been included in material items of income and expense in the Reconciliation of Results on pages 13 and 14.

Environmental Regulation and Performance

The VRL group was subject to the *National Greenhouse and Energy Reporting Act* for the year ended 30 June 2020, however this has not had any material impact on the VRL group.

Business Objectives and Future Prospects

Strategy/Objectives

The strategy and objectives of the VRL group to enhance shareholder value are summarised as follows:

- Ongoing improvement in sustainable operating earnings and cash flow of each division, including adapting to changing consumer preferences;
- Continued development of innovative and competitive products and services such as higher yielding cinema offerings and site refurbishments in the Cinema Exhibition division, new attractions and events for the Theme Parks division, and ongoing business development for the Marketing Solutions division;
- Ongoing monitoring of opportunities in relation to the Group's involvement in theme parks in China and South East Asia;
- Commitment to delivering enhanced shareholder returns and paying dividends subject to the reduction of debt and performance recovering from the impact of COVID-19 and meeting expectations, and available operating free cash flow.
- Continuing to manage costs and overheads.

Business Risks

Material business risks that could have an effect on the financial prospects of the VRL group, and the way in which the VRL group seeks to address some of these risks, are as follows:

- Pandemic and Government restrictions – pandemics, like COVID-19, have a wide reaching impact to the activity levels within the community, the economy and the operations of the Group. Theme Parks and Cinema Exhibition businesses operate public venues and can be severely affected by the response of Governments in dealing with an outbreak;
- Consumer spending – a shift in the patterns with which consumers spend their disposable income could impact the Group in all of its businesses. Historical experience has shown that the Group's entertainment offerings are generally impacted less by economic downturns compared to other discretionary expenditures of consumers;
- Competition – all of the Group's businesses are continuously vying for customers against a wide variety of competitive forces;
- Technology – the media through which people receive entertainment content is ever-changing, with increased digitalisation and portability being key focuses for many consumers, although the appeal of the Group's 'out-of-home' entertainment experiences appear to have reduced the extent and impact of this issue;
- Piracy – the ongoing issue of film piracy poses a challenge to the Group's Cinema Exhibition and Film Distribution businesses, and the VRL group is actively working with other industry participants to reduce the severity of this risk – legislative changes in Australia were implemented in FY2018, which has resulted in a significant number of sites being blocked;
- Lack of quality films – the Cinema Exhibition and Film Distribution businesses are dependent on a solid and reliable flow of quality, high grossing film content. This risk has been partly mitigated in Film Distribution by long term supply contracts with major suppliers, including Warner Bros., and in Cinema Exhibition by new offerings (e.g. **Gold Class, Junior**) and alternative content and uses;
- Film production volatility – film production is an inherently volatile business, which could impact the Cinema Exhibition and Film Distribution divisions;

OPERATING AND FINANCIAL REVIEW (continued)
Business Objectives and Future Prospects (continued)
Business Risks (continued)

- Weather – extreme weather events can challenge admission levels at the Group's Theme Parks businesses, with potential customers not travelling to such destinations when the weather is severe, such as floods or cyclones. The VRTP ticketing strategy seeks to partially address this risk by allowing tickets to be utilised when better weather returns;
- Safety – the Theme Parks and Cinema Exhibition businesses operate public venues and (in the case of Theme Parks) rides and other attractions, with the consequence that there is risk of physical injury or harm. The VRL group takes its commitment to the safety of both its staff and its patrons at all of the Group's venues very seriously, primarily in order to ensure that a safe environment is always provided for patrons and staff, and as a secondary issue, to minimise any adverse legal or reputational consequences of any serious incidents. As demonstrated following the tragedy at Dreamworld in October 2016, the VRL group can still be impacted by issues at non-VRL group attractions;
- Development and subsequent operation – the building of either new cinema sites or theme parks, both in Australia and overseas, involves inherent risks to such development projects, including cost and time overruns, community distaste for a project, regulatory hurdles and various governmental requirements and permissions, and the subsequent operational performance of the new developments. However, due to the diversity and scale of the VRL group's other businesses, any adverse impact on the Group from any individual development or new operation, whether in Australia or elsewhere, is not expected to be significant, and the expertise and experience of the Group in delivering and operating such projects mitigates this risk. It is noted that the Group does not have any equity investments in its management contracts in Asia; and
- International tourism – tourism can be affected by multiple factors including foreign currency exchange rates, severe weather, disease outbreaks and terrorism threats.

Future Prospects

The FY2021 outlook and Company forecasts are based on the current environment and expectations around future trading conditions. These are subject to change, particularly when considering unknown factors such as further COVID-19 lock down periods, cross border closures, social distancing restrictions and the status of a vaccine.

VRL's Gold Coast theme parks (Warner Bros. Movie World, Sea World, Wet'n'Wild, Paradise Country, Australian Outback Spectacular) and other assets (Sea World Resort, Topgolf, Studios) have had their COVID Safe plans approved by the Queensland Government. Theme Parks are currently restricted to 50% capacity with guests predominantly from the local Queensland market.

Given the ongoing Queensland border closure with Victoria and New South Wales, Theme Parks' recovery will take time. The FY2021 outlook has been prepared on management's assumption that interstate visitors and international visitors from New Zealand will be able to visit Gold Coast from October/November 2020 onwards. Guests from other international markets are not assumed to visit parks in FY2021.

The Company assumes favourable trading from November onwards, supported by the opening of key attractions at the *New Atlantis Precinct - Vortex* before December 2020 and *Leviathan* roller coaster during Easter school holidays in 2021.

In the Cinema Exhibition division, all cinemas in Victoria are currently closed and are assumed to reopen in October 2020. Cinemas elsewhere are trading under social distancing rules. Film product is expected to resume in late August 2020 with the recent release of the Warner Bros. title *Tenet*, however, many other major titles have been deferred into calendar year 2021. This will put downward pressure on the earnings capacity of the cinema circuit until that time.

Both of these factors result in the Company anticipating lower than usual operating cashflows in FY2021.

The Company has benefited from the deferral of rental expenses and deferred payment of some supplier invoices in FY2020. This will reverse in FY2021 assuming a resumption of trading as set out above. Together with the lower than usual trading cash flow mentioned above, this is estimated to result in an overall neutral to slightly positive free cash flow (before capital expenditure) for the VRL group for FY2021. This includes support from the Commonwealth Government's JobKeeper scheme in 1Q FY2021.

Capital expenditure for the Group for FY2021 is anticipated to be in the region of $70 - $75 million. The majority of the capex is related to the Theme Parks division and mostly relates to the completion of the *New Atlantis Precinct* at Sea World, the refurbishment of the Sea World Resort and the decommissioning of two end of life rides. Some of the capital spend in FY2021 is subject to being able to carry out works under an ongoing COVID-19 impacted environment.

VRL is currently operating on a negative cash basis and expects this will continue for several months. The additional $70 million facility will support the Company during 1H FY2021 as key businesses start to recover from the pandemic impact. VRL expects that the additional debt facility will be sufficient for the Company to fund its cash needs for the next 12 months.

SHARE OPTIONS

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 21 to the Financial Statements. There has been no change to the unissued shares since the end of the year and up to the date of this report. Details of share, option and "in-substance option" transactions in relation to Directors and other Key Management Personnel of the consolidated entity are set out in the Remuneration Report.

INDEMNIFYING AND INSURANCE OF OFFICERS AND AUDITORS

Since the commencement of the financial year, the Company has not indemnified any person who is or has been an officer or auditor of the Company or related body corporate against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer or auditor, nor has the Company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer or auditor other than an un-allocated group insurance premium which has been paid to insure each of the Directors and Secretaries of the Company or related body corporate against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the Company or related body corporate, other than conduct involving wilful breach of duty.

REMUNERATION REPORT

The Remuneration Report, which forms part of this Directors' Report, is set out on pages 16 to 28.

DIRECTORS' MEETINGS

The following table sets out the attendance of Directors at formal Directors' meetings and committee of Directors' meetings held during the period that the Director held office and was eligible to attend:

NAME OF DIRECTOR	NUMBER OF MEETINGS HELD WHILE IN OFFICE				NUMBER OF MEETINGS ATTENDED			
	Formal	Audit & Risk	Remun-eration	Corporate Governance and Nomination	Formal	Audit & Risk	Remun-eration	Corporate Governance and Nomination
Robert G. Kirby	21	-	-	-	21	-	-	-
Graham W. Burke	21	-	-	-	21	-	-	-
John R. Kirby	21	-	-	-	21	-	-	-
Jennifer Fox Gambrell	21	4	3	10	21	4	3	10
Robert Le Tet	21	4	3	10	21	4	3	10
Timothy M. Antonie	4	2	2	9	3	2	2	9
Peter C. Tonagh	20	4	3	8	20	4	3	8
Anna M. Duran	17	-	-	1	17	-	-	1

An Independent Board Committee ("IBC") was established during the year, chaired by Peter C. Tonagh with Robert Le Tet, Jennifer Fox Gambrell and Anna M. Duran as additional members. Each member of the IBC attended all of its 17 meetings.

Procedural meetings attended by a minimum quorum of three Directors to facilitate document execution and incidental matters are not included in determining the number of Directors' meetings held.

TAX CONSOLIDATION

A description of the VRL group's position in relation to Australian Tax Consolidation legislation is set out in Note 5 to the Financial Statements.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration to the Directors of the Company, which forms part of this Directors' Report, is set out on page 15.

NON-AUDIT SERVICES PROVIDED BY AUDITOR

Details of the non-audit services provided by the auditor are set out in Note 28 to the Financial Statements. The non-audit services summarised in Note 28 were provided by the VRL group's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

ROUNDING

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

Signed in accordance with a resolution of the Directors at Melbourne this 28th day of August 2020.

R.G. Kirby
Director

RECONCILIATION OF RESULTS

For the year ended 30 June 2020

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(i) Reconciliation of results:												
Continuing Operations:												
Earnings before Interest, Tax, Depreciation and Amortisation, including fixed lease costs, excluding material items of income and expense ("EBITDA")	36,294	76,541	8,532	53,909	3,772	8,616	3,063	5,265	(20,544)	(19,472)	31,117	124,859
Fixed lease costs[1]	3,559	-	43,304	-	1,269	-	252	-	3,391	-	51,775	-
Depreciation and amortisation[2]	(44,104)	(45,828)	(45,821)	(17,393)	(4,482)	(3,563)	(1,160)	(1,736)	(5,495)	(1,904)	(101,062)	(70,424)
Finance costs before finance restructuring costs[2]	(17,619)	(17,947)	(15,679)	(3,990)	(3,256)	(4,571)	(2,282)	(3,206)	(2,259)	(115)	(41,095)	(29,829)
Interest income	59	148	63	152	412	634	53	57	482	380	1,069	1,371
Operating (loss) profit before tax and material items of income and expense	(21,811)	12,914	(9,601)	32,678	(2,285)	1,116	(74)	380	(24,425)	(21,111)	(58,196)	25,977
Income tax benefit (expense), excluding material items	5,056	(5,314)	2,196	(9,773)	(1,902)	(600)	(400)	(427)	7,895	10,431	12,845	(5,683)
Operating (loss) profit after tax, before material items of Income and expense	(16,755)	7,600	(7,405)	22,905	(4,187)	516	(474)	(47)	(16,530)	(10,680)	(45,351)	20,294
Non-controlling interest, excluding material items	2,008	622	-	-	-	-	(87)	(336)	-	-	1,921	286
Attributable operating (loss) profit after tax, before material items of income and expense ("NPAT")	(14,747)	8,222	(7,405)	22,905	(4,187)	516	(561)	(383)	(16,530)	(10,680)	(43,430)	20,580
Material items of income and expense before tax	(33,897)	(8,877)	(12,000)	9,933	(37,279)	(21,542)	(9,871)	(614)	(1,951)	(15,677)	(94,998)	(36,777)
Income tax benefit (expense) – material items	7,951	1,032	3,600	95	6,061	3,462	(416)	162	585	2,152	17,781	6,903
Material items of income and expense after tax	(25,946)	(7,845)	(8,400)	10,028	(31,218)	(18,080)	(10,287)	(452)	(1,366)	(13,525)	(77,217)	(29,874)
Material items – non-controlling interest	3,292	2,687	-	-	-	-	-	32	-	-	3,292	2,719
Material items – (loss) profit after tax & non-controlling interest	(22,654)	(5,158)	(8,400)	10,028	(31,218)	(18,080)	(10,287)	(420)	(1,366)	(13,525)	(73,925)	(27,155)
Total (loss) profit before tax from continuing operations	(55,708)	4,037	(21,601)	42,611	(39,564)	(20,426)	(9,945)	(234)	(26,376)	(36,788)	(153,194)	(10,800)
Total income tax benefit (expense) from continuing operations	13,007	(4,282)	5,796	(9,678)	4,159	2,862	(816)	(266)	8,480	12,584	30,626	1,220
Total non-controlling interest	5,300	3,309	-	-	-	-	(87)	(304)	-	-	5,213	3,005
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income	(37,401)	3,064	(15,805)	32,933	(35,405)	(17,564)	(10,848)	(804)	(17,896)	(24,204)	(117,355)	(6,575)
Discontinued Operations:												
Attributable profit after tax from discontinued operations											-	-
Net loss attributable to the members of Village Roadshow Limited											(117,355)	(6,575)

RECONCILIATION OF RESULTS (continued)

For the year ended 30 June 2020

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER		TOTAL	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(ii) Material items of income and expense from continuing operations:												
Gain on disposal from sale and leaseback of property	-	-	-	10,248	-	-	-	-	-	-	-	10,248
Loss on disposal of businesses	-	(1,928)	-	-	-	-	(920)	-	-	-	(920)	(1,928)
Impairment of assets	(33,897)	(5,685)	(12,000)	-	(37,279)	(11,819)	(8,951)	-	-	(477)	(92,127)	(17,981)
Other provision adjustments	-	-	-	-	-	(7,688)	-	-	-	(8,026)	-	(15,714)
Restructuring costs	-	(1,264)	-	(315)	-	(2,035)	-	(614)	(1,951)	(7,174)	(1,951)	(11,402)
Total (loss) profit from material items of income and expense before tax	(33,897)	(8,877)	(12,000)	9,933	(37,279)	(21,542)	(9,871)	(614)	(1,951)	(15,677)	(94,998)	(36,777)
Income tax benefit (expense)	7,951	1,032	3,600	95	6,061	3,462	(416)	162	585	2,152	17,781	6,903
Total non-controlling interest – material items	3,292	2,687	-	-	-	-	-	32	-	-	3,292	2,719
Total attributable (loss) profit from material items of income and expense after tax	(22,654)	(5,158)	(8,400)	10,028	(31,218)	(18,080)	(10,287)	(420)	(1,366)	(13,525)	(73,925)	(27,155)
(iii) Loss per share:												
Basic EPS											(60.1c)	(3.4c)
Diluted EPS											(60.1c)	(3.4c)
(iv) (Loss) earnings per share adjusted to eliminate loss from discontinued operations and material items of income and expense after tax from the calculations:												
Basic EPS											(22.2c)	10.7c
Diluted EPS											(22.2c)	10.7c

[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(b)(ii) in the Financial Statements for further information.

[2] Under AASB 16, right-of-use assets have been recognised and $34.8 million has been depreciated during the year, and included in total depreciation and amortisation expense. Under AASB 16, additional lease liabilities have been recognised and $16.5 million of interest from these lease liabilities for the year has been included in total finance costs. Refer to Note 1(b)(ii) in the Financial Statements for further information.

Note:
The Village Roadshow Limited group ("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 before material items of income and expense and discontinued operations. These measures are used internally by management to assess the performance of the business, make decisions on the allocation of resources and assess operational management. Non-IFRS measures have not been subject to audit or review, however all items used to calculate these non-IFRS measures have been derived from information used in the preparation of the audited financial statements.

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

As lead auditor for the audit of the financial report of Village Roadshow Limited for the financial year ended 30 June 2020, 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 audit; and

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

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

Ernst & Young

Kylie Bodenham
Partner
Melbourne
28 August 2020

REMUNERATION REPORT

STRUCTURE OF THIS REPORT

The information in this Remuneration Report ("Report") for the year ended 30 June 2020 ("FY2020") has been audited as required by Section 308(3C) of the *Corporations Act 2001* ("the Act") and forms part of the Directors' Report in accordance with Section 300A of the Act. The Report is organised as follows:

1. Scope of the Remuneration Report	
2. Remuneration strategy and governance	(a) Remuneration framework summary (b) Remuneration governance (c) Changes implemented in FY2020 and impact of COVID-19
3. Remuneration framework	(a) Fixed compensation (b) Short-term incentives (c) Long-term incentives
4. Remuneration outcomes and corporate performance	(a) Performance against financial metrics (b) Remuneration outcomes compared to metrics (c) Remuneration of Key Management Personnel (d) Five year company performance
5. Employment contracts	(a) Executive Directors (b) Executive Committee (c) Chief Executive Officer
6. KMP transactions and holdings	(a) Ordinary shares held by KMP (b) 'In substance options' held by KMP (c) Options over ordinary shares held by KMP
7. Non-executive Director remuneration	(a) Remuneration summary (b) Directors' Share Plan
8. Other transactions with KMP	

1. SCOPE OF THE REMUNERATION REPORT

This Report details the remuneration arrangements for directors and senior executives of VRL. These key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities ("the Group", "VRL group" or "consolidated entity"). The names, positions, and terms of KMP active during FY2020 are as follows:

Name	Title/Position	Started as KMP	Cessation	Current Category
Robert G. Kirby	Chairman	5 July 2001	-	Executive Director
Clark J. Kirby	Chief Executive Officer	1 December 2010	-	Executive Committee Member
Julie E. Raffe	Finance Director	28 September 1992	-	Executive Committee Member
Simon T. Phillipson	General Counsel	13 May 1996	-	Executive Committee Member
Graham W. Burke	Non-Executive Director	9 September 1988	-	Non-Executive Director
John R. Kirby	Non-Executive Director	12 August 1988	-	Non-Executive Director
Robert Le Tet	Independent Director	2 April 2007	-	Non-Executive Director
Timothy M. Antonie	Lead Independent Director	1 December 2010	4 December 2019	Non-Executive Director
Jennifer Fox Gambrell	Independent Director	19 November 2015	-	Non-Executive Director
Peter C. Tonagh	Lead Independent Director	18 July 2019	-	Non-Executive Director
Anna M. Duran	Independent Director	4 December 2019	-	Non-Executive Director

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2. REMUNERATION STRATEGY AND GOVERNANCE

(a) Remuneration framework summary

The Board is committed to transparent and constructive relationships with shareholders, and regularly reviews remuneration arrangements, to ensure they meet the needs of the business and shareholder expectations. The Group's remuneration strategy is to provide a locally and internationally competitive offer, with a significant 'at-risk' component to motivate short and long-term performance in line with its business strategy. The Group's businesses are global, competitive, complex and fast-moving, with ongoing changes in consumer behaviour and technology creating new challenges for operators. The Board is conscious of the need to attract and retain talented senior executives in a global marketplace where industry experience and networks are critical to success. As a result, VRL benchmarks its senior executive roles against both international and local comparators. There are few directly comparable businesses operating in the Australian market, particularly in relation to the breadth of the operations. The challenges, and the opportunities, that this mix of characteristics brings results in the need for remuneration generally being higher than local senior executive roles for businesses of comparable size.

The Group's remuneration strategy is designed to motivate executives to deliver shareholder value in the short and long-term. The 'at-risk' component of executive remuneration in FY2020 is payable based on achieving the VRL group's FY2020 EBITDA budget and not exceeding FY2020 budget capital expenditure. Executives also hold substantial interests in the Company in the form of shares and options, further aligning their interests to those of the shareholders, and are prohibited from hedging those interests while in office.

The Group's executive remuneration framework is as shown in the table below. The overall Group remuneration objective is to reinforce the short, medium and long-term financial targets and business strategies of the Group and provide a common interest between executives and shareholders by aligning the rewards that accrue to executives with the creation of value for shareholders.

	OBJECTIVE		
	Provide competitive, fair and appropriate compensation	Link remuneration to operational goals and individual performance	Align to shareholder wealth creation
Remuneration structure	BASE REMUNERATION	'AT-RISK' REMUNERATION	
		Short-term incentives	Long-term incentives
Remuneration components	Base salary, superannuation and benefits	Annual cash bonuses	Shares and options
Purpose	Reward for role, size and complexity, individual contribution and competence	Reward for contribution to annual targets and individual performance demonstrated	Reward for creation of long-term, sustainable growth

(b) Remuneration governance

A summary of the Group's remuneration governance is set out below. The charter, role, responsibilities, operation and membership of the Remuneration Committee of the Board are set out in the Company's Corporate Governance Statement which is available on the Company's website at **www.villageroadshow.com.au**.

Board
Approves remuneration of Executive Directors and senior executives
Sets Non-Executive Director remuneration

↑

Remuneration Committee
Comprising independent Non-Executive Directors
Recommends remuneration for Executive Directors and senior executives
Reviews remuneration at least annually

↑

Using this information
Advice from independent remuneration consultants
Input from management on business performance
International practices in the entertainment industry
Local expectations and practices

↑

Based on our remuneration principles
Reinforce strategic business plans
Align to shareholder value creation
Compete for talent
Retain and motivate our people

2. REMUNERATION STRATEGY AND GOVERNANCE (continued)

(c) Changes Implemented in FY2020 and Impact of COVID-19

The Group's businesses have been significantly impacted by COVID-19 following the temporary closure of its key businesses in Theme Parks and Cinema Exhibition. In order to mitigate the significant adverse impact of COVID-19, the Board implemented a number of measures to conserve capital and maintain liquidity, to ensure the it would be able to re-open its businesses when appropriate. These measures included cost reduction strategies including a freeze on all non-essential uncommitted capital expenditure, travel and consultancy work. Even so, the Group's attributable net loss increased from $6.6 million in FY2019 to $117.4 million in the current financial year. Some of the measures introduced were the following changes to KMP remuneration, implemented with effect from March 2020:

(i) A reduction in KMP fixed compensation for the balance of FY2020; and

(ii) Other than as set out in existing individual executive contracts, no short-term incentives are payable for KMP in respect of FY2020.

3. REMUNERATION FRAMEWORK

The Group's remuneration framework for FY2020 is set out below and has three components: fixed compensation, short-term incentives ("STI") and long-term incentives ("LTI").

(a) Fixed compensation

Objective	Provide a level of fixed compensation which is fair, reasonable and appropriate to attract and retain executives having regard to the seniority of the position, and the competitiveness of the market (both locally and globally where appropriate).
Composition	Cash, superannuation, insurance, car allowance or lease and other fringe benefits.
Benchmarks	Reviewed annually by the Remuneration Committee based on the scale and complexity of the role, benchmarked against comparable roles in the international and local market and having regard to VRL group's operating performance. Fixed compensation is set taking into account the levels of STI and LTI opportunities.

The Group provides benefits such as vehicles maintained by the Group, vehicle leases or car allowances as part of fixed remuneration. Superannuation or retirement benefit amounts within statutory limits are also paid, including various ancillary insurance covers.

The grossed-up taxable values of these benefits have been included as a non-monetary benefit, with the details of the value of these benefits set out on pages 22 and 23 of this Report.

(b) Short-term incentives

Objective	Link executive remuneration to the achievement of annual operational targets. Levels are set by balancing the incentive offered with the cost to the Group, and to ensure that a large proportion of an executive's remuneration is 'at-risk', with the proportion 'at-risk' increasing with the seniority of the executive.		
Eligibility	Senior executives.		
Opportunity	Executive Directors – 100% of base remuneration (excluding superannuation) Executive Committee Members - 100% of base remuneration (excluding superannuation)		
Performance measures	**Measure**	**Calculation**	**% component**
	Earnings before interest, tax, depreciation and amortisation ("EBITDA") and comparison to FY2020 budget capital expenditure	EBITDA, excluding material items of income and expense and discontinued operations and not exceeding FY2020 budget capital expenditure.	100% if EBITDA budget achieved and the FY2020 budget capital expenditure is not exceeded
Clawback	There is a Clawback policy in respect of incentives provided to executives within the Group in the event that there is an amendment to previously reported results.		
Review	Proposed bonus payments to Executive Committee Members are reviewed and approved by the Remuneration Committee.		

3. REMUNERATION FRAMEWORK (continued)

(b) Short-term incentives (continued)

Compensation for deferred grant date	With the appointment of Ms. J.E. Raffe as Finance Director of the Company in May 2012, Ms. Raffe's proposed Executive Share Plan ("ESP") allocation was delayed from the June 2012 ESP allotment to other Executive Committee members, granted at $3.14, to 29 November 2012 to allow for shareholder approval at the Company's 2012 annual general meeting, following which the ESP shares were issued at $3.78. The Company agreed to compensate Ms. Raffe with an additional bonus at the time of her future sale of these ESP shares for the additional value, if any, foregone by the deferred grant date. This potential bonus payment to Ms. Raffe represents a cash-settled share-based payment estimated to be a maximum of $275,439, to be re-assessed at each financial year for changes in expected probability of payment. The fair value of this additional bonus amount was estimated on the basis of the estimated after-tax impact of $0.64 per share, being the difference between $3.78 and $3.14, and is accrued for over the 5 years from date of grant, being nil for the 2020 financial year (2019: $nil).

As part of agreed contractual arrangements entered into with Mr. S.T. Phillipson in 2006, he is entitled to an annual minimum short-term incentive bonus of $200,000. No bonus has been paid to Mr. Phillipson in respect of the 2018, 2019 and 2020 financial years. The amount of $600,000 has been accrued in the FY2020 year in respect of the total of these amounts and is shown in the table on page 22. This accrual will be paid when bonuses to other senior executives are resumed.

(c) Long-term incentives

(i) Executive Share Plan ("ESP")

Objective	Retention of key executive talent and alignment with interests of shareholders, which encourages a sense of ownership by the holders. Shares may be allotted annually based on seniority, personal and company performance factors.
Eligibility	All Executive Committee Members and other executives.
Instrument	The Remuneration Committee issues restricted shares for purchase by executives using a limited recourse loan. The shares are held directly by the executive who pays for the allotment by obtaining a loan from the consolidated entity which holds security over the shares. Under the terms of that loan, the holder is restricted from selling or otherwise dealing with the shares while they are restricted. Any value accruing to the recipient is derived from improvement in the Company's share price and dividends and distributions by the Company.
Grant value	An allotment under the Executive Share Plan of 200,000, 150,000 and 200,000 shares was made on 16 July 2019 to Ms J.E. Raffe, and Messrs. S.T. Phillipson and C.J. Kirby respectively at $2.77 per share. The fair value of each 'in-substance' option estimated at the date of issue was $0.53, $0.56 and $0.60 for tranches 1, 2 and 3 respectively. On 7 December 2018, an allotment of 200,000, 150,000 and 200,000 shares was made to Ms J.E. Raffe, and Messrs. S.T. Phillipson and C.J. Kirby respectively at $2.50 per share. The fair value of each 'in-substance' option estimated at the date of the issue was $0.59, $0.61 and $0.62 for tranches 1, 2 and 3 respectively. For details of current grants to Executive Committee Members, see 'In Substance Options' on page 25 of this Report. The notional adjusted equity value of ESP allotments and the percentage of each Executive Committee Member's total remuneration under the LTI are detailed on pages 22 and 23 of this Report.
Grant price	Shares are issued at the 5-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The loans issued prior to 1 July 2016 bear interest at the lower of twenty cents and the cash dividend paid per share per annum and the first twenty cents of dividends per share per year is used to repay the interest charged. 50% of the remaining dividend per share is used to repay the capital amount of the loan. If the loan balance owing falls below $2.00 per share, the interest rate becomes 10% of the balance owing on the loan. All loans issued post 1 July 2016 bear interest at the lower of twenty five cents and the cash dividend paid per share per annum. The first twenty five cents of dividends per share per interest year is used to repay the interest charged, and 50% of the remaining dividend per share is used to repay the capital amount of the loan. If the loan balance owing falls below $2.50 per share, the interest rate becomes 10% of the balance owing on the loan.
Vesting schedule	For allotments made prior to 1 July 2016, one third of the grant is earned and becomes exercisable at the end of years 3, 4 and 5 from the date of issue. For allotments made after 1 July 2016, on the third anniversary of the date of issue and each of the following two anniversaries, up to one third of the shares will become exercisable providing pre-determined Total Shareholder Return ("TSR") hurdles are satisfied.

3. REMUNERATION FRAMEWORK (continued)

(c) Long-term incentives (continued)

(i) Executive Share Plan ("ESP") (continued)

Performance hurdles	There are no specific performance conditions for the removal of restrictions over shares granted under the ESP prior to 1 July 2016. Allotments granted after 1 July 2016 are subject to TSR hurdles on the third, fourth and fifth anniversary of the share issue. The hurdle compares the Company's TSR against the TSR for an ASX Comparison Group for the equivalent period. If the Company's TSR equals or exceeds the 50% median ASX Comparison Group, then 50% of the relevant tranche will become exercisable. If the TSR equals or exceeds the 75% median of the Comparison Group then 100% of the tranche will become exercisable. If the Company's TSR falls between those two levels, a pro-rata proportion will become free of restrictions. If the TSR is negative or below the 50% median of the Comparison Group, that tranche will not vest.
Termination / forfeiture	If the Executive Committee Member resigns or is dismissed, the restricted shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by the Company's Remuneration Committee. If the market value of the remaining shares at the end of the six month period is less than the amount owing on the loan, the Company buys back the shares and cancels them in repayment of the loan without further recourse to the former Executive Committee Member. There are no provisions for the automatic removal of holding restrictions on the relevant shares in the event of a change of control of the Company.
Hedging	Consistent with the *Corporations Act 2001*, Executive Committee participants are prohibited from hedging their ESP shares.
Dilution	The ESP allows for the issue of up to 5% of the Company's issued shares to executives and employees of the consolidated entity and significant associated entities.
Valuation	The fair value of these 'in substance option' grants are amortised on a straight-line basis over five years. The Group does not consider it is appropriate to ascribe a 'value' to the LTI for remuneration purposes other than the amortised fair value measurement in accordance with the provisions of AASB 2: *Share-based Payment.* From 1 January 2005, options or 'in substance options' granted have been valued using the Black Scholes or binomial option-pricing model or the Monte Carlo simulation technique, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option. The Group has used the fair value measurement provisions of AASB 2: *Share-based Payment* for all options or equity instruments granted after 7 November 2002 which had not vested as at 1 January 2005. Under AASB 2: *Share-based Payment* these are all required to be accounted for and valued as equity-settled options. For the purpose of this Report, these have been referred to as 'in substance options' even where the equity instrument itself is not a share option.

(ii) CEO Option Plan

During the prior year all the options remaining under the CEO Option Plan lapsed and none remained at 30 June 2019. No options were issued in FY2020 and the plan has expired.

Objective	Retention of key executive talent and alignment of interests with shareholders. In October 2012, the employment contract of Mr. Graham Burke was extended to December 2017 and included a replacement option plan for the previously expired option plan.
Eligibility	Mr. Graham Burke
Instrument	Options over ordinary shares. The options were not transferable and did not confer any right to participate in bonus issues or cash issues of ordinary shares. They did not carry voting or dividend rights and were not listed for quotation on ASX. All options under this option plan have either lapsed or been exercised and none remain at 30 June 2019.
Grant value	4.5 million options were issued on 29 November 2012. The fair value of each option estimated at date of grant on 29 November 2012 was \$0.73, \$0.74 and \$0.75 for Tranches 1, 2 and 3 respectively. The notional adjusted equity value of the option allotment and the percentage of Mr. Burke's total remuneration are detailed on pages 22 and 23 of this Report.
Grant price	The option exercise price was adjusted for discounted cash issues, and the number of shares issued on exercise of an option adjusted for bonus issues of shares. The options were initially exercisable at \$3.76 per share. Following the \$0.25 per share reduction of share capital approved by shareholders at the Annual General Meeting on 29 November 2013, the exercise price of the options was reduced to \$3.51 per share, effective from 31 December 2013. Following the pro-rata non-renounceable 5 for 26 rights issue in July 2018, the exercise price of the remaining options was reduced to \$3.41.
Hedging	Consistent with the *Corporations Act* 2001 and under the terms of the Option Plan, Mr. Burke was prohibited from hedging his unvested options.

3. REMUNERATION FRAMEWORK (continued)

(c) Long-term incentives (continued)

(ii) CEO Option Plan (continued)

Other than the CEO Option Plan outlined on page 20, the Executive Directors do not have any other LTI's, however as noted on page 5 of the Directors' Report, given the Executive Directors' shareholdings, their long-term interests are aligned with other shareholders.

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE

Since March 2020, COVID-19 has had a significant impact on all the Group's businesses and accordingly EBITDA has been adversely affected. This impact is reflected in executive remuneration outcomes, as outlined below.

(a) Performance against financial metrics

EBITDA, including fixed lease costs, excluding material items of income and expense and discontinued operations	$31.1 million

(b) Remuneration outcomes compared to metrics

Executive remuneration outcomes for FY2020 compared to the Company's metrics are outlined below.

(i) Short-term incentives ("STI")

Short-term incentive components	% 'at-risk' for Executive Directors	% 'at-risk' for Executive Committee Members	Earned/Awarded
EBITDA adjusted downwards if actual capital expenditure exceeds budget	100%	100%	Not earned

(ii) Long-term incentives ("LTI")

Executive Share Plan

Executive Committee Members can participate in the ESP, together with other executives from across the Group. ESP shares may be allotted annually based on seniority, personal and company performance factors.

An allotment of 200,000, 150,000 and 200,000 shares was made on 16 July 2019 to Ms J.E. Raffe, and Messrs. S.T. Phillipson and C.J. Kirby respectively at $2.77 per share. The fair value of each 'in-substance' option estimated at the date of the issue was $0.53, $0.56 and $0.60 for tranches 1, 2 and 3 respectively.

On 7 December 2018, an allotment of 200,000, 150,000 and 200,000 shares was made to Ms J.E. Raffe, and Messrs. S.T. Phillipson and C.J. Kirby respectively at $2.50 per share. The fair value of each 'in-substance' option estimated at the date of the issue was $0.59, $0.61 and $0.62 for tranches 1, 2 and 3 respectively.

(c) Remuneration of Key Management Personnel

The following tables show the total remuneration for all KMP for FY2020 and FY2019 calculated in accordance with Australian Accounting Standards.

REMUNERATION REPORT (continued)

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE (continued)

(c) Remuneration of Key Management Personnel (continued)

Compensation of Key Management Personnel of the Company and the Group for the year ended 30 June 2020

				SHORT-TERM BENEFITS				POST EMPLOYMENT		LONG-TERM BENEFITS					
NAME	POSITION (positions do not necessarily co-incide with employment dates)	YEAR	NOTE	Salary & Fees	Cash Bonus S.T.I.	Non-monetary Benefits	Other	Super-annuation	Retirement Benefits	Incentive Plans	Leave Accruals [4]	TERMIN-ATION PAYMENT	L.T.I SHARE-BASED PAYMENT	TOTAL	TOTAL % PERFOR-MANCE RELATED PAY
Directors															
Robert G. Kirby	Executive Chairman	2020		1,079,329	-	12,478	-	25,000	-	-	8,548	-	-	1,125,355	-
	KMP since 05/07/2001	%		95.91	-	1.11	-	2.22	-	-	0.76	-	-	100.00	
Graham W. Burke	Non-executive Director	2020	6	683,130	-	1,738	-	13,755	-	-	481,489	-	-	1,180,112	-
	KMP since 09/09/1988	%		57.88	-	0.15	-	1.17	-	-	40.80	-	-	100.00	
John R. Kirby	Non-executive Director	2020		68,493	-	2,736	-	6,507	-	-	-	-	-	77,736	-
	KMP since 12/08/1988	%		88.11	-	3.52	-	8.37	-	-	-	-	-	100.00	
Peter C. Tonagh	Independent Director	2020	1	126,239	-	988	73,970	11,993	-	-	-	-	-	213,190	-
	KMP since 18/07/2019	%		59.21	-	0.46	34.70	5.63	-	-	-	-	-	100.00	
Jennifer Fox	Independent Director	2020	1	27,375	-	-	127,500	-	-	-	-	-	-	154,875	-
Gambrell	KMP since 19/11/2015	%		17.68	-	-	82.32	-	-	-	-	-	-	100.00	
Robert Le Tet	Independent Director	2020	1	25,000	-	-	127,500	2,375	-	-	-	-	-	154,875	-
	KMP since 02/04/2007	%		16.14	-	-	82.33	1.53	-	-	-	-	-	100.00	
Anna M. Duran	Independent Director	2020		72,126	-	-	-	6,852	-	-	-	-	-	78,978	-
	KMP since 04/12/2019	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
Timothy M. Antonie	Independent Director	2020		58,443	-	-	-	5,552	-	-	-	-	-	63,995	-
	KMP from 01/12/2010 to 04/12/2019	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
	Director Subtotals			**2,140,135**	**-**	**17,940**	**328,970**	**72,034**	**-**	**-**	**490,037**	**-**	**-**	**3,049,116**	
Executives															
Julie E. Raffe	Finance Director	2020	2, 3	736,463	-	35,230	5,951	25,000	-	-	4,115	-	64,216	870,975	7.37%
	KMP since 28/09/1992	%		84.57	-	4.04	0.68	2.87	-	-	0.47	-	7.37	100.00	
Simon T. Phillipson	General Counsel and Company Secretary	2020	2, 3, 5	578,847	600,000	19,117	4,494	25,000	-	-	5,741	-	57,072	1,290,271	50.93%
	KMP since 13/05/1996	%		44.87	46.50	1.48	0.35	1.94	-	-	0.44	-	4.42	100.00	
Clark J. Kirby	Chief Executive Officer	2020	2, 3	908,765	-	1,368	840	25,000	-	-	5,106	-	89,280	1,030,359	8.66%
	KMP since 01/12/2010	%		88.20	-	0.13	0.08	2.43	-	-	0.50	-	8.66	100.00	
	Executive Committee Subtotals			**2,224,075**	**600,000**	**55,715**	**11,285**	**75,000**	**-**	**-**	**14,962**	**-**	**210,568**	**3,191,605**	
Total for Key Management Personnel for 2020				**4,364,210**	**600,000**	**73,655**	**340,255**	**147,034**	**-**	**-**	**504,999**	**-**	**210,568**	**6,240,721**	

1 Includes value of shares issued under the Directors' Share Plan.
2 Includes amortised value of share-based payment under the Executive Share Plan.
3 Includes other non-monetary benefit for cost of compulsory group salary continuance insurance premiums.
4 Includes the accrual of annual leave, long service leave and final adjustment on Mr. Burke's retirement as CEO.
5 Includes bonus accruals for 2018, 2019 and 2020.
6 Mr Burke retired as CEO on 31 December 2019, but remains on the Board as a Non-executive Director.

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE (continued)

(c) Remuneration of Key Management Personnel (continued)

Compensation of Key Management Personnel of the Company and the Group for the year ended 30 June 2019

				SHORT-TERM BENEFITS				POST EMPLOYMENT		LONG-TERM BENEFITS					
NAME	POSITION (positions do not necessarily co-incide with employment dates)	YEAR	NOTE	Salary & Fees	Cash Bonus S.T.I.	Non-monetary Benefits	Other	Super-annuation	Retirement Benefits	Incentive Plans	Leave Accruals [4]	TERMIN-ATION PAYMENT	L.T.I SHARE-BASED PAYMENT	TOTAL	TOTAL % PERFOR-MANCE RELATED PAY
Directors															
Robert G. Kirby	Executive Chairman	2019		1,293,769	-	30,395	-	25,000	-	-	(102,299)	-	-	1,246,865	-
	KMP since 05/07/2001	%		103.75	-	2.44	-	2.01	-	-	(8.20)	-	-	100.00	
Graham W. Burke	Chief Executive Officer	2019		1,298,239	-	55,269	-	20,531	-	-	(123,913)	-	-	1,250,126	-
	KMP since 09/09/1988	%		103.85	-	4.42	-	1.64	-	-	(9.91)	-	-	100.00	
	Executive Director Subtotals			**2,592,008**	**-**	**85,664**	**-**	**45,531**	**-**	**-**	**(226,212)**	**-**	**-**	**2,496,991**	
John R. Kirby	Non-executive Director	2019		89,041	-	2,706	-	8,458	-	-	-	-	-	100,205	-
	KMP since 12/08/1988	%		88.86	-	2.70	-	8.44	-	-	-	-	-	100.00	
David J. Evans	Independent Director	2019		40,482	-	-	-	3,846	-	-	-	-	-	44,328	-
	KMP from 02/01/2007 to 22/11/2018	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
Jennifer Fox Gambrell	Independent Director	2019	1	-	-	-	118,635	-	-	-	-	-	-	118,635	-
	KMP since 19/11/2015	%		-	-	-	100.00	-	-	-	-	-	-	100.00	
Robert Le Tet	Independent Director	2019	1	-	-	-	121,590	-	-	-	-	-	-	121,590	-
	KMP since 02/04/2007	%		-	-	-	100.00	-	-	-	-	-	-	100.00	
Timothy M. Antonie	Independent Director	2019		136,986	-	-	-	13,014	-	-	-	-	-	150,000	-
	KMP since 01/12/2010	%		91.32	-	-	-	8.68	-	-	-	-	-	100.00	
	Non-Executive Director Subtotals			**266,509**	**-**	**2,706**	**240,225**	**25,318**	**-**	**-**	**-**	**-**	**-**	**534,758**	
	Director Subtotals			**2,858,517**	**-**	**88,370**	**240,225**	**70,849**	**-**	**-**	**(226,212)**	**-**	**-**	**3,031,749**	
Executives															
Julie E. Raffe	Finance Director	2019	2, 3	785,677	-	35,214	4,856	25,000	-	-	46,836	-	23,918	921,501	2.60%
	KMP since 28/09/1992	%		85.26	-	3.82	0.53	2.71	-	-	5.08	-	2.60	100.00	
Simon T. Phillipson	General Counsel and Company Secretary	2019	2, 3	633,326	-	28,971	3,453	25,000	-	-	30,358	-	37,753	758,861	4.97%
	KMP since 13/05/1996	%		83.46	-	3.82	0.46	3.29	-	-	4.00	-	4.97	100.00	
Clark J. Kirby	Chief Executive Officer, Theme Parks	2019	2, 3	991,843	-	1,353	638	25,000	-	-	(72,298)	-	81,221	1,027,757	7.90%
	KMP since 01/12/2010	%		96.51	-	0.13	0.06	2.43	-	-	(7.03)	-	7.90	100.00	
	Executive Committee Subtotals			**2,410,846**	**-**	**65,538**	**8,947**	**75,000**	**-**	**-**	**4,896**	**-**	**142,892**	**2,708,119**	
Total for Key Management Personnel for 2019				**5,269,363**	**-**	**153,908**	**249,172**	**145,849**	**-**	**-**	**(221,316)**	**-**	**142,892**	**5,739,868**	

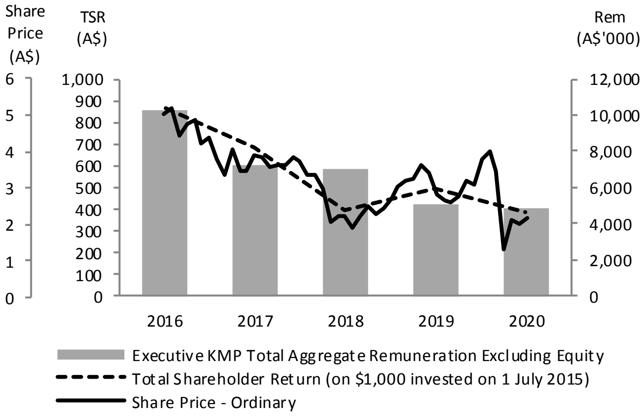
1 Includes value of shares issued under the Directors' Share Plan.
2 Includes amortised value of share-based payment under the Executive Share Plan.
3 Includes other non-monetary benefit for cost of compulsory group salary continuance insurance premiums.
4 Includes the accrual of annual leave and long service leave.

4. REMUNERATION OUTCOMES AND CORPORATE PERFORMANCE (continued)

(d) Five year company performance

Aggregate Executive KMP Remuneration compared to TSR and Share Price

The chart reflects the Total Shareholder Return ("TSR") of the Company for the current reporting period and in each of the four preceding years, based on the investment of $1,000 in ordinary shares on 1 July 2015. It also shows the share price movement of the Company's ordinary shares over the five years to 30 June 2020, historically adjusted downwards for returns of capital and special dividend payments over the period.



Total Shareholder Return and adjusted Ordinary share price month end closing price history – IRESS

The bar chart shows the total aggregate annual remuneration, including STI bonuses, of the Executive Directors and Executive Committee Members during FY2020 and the four preceding years for the KMP in each year. Excluded from the total aggregate remuneration is the notional value of share-based payments and any termination or retirement benefits. Over this five year period the Company's share price and TSR has been somewhat volatile with a substantial reduction up to FY2018 but with an improvement through to March FY2020 prior to the impact of COVID-19, whilst aggregate remuneration has reduced due to voluntary reductions in fixed remuneration and to the composition of the KMP in prior years.

5. EMPLOYMENT CONTRACTS

Compensation and other terms of employment for the Group's Executives are formalised in employment contracts, which are reviewed by the Remuneration Committee. The major provisions of the employment contracts relating to compensation are as set out below.

(a) Executive Directors

The ongoing employment contract dealing with remuneration of VRL's Executive Director, Mr. Robert Kirby, sets out a base remuneration package, and an annual capped incentive performance bonus payable on the Company achieving EBITDA budget for the financial year and there is no provision for pre-determined compensation in the event of termination.

(b) Executive Committee

Mr. C.J. Kirby, Mr. S.T. Phillipson and Ms. J.E. Raffe have ongoing employment agreements with the Company with no fixed expiry dates. These provide for base salary and superannuation, a Company motor vehicle provided to Ms. Raffe, and a car allowance provided to Mr. C.J. Kirby. All Executive Committee Members are also eligible to be paid an annual STI and LTI.

Payment for termination without cause is equal to twelve months of base remuneration and the Executive Committee Member is restrained from competitive employment during that period. The Group may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unexercisable LTI ESP shares are immediately forfeited and all remaining loans over such LTI shares must be repaid within 6 months of termination.

(c) Chief Executive Officer

An employment contract with Mr. Graham Burke ceased on 31 December 2019, when he retired as Chief Executive Officer. Mr. Burke remains on the Board as a Non-executive Director and is remunerated as detailed in Part 7 – Non-executive Director Remuneration, of this report on page 26. As a continuing Director, he remains a KMP.

6. KMP TRANSACTIONS AND HOLDINGS

(a) Ordinary shares held by KMP

2020

	Balance at the start of the year	Granted as remuneration[1]	On exercise of options	Net change other	Balance at the end of the year
Directors					
Robert G. Kirby[2]	77,940,322	-	-	-	77,940,322
Graham W. Burke[2]	77,940,322	-	-	-	77,940,322
John R. Kirby[2]	77,940,322	-	-	-	77,940,322
Peter C. Tonagh[3]	-	28,175	-	-	28,175
Robert Le Tet	323,359	45,851	-	-	369,210
Timothy M. Antonie[4]	26,810	-	-	-	26,810
Jennifer Fox Gambrell	105,204	45,851	-	-	151,055
Anna M. Duran[5]	-	-	-	-	-
Executives					
Julie E. Raffe	143,724	-	-	-	143,724
Clark J. Kirby	302,017	-	-	(40,000)	262,017
Simon T. Phillipson	103,174	-	-	-	103,174

2019

	Balance at the start of the year	Granted as remuneration[1]	On exercise of options	Net change other	Balance at the end of the year
Directors					
Robert G. Kirby[2]	67,946,273	-	-	9,994,049	77,940,322
Graham W. Burke[2]	67,946,273	-	-	9,994,049	77,940,322
John R. Kirby[2]	67,946,273	-	-	9,994,049	77,940,322
David J. Evans[6]	111,971	-	-	21,533	133,504
Robert Le Tet	234,432	43,843	-	45,084	323,359
Timothy M. Antonie	22,485	-	-	4,325	26,810
Jennifer Fox Gambrell	62,637	42,567	-	-	105,204
Executives					
Julie E. Raffe	-	-	-	143,724	143,724
Clark J. Kirby	-	-	-	302,017	302,017
Simon T. Phillipson	200,000	-	-	(96,826)	103,174

[1] Allotments under Directors' Share Plan from Directors Fees.
[2] Refer also to the Directors' Report disclosures for relevant interests of Directors, in relation to the 100% ownership of the immediate and ultimate parent entities of VRL.
[3] Appointed as KMP on 18 July 2019
[4] Retired on 4 December 2019 and ceased as KMP
[5] Appointed as KMP on 4 December 2019
[6] Retired on 22 November 2018 and ceased as KMP

(b) 'In substance options' held by KMP

2020

Name	Balance at the start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Executives							
Julie E. Raffe	947,360	200,000	-	(15,000)	1,132,360	702,360	-
Clark J. Kirby	737,500	200,000	-	(12,500)	925,000	500,000	-
Simon T. Phillipson	486,500	150,000	-	(12,166)	624,334	300,000	-

6. KMP TRANSACTIONS AND HOLDINGS (continued)

(b) 'In-substance options' held by KMP (continued)

2019

Name	Balance at the start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Executives							
Julie E. Raffe	747,360	200,000	-	-	947,360	702,360	-
Clark J. Kirby	537,500	200,000	-	-	737,500	400,000	-
Simon T. Phillipson	336,500	150,000	-	-	486,500	266,667	-

(c) Options over ordinary shares held by KMP

2020

Name	Balance at start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Directors							
Graham W. Burke	-	-	-	-	-	-	-

2019

Name	Balance at start of the year	Granted as remuneration	Options exercised	Net change other	Balance at the end of the year	Vested and exercisable at the end of the year	Vested and unexercisable at the end of the year
Directors							
Graham W. Burke	1,500,000	-	-	(1,500,000)[1]	-	-	-

[1] None of the vested options were exercised before the 1 March 2019 expiry date.

7. NON-EXECUTIVE DIRECTOR REMUNERATION

(a) Remuneration summary

The Board sets Non-Executive Director remuneration at a level which provides the Group with the ability to attract and retain appropriately qualified and experienced Non-Executive Directors of the highest calibre, at an acceptable cost to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the annual aggregate remuneration of Non-Executive Directors shall be determined from time to time by shareholders in general meeting. An amount not exceeding the annual aggregate remuneration so determined is then divided between the Non-Executive Directors as agreed.

The latest determination was at the Annual General Meeting held on 15 November 2012, when shareholders approved an aggregate remuneration level for Non-Executive Directors of $1,300,000 per annum. This aggregate fee level includes any compensation paid to Non-Executive Directors who may serve on Boards of the consolidated entity. Aggregate payments to Non-Executive Directors have never exceeded the total pool approved by shareholders.

Each Non-Executive Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board Committee or major subsidiary or affiliate on which a Non-Executive Director serves. The payment of additional fees for serving on a Committee or subsidiary or affiliate Board recognises the additional time commitment required by that Non-Executive Director.

To preserve the independence and impartiality of Non-Executive Directors, no element of Non-Executive Director remuneration is 'at-risk' based on the performance of the Group and does not incorporate any bonus or incentive element.

Board and Committee fees are set by reference to a number of relevant considerations including the responsibilities and risks attaching to the role, the time commitment expected of Non-Executive Directors, fees paid by peer-sized companies and independent advice received from external advisors. The remuneration arrangements of Non-Executive Directors are periodically reviewed by the Remuneration Committee to ensure they remain in line with general industry practice, the last review having taken effect from July 2012.

7. NON-EXECUTIVE DIRECTOR REMUNERATION (continued)

(a) Remuneration summary (continued)

Following a 25 percent reduction in Non-Executive Director fees from 1 July 2018, the annual Board fee for FY2020 and FY2019 was $75,000 and the fee for each Board Committee representation was $15,000. Board committee chairs are paid at a rate of 50% above other Committee members in recognition of the additional workload. The additional annual fee for the Lead Independent Director was reduced to $22,500. In addition to the regular committee, the Board established an Independent Board Committee ("IBC") in December 2019 to manage and consider any proposals received by the Company. The committee is comprised of all the independent Board members. Each independent director was paid a fee of $25,000 and the chair $75,000 for their participation in the IBC during the 2020 financial year.

The Group does not have and never has had a retirement benefit scheme for Non-Executive Directors, other than their individual statutory superannuation benefits which, where applicable, are included as part of the aggregate fee for Non-Executive Directors as remuneration.

(b) Directors' Share Plan

The Group considers it appropriate for Non-Executive Directors to have a stake in the Company and encourages Non-Executive Directors to hold shares.

The Directors' Share Plan ("DSP"), effective from 1 January 2011 and renewed by shareholders at the 2013, 2016 and 2019 Annual General Meetings of the Company, enables Non-Executive Directors to salary sacrifice some or all of their fees into ordinary shares in the Company. The shares are allotted on a salary sacrifice basis at the weighted average market price on ASX on the first 5 trading days of the third month of the relevant quarter, rounded up to the next whole cent. Non-Executive Directors can vary their participation in the DSP each calendar year. The various allotments during the year under the DSP are set out in the table below.

Name	Allotment Date	No. shares	Issue Price
R. Le Tet	9 September 2019	11,465	$2.78
	9 December 2019	10,183	$3.13
	10 March 2020	9,239	$3.45
	9 June 2020	14,964	$2.13
J. Fox Gambrell	9 September 2019	11,465	$2.78
	9 December 2019	10,183	$3.13
	10 March 2020	9,239	$3.45
	9 June 2020	14,964	$2.13
P. C. Tonagh	10 March 2020	10,570	$3.45
	9 June 2020	17,605	$2.13

The ASX is notified of the various share, option and 'in substance option' holdings of all Directors, and they are also set out on page 5 of the Directors' Report.

8. OTHER TRANSACTIONS WITH KMP

The VRL group purchased uniforms from Leaf Group Pty. Ltd., an entity associated with a relative of Mr. R.G. Kirby. Purchases from the Leaf Group first occurred in 2003, prior to the establishment of the familial relationship with Mr. R.G. Kirby, which arose in 2008. The total purchases were $149,627 in the year ended 30 June 2020 (2019: $242,735). The uniforms were purchased for the Theme Parks and Cinema Exhibition divisions and these transactions were carried out under arm's length terms and conditions. As at 30 June 2020, the total amount owing by the VRL group, and included in current liabilities was $45,485 (2019: $51,150). A competitive tender process has commenced with Leaf Group participating in the tender, however due to COVID-19 closures of cinema sites and theme parks this tender has been delayed.

Peninsula Cinemas Pty. Ltd. ("Peninsula Cinemas"), which are non-competing cinemas owned by an entity associated with Mr. R.G. Kirby, exhibit films supplied by the Film Distribution division of the VRL group on arm's length terms and conditions. The total amount charged by the VRL group for the year ended 30 June 2020 was $146,070 (2019: $228,829). Other net reimbursement amounts paid by Peninsula Cinemas to the VRL group in relation to operational cinema matters in the year ended 30 June 2020 totalled $14,151 (2019: $18,159).

The VRL group purchased wine from Yabby Lake International Pty. Ltd. ("Yabby Lake"), an entity in which family members of Mr. R.G. Kirby have an economic interest. The total purchases were $399,354 for the year ended 30 June 2020 (2019: $329,789). The wine purchased was mainly for the Cinema Exhibition division's Gold Class cinemas and for Corporate functions. These transactions were carried out under arm's length terms and conditions. The Company ceased the purchase of wine from Yabby Lake from 31 December 2019 with the exception of the VRL group's 25% owned joint venture, Carlton Nova, and Sea World Resort that purchased wine after this date totalling $3,170 and $1,487, respectively. A competitive tender process has commenced with Yabby Lake participating in the tender, however due to COVID-19 closures of cinema sites this tender has been delayed.

The Film Distribution division of the VRL group distributes a number of older film titles in which Village Roadshow Corporation Pty. Ltd. ("VRC"), the Company's immediate parent entity, has economic interests. During the year ended 30 June 2020, no film royalties were paid to VRC (2019: $265).

8. OTHER TRANSACTIONS WITH KMP (continued)

The VRL group recharged net occupancy costs for accommodation provided and received and other net recharges for services provided and received, on an arm's length basis, to a number of entities associated (either individually or collectively) with Messrs. R.G. Kirby, J.R. Kirby and G.W. Burke. The total net amount charged by the VRL group for the various occupancy and other services in the year ended 30 June 2020 was $157,563 (2019: $144,290).

In the year ended 30 June 2020, the VRL group has been charged $11,841 for insurance costs relating to the provision of art works by an entity associated with Mr. R.G. Kirby. In the prior year, the VRL group was charged $157,270 for the provision of art works and related insurance costs. It had been agreed that from 1 July 2019, there will be no charge for the provision of art works.

As at 30 June 2020, the total amount owing by the related parties detailed above, and included in current assets of the VRL group, was $28,386 (2019: $46,963), and the total amount owing by the VRL group to the related parties detailed above, and included in current liabilities, was $45,485 (2019: $67,579).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
Continuing operations			
Income			
Revenue	2(b)	732,420	980,543
Other income	2(c)	53,759	20,739
Expenses excluding finance costs	3(a)	(895,637)	(980,861)
Finance costs	3(b)	(41,095)	(32,496)
Share of net (losses) profits of equity-accounted investments	12	(2,641)	1,275
Loss from continuing operations before income tax benefit		(153,194)	(10,800)
Income tax benefit	5	30,626	1,220
Loss after tax from continuing operations		(122,568)	(9,580)
Discontinued operations			
Profit after tax		-	-
Net loss for the year		(122,568)	(9,580)
Loss for the year is attributable to:			
Non-controlling interest		(5,213)	(3,005)
Owners of the parent		(117,355)	(6,575)
		(122,568)	(9,580)
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Equity instruments at fair value through other comprehensive income	22	(462)	(434)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges	22	(330)	750
Foreign currency translation	22	(1,402)	450
Other comprehensive (expense) income for the year after tax		(2,194)	766
Total comprehensive expense for the year		(124,762)	(8,814)
Total comprehensive expense for the year is attributable to:			
Non-controlling interest		(5,213)	(3,005)
Owners of the parent		(119,549)	(5,809)
		(124,762)	(8,814)
Loss per share (cents per share)			
For loss for the year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic loss per share	4	(60.1) cents	(3.4) cents
Diluted loss per share	4	(60.1) cents	(3.4) cents
For loss from continuing operations for the year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic loss per share	4	(60.1) cents	(3.4) cents
Diluted loss per share	4	(60.1) cents	(3.4) cents

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7(a)	63,795	61,653
Trade and other receivables	8	90,216	129,337
Inventories	9	17,461	23,137
Current tax assets		6,061	1,694
Film distribution royalties	11(b)	32,874	37,439
Derivatives	32(d)	244	542
Other	11(a)	6,344	18,967
Total current assets		216,995	272,769
Non-Current Assets			
Trade and other receivables	8	8,998	17,588
Goodwill and other intangible assets	10	179,688	239,957
Investments - equity-accounted	12	28,865	32,463
Equity instruments		22	1,219
Property, plant & equipment	15	520,253	656,217
Right-of-use assets	16	393,625	-
Deferred tax assets	5(c)	63,955	7,961
Film distribution royalties	11(b)	29,793	53,897
Derivatives	32(d)	-	1
Other		219	173
Total non-current assets		1,225,418	1,009,476
Total assets		1,442,413	1,282,245
LIABILITIES			
Current Liabilities			
Trade and other payables	17	161,141	228,400
Lease liabilities	16	48,959	-
Interest bearing loans and borrowings	18	10,155	6,026
Income tax payable		271	405
Provisions	19	24,748	31,381
Derivatives	32(d)	303	129
Unearned revenue and other liabilities	2(d),20	68,114	63,762
Total current liabilities		313,691	330,103
Non-Current Liabilities			
Trade and other payables	17	21,126	50,833
Interest bearing loans and borrowings	18	331,976	275,229
Lease liabilities	16	446,942	106,125
Deferred tax liabilities	5(c)	30	3
Provisions	19	7,433	8,653
Unearned revenue and other liabilities	20	73,378	76,790
Total non-current liabilities		880,885	517,633
Total liabilities		1,194,576	847,736
Net assets		247,837	434,509
EQUITY			
Equity attributable to equity holders of the parent:			
Contributed equity	21	277,173	275,171
Reserves	22	89,614	88,730
Retained (losses) earnings		(121,807)	62,740
Parent interests		244,980	426,641
Non-controlling interest	23	2,857	7,868
Total equity		247,837	434,509

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2020

	Notes	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		866,348	1,067,271
Payments to suppliers and employees		(800,878)	(958,739)
Government grants and assistance received	2(c)	25,575	-
Dividends and distributions received		264	2,645
Interest and other items of similar nature received		1,069	1,371
Finance costs		(35,686)	(23,756)
Income taxes paid		(4,767)	(6,357)
Net cash flows from operating activities	7(b)	51,925	82,435
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(60,625)	(38,816)
Purchases of software & other intangibles		(1,235)	(9,071)
Purchase of leased asset		-	(31,102)
Proceeds from sale of property, plant & equipment		224	192
Proceeds from sale and leaseback of property		-	12,296
Proceeds from sale of investments / businesses	1(a)	23,382	39,911
Payment of financial guarantee	12(c)	(8,026)	-
Loans to (or repaid to) other entities		(21,460)	-
Loans from (or repaid by) other entities		2,513	17,489
Net cash flows used in investing activities		(65,227)	(9,101)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	7(d)	104,000	8,000
Repayment of borrowings	7(d)	(44,898)	(132,800)
Dividends paid	6	(9,731)	-
Lease payments	7(d),16	(33,875)	-
Proceeds from issue of shares		-	49,211
Net cash flows from (used in) financing activities		15,496	(75,589)
Net increase (decrease) in cash and cash equivalents		2,194	(2,255)
Cash and cash equivalents at beginning of year		61,653	63,393
Effects of exchange rate changes on cash		(52)	515
Cash and cash equivalents at end of the year	7(a)	63,795	61,653
Total cash classified as:			
Continuing operations		63,795	61,653
Total cash and cash equivalents at end of the year		63,795	61,653

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED				NON-CONTROLLING INTEREST (NOTE 23)	TOTAL EQUITY
	CONTRIBUTED EQUITY (NOTE 21) $'000	RETAINED (LOSSES) EARNINGS $'000	RESERVES (NOTE 22) $'000	TOTAL $'000	$'000	$'000
Balances at 1 July 2019	275,171	62,740	88,730	426,641	7,868	434,509
Adoption of new accounting standard - refer Note 1(b)(ii)	-	(57,461)	-	(57,461)	-	(57,461)
Adjusted balances as at 1 July 2019	275,171	5,279	88,730	369,180	7,868	377,048
Loss for the year	-	(117,355)	-	(117,355)	(5,213)	(122,568)
Other comprehensive expense (net)	-	-	(2,194)	(2,194)	-	(2,194)
Total comprehensive expense for the year	-	(117,355)	(2,194)	(119,549)	(5,213)	(124,762)
Share-based payment movements	1,674	-	491	2,165	-	2,165
Issue of shares under Directors' Share Plan from Directors' fees	328	-	-	328	-	328
Equity dividends	-	(9,731)	-	(9,731)	-	(9,731)
Controlled entity acquisition reserve	-	-	2,587	2,587	(87)	2,500
Other changes in equity	-	-	-	-	289	289
At 30 June 2020	277,173	(121,807)	89,614	244,980	2,857	247,837
Balances at 1 July 2018	225,548	69,315	86,774	381,637	10,670	392,307
Loss for the year	-	(6,575)	-	(6,575)	(3,005)	(9,580)
Other comprehensive income (net)	-	-	766	766	-	766
Total comprehensive (expense) income for the year	-	(6,575)	766	(5,809)	(3,005)	(8,814)
Share-based payment movements	172	-	381	553	-	553
Issue of shares under Directors' Share Plan from Directors' fees	240	-	-	240	-	240
Issue of shares from entitlement offer	49,211	-	-	49,211	-	49,211
Controlled entity acquisition reserve	-	-	809	809	(304)	505
Other changes in equity	-	-	-	-	507	507
At 30 June 2019	275,171	62,740	88,730	426,641	7,868	434,509

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Village Roadshow Limited ("the Company" or "VRL") for the year ended 30 June 2020 was authorised for issue on 28 August 2020, in accordance with a resolution of the Directors. VRL is a for-profit entity incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The principal activities of Village Roadshow Limited and its subsidiaries ("the Group", "VRL group" or "consolidated entity") are described in Note 1(c)(xxix).

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other mandatory professional reporting requirements. The financial report has also been prepared on a historical cost basis, except for derivatives and any equity instruments that are measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless stated otherwise, under the option available to the Company under ASIC Corporations Instrument 2016/191. The Company is an entity to which the Instrument applies. The presentation and classification of comparative items in the financial report have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

Going Concern

For the year ended 30 June 2020, the Group made an attributable loss after tax of $117.4 million (2019: $6.6 million), and had a Gearing Ratio of 53% as at 30 June 2020 (2019: 34%). Refer to Note 21 for further information. While net debt reduced in the first half of the year from the sale of Edge Loyalty Systems ($23.4 million), the outbreak of Coronavirus ("COVID-19") in the second half of the year significantly impacted the Group's key businesses with the forced closures of its cinemas and theme parks operations. As a result, the Group has almost fully drawn down on its Group finance facility, of which $5.0 million was undrawn at 30 June 2020. The Group has received a waiver from its debt covenants at 30 June 2020, and they will not be tested until 31 March 2021. As advised to the Australia Securities Exchange on 6 August 2020, the Group has secured additional funding of $69.5 million from its existing lenders and the Queensland Treasury Corporation, and $63.6 million was undrawn at the date of this report. A total of $34 million of loans and grants has been received from the Queensland Government subsequent to 30 June 2020. The Group expects this additional funding will be sufficient to fund its cash needs for the next 12 months. As part of securing this additional funding, the Group has given an undertaking to the lenders to raise a minimum of $35 million through new shareholder equity or equity like instruments. This must be completed by the earlier of the Company's half-year announcement (in February 2021) or three months after the termination of a transaction with BGH Capital Pty. Ltd ("BGH"). Whilst there is uncertainty around completing any capital raise at a future point in time to comply with the facilities condition, the Directors of the Company are confident that this will be achieved. The Group's cash flow and operating forecasts are based on assumptions regarding the existing trading environment, expected easing of COVID-19 restrictions and the reopening of borders by Governments, based on conditions and reasonable expectations of Directors as at the date of this report. Outcomes may differ from those assumed by the Directors given the uncertain environment. Notwithstanding, the Directors consider that the going concern basis of preparation of the financial statements is appropriate on the basis of additional debt funding in place providing sufficient funding for the foreseeable future, and that future debt covenants are forecast to be met, based on the Group's cash flow and operating forecasts.

Impact of Coronavirus ("COVID-19")

In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the financial position of the VRL group at 30 June 2020 and its operations in future periods. The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response of Governments in dealing with the pandemic is impacting the general activity levels within the community, the economy and the operations of the VRL group. Following the Australian Federal and State Governments' announcements of the forced closures of non-essential services, on 22 March 2020 the Group's cinema operations and theme park operations were closed and front line employees were stood down. On 1 April 2020, all remaining employees were either partially or fully stood down in order to preserve cash flow and reduce operating costs. The Group also implemented several other cost reduction strategies to reduce the potential impact of COVID-19 on the Group's earnings and cash flows. These strategies included reduction in senior executive salaries and bonuses, freezing all non-essential capital expenditure, travel, recruitment, consulting and advisory work, and working with the landlords and other suppliers to substantially reduce operating expenditures.

While the Group's key businesses were closed, the underlying operating cash costs net of the JobKeeper wage subsidy and including maintenance and safety related capital expenditure, was between $10 million to $15 million per month. During the year, all Australian employing entities within the Group were assessed to be eligible for the Australian Federal Government's JobKeeper wage subsidy program. During the year the Group has recognised $42.0 million of income relating to this subsidy and it has been crucial in helping the Group maintain employment of its workforce. This subsidy continues to the end of September 2020, however in August 2020 the Federal Government announced that this subsidy would be extended to March 2021. The Group will need to assess eligibility over this period. In June 2020, the Theme Parks received an Australian Federal Government grant for $1.7 million under the Supporting Australia's Exhibiting Zoos and Aquariums program.

In June and July 2020, restrictions were eased across Australia and the Group's theme park operations were able to open at reduced capacity and operating under government approved COVID-19 Safe plans, tight restrictions and social distancing requirements to ensure safety to customers and employees. Cinema sites in Victoria opened briefly in July 2020, but closed shortly thereafter due to further Victorian Government COVID-19 restrictions. Cinemas across the rest of Australia are open and operating under social distancing rules in each State or Territory. With the reopening of several of the Group's operating businesses, the Group's previous monthly cash cost has reduced, however it is still expected to operate on a negative cash basis for several months.

Based on information available at 30 June 2020 and the probability of further restrictions, the Group has re-assessed all significant judgements and estimates included in the 30 June 2020 financial result and position, including but not limited to, provisions against trade and other receivables, and inventory, impairment of non-current assets, the fair value of debt and associated instruments as well as other provisions and estimates.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance and new accounting standards and interpretations

(i) The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

(ii) The Group has adopted the following new and amended Australian Accounting Standards and Australian Accounting Standards Board ("AASB") interpretations in the current financial year.

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.

AASB 16 Leases

The Group applied for the first time, 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.

(a) Impact of adoption on 1 July 2019

The Group has adopted AASB 16 under the modified retrospective approach 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 as an alternative to performing an impairment review;
- 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 liabilities can be reconciled to the operating lease commitments disclosed in the annual financial report as at 30 June 2019 as follows:

	$'000
Operating lease commitments disclosed at 30 June 2019	400,568
Discounted using the weighted average incremental borrowing rate ("IBR") of 4.1%[1]	(166,313)
Add: adjustments as a result of different treatment of extension options and termination options	145,254
Add: commitments related to leases previously classified as finance leases	106,125
Add: adjustments related to changes in lease payments	6,342
Add: other adjustments	342
Lease liabilities recognised as at 1 July 2019	492,318

1 The weighted average IBR 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.

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 $402,924 (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 $24,652
- Lease liabilities – increased by $386,193 (excluding an existing lease liability of $106,125)
- Onerous lease and rent incentive provisions – decreased by $2,656
- Retained earnings – decreased by $57,461 (refer Note 1(d)(viii))

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance and new accounting standards and interpretations (continued)

(ii) AASB 16: Leases (continued)

(b) The VRL group's leasing activities and accounting policy

The Group has entered into 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 Comprehensive Income 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 Comprehensive Income.

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.

(c) COVID-19-related rent concessions - amendment to AASB 16 Leases

In May 2020, the International Accounting Standards Board ("IASB") issued *COVID-19-related Rent Concessions - Amendment to AASB 16 Leases* . This amendment provides practical relief to lessees from applying the requirements of lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. Rent concessions include rent waivers, rent deferrals and rent reductions or abatements for a period of time, possibly followed by increased rent payments in future periods. This amendment does not impact the requirements where the Group is the lessor.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession is a lease modification. The Group has elected to apply this practical expedient to all rent concessions that it has received during the year ended 30 June 2020 that meets the conditions for the practical expedient. The Group has accounted for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification. For the year ended 30 June 2020, the Group has recognised $0.9 million in the Statement of Comprehensive Income to reflect changes in lease payments that have arisen from this applying this practical expedient.

(d) 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.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance and new accounting standards and interpretations (continued)

(ii) AASB 16: Leases (continued)

(d) Voluntary change in accounting policy - deferred taxes on initial recognition of leases (continued)

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.

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 year ended 30 June 2019, and net loss after tax for the year ended 30 June 2020, was not material.

(iii) A number of standards and interpretations have been issued by the AASB or the International Accounting Standards Board ("IASB"), which are effective for financial years after 30 June 2020. Further details are as follows:

- AASB 2017-5: *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*: This standard defers the mandatory effective dates of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10: *Amendments to Australia Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018. Application date for the Group is 1 July 2022. The impact of adoption of this standard on the Group's financial results has not been assessed.
- AASB 2018-7: *Amendments to Australian Accounting Standards - Definition of Material*: This standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. Application date for the Group is 1 July 2020. The impact of adoption of this standard on the Group's financial results has not been assessed.
- AASB 2019-5: *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*: This standard amends AASB 1054 *Australian Additional Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 on the potential effect of an IFRS Standard that has not yet been issued by the AASB. An entity complying with Australian Accounting Standards can assert compliance with IFRS Standards. Application date for the Group is 1 July 2020. The impact of adoption of this standard on the Group's financial results has not been assessed.
- AASB 2020-1: *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*: This standard amends AASB 101 to clarify requirements for the presentation of liabilities as current or non-current. Application date for the Group is 1 July 2022. The impact of adoption of this standard on the Group's financial results has not been assessed.
- AASB 2020-3: *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*: This standard amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141 and clarifies a number of issues and disclosure requirements contained within these standards. Application date for the Group is 1 July 2022. The impact of adoption of this standard on the Group's financial results has not been assessed.

The impacts of all other standards and amendments to accounting standards that have been issued by the AASB but are not yet effective for the year ended 30 June 2020, have been determined as having no significant impact on the financial results of the Group.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of the VRL group as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial report, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ii) Business combinations (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9: *Financial Instruments,* either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

An option (put or call) granted over the remaining interest of a business combination where 100% has not been acquired gives rise to a financial liability for the present value of the estimated redemption amount. This amount, less the calculated non-controlling interest amount, gives rise to a debit which is recognised in equity, in the controlled entity acquisition reserve. During each financial reporting period, non-controlling interests continue to receive an allocation of profit or loss which is recognised within equity. At each balance sheet date, the non-controlling interest in equity is de-recognised, and transferred to the financial liability and any difference between the change in fair value of the financial liability and the non-controlling interest de-recognised is charged or credited to the controlled entity acquisition reserve.

(iii) Revenue recognition

The Group is in the business of providing theme park and water park operations, cinema exhibition operations, film distribution operations and sales promotion and loyalty program operations. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Admissions revenue - box office tickets, gift cards and vouchers and loyalty programs

Box office admissions revenue within the Cinema Exhibition segment is recognised on the date of the film screening. The performance obligation is satisfied when the customer has purchased the ticket and the customer obtains control of the service when they see the film. When a ticket is sold in advance of the screening, revenue is recorded as an unearned revenue liability until the date of the film screening.

The Cinema Exhibition segment sells non-refundable gift cards and vouchers to customers that give customers the right to receive goods or services in the future. The performance obligation is to honour this right, or stand-ready to transfer this right, only to the point that any unredeemed value has not expired within the terms and conditions of purchase. The prepayment amount received from a customer is recognised as an unearned income liability until the time the customer exercises their right and uses the gift card or voucher to purchase goods or services from the Group and the performance obligation is satisfied.

If a customer does not exercise their right, this amount is recognised as breakage revenue. Breakage revenue is recognised in proportion to the pattern of rights exercised by the customer as there is an expectation the Group will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. The breakage rates have been estimated based on historical redemption rates of gift cards and vouchers sold.

The Cinema Exhibition segment operates loyalty programs where a customer can earn points when they purchase cinema tickets and concession items which can be redeemed in the future for goods and services. These loyalty programs give rise to a separate performance obligation as it provides a material right to the customer. The Group allocates a portion of the transaction prices of goods and services to the loyalty points based on relative stand-alone selling prices and deferred until such point as the points are redeemed and the performance obligation satisfied.

(b) Admissions revenue - theme park tickets

Revenue relating to short-term admission tickets within the Theme Parks segment is recognised on the date the ticket is validated upon entry to the theme park. The performance obligation is satisfied when the customer has purchased the ticket and the customer obtains control of the service when they enter the park. When a ticket is sold in advance, the revenue is recorded as an unearned revenue liability until the date the ticket is validated.

The Theme Parks segment sells annual passes which give customers continuous access to the theme parks for a period of 12 months, or the full operating season in the case of seasonal theme parks. Where services were yet to be rendered or visits yet to be made, amounts are recorded as an unearned revenue liability. Revenue is recognised on annual and seasonal passes on a straight-line basis to reflect that these passes give rise to a stand-ready performance obligation over the period to which the customer is entitled to use the theme parks.

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

(c) Accommodation and conference revenue

Accommodation and conference revenue within the Theme Parks segment is recognised when the customer occupies the hotel room or the day the conference is held. When a hotel room or conference room is sold in advance, the revenue is recorded as an unearned revenue liability until the date the room is occupied or the conference held. The performance obligation is satisfied when the customer obtains control of the accommodation and conference service for each day they occupy the rooms.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(iii) Revenue recognition (continued)

(d) Film and television licence revenue

The Film Distribution segment grants a licence to a customer for the right to show a film title or television program, as it exists at the point in time the licence is granted. That right is static at that point and there are no changes or on-going involvement from the Group. It is at this point which the customer obtains control of the film title or television program and the performance obligation is satisfied. Revenue is recognised at the start of the licence period based on the available date of the title to the customer. Revenue relating to film titles exhibited at theatres is recognised based on box office performance.

(e) Sales promotion and client loyalty programs revenue

In the Marketing Solutions segment, revenue earned from promotional activities is recognised as the Group satisfies its performance obligations under promotional contracts over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Where promotional contracts span more than one reporting period, the progress of work is based on the assessment of the value of work performed at that date and a contract asset is recognised.

Commissions earned on certain gift card programs is recognised in revenue at a point in time. The performance obligation is satisfied at the time the gift card is sold, as it is at this point those participating can benefit from the gift card program.

(f) Sale of goods - concessions

Revenue from the sale of concession goods in the Cinema Exhibition and Theme Parks segments is recognised at a point in time. The performance obligation is satisfied when the customer obtains control of the goods at the point of sale.

(g) Sale of goods - film and television distribution

The Film Distribution segment sells film and television DVD and Blu-ray goods. Revenue from the sale of these goods is recognised at the point in time when the product reaches the customer. It is at this point when the customer obtains control of the goods as they have the ability to direct the use of and obtain substantially all the remaining benefits from the goods they have received.

Certain contracts with customers provide a right to return goods. The Group accounts for this right of return using an expected value method as this method best predicts the amount of variable consideration to which the Group will be entitled. The amount of revenue related to the expected returns is deferred and a corresponding adjustment to cost of sales is also deferred, and the Group separately presents a refund liability and an asset for the right to recover products from a customer.

(h) Sponsorship revenue

Revenue from sponsorship agreements in the Cinema Exhibition and Theme Parks segments is generally recognised on a straight-line basis as the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits provided by the Group over the period of the agreement.

(i) Screen advertising revenue

Revenue from screen advertising in the Cinema Exhibition segment is recognised as the performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits as the Group makes the cinema available for screening and transfers the control of the screening of advertisements to the customer over the period of the agreement.

(j) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(k) Rental income

Rental income is recognised on a straight-line basis over the life of the lease.

(l) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(m) Unearned income

Unearned income is a contract liability which is the obligation to transfer goods or services to a customer for which the Group has received consideration, or is due consideration, from the customer. If a customer pays consideration in advance before the Group transfers goods or services to the customer, an unearned income liability is recognised.

(n) Contract assets

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

(iv) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to qualifying assets. Where directly attributable to a qualifying asset, borrowing costs are capitalised as part of the cost of that asset.

(v) Leases

Comparative policies

The Group has applied AASB 16 under the modified retrospective approach, therefore comparative information has not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policies.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(v) Leases (continued)

Comparative policies *(continued)*

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

Leases in which the Group is the lessor and the lease does not transfer substantially all the risks and rewards of ownership of an asset is classified as an operating lease. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the profit or loss.

(vi) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vii) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at their transaction price in accordance with AASB 15, *Revenue from Contracts with Customers,* and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed on an ongoing basis. Bad debts are written off when identified. Objective evidence takes into account financial difficulties of the debtor, default payments or if there are debts outstanding longer than agreed terms. Refer 1(c)(x) to accounting policies of impairment of financial assets for when an allowance for expected credit losses is recognised.

(viii) Inventories

Inventories are valued at the lower of cost and net realisable value and are accounted for on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(ix) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as effective cash flow hedges, are taken directly to profit or loss for the year. The fair values of forward currency contracts and interest rate swaps, caps and collars are determined by reference to valuations provided by the relevant counterparties, which are reviewed for reasonableness by the Group using discounted cash flow models. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that are attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ix) Derivative financial instruments and hedging (continued)

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction.

(x) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

(a) Financial assets at amortised cost

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 32. The Group does not hold collateral as security.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

(c) Equity instruments at FVOCI

Equity instruments designated at FVOCI are not subject to impairment assessment and amounts recognised in other comprehensive income are not reclassified to the profit or loss upon disposal.

(xi) Foreign currency translation

Both the functional and presentation currency of the Company and the majority of its Australian subsidiaries is Australian dollars ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of subsidiaries with functional currencies other than Australian dollars are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their profit or loss items are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(xii) Discontinued operations and assets held for sale

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the Statement of Comprehensive Income.

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less cost to sell if the carrying amount will be recovered principally through a sale transaction. These assets are not depreciated or amortised following classification as held for sale. For an asset or disposal group to be classified as held for sale, it must be available for sale in its present condition and its sale must be highly probable.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xiii) Investments in associates and joint ventures

The Group's investments in associates and joint ventures are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, an investment in an associate or joint venture is carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate or joint venture. Goodwill relating to an associate or joint venture is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate or joint venture. The consolidated Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate or joint venture.

Where there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes and discloses this in the consolidated Statement of Changes in Equity. Adjustments are made to bring into line any dissimilar reporting dates or accounting policies that may exist.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

(xiv) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group recognises its interest in joint operations by recognising its share of the assets that the operations control and the liabilities incurred. The Group also recognises its share of the expenses incurred and the income that the operations earn from the sale of goods or services.

(xv) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are measured based on the expected manner of recovery of carrying value of an asset or liability. The expected manner of recovery of indefinite life intangible assets is through sale and not use.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The initial recognition exemption is not applied to deferred tax related to assets and liabilities arising from a single transaction (including leases). Refer to Note 1(b)(ii)(d).

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in other comprehensive income are recognised in other comprehensive income, and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xv) Income tax (continued)

Tax Consolidation

For Australian income tax purposes, various entities in the Group have formed a Tax Consolidated group, and have executed a combined Tax Sharing and Tax Funding Agreement ("TSA") in order to allocate income tax expense to the relevant wholly-owned entities predominantly on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office.

Tax effect accounting by members of the Tax Consolidated Group

Under the terms of the TSA, wholly owned entities compensate the head entity for any current tax payable assumed and are compensated for any current tax receivable, and are also compensated for deferred tax assets relating to unused tax losses or unused tax credits that are recognised on transfer to the parent entity under tax consolidation legislation. The funding amounts are determined at the end of each six month reporting period by reference to the amounts recognised in the wholly-owned entities' financial statements, determined predominantly on a stand alone basis. Amounts receivable or payable under the TSA are included with other amounts receivable or payable between entities in the Group.

(xvi) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xvii) Property, plant & equipment

Property, plant & equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Buildings and improvements are depreciated over the lesser of any relevant lease term and 40 years, using the straight-line method.
- Plant, equipment and vehicles are depreciated over periods of between three and 25 years using the straight-line or reducing balance method.

Pooled animals are classified as part of property, plant & equipment and are not depreciated.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end, and when acquired as part of a business combination.

Impairment

The carrying values of property, plant & equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant & equipment is the higher of fair value less costs of disposal and value in use. In assessing fair value less costs of disposal, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the estimated price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

De-recognition and disposal

An item of property, plant & equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xviii) Investments and other financial assets

Financial assets in the scope of AASB 9: *Financial Instruments* are classified as those to be measured subsequently at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss ("FVPL"). The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

(a) Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. The Group's financial assets at amortised cost includes trade and other receivables.

(b) Financial assets at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is de-recognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the profit or loss.

(c) Financial assets at fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group’s right to receive payments is established.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised when the rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(xix) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the fair value of the consideration transferred over the Group’s interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment determined in accordance with AASB 8: *Operating Segments* .

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xx) Intangible assets

Intangible assets acquired separately are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Brand names
Useful lives: Indefinite
Amortisation method used: No amortisation
Internally generated or acquired: Acquired
Impairment testing: Annually and more frequently when an indication of impairment exists.

Film distribution rights
Useful lives: Finite
Amortisation method used: Amortised over estimated useful lives which range from 1 to 25 years.
Internally generated or acquired: Acquired
Impairment testing: When an indication of impairment exists. The amortisation method and remaining useful life are reviewed at each financial year-end.

Software and other intangibles
Useful lives : Finite
Amortisation method used: Amortised over estimated useful lives which range from 2 to 25 years. The estimated useful life remaining is in the range of 2 to 15 years.
Internally generated or acquired: Acquired
Impairment testing: When an indication of impairment exists. The amortisation method and remaining useful life are reviewed at each financial year-end.

Assets that are classified as having an indefinite life are the brand names in the Theme Parks division. This conclusion has been based on the length of time that the brands have been in existence, and the fact that they have an established market presence.

(xxi) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset, other than goodwill and intangible assets with an indefinite useful life, may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. Other than goodwill, a previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxii) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xxiii) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

(xxiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(xxv) Employee leave benefits

Wages, salaries, annual leave and sick leave

Provision is made for wages and salaries, including non-monetary benefits, and annual leave in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. The value of the employee share incentive scheme is being charged as an employee benefits expense. Refer to Note 1(c)(xxvi) for the share-based payment transactions policy.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(xxvi) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The plan currently in place to provide these benefits is the Company's Executive Share Plan. The grant of rights under the Executive Share Plan and Loan Facility are treated as 'in substance options', even where the equity instrument is not an option.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either the Monte Carlo, binomial or Black-Scholes models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of VRL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxvi) Share-based payment transactions (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (refer Note 4).

Shares in the Group relating to the various employee share plans and which are subject to non-recourse loans are deducted from equity. Refer Note 27 for share-based payment disclosures relating to 'in substance options'.

(xxvii) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the buyback of shares are shown in equity, net of tax, as part of the buyback cost.

(xxviii) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

When there are potential ordinary shares that are dilutive, diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xxix) Segment reporting

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

Discrete financial information about each of these segments is reported to the executive management team on a monthly basis. These operating segments are then aggregated based on similar economic characteristics to form the following reportable segments:

- Theme Parks	Theme park and water park operations
- Cinema Exhibition	Cinema exhibition operations
- Film Distribution	Film distribution operations
- Marketing Solutions	Sales promotion and loyalty program operations
- Other	Other represents financial information which is not allocated to the reportable segments.

A geographic region is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those segments operating in other economic environments. Revenue from geographic locations is attributed to geographic location based on the location of the customers.

The segment revenue that is disclosed to the chief operating decision maker in Note 31 is in accordance with IFRS. Inter-segment revenue applies the same revenue recognition principles as per Note (1)(c)(iii).

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxx) Financial guarantees

Financial guarantee is initially recognised at fair value as the economic benefit to the guarantee holder. Subsequently at each reporting date, guarantees are measured at the higher of the expected credit loss allowance or the amount initially recognised less cumulative amortisation.

(xxxi) Film distribution royalties

Film distribution royalties represent the consolidated entity's minimum guaranteed royalty commitments to licensors in return for the acquisition of distribution rights. The commitments can be for either the life of contract or part thereof. On entering into the agreement the commitments are brought to account in the Statement of Financial Position as assets and liabilities (the latter in respect of any unpaid components).

Film distribution royalties are expensed in line with the exploitation of the distribution rights. At the time the distribution rights are first exploited, a forecast of the lifetime earnings and royalties is made and any impairment is immediately taken to profit or loss. The forecast royalties are then reviewed and revised over the commitment period to ensure the carrying amount is equal to the lesser of the expected future royalties to be generated or the balance of the minimum guaranteed royalties.

(xxxii) Government grants and assistance

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset. Government grants relating to an asset are presented in the Statement of Financial Position as unearned revenue.

Government grants and assistance that compensate for costs incurred are deferred and recognised in the Statement of Comprehensive Income on systematic basis over the period in which the costs are recognised. Government grants and assistance that compensate for costs are presented in the Statement of Comprehensive Income as other income.

(xxxiii) Sale and long-term leaseback

Following the sale and long-term leaseback of the VRL group's freehold land on the Gold Coast, as advised to the Australian Securities Exchange on 22 December 2017, this transaction was treated as a sale and finance leaseback in accordance with the previous lease accounting standard, AASB 117, *Leases.* The initial lease term is for 30 years, with 6 further terms of 10 years each (at the VRL group's option), with the maximum lease term of 90 years. The VRL group also has a number of repurchase options at various points throughout the contractual term. Given the lease calculations have assumed the land will be repurchased after 25 years, consistent with the VRL group's previous accounting policy to not depreciate land, the lease asset will not be amortised. The calculated gain on sale of the land of $73.7 million has been deferred and treated as unearned revenue. Refer to Note 20 for the unearned revenue balances at the end of the year. The unearned revenue has been recognised as other income in the profit or loss and has been spread over the minimum lease term (currently assessed at 25 years). Refer to Note 2(c).

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on judgements, estimates and assumptions of future events. The key judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, or group of cash-generating units, to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are disclosed in Note 10, including details on the impact of COVID-19 on the Group's goodwill and intangibles impairment testing.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model, a Monte Carlo simulation technique or the Black-Scholes model, as appropriate, using the assumptions detailed in Note 27.

(iii) Impairment of film distribution royalties

The Group determines whether film distribution royalties are impaired at least at each reporting date. This requires an estimation of the recoverable amount of the film distribution royalties based on calculations of the discounted cash flows expected to be received in relation to the royalties. Refer to Note 11 for further information and details on the impact of COVID-19 on the impairment of film distribution royalties.

(iv) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due (refer to Note 24(a)(ii)). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

1 CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements, estimates and assumptions (continued)

(v) Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses for impairment of assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger is identified, the recoverable amount of the asset is determined. Refer to Note 10, Note 15 and Note 16 for further information and details on the impact of COVID-19 on the Group's impairment testing of non-financial assets.

(vi) Estimated selling prices - loyalty programs

The Group estimates the stand-alone selling price of points awarded under the loyalty programs in the Cinema Exhibition segment. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. Any significant changes in customers' redemption patterns will impact the value of the points issued.

(vii) Gift card and voucher breakage rates

The Group estimates the amount of breakage revenue on gift card and voucher sales in the Cinema Exhibition segment. When estimating any breakage amount, the Group has to consider the constraint on variable consideration. The Group expects it will be entitled to breakage revenue and that it is considered highly probable a significant reversal will not occur in the future. If the Group's expectation changes and it does not expect to be entitled to a breakage amount, it would not recognise any breakage amounts as revenue until the likelihood of the customer exercising their right becomes remote. The Group applies statistical projection methods in its estimation of the breakage rates based on historical redemption rates of gift cards and vouchers sold. Any significant changes in customers' redemption patterns, or the period of time the customer has to redeem their gift card and voucher, will impact the breakage rates applied and the value of breakage revenue recognised. Due to the COVID-19 pandemic and the mandatory closures of cinema sites, this has impacted the ability of a customer to redeem their gift card or voucher. As a result, expiry dates on gift cards and vouchers will be extended by the period the cinemas are closed. This has not had a material impact on breakage rates applied.

(viii) 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") 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. In the Group's 31 December 2019 Half-Year Financial Report, the impact of the Agenda Decision had not been assessed, and the decrease to retained earnings on adoption of AASB 16 on 1 July 2019 was reported as $54.7 million. The Group has now adopted this Agenda Decision, which has had 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. With the adoption of the Agenda Decision, the decrease to retained earnings at 1 July 2019 has been adjusted to $57.5 million.

(ix) Incremental borrowing rate

If and when the Group cannot readily determine the interest rate implicit in the lease, 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.

(x) Expected credit loss provisioning

The Group minimises concentrations of credit risk as the trade and other receivables are spread across a large number of different customers. At 30 June 2020, the Group has assessed the expected credit losses for trade and other receivables. Due to the financial uncertainty arising from COVID-19, the Group has increased the expected credit loss rates for trade and other receivables based on risk probability weighted scenarios of the impact of COVID-19 on the Group's receivables portfolio. In addition, customers have been grouped based on similar credit risk. Certain individual customers that have been identified as having a significantly elevated credit risk have been provided for on a specific basis. This has resulted in a charge of $1.3 million in the profit and loss in the year ended 30 June 2020, to increase the expected credit loss provision. Refer to Note 8 for further information on the expected credit loss provision.

2 REVENUE AND OTHER INCOME

(a) 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue from contracts with customers												
Types of services:												
Admissions	106,520	138,221	137,525	200,783	-	-	-	-	-	-	244,045	339,004
Admissions - annual and season passes	33,554	35,835	-	-	-	-	-	-	-	-	33,554	35,835
Accommodation and conferences	24,158	31,411	-	-	-	-	-	-	-	-	24,158	31,411
Film and television licencing	-	-	-	-	131,324	206,867	-	-	-	-	131,324	206,867
Sales promotions and client loyalty programs	-	-	-	-	-	-	70,263	69,832	-	-	70,263	69,832
Other	823	2,285	15,648	21,024	456	1,541	-	-	98	165	17,025	25,015
Total revenue with customers - services	165,055	207,752	153,173	221,807	131,780	208,408	70,263	69,832	98	165	520,369	707,964
Types of goods:												
Film and television distribution	-	-	-	-	55,502	62,619	-	-	-	-	55,502	62,619
Concessions	87,215	109,122	61,642	86,384	-	-	-	-	-	-	148,857	195,506
Total revenue with customers - goods	87,215	109,122	61,642	86,384	55,502	62,619	-	-	-	-	204,359	258,125
Total revenue from contracts with customers	**252,270**	**316,874**	**214,815**	**308,191**	**187,282**	**271,027**	**70,263**	**69,832**	**98**	**165**	**724,728**	**966,089**
Reconciliation of revenue from contracts with customers to total segment revenue												
Rental income - variable	1,609	1,776	72	92	-	-	-	-	-	-	1,681	1,868
Rental income - fixed	4,942	11,207	-	-	-	-	-	-	-	-	4,942	11,207
Non-segment revenue	-	-	-	-	-	-	-	-	(98)	(165)	(98)	(165)
Inter-segment revenue	-	-	-	-	7,579	17,807	333	834	-	-	7,912	18,641
Total segmental revenue - refer Note 31	**258,821**	**329,857**	**214,887**	**308,283**	**194,861**	**288,834**	**70,596**	**70,666**	**-**	**-**	**739,165**	**997,640**

	2020 $'000	2019 $'000
2 REVENUE AND OTHER INCOME (continued)		
(b) Revenue		
Revenue from contracts with customers	724,728	966,089
Finance revenue	1,069	1,371
Rental income	6,623	13,075
Dividends received	-	8
Total revenue	732,420	980,543
(c) Other income		
Management fees from -		
Other entities	4,315	4,242
Associates	415	294
Net gain on sale and leaseback of property (for 2019 refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	-	10,248
Deferred gain from sale and leaseback of land	2,948	2,948
Other[1]	46,081	3,007
Total other income	53,759	20,739

1 During the year ended 30 June 2020, all Australian employing entities within the Group were assessed to be eligible for the Australian Federal Government's JobKeeper wage subsidy program. The Group has recognised $42.0 million of income relating to this subsidy within Other Income.

In June 2020, the Theme Parks segment received an Australian Federal Government grant under the Supporting Australia's Exhibiting Zoos and Aquariums program. The Theme Parks segment has recognised $1.7 million relating to this grant within Other Income.

(d) Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	30 June 2020 $'000	30 June 2019 $'000
Trade receivables, which are included in Trade and other receivables	58,196	97,538
Contract assets, which are included in Trade and other receivables	5,493	7,096
Unearned revenue (contract liabilities)	64,739	51,231

Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The unearned revenue liability, or contract liability, primarily relates to the advance consideration received from customers for admissions tickets, annual and season passes, gift card and vouchers, and the value of unredeemed customer loyalty points. As at 30 June 2020, the amount of unearned revenue relating to consideration received in advance is $59.3 million (2019: $47.2 million). This will be recognised as revenue over the next 0 to 3 years, the majority of which is expected to be recognised within 12 months. Revenue will be recognised either at the point in time when customers use their admission tickets, gift cards and vouchers, or over a period of time when customers are entitled to use their annual and season passes. At 30 June 2020, the value of unredeemed customer loyalty points is $5.4 million (2019: $4.0 million). This will be recognised as revenue when the points are redeemed by customers.

Below is the amount of revenue recognised from:

	2020 $'000	2019 $'000
Amounts included in contract liabilities at the beginning of the year	48,543	50,128

Revenue recognised in the current year relating to performance obligations satisfied in the previous year was negligible.

(e) Right of return assets and refund liabilities

	30 June 2020 $'000	30 June 2019 $'000
Right of return assets	99	199
Refund liabilities -		
Arising from retrospective rebates	839	2,122
Arising from rights of return	8,776	13,101

	2020 $'000	2019 $'000
3 EXPENSES FROM CONTINUING OPERATIONS		
(a) Expenses excluding finance costs		
Employee expenses -		
Employee benefits	15,300	16,661
Defined contribution superannuation expense	14,754	17,572
Share-based payment expense	491	381
Remuneration and other employee expenses	198,049	208,905
Total employee expenses	228,594	243,519
Cost of goods sold	112,803	112,764
Occupancy expenses -		
Operating lease expenses (refer Note 1(b)(ii))	538	50,388
Expenses relating to variable contingent rental payments	518	4,569
Other occupancy expenses	24,373	26,214
Total occupancy expenses	25,429	81,171
Film hire and other film expenses	149,521	231,788
Depreciation of -		
Buildings & improvements	4,837	4,609
Plant, equipment & vehicles	38,111	37,393
Right-of-use assets (refer Note 16)	34,816	-
Amortisation of -		
Leasehold improvements	11,715	10,964
Software & other intangibles	11,583	17,458
Total depreciation and amortisation	101,062	70,424
Net loss on disposal of property, plant & equipment	71	209
Net loss on disposal of businesses (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	920	1,928
Net foreign currency gains	(306)	(623)
Impairment and other non-cash adjustments (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	92,127	17,981
Other provision adjustments (for 2019 refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	-	15,714
Management and services fees paid	3,587	3,660
Theme park operating expenses	30,748	30,593
Repairs and maintenance	22,666	18,626
Advertising and promotions	67,739	90,696
Restructuring costs (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	1,951	8,735
Allowance for expected credit loss	1,347	37
Bad debts written off (recovered)	261	(157)
Other expenses	57,117	53,796
Total expenses excluding finance costs	895,637	980,861
(b) Finance costs		
Interest on debts and borrowings	13,340	18,473
Interest on lease liabilities (refer Note 16)	26,095	9,324
Other	1,660	2,032
Total finance costs before finance restructuring costs	41,095	29,829
Finance restructuring costs (for 2019 refer material items of income and expense in Reconciliation of Results contained in Directors' Report)	-	2,667
Total finance costs	41,095	32,496

4 LOSS PER SHARE

Basic loss per share amounts as shown in the Consolidated Statement of Comprehensive Income are calculated by dividing net loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the weighted average share data outstanding during the period:

	2020 No. of Shares	2019 No. of Shares
Weighted average number of ordinary shares for basic loss per share	195,140,274	191,759,401
Weighted average number of ordinary shares for diluted loss per share	195,140,274	191,759,401

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Under Accounting Standard AASB 2: *Share-based Payment,* shares issued under the Company's various share plans are required to be accounted for as options. Shares issued under these plans are referred to as 'in-substance options' and are included in ordinary shares for the purposes of the loss per share calculation.

	2020 $'000	2019 $'000
5 INCOME TAX		
(a) Major components of income tax benefit from continuing operations for the years ended 30 June 2020 and 2019 are:		
Statement of Comprehensive Income		
Current income tax:		
Current income tax (expense) benefit	(689)	304
Deferred income tax:		
Relating to origination and reversal of temporary differences	55,830	(669)
Net deferred tax asset taken up in retained earnings on transition to AASB 15	-	(376)
Net deferred tax asset taken up in retained earnings on transition to AASB 16 (refer Note 1(b)(ii))	(24,652)	-
Movements taken up in Other Comprehensive Income instead of income tax benefit	137	1,961
Income tax benefit reported in Statement of Comprehensive Income - continuing operations	30,626	1,220

	2020 $'000	2019 $'000
(b) A reconciliation of income tax benefit applicable to accounting loss before income tax at the statutory income tax rate to income tax benefit at the Group's effective income tax rate is as follows:		
Net loss before income tax	(153,194)	(10,800)
At the statutory income tax rate of 30% (2019: 30%)	45,958	3,240
Adjustments in respect of current income tax of previous years	(466)	849
Non-assessable income / expense reversals	(276)	2,496
Non-deductible expenses	(1,775)	(1,341)
Other deductible expenses	-	2,439
After-tax equity-accounted (losses) profits included in pre-tax loss	(792)	383
Net deferred tax balances recognised / de-recognised (refer income tax benefit material items, in Reconciliation of Results contained in Directors' Report)	(416)	576
Deferred tax balances not recognised	(10,151)	(7,257)
Net profits (losses) of overseas subsidiaries not brought to account	(894)	280
Other	(562)	(445)
Total income tax benefit - continuing operations - at effective tax rate of 20.0% (2019: 11.3%)	30,626	1,220

	CONSOLIDATED STATEMENT OF FINANCIAL POSITION		CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
5 INCOME TAX (continued)				
(c) Deferred tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities:				
Property, plant & equipment	14,822	20,021	5,199	11,352
Right-of-use assets	23,917	-	(23,917)	-
Film distribution royalties	13,484	23,627	10,143	5,363
Intangible assets	1,334	2,191	857	396
Unrealised foreign currency gains	6,599	5,612	(987)	(2,714)
Derivatives	73	202	129	163
Trade and other receivables	5,586	-	(5,586)	-
Other	1,736	805	(931)	1,151
Net-down with deferred tax assets	(67,521)	(52,455)	-	-
Total deferred income tax liabilities	30	3		
Deferred tax assets:				
Post-employment benefits	7,353	8,943	(1,590)	(646)
Property, plant & equipment	19,361	11,453	7,908	(9,355)
Lease liabilities	50,308	-	50,308	-
Sundry creditors and accruals	5,994	4,717	1,277	2,599
Provisions and unrealised foreign currency losses	2,287	2,065	222	(767)
Unearned income	24,093	25,379	(1,286)	(765)
Balance remaining from business combination in 2016	-	-	-	(123)
Derivatives	115	24	91	(5)
Benefits from revenue losses and prepaid income tax	21,135	7,272	13,863	(3,897)
Other	830	563	267	(1,460)
Net-down with deferred tax liabilities	(67,521)	(52,455)	-	-
Total deferred income tax assets	63,955	7,961		
Deferred income tax benefit			55,967	1,292

	2020	2019
	$'000	$'000
(d) The following deferred tax assets arising from tax losses have not been brought to account as realisation of those benefits is not probable:		
Benefits for capital losses	20,642	19,299

Village Roadshow Limited - Tax Consolidation

Effective from 1 July 2003, VRL and its relevant wholly-owned entities have formed a Tax Consolidated group. Members of the Tax Consolidated group have executed a combined Tax Sharing and Tax Funding Agreement ("TSA") in order to allocate income tax expense to the wholly-owned entities predominantly on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office. At balance date, the possibility of default is remote. The head entity of the Tax Consolidated group is VRL. VRL has formally notified the Australian Taxation Office of its adoption of the tax consolidation regime.

Village Roadshow Limited - Tax Consolidation contribution amounts

In the year ended 30 June 2020, VRL recognised an increase in deferred tax assets of $7.7 million (2019: $17.4 million increase in current tax liabilities), and a decrease in inter-company receivables of $7.7 million (2019: $17.4 million increase) in relation to tax consolidation contribution amounts. The Group's utilisation of the tax losses has offset these tax consolidation contribution amounts.

	2020	2019
	$'000	$'000
6 DIVIDENDS DECLARED		
(a) Declared during the year		
Final dividend on ordinary shares of 5.0 cents per share fully-franked (2019: nil)[1]	9,731	-
	9,731	-
(b) Declared subsequent to year-end		
Final dividend on ordinary shares of nil cents per share (2019: 5.0 cents per share)	-	9,731
	-	9,731

1 The tax rate at which paid dividends in 2020 were franked was 30%.

	2020 $'000	2019 $'000
7 CASH AND CASH EQUIVALENTS / FINANCING FACILITIES		
(a) Reconciliation of cash		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:		
Cash on hand and at bank[1]	63,650	61,284
Deposits at call	145	369
Total cash and cash equivalents - continuing operations	63,795	61,653

1 Cash on hand and at bank includes $1.4 million (2019: $6.7 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.

	2020 $'000	2019 $'000
(b) Reconciliation of net loss to net operating cash flows		
Net loss	(122,568)	(9,580)
Adjustments for:		
Depreciation	77,764	42,002
Amortisation	23,298	28,422
Impairment and other non-cash adjustments (refer Note 3(a))	92,127	17,981
Provisions	(4,345)	(2,070)
Shared-based payment expense	491	381
Net losses (gains) on disposal of assets (refer Note 2(c) and Note 3(a))	991	(8,111)
Unrealised foreign currency gains	(204)	(155)
Difference between interest expense and interest paid on finance lease liability	3,110	3,010
Difference between equity-accounted results and cash dividends/interest received	2,906	1,361
COVID-19 related negative variable rent concession (refer Note 1(b)(ii)(c))	(911)	-
Changes in assets and liabilities:		
Decrease (increase) - trade and other receivables	31,474	(13,994)
(Decrease) increase - trade and other payables	(46,988)	12,709
Increase - net current tax assets	(30,626)	(538)
Increase - unearned income	1,097	8,307
Increase (decrease) - other payables and provisions	1,159	(4,012)
Decrease (increase) - inventories	3,227	(598)
Decrease - capitalised borrowing costs	1,574	4,607
Decrease - deferred and other income tax liabilities	(4,111)	(6,123)
Decrease (increase) - prepayments and other assets	11,977	(9,230)
Decrease - film distribution royalties	10,483	18,066
Net operating cash flows	51,925	82,435
(c) Financing facilities available		
At reporting date, the following financing facilities were available:		
Total facilities	350,173	350,926
Facilities used at reporting date	345,173	285,926
Facilities unused at reporting date	5,000	65,000

Refer to Note 32 for an analysis of the Group's liquidity profile. Refer also to Note 29 for details regarding an additional new $69.5 million facility secured in August 2020. As at the date of this report, there were undrawn amounts under VRL's existing and new financing facilities of $63.6 million.

(d) Reconciliation of movements in interest bearing loans & borrowings to cash flows arising from financing activities

	Current Lease Liabilities $'000	Non-Current Lease Liabilities $'000	Current Interest Bearing Loans & Borrowings $'000	Non-Current Interest Bearing Loans & Borrowings $'000	Total $'000
Balance as at 1 July 2019	-	-	6,026	275,229	281,255
Recognition of lease liabilities due to AASB 16	51,165	441,153	-	-	492,318
Adjusted balances as at 1 July 2019	51,165	441,153	6,026	275,229	773,573
Changes from financing cash flows:					
Proceeds from borrowings	-	-	-	104,000	104,000
Repayment of borrowings	-	-	(898)	(44,000)	(44,898)
Lease payments	(33,875)	-	-	-	(33,875)
Total changes from financing cash flows	(33,875)	-	(898)	60,000	25,227
Non-cash changes:					
Effect of changes in exchange rates	-	-	145	-	145
Amortisation of capitalised borrowing costs	-	-	-	1,629	1,629
Other changes	31,669	5,789	4,882	(4,882)	37,458
Balance as at 30 June 2020	48,959	446,942	10,155	331,976	838,032

7 CASH AND CASH EQUIVALENTS / FINANCING FACILITIES (continued)

(d) Reconciliation of movements in interest bearing loans & borrowings to cash flows arising from financing activities (continued)

	Current Interest Bearing Loans & Borrowings $'000	Non-Current Interest Bearing Loans & Borrowings $'000	Total $'000
Balance as at 1 July 2018	6,866	395,024	401,890
Changes from financing cash flows:			
Proceeds from borrowings	-	8,000	8,000
Repayment of borrowings	(1,201)	(131,599)	(132,800)
Total changes from financing cash flows	(1,201)	(123,599)	(124,800)
Non-cash changes:			
Effect of changes in exchange rates	370	48	418
Amortisation of capitalised borrowing costs	-	3,747	3,747
Other changes	(9)	9	-
Balance as at 30 June 2019	6,026	275,229	281,255

	2020 $'000	2019 $'000
8 TRADE AND OTHER RECEIVABLES		
Current:		
Trade and other receivables	91,776	129,465
Allowance for expected credit losses (a)	(1,560)	(128)
	90,216	129,337
Non-current:		
Trade and other receivables	7,876	17,561
Loans receivable	1,122	27
	8,998	17,588
Due from associates	35,109	30,731
Allowance for expected credit losses (b)	(35,109)	(30,731)
	-	-
	8,998	17,588
(a) Trade and other receivables and allowance for expected credit losses[1]		
0 to 3 months - Gross trade and other receivables	97,421	140,907
> 3 months[1] - Gross trade and other receivables	3,353	6,146
0 to 3 months - ECL*	(804)	(68)
> 3 months - ECL*	(756)	(60)
Total trade and other receivables after allowance	99,214	146,925

* Expected Credit Losses ("ECL").
1 Contract assets are included within total trade and other receivables. The expected credit loss on contract assets is negligible.

	2020 $'000	2019 $'000
Movements in the allowance for expected credit losses were as follows:		
Carrying amount at beginning	128	415
Charge for the year	1,576	14
Foreign exchange translation	(2)	2
Amounts written off for the year	(142)	(303)
Carrying amount at end	1,560	128
(b) Due from associates and for allowance for expected credit losses		
Movements in the allowance for expected credit losses were as follows:		
Carrying amount at beginning	30,731	26,180
Increase for the year	4,378	4,551
Carrying amount at end	35,109	30,731
9 INVENTORIES		
Current:		
Merchandise held for resale - at cost	18,793	24,738
Provision for stock loss	(1,332)	(1,601)
	17,461	23,137

Note: Cost of goods sold expense is represented by amounts paid for inventories - refer Note 3(a).

10 GOODWILL AND OTHER INTANGIBLE ASSETS

FOR THE YEAR ENDED 30 JUNE 2020

	Goodwill $'000	Brand Names[1] $'000	Software & Other $'000	Total $'000
At 1 July 2019				
Cost	317,249	31,680	116,479	465,408
Accumulated amortisation and impairment	(142,804)	(4,020)	(78,627)	(225,451)
Net carrying amount	174,445	27,660	37,852	239,957
Year ended 30 June 2020				
At 1 July 2019, net of accumulated amortisation and impairment	174,445	27,660	37,852	239,957
Additions / transfers	(277)	-	3,305	3,028
Net currency movements arising from investments in foreign operations	(414)	-	(13)	(427)
Impairment	(26,823)	-	(1,446)	(28,269)
Disposals	(22,279)	-	(739)	(23,018)
Amortisation (refer Note 3(a))	-	-	(11,583)	(11,583)
Net carrying amount	124,652	27,660	27,376	179,688
At 30 June 2020				
Cost	294,279	31,680	105,965	431,924
Accumulated amortisation and impairment	(169,627)	(4,020)	(78,589)	(252,236)
Net carrying amount	124,652	27,660	27,376	179,688
FOR THE YEAR ENDED 30 JUNE 2019				
At 1 July 2018				
Cost	315,978	31,680	110,699	458,357
Accumulated amortisation and impairment	(132,804)	(4,020)	(67,858)	(204,682)
Net carrying amount	183,174	27,660	42,841	253,675
Year ended 30 June 2019				
At 1 July 2018, net of accumulated amortisation and impairment	183,174	27,660	42,841	253,675
Additions / transfers	-	-	11,952	11,952
Net currency movements arising from investments in foreign operations	796	-	21	817
Acquisition	1,076	-	505	1,581
Impairment	(10,000)	-	-	(10,000)
Disposals	(601)	-	(9)	(610)
Amortisation (refer Note 3(a))	-	-	(17,458)	(17,458)
Net carrying amount	174,445	27,660	37,852	239,957
At 30 June 2019				
Cost	317,249	31,680	116,479	465,408
Accumulated amortisation and impairment	(142,804)	(4,020)	(78,627)	(225,451)
Net carrying amount	174,445	27,660	37,852	239,957

1 In 2020 and 2019, all of the brand names relate to the Village Roadshow Theme Parks group.

(a) Impairment testing of goodwill and brand names

Goodwill and indefinite life intangible assets are tested at least annually for impairment based upon the recoverable amount of the cash generating units ("CGU's") or group of CGU's to which the goodwill and indefinite life intangibles have been allocated. Details of the Group's goodwill and indefinite life intangible assets are provided below.

Recoverable amount assessed on the basis of fair value less costs of disposal:

The recoverable amount of the material balances of the Group's goodwill and indefinite life intangible assets has been determined based on fair value less costs of disposal ("FVLCD") calculations. The impact of COVID-19 has developed rapidly during the second half of FY2020, and in response to the pandemic the Australian governments' mandated closures of non-essential services on 22 March 2020, resulting in the closure of the Group's cinema and theme park operations. Also in March 2020, the UK government imposed trade restrictions impacting the Group's UK Marketing Solutions operation. With ongoing COVID-19 restrictions at different levels across Australia and in the UK, this has provided challenges in predicting the full extent and duration of its impact on the Group's businesses.

Based on information available at 30 June 2020 and the probability of further restrictions after this date, additional adjustments have been made to the Group's 5 year plan used in the Group's impairment testing in order to reflect the estimated impact of COVID-19. The key assumptions on which the Group has based cash flow projections when determining FVLCD were that the impact of COVID-19 was expected to only impact cash flow in FY2021. Cinema sites that closed in July 2020 due to the ongoing lockdown in Victoria were assumed to reopen around the start of the second quarter of FY2021. The Theme Parks have been assumed to continue to experience reduced ticket sales and attendances through the first half of FY2021 due to ongoing Queensland state border restrictions. Future performance after FY2021 was based on pre-COVID-19 past performance and expectations for the future, and that no significant events were identified which would cause the Group to conclude that past pre-COVID-19 performance was not an appropriate indicator of future performance.

10 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

(a) Impairment testing of goodwill and brand names (continued)

Recoverable amount assessed on the basis of fair value less costs of disposal: (continued)

The pre-tax discount rates applied to the cash flow projections were in the range of 9.9% to 12.3% (2019: 10.5% to 14.3%) for Australian based CGU's and 11.9% to 13.8% (2019: 9.2% to 10.8%) for the Marketing Solutions UK CGU. Cash flows used were mainly from the Group's 5 year plans. Cash flows beyond five years were extrapolated using a terminal growth rate range of 0% to 2.75% (2019: 0% to 2.75%). The growth rate does not exceed the long-term average growth rate for the businesses in which the CGU's operate. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used.

Goodwill allocated for impairment testing included material groupings and 2020 balances as follows:

- Village Roadshow Theme Parks group - $41.5 million (2019: $42.6 million) (re: Australian Theme Park interests)
- Roadshow Distributors Pty. Ltd. group - nil (2019: $17.1 million) (re: Film Distribution interests)
- Village Cinemas Australia Pty. Ltd. group - $47.2 million (2019: $47.2 million) (re: Australian Cinemas Exhibition interests)
- Village Roadshow Digital Pty. Ltd. group - nil (2019: $22.3 million) (re: Australian Marketing Solutions interest - sold October 2019)
- Edge UK Holdings Ltd. group - $36.0 million (2019: $45.3 million) (re: UK Marketing Solutions interest)

Impairment losses recognised:

As previously reported in the 31 December 2019 half-year financial report, 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 underperformance of certain film titles, an impairment loss on goodwill of $17.1 million (2019: $10.0 million) was recognised relating to the Film Distribution segment thereby reducing the carrying value of the goodwill to nil and the carrying value of the CGU to its recoverable amount. In addition, impairment losses on the carrying value of the film distribution royalty amounts of $16.4 million were recognised relating to the Film Distribution segment at 31 December 2019. Due to the impact of COVID-19, a further review of future theatrical revenue streams was undertaken and an additional $1.8 million of impairment losses on the carrying value of the film distribution royalty amounts were recognised at 30 June 2020. Refer to Note 11(b) for further information.

During the year ended 30 June 2020, as a result of the adverse impact of COVID-19 and park closures within the Theme Parks segment, impairment losses on goodwill of $0.8 million and software and other of $1.4 million were recognised, thereby reducing the carrying amount of the CGU's to their recoverable amounts. In addition, impairment losses of property, plant & equipment of $31.7 million were recognised relating to the Theme Parks segment. Refer to Note 15 for further information.

During the year ended 30 June 2020, also as a result of COVID-19 restrictions in the UK, an impairment loss on goodwill of $9.0 million relating to the Marketing Solutions segment was recognised, thereby reducing the carrying amount of the CGU to its recoverable amount.

Brand names:

Brand names owned by the Village Roadshow Theme Parks group are classified as indefinite life intangible assets and are therefore subject to annual impairment testing. For the purposes of impairment testing the relevant brand names form part of the Australian Theme Parks CGU (2020: $27.7 million, 2019: $27.7 million). Refer above for details relating to cash flows, growth and discount rates.

Sensitivity to changes in assumptions:

With regard to the assessment of recoverable amount of goodwill and other intangible assets for CGU's within the Cinema Exhibition segment, if there is a material change to the forecasts and cash flow projection assumptions, with prolonged closures of cinema sites in Victoria, then there may be a risk the carrying values will exceed their recoverable amounts. Following the impairments noted above, it is also noted that if the recovery of earnings of the UK Marketing Solutions and Theme Parks segments are lower than currently forecast, and closures of Queensland state borders continue into the second half of the next financial year, or there is further mandated closure of theme parks, then there may be a risk of further impairment.

	2020 $'000	2019 $'000
11 OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES		
(a) Other Assets		
Current:		
Prepayments	4,899	5,924
Work in progress	368	11,914
Other assets	1,077	1,129
	6,344	18,967
(b) Film Distribution Royalties		
Opening balance	91,336	111,221
Additions	38,652	51,739
Foreign currency movements	(30)	360
Impairment and other non-cash adjustments (refer material items of income and expense in Reconciliation of Results contained in Directors' Report)[1]	(18,187)	(1,819)
Film hire and other film expenses	(49,104)	(70,165)
	62,667	91,336

	2020 $'000	2019 $'000
11 OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES (continued)		
(b) Film Distribution Royalties (continued)		
Current film distribution royalties	32,874	37,439
Non-current film distribution royalties	29,793	53,897
	62,667	91,336

1 As previously reported in the 31 December 2019 half-year financial report, an in-depth review of the Film Distribution segment's future revenue streams and the carrying value of the film distribution royalty amounts, including unreleased titles, had been conducted. An impairment loss of film distribution royalties of $11.4 million (2019: $1.3 million) after tax was recognised. As a result of COVID-19, and government mandated restrictions on the opening of, and capacity limits at Australian cinemas, this has impacted the timing of theatrical releases. A review of the future theatrical revenue streams was conducted and at 30 June 2020, a further impairment loss of film distribution royalties of $1.3 million after tax has been recognised.

	2020 $'000	2019 $'000
12 INVESTMENTS - EQUITY-ACCOUNTED		
Non-current:		
Investments - equity-accounted	28,865	32,463

(a) Detailed information: Village Roadshow Entertainment Group business ("VREG") consisting of Village Roadshow Entertainment Group (BVI) Limited

(i) Nature of relationship and ownership percentage:

The VRL group owns 20% (2019: 20%) of the ordinary shares in VREG. The VRL group has USD 10 million of subordinated notes (ranking in priority to the ordinary equity of VREG) outstanding from VREG, repayable by November 2022, with a non-cash return of 15.5%.

The investment in VREG is equity-accounted, and as a result of the significant negative net asset position of VREG, the carrying value of the net investment had been written down to nil due to the recognition of accumulated losses, so that the VRL group had no carrying value for accounting purposes.

VREG is classified as an associate for accounting purposes, and it is noted that all VREG debt is non-recourse to the VRL group. The VRL group results only include interest or dividends received in cash from VREG, and in the year ended to 30 June 2020, no cash interest was included in equity-accounted results (2019: nil), and no cash dividends were received in the current or previous corresponding periods.

(ii) Principal place of business and country of Incorporation:

Village Roadshow Entertainment Group (BVI) Limited was incorporated in the British Virgin Islands, and its principal place of business is Road Town, Tortola, British Virgin Islands.

(iii) Dividends received:

In the year ended 30 June 2020, the VRL group did not receive any dividends from VREG (2019: nil).

	2020 $'000	2019 $'000
(iv) Summarised financial information (at 100%):		
Current assets	125,992	98,379
Non-current assets	169,228	207,160
Current liabilities	49,903	48,759
Non-current liabilities	1,293,230	1,258,016
Equity (deficiency)	(1,047,913)	(1,001,236)
Carrying value of investment	-	-
Total income	206,258	247,509
Operating loss after tax - continuing operations	(88,791)	(85,131)
Operating profit after tax - discontinued operations	-	-
Total operating loss after tax	(88,791)	(85,131)
Other Comprehensive expense	-	-
Total Comprehensive expense	(88,791)	(85,131)
Equity-accounted share of VREG's loss after tax	-	-
Cumulative unrecognised share of VREG's losses after income tax due to discontinuation of equity method	(198,066)	(187,983)

The summarised financial information shown above is based on the unaudited management accounts of VREG, as the audited accounts are not yet available. All VREG debt is non-recourse to the VRL group.

(b) Detailed information: FilmNation Entertainment LLC ("FilmNation"):

(i) Nature of relationship and ownership percentage:

The VRL group owns 31.03% (2019: 31.03%) of the ordinary shares in FilmNation. FilmNation is classified as an associate for accounting purposes.

(ii) Principal place of business and country of incorporation:

FilmNation was incorporated in the United States of America, and the principal place of business for FilmNation and its subsidiaries is 150 West 22nd Street, 9th Floor, New York, USA.

12 INVESTMENTS - EQUITY-ACCOUNTED (continued)

(b) Detailed information: FilmNation Entertainment LLC ("FilmNation"): (continued)

(iii) Dividends received:

In the year ended 30 June 2020, the VRL group recognised $1.1 million in dividends from FilmNation (2019: $2.6 million).

	2020 $'000	2019 $'000
(iv) Summarised financial information (at 100%):		
Current assets	29,391	162,445
Non-current assets	83,764	11,447
Current liabilities	41,784	76,836
Non-current liabilities	29,699	52,374
Equity	41,672	44,682
Carrying value of investment	28,037	31,604
Total income	70,717	129,473
Operating (loss) profit after tax - continuing operations	(8,402)	4,454
Operating profit after tax - discontinued operations	-	-
Total operating (loss) profit after tax	(8,402)	4,454
Other Comprehensive Income	-	-
Total Comprehensive (expense) income	(8,402)	4,454
Equity-accounted share of FilmNation's (loss) profit after tax	(2,607)	1,382

The summarised financial information shown above is based on the unaudited management accounts of FilmNation, as the audited accounts for FilmNation are prepared as at 31 December each year.

(c) Detailed information: iPic Entertainment Inc. group:

The VRL group owns 24.4% (2019: 24.4%) of the ordinary shares in iPic Entertainment Inc. group. iPic Entertainment Inc. was incorporated in the United States of America.

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. In the prior year, 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 (2019: nil) and there is no further recourse to the VRL group in relation to iPic.

(d) Aggregated information - other equity-accounted investments:

	2020 $'000	2019 $'000
(i) Aggregated financial information - other equity-accounted investments:		
Carrying value of investment	828	859
Share of operating loss after tax	(34)	(107)
Share of other Comprehensive income	-	-
Share of Total Comprehensive expense	(34)	(107)

13 INTERESTS IN JOINT OPERATIONS

Names and principal activities of joint operations, and the percentage interest held by entities in the Group in those joint operations:

NAME	PRINCIPAL ACTIVITY	% INTEREST HELD 2020	% INTEREST HELD 2019
Australian Theatres	Multiplex cinema operator	50.00%	50.00%
Browns Plains Multiplex Cinemas	Multiplex cinema operator	50.00%	50.00%
Carlton Nova / Palace	Cinema operator	25.00%	25.00%
Castle Towers Multiplex Cinemas	Multiplex cinema operator	50.00%	50.00%
Loganholme Cinemas	Cinema operator	50.00%	50.00%
Morwell Multiplex Cinemas	Cinema operator	75.00%	75.00%
Mt. Gravatt Multiplex Cinemas	Cinema operator	33.33%	33.33%
TG-VR Australia	Sports entertainment operator	96.30%	96.30%
Village / GUO / BCC Cinemas	Cinema operator	50.00%	50.00%
Village / Sali Cinemas Bendigo	Cinema operator	50.00%	50.00%
Village Warrnambool Cinemas	Cinema operator	50.00%	50.00%
Werribee Cinemas	Cinema operator	50.00%	50.00%

There were no impairment losses in the joint operations.

Share of contingent assets and contingent liabilities incurred jointly with other partners - refer Note 24 for disclosures.

14 SUBSIDIARIES

The consolidated financial statements incorporate 100% of the assets, liabilities and results of the following wholly owned subsidiaries unless otherwise stated[1]:

Incorporated in Australia

DEG Holdings Pty. Limited
Edge Loyalty Systems Pty. Limited[3,4]
Entertainment of The Future Pty. Limited
Lyfe Loyalty Pty. Limited[3]
Movie World Holdings Joint Venture
MyFun Pty. Limited
Reel DVD Pty. Limited
Roadshow Distributors Pty. Limited[4]
Roadshow Films Pty. Limited[4]
Roadshow Pay Movies Pty. Limited
Roadshow Productions Pty. Limited
Roadshow Television Pty. Limited
Roadshow Unit Trust
RPRD #1 Pty. Limited[5]
RPRD #2 Pty. Limited[5]
RPRD #3 Pty. Limited[5]
RPRD #4 Pty. Limited[2,5]
Sea World Management Pty. Limited
Sea World Property Trust
Sincled Investments Pty. Limited
Village Cinemas Australia Pty. Limited[4]
Village Golf Australia Pty. Limited[7]
Village Golf Holdings Pty. Limited[4]
Village Online Investments Pty. Limited
Village Roadshow Australian Films Pty. Limited
Village Roadshow Digital Pty. Limited[4]
Village Roadshow East Coast Pty. Limited
Village Roadshow Exhibition Pty. Limited
Village Roadshow Group Services Pty. Limited
Village Roadshow Holdings Pty. Limited
Village Roadshow Intencity Pty. Limited
Village Roadshow IP Pty. Limited
Village Roadshow Leisure Pty. Limited
Village Roadshow Pictures International Pty. Limited
Village Roadshow Pictures Television Pty. Limited
Village Roadshow Share Plan Pty. Limited
Village Roadshow SPV1 Pty. Limited
Village Roadshow Theatres Pty. Limited[4]
Village Roadshow Theme Parks Pty. Limited[4]
Village Roadshow Treasury Pty. Limited
Village Roadshow UK Holdings Pty. Limited
Village Roadshow USA Holdings Pty. Limited
Village Theatres Morwell Pty. Limited[10]
VR - Big Croc Pty. Limited
VR Corporate Services Pty. Limited
VR ESP Finance Pty. Limited
VR Leisure Holdings Pty. Limited

Incorporated in Australia (continued)

VRPPL Pty. Limited
VRS Holdings Pty. Limited
VRTP Entertainment Pty. Limited
VRTP Services Pty. Limited
WB Properties Australia Pty. Limited
WSW Units Pty. Limited

Incorporated in China

Village Roadshow Theme Parks Operations (Hainan) Limited
Village Roadshow Theme Parks Operations (Yunnan) Co. Limited
Village Roadshow Theme Parks Operations (Zhuhai) Co. Limited

Incorporated in Fiji

Village Roadshow (Fiji) Limited

Incorporated in Hong Kong

Village Roadshow Holdings Hong Kong Limited

Incorporated in New Zealand

Roadshow Entertainment (NZ) Limited

Incorporated in Russia

Opia Russia Limited[6]

Incorporated in Singapore

Edge PRI (Asia) Pte. Limited[3]

Incorporated in South Africa

Halo Promo Risk SA Pty. Limited[2,6]

Incorporated in the United Kingdom

Countrywide Property Investments (UK) Limited[6]
Edge Loyalty Europe Limited[6]
Edge UK Holdings Limited
Halo Promo Risk Limited[6]
Opia International (UK) Limited[6]
Opia Limited[6]
Summit Digital Limited[6]
Village Theatres 3 Limited

Incorporated in the United States

Opia LP[6]
Opia US Inc.[6]
The Waterpark LLC[8]
The Waterpark Management LLC[9]
Village Roadshow Attractions USA Inc.
Village Roadshow Investments Holdings USA Inc.

1 Foreign subsidiaries carry out their business activities in the country of incorporation.
2 Entity purchased or incorporated during the year.
3 Entity sold or dissolved during the current year.
4 Member of the Deed of cross guarantee, as disclosed in Note 34. From 31 October 2019, Edge Loyalty Systems Pty. Limited is no longer a member as the entity was sold.
5 99% owned.
6 80% owned.
7 66.67% owned.
8 50.09% owned.
9 50% owned.
10 75% owned.

	2020 $'000	2019 $'000
15 PROPERTY, PLANT & EQUIPMENT		
Land:		
At cost	8,767	8,646
Finance lease asset:		
At cost	-	101,500
Buildings & improvements:		
At cost	157,449	154,043
Less depreciation and impairment	(72,956)	(52,179)
	84,493	101,864
Capital work in progress:		
At cost	45,594	21,001
Leasehold improvements:		
At cost	303,514	296,000
Less amortisation and impairment	(168,045)	(143,308)
	135,469	152,692
Plant, equipment & vehicles:		
At cost	737,068	726,496
Less depreciation and impairment	(491,138)	(455,982)
	245,930	270,514
	520,253	656,217

At 30 June 2020, the net book value of buildings & improvements and plant, equipment & vehicles being leased out as operating leases was $19.0 million and $2.8 million, respectively.

(a) Reconciliations

	2020 $'000	2019 $'000
Land:		
Carrying amount at beginning	8,646	10,084
Disposals	-	(1,722)
Net foreign currency movements arising from investments in foreign operations	121	284
Carrying amount at end	8,767	8,646
Finance lease asset:		
Carrying amount at beginning	101,500	101,500
Reclassification as right-of-use asset under AASB 16 (refer Note 1(b)(ii) and Note 16)	(101,500)	-
Carrying amount at end	-	101,500
Buildings & improvements:		
Carrying amount at beginning	101,864	99,306
Additions / transfers	3,405	9,074
Net foreign currency movements arising from investments in foreign operations	182	826
Impairment	(16,121)	(2,407)
Disposals	-	(326)
Depreciation expense	(4,837)	(4,609)
Carrying amount at end	84,493	101,864
Capital work in progress:		
Carrying amount at beginning	21,001	17,676
Additions	48,417	18,117
Net foreign currency movements arising from investments in foreign operations	3	16
Disposals	(3,207)	-
Transfers	(20,620)	(14,808)
Carrying amount at end	45,594	21,001
Leasehold improvements:		
Carrying amount at beginning	152,692	148,412
Additions / transfers	8,094	7,554
Acquisition	-	7,798
Impairment	(13,573)	-
Disposals	(29)	(108)
Amortisation expense	(11,715)	(10,964)
Carrying amount at end	135,469	152,692

	2020 $'000	2019 $'000
15 PROPERTY, PLANT & EQUIPMENT (continued)		
(a) Reconciliations (continued)		
Plant, equipment & vehicles:		
Carrying amount at beginning	270,514	262,965
Additions / transfers	20,056	47,492
Acquisition	-	3,198
Impairment	(6,200)	(2,977)
Net foreign currency movements arising from investments in foreign operations	48	180
Disposals	(377)	(2,951)
Depreciation expense	(38,111)	(37,393)
Carrying amount at end	245,930	270,514

Impairment losses recognised:

Impairment losses on property, plant & equipment of $35.9 million were recognised for continuing operations in the year ended 30 June 2020 (2019: $5.4 million), of which $31.7 million (2019: $5.4 million) related to the Theme Parks segment, and $4.2 million (2019: nil) related to the Cinema Exhibition segment. In addition, impairment losses on software and other intangible assets of $1.4 million were also recognised in the Theme Parks segment, and impairment losses of $9.8 million on right-of-use lease assets in the Film Distribution and Cinema Exhibition segments were recognised in the year ended 30 June 2020. Refer to Notes 10 and 16 for further information.

In response to the COVID-19 pandemic, the Australian governments' mandated closure of non-essential services on 22 March 2020, resulted in the closure of the Group's cinema and theme park operations and is considered an impairment trigger. As a result, all cash generating units were tested for impairment and $25.1 million of impairment losses in the Theme Parks segment in Australia and $4.2 million of impairment losses in the Cinema Exhibition segment, were recognised. The recoverable amounts for the Theme Parks assessments have been based on fair value less costs of disposal and the pre-tax discount rates applied to cash flow projections were in the range of 9.9% to 12.3%. Cash flows beyond five years were extrapolated using a terminal growth rate of 2.5% and cash flows used were from the Group's 5 year plans. The Cinema Exhibition assessments have been based on value in use and the pre-tax discount rates applied to cash flow projections were in the range of 8.8% to 9.8%. The discount rate incorporates adjustments resulting from the adoption of AASB 16 to include the impact of lease liabilities on debt and equity assumptions. No terminal growth rate was applied as the cash flows were based on the periods of the remaining lease terms. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used, and the impairment losses have been disclosed in Note 3(a).

Impairment losses on property, plant & equipment of $6.6 million (2019: $5.4 million) were recognised in the year ended 30 June 2020 in relation to Wet'n'Wild Las Vegas which is in the Theme Parks segment. Impairment losses were $1.5 million higher than those previously reported in the 31 December 2019 half-year financial report. The Nevada State restrictions implemented in March 2020 as a result of the COVID-19 pandemic is considered an impairment trigger and as a result, Wet'n'Wild Las Vegas was tested again for impairment. For the Wet'n'Wild Las Vegas assessment, the pre-tax discount rate used was 11.8% (2019: 10.4%) and the recoverable amount was based on fair value less costs of disposal. Cash flows beyond five years were extrapolated using a terminal growth rate of 2.0% (2019: 2.5%), and the latest updated forecasts in 5 year plan reflected that the underlying financial performance being lower than expected due to the impact of COVID-19 and the part closure of the water park during its 2020 operating season. The Group considers the inputs and the valuation approach to be consistent with the approach taken by market participants. Under the fair value hierarchy, level 3 inputs were used, and the impairment losses have been disclosed in Note 3(a).

Sensitivity to changes in assumptions:

With regard to the assessment of recoverable amount of property, plant & equipment for CGU's within the Film Distribution and Marketing Solutions segments, the Group believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of property, plant & equipment to exceed recoverable amounts. Following the impairments noted above, it is also noted that if the recovery of earnings of the Theme Parks, and Cinema Exhibition segments are lower than currently forecast, and closures of Queensland state borders and cinemas sites continue into the second half of the next financial year, or there is further mandated closure of theme parks, then there may be a risk of further impairment.

16 LEASES

(a) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following relating to leases:

	2020	1 July 2019[1]
	$'000	$'000
Right-of-use assets:		
Properties	392,858	400,842
Plant & equipment	767	1,540
Rides & attractions	-	542
	393,625	402,924
Lease liabilities:		
Current	48,959	51,165
Non-current	446,942	441,153
	495,901	492,318

1 In the previous year, the Group only recognised a leased asset of $101.5 million and lease liability of $106.1 million in relation to leases that were classified as finance leases under AASB 117 *Leases* . The assets were presented in property, plant & equipment as Finance lease assets. For adjustments recognised on adoption of AASB 16 on 1 July 2019, refer to note 1(b)(ii) for further information.

2 Additions to right-of-use assets for properties during the year ended 30 June 2020 were $0.9 million.

(b) Amounts recognised in the Statement of Comprehensive Income

The Statement of Comprehensive Income for the year ended 30 June 2020 contains the following amounts relating to leases:

	2020
	$'000
Depreciation charge on right-of-use assets	
Properties	33,569
Plant & Equipment	773
Rides & attractions	474
Total depreciation charge on right-of-use assets	34,816
Interest on lease liabilities (included in finance costs)[1]	26,095
Impairment of right-of-use asset[2]	9,777
Rental income from sub-leasing right-of-use assets	(6,623)
Expenses relating to variable contingent lease payments	518
Expenses relating to short term leases	385
Expenses relating to leases of low-value assets	153

1 Interest on lease liabilities includes $9.6 million of interest relating to an existing finance lease liability resulting from the sale and long-term leaseback of land on the Gold Coast.

2 During the year ended 30 June 2020, due to difficulties sub-letting a leased property, a right-of-use asset of $2.0 million was impaired in the Film Distribution segment. In addition, due to the impact of the COVID-19 pandemic, impairment losses on right-of-use assets of $7.8 million were also recognised in the Cinema Exhibition segment. Refer to Note 15 for further information.

(c) Impact on Statement of Cash Flows

Lease payments of $50.4 million for the year ended 30 June 2020 allocated to the lease liability, is recognised in cash flows from operating and financing activities. Of these payments, $33.9 million is recognised in cash flows from financing activities that were previously recognised in cash flows from operating activities.

(d) Maturity analysis - contractual undiscounted cash flows

	2020
	$'000
Less than one year	56,916
One to five years	256,054
More than five years	689,985
Total undiscounted lease liabilities at 30 June 2020	1,002,955

Total undiscounted future cash outflows of $56.5 million relate to extension options that are not reflected in the measurement of lease liabilities at 30 June 2020.

(e) Operating leases as lessor

The Group leases out property and some plant & equipment. The Group has classified these as operating leases, because they do not transfer substantially all the risks and rewards of incidental to the ownership of these assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after 30 June 2020:

	2020
	$'000
Less than one year	1,258
One to two years	900
Two to three years	900
Three to four years	900
Four to five years	900
More than five years	2,200
Total undiscounted lease payments to be received	7,058

	2020 $'000	2019 $'000
17 TRADE AND OTHER PAYABLES		
Current:		
Trade and sundry payables	161,141	228,400
Non-current:		
Trade and sundry payables	21,126	30,220
Owing to other	-	20,613
	21,126	50,833

For terms and conditions refer to Note 32(c)(ii).

	2020 $'000	2019 $'000
18 INTEREST BEARING LOANS AND BORROWINGS		
Current:		
Secured borrowings	10,155	6,026
Non-current:		
Secured borrowings	331,976	275,229

Terms and conditions relating to the VRL group finance facility:

The VRL group facility of $340 million includes a three-year revolving facility of $230 million and a five-year term debt facility of $110 million. These facilities have no scheduled amortisation and are subject to interest at variable interest rates (however the Group has interest rate hedging in place over a portion of the debt). These facilities are secured by guarantees from VRL and various wholly-owned subsidiaries and charges over the assets of those subsidiaries. Refer also to Note 29 for details regarding an additional new $69.5 million facility secured in August 2020.

The VRL group finance facility requires the Group to meet certain debt covenants. The adoption of the new lease accounting standard, AASB 16, does not impact the Group's debt covenants as they have been excluded from covenant tests. Due to COVID-19 pandemic and the impact of mandated government restrictions on the Group's performance and operating cash flows, the Group has received a waiver from its debt covenants at 30 June 2020, and they will not be tested until 31 March 2021.

	2020 $'000	2019 $'000
19 PROVISIONS		
Current:		
Employee benefits	23,424	29,588
Other	1,324	1,793
	24,748	31,381
Non-current:		
Employee benefits	1,086	961
Make good provision	5,886	5,223
Other	461	2,469
	7,433	8,653

Aggregate employee benefit liabilities at 30 June 2020 is $24.5 million (2019: $30.5 million).

(a) Reconciliations

	2020 $'000	2019 $'000
Make good provision:		
Carrying amount at the beginning of the financial year	5,223	4,628
Amounts added during the year	812	633
Amounts utilised or written back during the year	(234)	(120)
Discount adjustment	85	82
Carrying amount at the end of the financial year	5,886	5,223
Other provisions:		
Carrying amount at the beginning of the financial year	4,262	8,123
Transfer to lease liabilities on adoption of AASB 16 (refer Note 1(b)(ii))	(2,656)	-
Increase in provision	197	-
Amounts utilised or written back during the year	(25)	(3,873)
Foreign currency movements	7	12
Carrying amount at the end of the financial year	1,785	4,262

Make good provision:

In accordance with certain lease agreements, the Group must restore leased premises to the original condition on expiration of the relevant lease. Provisions are raised in respect of such 'make good' clauses to cover the Group's obligation to remove leasehold improvements from leased premises where this is likely to be required in the foreseeable future. Make good provisions are also recognised in relation to the likely closure of rides/attractions in the Theme Parks division. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred.

19 PROVISIONS (continued)

Other provisions:

Other provisions in the prior year mainly comprised of rent incentive provisions which were being amortised over the life of the corresponding leases, with the balance relating to various other matters. Following the adoption of AASB 16, rent incentive provisions have been deducted from the present value of future lease liabilities and the corresponding right-of-use asset.

	2020 $'000	2019 $'000
20 UNEARNED REVENUE AND OTHER LIABILITIES		
Current:		
Unearned revenue - revenue from contracts with customers (refer Note 2(d))	64,362	50,666
Unearned revenue - other	3,496	4,214
Other liabilities	256	8,882
	68,114	63,762
Non-current:		
Unearned revenue - revenue from contracts with customers (refer Note 2(d))	377	565
Unearned revenue - other[1]	73,001	76,225
	73,378	76,790

1 The non-current unearned revenue predominantly relates to the deferred gain on the sale and long-term leaseback of the VRL group's freehold land on the Gold Coast. As at 30 June 2020, the unearned revenue amounts to $66.3 million (2019: $69.3 million).

	2020 $'000	2019 $'000
21 CONTRIBUTED EQUITY		
Issued and fully paid up capital:		
Ordinary shares	298,843	296,485
Employee share loans deducted from equity[1]	(21,670)	(21,314)
	277,173	275,171

1 Secured advances - executive loans (refer also to Note 27).

Under the terms of the Executive Share Option Plan Loan Facility, dividends are used to repay the interest accrued with any surplus dividend payment used to repay the capital amount of the loan.

Under the terms of the Executive Share Plan & Loan Facility to 2011, ten cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan. Under the terms of the Executive Share Plan & Loan Facility for allotments from 2012 onwards, twenty cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan. For allotments from 1 July 2016, the loan interest rate is twenty five cents per share.

Ordinary shares:

During the 2020 and 2019 years, movements in fully paid ordinary shares on issue were as follows:

	CONSIDERATION		**NO. OF SHARES**	
	2020 $'000	2019 $'000	2020 Thousands	2019 Thousands
Beginning of the financial year	296,485	244,428	194,216	161,860
Entitlement offer - July/August 2018 - $1.65	-	49,211	-	31,130
Allotment - September 2018 at $2.22 - Directors' Share Plan	-	54	-	24
Allotment - December 2018 at $2.50 - Executive Share Plan	-	3,125	-	1,250
Allotment - December 2018 at $2.50 - Directors' Share Plan	-	58	-	23
Allotment - March 2019 at $3.34 - Directors' Share Plan	-	64	-	19
Buy-back - May 2019 at $4.72 - Executive Share Plan	-	(519)	-	(110)
Allotment - June 2019 at $3.27 - Directors' Share Plan	-	64	-	20
Allotment - July 2019 at $2.77 - Executive Share Plan	2,885	-	1,042	-
Buy-back - July 2019 at $4.72 and $7.37 - Executive Share Plan	(855)	-	(125)	-
Allotment - September 2019 at $2.78 - Directors' Share Plan	64	-	23	-
Allotment - December 2019 at $3.13 - Directors' Share Plan	64	-	20	-
Allotment - March 2020 at $3.45 - Directors' Share Plan	100	-	29	-
Allotment - June 2020 at $2.13 - Directors' Share Plan	100	-	48	-
End of the financial year	298,843	296,485	195,253	194,216

Entitlement offer:

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

Issued options:

The names of all persons who currently hold options are entered in the register kept by the Company, which may be inspected free of charge. The Company has issued various 'in substance options' - refer Note 27.

21 CONTRIBUTED EQUITY (continued)

Terms and conditions of contributed equity:

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, holders of such shares have the right to participate in the distribution of any surplus assets of the Company. Ordinary shares entitle their holder to the following voting rights:

- On a show of hands - one vote for every member present in person or by proxy.
- On a poll - one vote for every share held.

Capital management:

When managing capital, management's objective is to ensure that the Group continues as a going concern, as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

As the market is constantly changing and the Group reviews new opportunities, management may change the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt, as methods of being able to meet its capital objectives.

Management undertake continual reviews of the Group's capital structure and use gearing ratios as a key metric for this analysis (net debt/total capital). The gearing ratios at 30 June 2020 and 2019 were as follows:

	2020 $'000	2019 $'000
Total borrowings (excluding lease liabilities)	342,131	281,255
Less cash and cash equivalents	(63,795)	(61,653)
Net debt	278,336	219,602
Total equity	247,837	434,509
Total capital	526,173	654,111
Gearing ratio	53%	34%

Other than as required under various financing agreements, the Group is not subject to any externally imposed capital requirements.

	2020 $'000	2019 $'000
22 RESERVES		
Foreign currency translation reserve:		
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and on equity-accounted investments.		
Balance at beginning of year	(8,716)	(9,166)
Amount relating to translation of accounts and net investments before tax effect	(1,123)	2,647
Tax effect of relevant movements for the year	(279)	(2,197)
Balance at end of year	(10,118)	(8,716)
Cash flow hedge reserve:		
This reserve records the portion of the gain or loss on hedging instruments that are classified as cash flow hedges, and which are determined to be effective hedges.		
Balance at beginning of year	289	(461)
Movement on effective hedging instruments during the year before tax effect	(472)	514
Tax effect of movement on effective hedging instruments during the year	142	236
Balance at end of year	(41)	289
Equity instruments reserve:		
This reserve records the change in fair value in equity instruments financial assets.		
Balance at beginning of year	(70)	364
Loss on equity instruments at fair value through OCI	(462)	(434)
Balance at end of year	(532)	(70)
Asset revaluation reserve:		
The asset revaluation reserve is used to record uplifts on assets owned following business combinations.		
Balance at beginning of year	91,474	91,474
Balance at end of year	91,474	91,474
Employee equity benefits reserve:		
This reserve is used to record the value of equity benefits provided to Directors and executives as part of their remuneration (refer Note 27).		
Balance at beginning of year	13,624	13,243
Share-based payment movements	491	381
Balance at end of year	14,115	13,624

	2020 $'000	2019 $'000
22 RESERVES (continued)		
Controlled entity acquisition reserve:		
This reserve represents the incremental amount for the put and call options over the remaining 20% non-controlling interest in Countrywide Property Investments (UK) Limited and subsidiaries ("Opia").		
Balance at beginning of year	(8,215)	(9,024)
Change in fair value	2,587	809
Balance at end of year	(5,628)	(8,215)
General reserve:		
The general reserve is used for amounts that do not relate to other specified reserves.		
Balance at beginning of year	344	344
Balance at end of year	344	344
Total reserves	89,614	88,730
23 NON-CONTROLLING INTEREST		
Non-controlling interest in subsidiaries:		
Contributed equity / other	19,347	18,933
Retained earnings	(16,490)	(11,065)
	2,857	7,868
24 CONTINGENCIES		
(a) Contingent liabilities		
Best estimate of amounts relating to:		
(i) Joint and several obligations for lease commitments of partners in joint operations[1]	32,283	29,098

1 Refer Note 24(b)(i) for corresponding amount reflecting the related contingent assets.

(ii) Other contingent liabilities - Income Tax:

The VRL group anticipates that tax audits may occur from time to time in Australia, and the VRL group is subject to routine tax audits in certain overseas jurisdictions.

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.

Since the commencement of the audit, VRL has provided multiple rounds of information requested by the ATO. In July 2019, the ATO issued a position paper. VRL responded to the ATO position paper in August 2019. The ATO, after considering VRL’s response to the ATO position paper, issued a Statement of Audit Position in March 2020. In July 2020, VRL lodged a request for an ATO independent review. The outcome of the independent review is expected at the end of the first quarter of FY2021. VRL does not believe that any material impact will arise from this Tax Audit.

(b) Contingent assets

In the event that any entity in the Group is required to meet a joint venture or partnership liability in excess of its proportionate share, that entity has right of recourse against the co-joint venturers or other partners in respect of that excess. Specifically, the Group has a contingent asset for the amount of the following joint and several lease commitments in the event that it is called upon to meet liabilities of the other joint venturers:

	2020 $'000	2019 $'000
(i) Right of recourse in relation to joint and several obligations for lease commitments of partners in joint operations[1]	32,283	29,098

1 Refer Note 24(a)(i) for corresponding amount reflecting the related contingent liabilities.

25 COMMITMENTS

(a) Percentage rent commitments

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 operating 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 may also include revenue from licence fees, arcade games and the sale of promotional material. Percentage rent is expensed as incurred.

	2020 $'000	2019 $'000
Percentage based lease payments:		
Payable within 1 year	2,393	4,254
Payable between 1 and 5 years	7,203	12,184
Payable after 5 years	7,587	18,157
Total percentage lease commitments	17,183	34,595

25 COMMITMENTS (continued)

(b) Other lease commitments

At 30 June 2020, the estimated future undiscounted cash outflows on leases not yet commenced to which the Group is committed was $28.9 million.

(c) Other expenditure commitments

	2020 $'000	2019 $'000
Estimated capital and other expenditure contracted for at reporting date but not provided for:	19,756	16,397

26 KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures of the Key Management Personnel ("KMP") of Village Roadshow Limited and the Group are set out in the Remuneration Report section of the Directors' Report.

(a) Compensation of Key Management Personnel by category

The compensation, by category, of the KMP is set out below:

	VILLAGE ROADSHOW LIMITED AND THE GROUP	
	2020 $	2019 $
Short-term	5,378,120	5,672,443
Post-employment	147,034	145,849
Other Long-term	504,999	(221,316)
Sub-totals	6,030,153	5,596,976
Share-based Payment	210,568	142,892
Total	6,240,721	5,739,868

(b) Other transactions and balances with Key Management Personnel

The VRL group purchased uniforms from Leaf Group Pty. Ltd., an entity associated with a relative of Mr. R.G. Kirby. Purchases from the Leaf Group first occurred in 2003, prior to the establishment of the familial relationship with Mr. R.G. Kirby, which arose in 2008. The total purchases were $149,627 in the year ended 30 June 2020 (2019: $242,735). The uniforms were purchased for the Theme Parks and Cinema Exhibition divisions and these transactions were carried out under arm's length terms and conditions. As at 30 June 2020, the total amount owing by the VRL group, and included in current liabilities was $45,485 (2019: $51,150). A competitive tender process has commenced with Leaf Group participating in the tender, however due to COVID-19 closures of cinema sites and theme parks this tender has been delayed.

Peninsula Cinemas Pty. Ltd. ("Peninsula Cinemas"), which are non-competing cinemas owned by an entity associated with Mr. R.G. Kirby, exhibit films supplied by the Film Distribution division of the VRL group on arm's length terms and conditions. The total amount charged by the VRL group for the year ended 30 June 2020 was $146,070 (2019: $228,829). Other net reimbursement amounts paid by Peninsula Cinemas to the VRL group in relation to operational cinema matters in the year ended 30 June 2020 totalled $14,151 (2019: $18,159).

The VRL group purchased wine from Yabby Lake International Pty. Ltd. ("Yabby Lake"), an entity in which family members of Mr. R.G. Kirby have an economic interest. The total purchases were $399,354 for the year ended 30 June 2020 (2019: $329,789). The wine purchased was mainly for the Cinema Exhibition division's Gold Class cinemas and for Corporate functions. These transactions were carried out under arm's length terms and conditions. The Company ceased the purchase of wine from Yabby Lake from 31 December 2019 with the exception of the VRL group's 25% owned joint venture, Carlton Nova, and Sea World Resort that purchased wine after this date totalling $3,170 and $1,487, respectively. A competitive tender process has commenced with Yabby Lake participating in the tender, however due to COVID-19 closures of cinema sites this tender has been delayed.

The Film Distribution division of the VRL group distributes a number of older film titles in which Village Roadshow Corporation Pty. Ltd. ("VRC"), the Company's immediate parent entity, has economic interests. During the year ended 30 June 2020, no film royalties were paid to VRC (2019: $265).

The VRL group recharged net occupancy costs for accommodation provided and received and other net recharges for services provided and received, on an arm's length basis, to a number of entities associated (either individually or collectively) with Messrs. R.G. Kirby, J.R. Kirby and G.W. Burke. The total net amount charged by the VRL group for the various occupancy and other services in the year ended 30 June 2020 was $157,563 (2019: $144,290).

In the year ended 30 June 2020, the VRL group has been charged $11,841 for insurance costs relating to the provision of art works by an entity associated with Mr. R.G. Kirby. In the prior year, the VRL group was charged $157,270 for the provision of art works and related insurance costs. It had been agreed that from 1 July 2019, there will be no charge for the provision of art works.

As at 30 June 2020, the total amount owing by the related parties detailed above, and included in current assets of the VRL group, was $28,386 (2019: $46,963), and the total amount owing by the VRL group to the related parties detailed above, and included in current liabilities, was $45,485 (2019: $67,579).

27 SHARE-BASED PAYMENT PLANS

(a) Long-Term Incentive Executive Share and Loan Plans ("LTI plans")

During the current and prior periods the consolidated entity had two different LTI plans in which Group employees, including Key Management Personnel ("KMP"), participated to varying extents. These included:

1. The Company's Executive Share Plan and Loan Facility ("ESP") introduced in 1996; and
2. The 2012 Option Plan over ordinary shares to the Company's CEO ("2012 OP").

Only the ESP was in operation during the current period.

All LTI plans were approved by shareholders at the time of their introduction. Grants were made from time to time as appropriate, and all proposed grants to Directors of the Company were put to shareholders for approval. The quantum of the LTI plan grants are reflective of the seniority of the position of the relevant executive and their ability to contribute to the overall performance of the consolidated entity.

From 1 July 2016, the vesting of ESP shares is subject to meeting total shareholder return performance hurdles, aligning the interests of executives with shareholders. Any value accruing to KMP and senior executives from the LTI plan is derived from improvement in the Company's share price and dividends and distributions by the Company. The LTI plan also encourages a sense of ownership with those senior executives to whom the LTI plan shares are granted, assisting in aligning their long-term interests with those of shareholders.

The Company considers that the five year period over which the ESP 'in-substance options' are 'earned' and the long-term horizon of the loans from the consolidated entity for the ESP for the duration of the employees' employment are appropriate given the shorter term annual performance hurdles to which each senior executive is subject. Similarly, the three, four and five year vesting periods of the ordinary options granted to the Company's CEO in the 2012 OP, together with the performance conditions attaching to each tranche of options, were designed to encourage performance and to closely align the CEO's interests with those of shareholders.

There are no provisions within the ESP for the automatic removal of restrictions on the relevant shares in the event of a change of control of the Company.

The ESP has limited recourse loans secured over the relevant shares, together with a buy-back option in the event of default. The Company has full control over all loans and the repayment thereof and full control over all shares including through holding locks. From 1 July 2011 the Company has implemented a policy that specifically prohibits the hedging of incentive remuneration granted to Executives, whether restricted or unrestricted. For the CEO’s 2012 ordinary options, the terms of the offers specifically prohibited the hedging of unvested options by Mr. Burke.

The Company has used the fair value measurement provisions of AASB 2: *Share-based Payment* for all options or equity instruments granted to Directors and relevant senior executives after 7 November 2002 which have not vested as at 1 January 2005. Under AASB 2: *Share-based Payment* these LTI plan shares and loans are all treated as 'in substance options' even where the equity instrument itself is not a share option.

The fair value of such 'in substance option' grants is amortised and disclosed as part of Director and senior manager compensation on a straight-line basis over the vesting period.

From 1 January 2005, 'in substance options' granted as part of employee and executive compensation have been valued using the Black-Scholes or binomial option-pricing model or the Monte Carlo simulation technique, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the 'in substance option'.

(b) Share-based Long-Term Incentive grants

(i) Executive Share Plan and Loan Facility ("ESP")

The Company’s ESP was approved by shareholders on 19 November 1996 and allows for the issue of up to 5% of the Company’s issued shares to relevant employees of the consolidated entity and significant associated entities.

Offers are at the discretion of the Directors and shares are issued at the 5-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The shares are held directly by the employee who pays for the allotment by obtaining a loan from the consolidated entity which holds the ESP shares as security.

The ESP was amended in 2012. Shares issued prior to 2012 are earned and become exercisable at the rate of 20% per year over five years from date of issue. The loan bears interest at ten cents per share per annum, and ten cents of dividends per share each year is used to repay the interest accrued and 50% of the remaining dividend per share is used to repay the capital amount of the loan. For shares issued in 2012 and thereafter, one third vest at the end of years 3, 4 and 5 from the date of issue, the loan bears interest at twenty cents per share per annum, and the first twenty cents of dividends per share per year is used to repay the interest charged, and 50% of the remaining dividend per share is used to repay the capital amount of the loan. For shares issued in 2012 or thereafter, where the loan balance owing falls below $2.00 per share, the interest rate becomes 10% of the balance owing on the loan.

The ESP was further amended with effect from 1 July 2016 with the loan bearing interest at the rate of twenty five cents per share and the vesting of ESP shares being subject to a performance hurdle of total shareholder return relative to the Company's peers.

27 SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long-Term Incentive grants (continued)

(i) Executive Share Plan and Loan Facility ("ESP") (continued)

If the employee resigns or is dismissed, the restricted shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by Directors. In circumstances where the market value of the remaining ESP shares at the end of the six month period is less than the amount owing on the loan, then the Company will buy-back the shares and cancel them in repayment of the loan without further recourse to the employee. This is the basis on which they have been described as 'in substance options'.

Under AASB 2: *Share-based Payment,* any allotments under the ESP are required to be accounted for and valued as equity settled options, and have been referred to as 'in substance options', even though the equity instrument itself is not an option.

The expected volatility of all ESP allotments reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

On 29 June 2012, 1,700,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.14;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 2.73% - the risk-free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $0.79.

These grants have been fully amortised over the vesting period resulting in a nil employee benefits expense for the 2020 and 2019 financial years.

On 22 October 2012, 630,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.52;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 2.78% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $0.96.
These grants have been fully amortised over the vesting period resulting in a nil employee benefits expense for the 2020 and 2019 financial years.

On 29 November 2012, 300,000 ordinary shares were allotted under the ESP to Ms. J.E. Raffe. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.78;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 3.07% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $1.05.

These grants have been fully amortised over the vesting period resulting in a nil employee benefits expense for the 2020 and 2019 financial years.

For the June 2012 allotment, the ESP shares were granted at $3.14 to all executives other than Ms. Raffe, whose allocation was delayed to 29 November 2012 at an issue price of $3.78 to allow for shareholder approval at the Company's 2012 annual general meeting. The Company agreed to compensate Ms. Raffe with an additional bonus at the time of her future sale of ESP shares for the additional value, if any, foregone by the deferred grant date. This potential bonus payment to Ms. Raffe represents a cash-settled share-based payment estimated to be a maximum of $275,439, to be re-assessed at each financial year for changes in the expected probability of payment. The fair value of this cash-settled share-based payment was estimated on the basis of the estimated after-tax impact of $0.64 per share, being the difference between $3.78 and $3.14 and was fully accrued over 5 years from date of grant, being nil for the 2020 and 2019 financial years.

27 SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long-Term Incentive grants (continued)

(i) Executive Share Plan and Loan Facility ("ESP") (continued)

On 20 December 2012, 400,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $3.92;
- Expected volatility: 35% - based on historical volatility;
- Risk-free interest rate: 3.21% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $1.12.

These grants have been fully amortised over the vesting period resulting in a nil employee benefits expense for the 2020 and 2019 financial years.

On 29 June 2015, 700,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $6.56;
- Expected volatility: 30% - based on historical volatility;
- Risk-free interest rate: 2.72% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those ‘in substance options’ was $1.30.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $60,334 for the 2020 financial year (2019: $136,084).

On 23 October 2015, 100,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $7.37;
- Expected volatility: 30% - based on historical volatility;
- Risk-free interest rate: 2.41% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was $1.69.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $15,665 for the 2020 financial year (2019: $31,214).

On 16 September 2016, 465,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $4.70;
- Expected volatility: 30% - annualised based on historical volatility;
- Risk-free interest rate: 2.02% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' were $0.60 for tranche 1, $0.62 for tranche 2 and $0.64 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $50,405 for the 2020 financial year (2019: $74,865).

On 2 December 2016, 204,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $4.35;
- Expected volatility: 30% - annualised based on historical volatility;
- Risk-free interest rate: 2.75% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' were $0.47 for tranche 1, $0.54 for tranche 2 and $0.58 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $21,563 for the 2020 financial year (2019: $27,721).

27 SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long-Term Incentive grants (continued)

(i) Executive Share Plan and Loan Facility ("ESP") (continued)

On 7 December 2018, 1,250,000 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $2.50;
- Expected volatility: 35% - annualised based on historical volatility;
- Risk-free interest rate: 2.313% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' were $0.59 for tranche 1, $0.61 for tranche 2 and $0.62 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $197,153 for the 2020 financial year (2019: $111,269).

On 16 July 2019, 1,041,667 ordinary shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the Black Scholes option pricing model with Monte Carlo simulation with the following assumptions:

- Value per loan per share: $2.77;
- Expected volatility: 35% - annualised based on historical volatility;
- Risk-free interest rate: 1.288% - based on the 8 year Australian Government bond yield; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' were $0.53 for tranche 1, $0.56 for tranche 2 and $0.60 for tranche 3 being the 3 years in which they are capable of being exercised.

These grants are being amortised over the vesting period resulting in an increase in employee benefits expense of $145,389 for the 2020 financial year.

(ii) 2012 Option Plan over ordinary shares to the Company's CEO ("2012 OP")

No options remained in the 2012 OP from 30 June 2019.

On 15 November 2012, the Company's shareholders approved the 2012 OP, granting 4.5 million options over ordinary shares to the Company's CEO, Mr. G.W. Burke. The options were issued on 29 November 2012 being exercisable at $3.76 per share, with vesting subject to performance hurdles relating to growth in earnings per share and growth in dividends. Following the $0.25 reduction of share capital approved by shareholders at the Annual General Meeting on 29 November 2013, the exercise price of the options was reduced to $3.51 per share, effective from 31 December 2013. Following the pro-rata non-renounceable 5 for 26 rights issue in July 2018, the exercise price of the options was reduced to $3.41.

The options were not transferable and did not confer any right to participate in bonus issues or cash issues of ordinary shares. The option exercise price was adjusted for discounted cash issues, and the number of shares issued on exercise of an option was adjusted for bonus issues of shares. The options did not carry voting or dividend rights and were not listed for quotation on ASX.

One and a half million options were exercisable subject to certain performance conditions not earlier than 1 March 2016; one and a half million options were exercisable subject to certain performance conditions not earlier than 1 March 2017; and one and a half million options were exercisable subject to certain performance conditions not earlier than 1 March 2018.

The earnings per share ("EPS") performance hurdle had a starting point of 34.4 cents per ordinary share being diluted earnings per share before material items and discontinued operations for the year ended 30 June 2012, with growth measured on financial year performance, and the dividends per share ("DPS") performance hurdle had a starting point of 22 cents per ordinary share inclusive of franking credits, being the actual dividends paid in the 2012 calendar year, with growth measured on calendar year performance.

For all options to vest, the Company’s performance had to meet a minimum 8% Compound Annual Growth Rate ("CAGR") in EPS over the 3 year vesting period for half of each tranche to vest, and meet a minimum 8% CAGR in dividends paid over 2 out of the 4 year vesting period for the other half of each tranche to vest. For half of the options to vest, the Company’s performance had to meet a minimum 4% CAGR in EPS over the 3 year vesting period for one quarter of each tranche to vest, and meet a minimum 4% CAGR in dividends paid over 2 out of the 4 year vesting period for another quarter of each tranche to vest. Below 4% CAGR in either DPS or in EPS, no options vest, with a pro-rata straight-line vesting scale between 4% and 8% CAGR for each performance condition.

27 SHARE-BASED PAYMENT PLANS (continued)
(b) Share-based Long-Term Incentive grants (continued)
(ii) 2012 Option Plan over ordinary shares to the Company's CEO ("2012 OP") (continued)
The effect of the performance hurdles on the vesting of the options can be illustrated as follows:

	Compound Annual Growth Rate ("CAGR")				
Number of Options able to Vest if:	**< 4%**	**4%**	**4% - 8%**	**= or > 8%**	
EPS CAGR hurdle achieved	Nil	375,000	Sliding Scale*	750,000	Maximum 1st
Dividend CAGR hurdle achieved #	Nil	375,000	Sliding Scale*	750,000	Tranche Options
EPS CAGR hurdle achieved	Nil	375,000	Sliding Scale*	750,000	Maximum 2nd
Dividend CAGR hurdle achieved #	Nil	375,000	Sliding Scale*	750,000	Tranche Options
EPS CAGR hurdle achieved	Nil	375,000	Sliding Scale*	750,000	Maximum 3rd
Dividend CAGR hurdle achieved #	Nil	375,000	Sliding Scale*	750,000	Tranche Options

\# Subject to '2 out of 4 years' test.
* A pro-rata straight-line vesting scale applies.

The fair value of each option was estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

- Expected volatility: 35%;
- Expected yield: 6%;
- Risk-free interest rate: 2.75%; and
- Expected life of options: 3, 4 and 5 years ended 1 March 2016, 2017 and 2018 with expiry at 1 March 2019.

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns occurred. The expected volatility reflected the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The resulting fair values per option for Mr. Burke were $0.73, $0.74 and $0.75 for Tranches 1, 2 and 3, respectively.

These grants were amortised over the vesting periods. There was no amortisation in the 2020 and 2019 financial years.

(iii) Holdings of Executive Directors and Executive Committee Members
Other than the ESP issue on 16 July 2019 of 200,000, 150,000 and 200,000 shares to Ms J.E. Raffe and Messrs. S.T. Phillipson and C.J. Kirby, respectively, there have been no allotments to Executive Directors and Executive Committee Members under any share-based payment plan during the year ended 30 June 2020 (2019: 550,000).

The number of shares in the Company during the financial year in which the KMP of the Company have a relevant interest, including their personally-related entities, are set out in the Remuneration Report section of the Directors' Report.

(iv) Number and weighted average exercise prices ("WAEP") and movements of Options and 'In Substance Options' during the year

	2020 Number	**2020 WAEP - $**	**2019 Number**	**2019 WAEP - $**
Outstanding at beginning of year	6,553,027	3.61	7,013,027	3.81
Granted during the year	1,041,667	2.77	1,250,000	2.50
Forfeited / lapsed during the year	(125,000)	6.84	(1,610,000)	3.50
Exercised during the year	(670,000)	3.19	(100,000)	3.21
Outstanding at the end of the year	6,799,694	3.47	6,553,027	3.61
Exercisable at the end of the year	**4,034,027**	**3.81**	**4,504,027**	**3.60**

(v) The outstanding balance is represented by:
Executive Share Plan and Loan Facility: 6,799,694 'in substance options' over ordinary shares in the Company with issue prices ranging from $2.35 to $6.56.

	2020 $	2019 $
28 REMUNERATION OF AUDITORS		
The auditor of VRL is Ernst & Young (Australia). Aggregate remuneration received or due and receivable by Ernst & Young, directly or indirectly from the VRL group, in connection with -		
Fees to Ernst & Young (Australia):		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	1,571,305	1,288,780
Fees for other assurance and agreed-upon-procedures services under contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	30,105	122,763
Fees for other services		
Tax	315,944	145,915
Advisory / Corporate Finance	382,390	2,380,142
	2,299,744	3,937,600

	2020 $	2019 $
28 REMUNERATION OF AUDITORS (continued)		
Fees to other overseas member firms of Ernst & Young (Australia):		
Fees for auditing the financial report of any controlled entities	184,235	183,954
Fees for other services		
Tax	127,795	143,421
	312,030	327,375
	2,611,774	4,264,975

29 EVENTS SUBSEQUENT TO REPORTING DATE

Other than the following, there have been no material transactions which significantly affect the financial or operational position of the Group since the end of the financial year.

As advised to the Australia Securities Exchange on 6 August 2020, the VRL group has secured additional funding of $69.5 million from its existing lenders and the Queensland Treasury Corporation. $42.5 million of the new facility is a short-term facility of 12 months with the balance having a 5-year tenor. The new facility has no scheduled amortisation and is subject to interest at variable interest rates. As part of securing the new facilities, VRL has given an undertaking to raise a minimum of $35 million through new shareholder equity or equity like instruments. This must be completed by the earlier of the Company's half-year announcement or three months after the termination of a transaction with BGH Capital Pty. Ltd. A total of $34 million of loans and grants has been received from the Queensland Government subsequent to 30 June 2020.

As advised to the Australian Securities Exchange on 6 August 2020, VRL has signed an implementation agreement with an entity owned by funds managed by BGH Capital Pty. Ltd ("BGH"), under which BGH undertakes to acquire control of VRL by way of two alternative but concurrent schemes of arrangement. This BGH transaction is subject to limited conditions and the implementation agreement sets out certain circumstances in which a break fee of $4.3 million would be payable to BGH, or reverse break fee of the equivalent amount payable to VRL. A Scheme Meeting is expected to be held in November 2020, and if approved, the BGH transaction would be implemented shortly thereafter. During the year ended 30 June 2020, VRL has recognised $2.0 million of transaction related costs which has been included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report.

	VILLAGE ROADSHOW LIMITED	
	2020 $'000	2019 $'000
30 PARENT ENTITY DISCLOSURES		
(a) Summary financial information		
Current assets	8,146	2,809
Total assets	466,243	470,502
Current liabilities	9,635	17,783
Total liabilities	87,543	19,604
Issued capital	277,173	275,171
Retained earnings	88,415	163,105
Employee equity benefit reserve	13,112	12,622
Total shareholders' equity	378,700	450,898
Loss after tax	(64,933)	(55,591)
Total comprehensive expense	(64,933)	(55,591)
(b) Financial guarantees[1]		
Financial guarantees	79	159
Financial guarantee liability (refer Note 12(c))	-	8,026
	79	8,185
(c) Franking credit balance		
Amount of franking credits available as at year-end	1	2
Franking credit movements from refund of VRL's current tax amounts recorded at year-end	(5,860)	(1,694)
Franking debits that will arise after year-end, in relation to dividends declared (as at the date of this report)	-	(4,181)
Amount of franking deficit after adjusting for the above impacts	(5,859)	(5,873)

1 VRL has provided financial guarantees to a number of its subsidiaries, which commit the Company to make payments on behalf of these entities upon their failure to perform under the terms of the relevant contract. In addition, VRL provided other financial guarantees to its subsidiaries and joint operations for operating leases and other debt facilities, and as at 30 June 2020, the fair value of these financial guarantees are negligible. The significant accounting estimates and/or assumptions used in determining the fair value of these guarantees, or the expected credit loss amount, have been disclosed in Note 1(c)(xxx).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2020

31 SEGMENT REPORTING[1]

	THEME PARKS		CINEMA EXHIBITION		FILM DISTRIBUTION		MARKETING SOLUTIONS		OTHER[2]		TOTAL	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(a) Reporting by operating segments - continuing operations												
Total segment revenue	258,821	329,857	214,887	308,283	194,861	288,834	70,596	70,666	-	-	739,165	997,640
Plus: Non-segment revenue	-	-	-	-	-	-	-	-	1,167	1,544	1,167	1,544
Less: Inter-segment revenue	-	-	-	-	(7,579)	(17,807)	(333)	(834)	-	-	(7,912)	(18,641)
Total revenue											**732,420**	**980,543**
Segment results before tax	(21,811)	12,914	(9,601)	32,678	(2,285)	1,116	(74)	380	-	-	(33,771)	47,088
Non-segment result (Corporate) before tax	-	-	-	-	-	-	-	-	(24,425)	(21,111)	(24,425)	(21,111)
Operating (loss) profit before tax - segment purposes	**(21,811)**	**12,914**	**(9,601)**	**32,678**	**(2,285)**	**1,116**	**(74)**	**380**	**(24,425)**	**(21,111)**	**(58,196)**	**25,977**
Gain on disposal - sale and leaseback of property	-	-	-	10,248	-	-	-	-	-	-	-	10,248
Loss on disposal of businesses	-	(1,928)	-	-	-	-	(920)	-	-	-	(920)	(1,928)
Impairment of assets	(33,897)	(5,685)	(12,000)	-	(37,279)	(11,819)	(8,951)	-	-	(477)	(92,127)	(17,981)
Other provision adjustments	-	-	-	-	-	(7,688)	-	-	-	(8,026)	-	(15,714)
Restructuring costs	-	(1,264)	-	(315)	-	(2,035)	-	(614)	(1,951)	(7,174)	(1,951)	(11,402)
Operating loss before tax											**(153,194)**	**(10,800)**
Income tax benefit											30,626	1,220
Non-controlling interest	5,300	3,309	-	-	-	-	(87)	(304)	-	-	5,213	3,005
Total attributable loss after tax from continuing operations per the statement of comprehensive income											**(117,355)**	**(6,575)**
Interest income	59	148	63	152	412	634	53	57	482	380	1,069	1,371
Finance costs before finance restructuring costs	17,619	17,947	15,679	3,990	3,256	4,571	2,282	3,206	2,259	115	41,095	29,829
Finance costs - finance restructuring costs											-	2,667
Total finance costs											41,095	32,496
Depreciation and amortisation expense	44,104	45,828	45,821	17,393	4,482	3,563	1,160	1,736	5,495	1,904	101,062	70,424
Equity-accounted net (losses) profits											(2,641)	1,275
Non-cash expenses other than depreciation	1,404	111	38	77	177	-	67	18	-	-	1,686	206
Capital expenditure	35,807	32,083	20,460	9,886	877	2,068	1,763	2,216	2,953	1,634	61,860	47,887

	AUSTRALIA		UNITED STATES OF AMERICA		EUROPE		OTHER		TOTAL	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
(b) Reporting by geographic regions										
Revenue - continuing operations	656,386	901,724	7,541	11,638	57,749	42,370	10,744	24,811	732,420	980,543
Non-current assets	1,081,783	902,373	41,972	52,636	37,391	46,194	317	311	1,161,463	1,001,514

1 Description of Reportable Segments: Theme Parks: Theme park and water park operations; Cinema Exhibition: Cinema exhibition operations; Film Distribution: Film distribution operations; and Marketing Solutions: Sales promotions and loyalty program operations.

2 The 'Other' column represents financial information which is not reported in one of the reportable segments.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Objectives for holding financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, trade receivables, trade payables, financial guarantees and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also enters into derivative transactions, including principally interest rate swaps and collars (caps and floors). The purpose is to manage the interest rate risks arising from the Group's sources of finance. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, liquidity risk and credit risk, and include the fair value movements from the financial instruments. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through comparing projected debt levels against total committed facilities. The Board reviews and agrees policies for managing each of these risks, which are summarised below. Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in Note 1.

(b) Risk exposures and responses

Cash flow interest rate risk:

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a variable interest rate. The level of debt is disclosed in Note 18.

The primary objectives of interest rate management for the Group are to ensure that:

- interest expense does not adversely impact the Group's ability to meet taxation, dividend and other operating obligations as they arise;
- earnings are not subjected to wide fluctuations caused by fluctuating interest commitments; and
- covenants agreed with bankers are not breached.

Within the above constraints and targets, the Group's objective in managing interest rate risk is to maintain the stability of interest rate expense whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. At reporting date, the Group had the following mix of financial assets and liabilities exposed to Australian and USA variable interest rate risk that were not designated in cash flow hedges:

	CONSOLIDATED	
	2020	2019
	$'000	$'000
Financial assets: Cash and cash equivalents	63,795	61,653
Financial liabilities: Secured and unsecured borrowings	222,131	131,255
Net exposure	158,336	69,602

The Group enters into interest rate swap, cap and collar agreements ("interest rate derivatives") that are used to convert the variable interest rates attached to various of its specific facilities into fixed interest rates, or to limit interest rate exposure. The interest rate derivatives are entered into with the objective of ensuring that earnings are not subject to wide fluctuations caused by fluctuating interest commitments and ensuring compliance with loan covenants. Interest rate risk will not generally be hedged unless the underlying debt facility draw down exceeds A$20 million. For any debt exceeding this level, which is outstanding for more than three months from the original drawdown date, interest rate exposure will generally be hedged for between 35% and 60% of the outstanding debt balance for a minimum of 12 months or until termination of the loan, whichever is sooner.

At reporting date, the Group has entered into interest rate derivatives covering debts totalling $120.0 million (2019: $150.0 million). These interest rate derivatives covered approximately 35% (2019: 53%) of total borrowings of the Group as at reporting date. During the year ended 30 June 2020, the Group entered into $110.0 million of interest rate caps which have an effective date from September 2020 as the majority of existing interest rate derivatives mature in the 2021 financial year. The interest rate derivatives have been designated in hedging relationships under Australian Accounting Standards.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. Sensitivity analysis for interest rate risk exposures has been calculated by estimating the impacts in value and timing based on financial models. The following sensitivity analysis is based on the interest rate risk exposures in existence at reporting date. A sensitivity of 100 basis points has been selected as this is deemed to be reasonably possible given the current level of both short-term and long-term Australian and USA interest rates.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Cash flow interest rate risk: (continued)

At 30 June 2020 and 30 June 2019, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	POST TAX PROFIT HIGHER / (LOWER)		EQUITY HIGHER / (LOWER)	
	2020	2019	2020	2019
Sensitivity analysis	$'000	$'000	$'000	$'000
CONSOLIDATED				
If interest rates were 100 basis points higher with all other variables	(1,969)	(1,355)	-	-
If interest rates were 100 basis points lower with all other variables	1,969	1,569	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. Movements in equity would be due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges. The sensitivities for each year are impacted by cash, debt and derivative balances, as well as interest rates.

Foreign currency risk:

The Group has transactional foreign currency exposures, which arise from sales or purchases by the relevant division in currencies other than the division's functional currency. In general, the Group requires all of its divisions to use forward currency contracts to eliminate the foreign currency exposure on any individual transactions in excess of A$0.25 million, which are generally required to be taken out immediately when a firm commitment has occurred. The forward currency contracts must be in the same currency as the hedged item, and it is the Group's policy not to enter into forward contracts until a firm commitment is in place.

In addition, the Group uses forward currency contracts to eliminate the foreign currency exposure on part of the Group's estimated foreign currency payments, which are regularly updated to ensure a rolling forward cover position.

It is the Group's policy to negotiate the terms of the foreign currency derivatives to match the terms of the underlying foreign currency exposures as closely as possible, to maximise the effectiveness of the derivatives. As at 30 June 2020 and 30 June 2019, the Group had hedged the majority (by value) of foreign currency purchases that were firm commitments. The following sensitivity analysis is based on the foreign currency risk exposures in existence at reporting date. A sensitivity of 10% has been selected as this is deemed to be reasonably possible given the current level of the United States Dollar and other relevant exchange rates.

At 30 June 2020 and 30 June 2019, if foreign exchange rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	POST TAX PROFIT HIGHER / (LOWER)		EQUITY HIGHER / (LOWER)	
	2020	2019	2020	2019
Sensitivity analysis	$'000	$'000	$'000	$'000
CONSOLIDATED				
If foreign exchange rates were 10 per cent higher with all other variables held constant	-	-	(1,361)	(1,179)
If foreign exchange rates were 10 per cent lower with all other variables held constant	-	-	1,663	1,611

The movement in equity is due to an increase/decrease in the fair value of the derivative instruments, which are all designated as cash flow hedges. The sensitivities for each year are impacted by the derivative balances and exchange rates. There is no movement in profit in this foreign exchange rate sensitivity analysis due to the fact that movements in the unhedged foreign currency amounts only impact asset and liability balances.

Commodity price risk:

The Group's exposure to price risk is minimal.

Credit risk:

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Refer to Note 1(c)(x) for further information regarding the Group's policy on recognising an allowance for expected credit losses.

Credit risk in trade receivables is managed in the following ways:

- payment terms are generally 30 to 90 days; and
- a risk assessment process is used for customers over $50,000.

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as recognised in the statement of financial position.

In relation to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. However, the Group ensures that it only enters into contracts with creditworthy institutions, as set out in the relevant Group policy.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Concentrations of credit risk:

The Group minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers within the specified industries. The customers are mainly concentrated in Australia and the United Kingdom.

Liquidity risk:

Liquidity risk management is concerned with ensuring that there are sufficient funds available to meet the Group's commitments in a timely manner. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, leases and hire purchase contracts.

Liquidity risk is measured by comparing projected net debt levels for the next 12 months against total committed facilities on a rolling monthly basis and includes monthly cash flow forecasts from the Group's operating divisions. Projected net debt levels take into account:

- existing debt;
- future operating and financing cash flows;
- approved capital expenditure;
- approved investment expenditure for new sites; and
- dividend distributions and income tax payments.

The risk implied from the values shown in the following table reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant & equipment and investments in working capital. These assets are considered in the Group's overall liquidity risk. To ensure that the maturity of funding facilities is not concentrated in one period, the Group will generally ensure that no more than 30% of its committed facilities mature within any 12 month period. As at 30 June 2020, 3.0% (2019: 2.1%) of the Group's debt will mature in less than one year.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects the expectations of management of settlement of financial assets and liabilities.

The following table reflects all contractually fixed payables and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2020. For derivative financial instruments and other obligations, the contractual undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2020.

Year ended 30 June 2020	1 YEAR OR LESS $'000	OVER 1 YEAR TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	TOTAL $'000
(i) Financial assets:				
Cash	63,795	-	-	63,795
Receivables and other advances	90,216	8,998	-	99,214
Derivatives	21,387	-	-	21,387
Security deposits	-	219	-	219
Total financial assets	175,398	9,217	-	184,615
(ii) Financial liabilities:				
Trade and other payables	161,141	21,126	-	182,267
Secured and unsecured borrowings	10,173	335,000	-	345,173
Derivatives	21,446	-	-	21,446
Total financial liabilities	192,760	356,126	-	548,886
Net maturity	(17,362)	(346,909)	-	(364,271)

Year ended 30 June 2019	1 YEAR OR LESS $'000	OVER 1 YEAR TO 5 YEARS $'000	MORE THAN 5 YEARS $'000	TOTAL $'000
(i) Financial assets:				
Cash	61,653	-	-	61,653
Receivables and other advances	129,337	17,588	-	146,925
Derivatives	18,523	-	-	18,523
Security deposits	-	173	-	173
Total financial assets	209,513	17,761	-	227,274
(ii) Financial liabilities:				
Trade and other payables	228,400	50,833	-	279,233
Secured and unsecured borrowings	1,215	284,711	-	285,926
Derivatives	18,111	-	-	18,111
Total financial liabilities	247,726	335,544	-	583,270
Net maturity	(38,213)	(317,783)	-	(355,996)

Refer to Note 16(d) for the maturity analysis of lease liabilities at 30 June 2020.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Liquidity risk: (continued)

Liquidity is managed daily through the use of available cash flow and committed facilities. Refer to Note 7(c) for details of available financing facilities, which shows that there were undrawn finance facility amounts of $5.0 million as at 30 June 2020 (2019: $65.0 million). Refer also to Note 29 for details regarding an additional new $69.5 million facility secured in August 2020. As at the date of this report, there were undrawn amounts under VRL's existing and new financing facilities of $63.6 million.

(c) Terms, conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument are as follows:

Recognised Financial Instruments

(i) Financial assets

Receivables - trade debtors:

Trade debtors are non-interest bearing and initially recognised in accordance with AASB 15, less any allowance for expected credit losses. Credit sales are normally settled on 30-90 day terms.

Receivables - associates and other advances:

Amounts (other than trade debts) receivable from associated entities and for other advances are carried at either the fair value due or the amounts initially recorded as recoverable. Interest, when charged, is recognised in profit or loss on an accrual basis, and provided against when not probable of recovery. There are no fixed settlement terms for loans to associated and other entities.

Unsecured advances:

Unsecured advances are shown at cost. Interest, when charged, is recognised in profit or loss on an accrual basis. There are no fixed settlement terms.

Equity instruments:

Equity instruments are at fair value through OCI.

(ii) Financial liabilities

Trade and sundry creditors:

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Group. They are non-interest bearing and are normally settled on 30-90 day terms.

Accounts payable - associated and other entities:

Amounts owing to associated and other entities are initially recognised at amortised cost. Interest, when charged, is recognised in profit or loss on an accruals basis. There are no fixed settlement terms.

Secured and unsecured borrowings:

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised. Interest is recognised in profit or loss on an accrual basis. Bank loans are repayable either monthly or at other intervals, which in some cases are dependant on relevant financial ratios, or at expiry, with terms ranging from less than one year to greater than five years. While interest is charged either at the bank's floating rate or at a contracted rate above the Australian dollar BBSY rate, certain borrowings are subject to interest rate swaps or collars (refer below).

Details of security over bank loans is set out in Note 18.

Interest rate swaps:

At reporting date, the Group had no interest rate swap agreements in place. Such agreements were being used to hedge the cash flow interest rate risk of various debt obligations with a floating interest rate.

Interest rate caps and collars:

At reporting date, the Group had entered into interest rate cap agreements. These derivatives are used to assist in hedging the cash flow interest rate risk of various debt obligations with a floating interest rate.

The interest rate cap has been based on the underlying debt obligations, and closely matched the terms of those obligations.

(iii) Equity

Ordinary shares:

From 1 July 1998, ordinary share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buy-back cost (including direct buy-back costs). Prior to that date, ordinary share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at reporting date are set out in Note 21.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Fair values

All carrying amounts of all of the Group's financial instruments approximates fair value except for the following:

	TOTAL CARRYING AMOUNT AS PER CONSOLIDATED STATEMENT OF FINANCIAL POSITION		AGGREGATE NET FAIR VALUE	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Secured and unsecured borrowings	342,131	281,255	338,813	278,160

The following methods and assumptions are used to determine the fair values of financial assets and liabilities:

Cash, cash equivalents and short-term deposits:
The carrying amount approximates fair value because of short-term maturity.

Receivables and accounts payable - current:
The carrying amount approximates fair value because of short-term maturity.

Receivables - non-current:
The fair values of non-current receivables are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of arrangements.

Borrowings - current:
The carrying amount approximates fair value because of short-term maturity.

Borrowings - non-current:
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.

The Group uses the following methods in calculating or estimating the fair value of a financial asset or financial liability:

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 or liability that are not based on observable market data.

The fair value of the financial assets and financial liabilities as well as the methods used to estimate the fair value are summarised in the table below.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Fair values (continued)

Fair value measurement hierarchy for assets and liabilities at 30 June 2020:

	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	468	-	(446)	22
Derivatives	-	244	-	244
Total	468	244	(446)	266
Financial liabilities:				
Secured and unsecured borrowings	-	338,813	-	338,813
Payables and accruals	-	-	6,412	6,412
Derivatives	-	303	-	303
Total	-	339,116	6,412	345,528

Fair value measurement hierarchy for assets and liabilities at 30 June 2019:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity instruments at fair value through OCI	930	-	289	1,219
Derivatives	-	543	-	543
Total	930	543	289	1,762
Financial liabilities:				
Secured and unsecured borrowings	-	278,160	-	278,160
Payables and accruals	-	-	9,243	9,243
Financial guarantee liability (refer Note 12(c))	-	-	8,026	8,026
Derivatives	-	129	-	129
Total	-	278,289	17,269	295,558

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 the observable market inputs as Level 2.

Payables and accruals relate to the estimated put and call option liability over the remaining 20% non-controlling interest in Opia. The fair value of payable and accruals is determined using a discounted expected future financial performance based on terms of the sale contract and the knowledge of the business. As a result, payables and accruals have been classified based on non-observable market inputs as Level 3. During the year ended 30 June 2020, a profit of $2.8 million (2019: $0.9 million profit) 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.

32 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Derivative financial instruments

Instruments used by the Group

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Refer Note 1(c)(ix).

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") agreements, which allow for the netting of relevant transactions which are to be settled at the same time, which does not occur regularly in practice. In certain situations, such as a default, all outstanding transactions under the relevant ISDA are able to be terminated, and a net amount for settlement determined. The ISDA agreements do not meet the criteria for offsetting in the statement of financial position, due to no default having occurred.

(i) Forward currency contracts - cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction which could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The Group has the following foreign currency contracts designated as cash flow hedges at 30 June 2020 and 30 June 2019:

	NOTIONAL AMOUNTS AUD		AVERAGE EXCHANGE RATE	
	2020	2019	2020	2019
	$'000	$'000		
CONSOLIDATED				
USD hedges	65	(413)	0.6978	0.7250
EUR hedges	(6)	-	0.6091	-

33 NON-KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS

The following related party transactions occurred during the financial year and were conducted on normal commercial terms and conditions unless otherwise stated:

(a) Immediate Parent Entity

The Company's immediate parent entity is Village Roadshow Corporation Pty. Limited which is incorporated in Australia. The Company's ultimate parent entity is Positive Investments Pty. Limited which is incorporated in Australia. Refer also to the Directors' Report disclosures for relevant interests of Directors in relation to the 100% ownership of the immediate and ultimate parent entities by Messrs. R.G. Kirby, J.R. Kirby and G.W. Burke.

(b) Associated Entities

Revenues and expenses:

The following transactions with associated entities were included in the determination of the operating loss before tax for the year:

	2020	2019
	$'000	$'000
Management & service fee revenue - associates	278	294
Management & service fee revenue - other associated entity	137	136
Management & service fee expense - other associated entity	510	-
Consulting expenses - other associated entity	-	146
Film hire and other film expenses (paid by the VRL group to entities in the Village Roadshow Entertainment Group business - refer Note 12(a))	29,282	19,879
Film hire and other film expenses (paid by the VRL group to FilmNation Entertainment LLC - refer Note 12(b))	1,818	3,836

Receivables and payables:

Any amounts receivable from, or payable to, associates have been separately disclosed in Notes 8 and 17.

34 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, during the year ended 30 June 2020, certain wholly-owned subsidiaries have been granted relief from the requirement to prepare audited financial reports.

It is a condition of the instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the deed is that the Company guarantees to each creditor, payment in full of any debt in the event of the winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001* . If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up. The member companies of the Deed of Cross Guarantee are regarded as the 'Closed Group' and identified in Note 14.

34 DEED OF CROSS GUARANTEE (continued)

A consolidated Statement of Comprehensive Income and a consolidated Statement of Financial Position, comprising the Company and controlled entities which are party to the deed, after eliminating all transactions between parties to the deed, for the year ended, and as at, 30 June 2020 and 30 June 2019 respectively are as follows:

	2020 $'000	2019 $'000
Statement of Comprehensive Income		
(Loss) profit before tax	(73,753)	13,671
Income tax benefit (expense)	15,437	(11,920)
(Loss) profit after tax	(58,316)	1,751
Retained earnings at the beginning of the year	255,129	254,302
Adoption of new accounting standard	(44,434)	(924)
Equity dividends	(9,758)	-
Retained earnings at the end of the year	142,621	255,129
Statement of Financial Position		
ASSETS		
Current assets		
Cash and cash equivalents	23,275	33,065
Trade and other receivables	64,508	76,005
Inventories	16,365	21,684
Current tax assets	6,061	1,694
Film distribution royalties	32,874	37,439
Derivatives	244	542
Other	5,028	5,402
Total current assets	148,355	175,831
Non-current assets		
Trade and other receivables	590,715	591,229
Goodwill and other intangible assets	112,569	158,997
Property, plant & equipment	222,178	306,460
Right-of-use assets	356,458	-
Investments	59,632	59,632
Deferred tax assets	70,159	26,699
Film distribution royalties	29,793	53,897
Other	98	97
Total non-current assets	1,441,602	1,197,011
Total assets	1,589,957	1,372,842
LIABILITIES		
Current liabilities		
Trade and other payables	135,799	190,089
Lease liabilities	45,754	-
Interest bearing loans and borrowings	4,882	-
Income tax payable	-	112
Provisions	22,869	28,852
Derivatives	303	129
Unearned revenue and other liabilities	67,031	52,798
Total current liabilities	276,638	271,980
Non-current liabilities		
Trade and other payables	43,513	59,471
Interest bearing loans and borrowings	335,000	279,828
Lease liabilities	392,594	106,125
Deferred tax liabilities	30	3
Provisions	6,870	6,366
Unearned revenue and other liabilities	73,378	76,790
Total non-current liabilities	851,385	528,583
Total liabilities	1,128,023	800,563
Net assets	461,934	572,279
EQUITY		
Contributed equity	277,173	275,171
Reserves	42,140	41,979
Retained earnings	142,621	255,129
Total equity	461,934	572,279

DIRECTORS' DECLARATION

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

(1) 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 consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

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

(c) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board, as disclosed in Note 1(b)(i).

(d) at the date of this declaration, the Company is within the class of companies affected by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. The nature of the Deed of Cross Guarantee is such that each company which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the Deed of Cross Guarantee.

There are reasonable grounds to believe that the Company and Group entities identified in Note 34 to the financial statements will be able to meet any liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2020.

On behalf of the Board

R.G. Kirby
Director

Melbourne, 28 August 2020

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Village Roadshow Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 30 June 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

COVID-19 - Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) of the financial report outlining the impact of the COVID-19 pandemic on the Directors assessment of the ability of the Group to continue as a going concern. The impact of COVID-19 indicates a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment assessment of goodwill, other intangible assets, film distribution royalties and property, plant & equipment

Why significant	How our audit addressed the key audit matter
At 30 June 2020 the Group's assets include goodwill, other intangible assets, film distribution royalties, and property, plant and equipment. The Group performs an impairment assessment on an annual basis or when an indicator of impairment is identified to assess whether the carrying values of these assets exceed their recoverable amounts. Impairment charges were recognised in the year ended 30 June 2020 in certain cash generating units within the Theme Park, Film Distribution, Cinema Exhibition, and Marketing Solutions segments. The Group's performance has been impacted by the restrictions and economic uncertainty resulting from the COVID-19 pandemic. Significant assumptions used in the impairment assessment are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it would otherwise be.	Our audit procedures included the following: ▶ We evaluated the Group's cash flow forecasts supporting the impairment assessments for goodwill, other intangible assets, film distribution royalties and property, plant and equipment, and compared them to the Board-approved budget. ▶ In performing our procedures, we assessed the Group's consideration of the potential future impacts of the COVID-19 pandemic on forecast income and expenses. ▶ We evaluated the appropriateness of the key assumptions in the forecasts and considered the historical reliability of the Group's cash flow forecasting process. We performed sensitivity analysis on the key assumptions in the forecasts to understand the extent of change in those assumptions that would either individually or collectively result in an impairment charge. ▶ We involved our valuation specialists to assess whether the methodology applied was in accordance with Australian Accounting Standards and evaluated key assumptions

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Why significant	How our audit addressed the key audit matter
Assessing the quantum of the impairment charges recognised and determining whether or not further impairment charges relating to these assets were required was a key audit matter. This involved assessing the judgements inherent in the cash flow forecasts and testing key assumptions supporting the impairment models. Refer to Notes 10, 11 and 15 for disclosures relating to impairment charges recognised in the year ended 30 June 2020 and related disclosure in respect of the Group's impairment testing.	including terminal values, long term growth rates, discount rates, capital expenditure assumptions and working capital requirements applied in the impairment models. ▶ We assessed the discount rates applied by comparing them to the cost of capital for the Group and we also performed market capitalisation and earnings multiple cross-checks in comparison with other comparable businesses, to corroborate the assumptions in the impairment testing models. ▶ We assessed the adequacy of the disclosures included in Notes 10, 11 and 15.

2. Accounting for leases, including the adoption of AASB 16 Leases

Why significant	How our audit addressed the key audit matter
The Group adopted AASB 16 Leases ("AASB 16") at 1 July 2019. The Group has lease arrangements as a lessee which include cinema sites, land at themepark sites and office space. Note 1(b) of the financial report details the accounting treatment applied by the Group on adoption of AASB 16, including the practical expedients applied, and describes the accounting policy for leases. There is complexity involved in modelling the accounting for the Group's leases and involves the application of significant judgement in determining the: ▶ Incremental borrowing rate at which to discount future lease payments to present value; and ▶ Lease term of contracts with renewal options or holdover clauses.	Our audit procedures, at the transition date and the reporting date as applicable, included the following: ▶ Considered the appropriateness of the Group's accounting policies as detailed in Note 1(b) of the financial report against the requirements of AASB 16. This included the application of available practical expedients selected by the Group as part of the transition process. ▶ We evaluated the effectiveness of the Group's processes and controls to capture and measure the right-of-use asset and associated liability including the completeness of the balances ▶ Assessed the integrity and mathematical accuracy of the Group's lease accounting calculation model. ▶ For a sample of leases, agreed the inputs in the lease accounting calculation model to the underlying lease agreements. ▶ Assessed the incremental borrowing rate applied in the lease accounting calculation model to discount future lease payments to present value against borrowing rates available to the Group.

Why significant	How our audit addressed the key audit matter
Upon adoption of AASB 16, lease liabilities of $386.2 million and right-of-use assets of $301.4 million were recognised in the statement of financial position. The quantitative impact of the transition adjustments and significant judgements applied make the adoption of AASB 16 significant to the financial report, and a key audit matter.	We involved our debt advisory specialists to assess the interest rates applied by the Group. ▶ Assessed the Group's judgements in relation to the lease term of contracts with renewal options or holdover clauses in the lease accounting calculation model. ▶ Assessed the determination of non-lease components. ▶ Assessed the impact of lease modifications. ▶ Assessed the calculation of the adjustment to opening retained earnings calculated by the Group. ▶ Assessed the adequacy of the of the disclosures included in Notes 1(b) and 16 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 28 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Village Roadshow Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Kylie Bodenham
Partner
Melbourne
28 August 2020

ADDITIONAL INFORMATION

SHARE REGISTER INFORMATION

The following information is given to meet the requirements of the Listing Rules of the Australian Securities Exchange Limited.

Substantial Shareholders
Notices of substantial shareholders received as at 31 August 2020 and the number of ordinary shares held:

Name	Ordinary Shares	% of Total
Village Roadshow Corporation Pty Limited[1,2]	77,940,322	40.38
Mittleman Investment Management, LLC	16,590,723	8.50
Vijay Vijendra Sethu	9,948,235	6.24

1 BGH Capital Pty Ltd and its associates lodged a substantial holding notice dated 6 August 2020 in respect of 77,940,322 ordinary shares.
2 PEP Investment Pty Ltd and its associates lodged a substantial holding notice dated 19 December 2019 in respect of 37,083,442 ordinary shares.

Distribution of Security Holders as at 31 August 2020

Category of Holding	Number of Holders	%	Number of Units	%
Ordinary Shares				
1 – 1,000	2,986	46.48	1,520,798	0.78
1,001 – 5,000	2,365	36.82	5,913,909	3.03
5,001 – 10,000	536	8.34	4,012,390	2.05
10,001 – 100,000	463	7.21	10,813,747	5.54
100,000 and over	74	1.15	172,991,751	88.60
	6,424	100.00	195,252,595	100.00
Number of holdings less than marketable parcel (236 shares)	585		62,900	

Voting Rights of Ordinary Shares
On a show of hands – one vote per every member present in person or by proxy. On a poll – one vote for every share held.

20 Largest Security Holders as at 31 August 2020

Name of Holder	Shares	%	Rank
Village Roadshow Corporation Pty Limited	65,960,636	33.78	1
J P Morgan Nominees Australia Pty Limited	25,438,284	13.03	2
HSBC Custody Nominees (Australia) Limited	22,061,163	11.30	3
Citicorp Nominees Pty Limited	12,609,110	6.46	4
HSBC Custody Nominees (Australia) Limited	9,964,795	5.10	5
GW Burke Investments Pty Ltd <Burke Investment A/C>	3,624,212	1.86	6
C & J Kirby Investments Pty Ltd <C&J Kirby Investment A/C>	2,475,006	1.27	7
RGK Superannuation Pty Ltd <RGK Super Fund A/C>	2,235,133	1.14	8
Ravenscourt Pty Ltd	1,997,646	1.02	9
National Nominees Limited <DB A/C>	1,634,271	0.84	10
BNP Paribas Noms Pty Ltd <DRP>	1,505,381	0.77	11
National Nominees Limited	1,494,000	0.77	12
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	1,492,683	0.76	13
BNP Paribas Noms (NZ) Ltd <DRP>	1,338,901	0.69	14
Clark Kirby	925,000	0.47	15
JRK Retirement Nominees Pty Ltd <John R Kirby Retirement A/C>	909,000	0.47	16
Mr Christopher B Chard	904,000	0.46	17
Mr Graham William Burke	894,231	0.46	18
Ms Julie Raffe	796,347	0.41	19
Mr Joel Pearlman	775,000	0.40	20
TOTAL	159,034,799	81.46	

FIVE YEAR FINANCIAL SUMMARY - VRL GROUP

	2020	2019	2018	2017	2016
Operating Results - Continuing Operations ($'000)					
Total revenue, excluding material items[1]	732,420	980,543	952,762	998,120	1,039,865
EBITDA before material items[2]	31,117	124,859	90,863	136,286	168,753
EBIT before material items[3]	(18,170)	54,435	20,124	62,856	97,145
Net interest expense, excluding material items[3]	40,026	28,458	29,309	30,064	27,839
Tax (benefit) expense, excluding tax on material items[3]	(12,845)	5,683	(2,721)	8,090	17,542
Net (loss) profit excluding material items attributable to members[3]	(43,430)	20,580	(7,294)	23,606	50,865
Total dividends declared[4]	-	9,731	-	-	45,109
Statement of Financial Position ($'000)					
Total shareholders' equity[3]	247,837	434,509	393,811	400,132	480,359
Net borrowings	278,336	219,602	338,497	527,090	534,719
Funds employed	526,173	654,111	732,308	927,222	1,015,078
Total assets[3]	1,442,413	1,282,245	1,334,607	1,461,344	1,555,676
Other Major Items ($'000)					
Capital expenditure and investments	61,860	47,887	86,949	87,020	158,250
Depreciation & amortisation expense[3]	101,062	70,424	70,739	73,430	71,608
Ratios					
Return on average total shareholders' equity (%)[3]	(13.4)	4.5	(1.3)	5.4	10.4
EBIT / average funds employed (%)[3]	(3.1)	7.9	2.4	6.5	10.0
Net debt / total capital (%)	53	34	46	57	53
Interest cover (times)[3]	(0.5)	1.9	0.7	2.1	3.5
Per Share Calculations					
EPS pre-material items and discontinued operations (cents per share)[3,5]	(22.2)	10.7	(4.5)	14.6	31.4
EPS including material items and discontinued operations (cents per share)[3,5]	(60.1)	(3.4)	0.1	-41.3	9.7
Dividends - ordinary shares (cents per share)[4]	-	5.0	-	-	28.0
Net tangible assets ($ per share)[3]	0.31	0.96	0.80	0.02	0.47
Other					
Accumulation index - Ordinary shares (index base 1,000 as at 1 July 2015)[6]	387	498	392	688	864

1 Due to the adoption of AASB 15 in FY2019, the Group has not restated comparative information and therefore may not be directly comparable.
2 Excludes the impact of the new lease accounting standard, AASB 16 *Leases*, adopted in FY2020.
3 Includes impact of AASB 16 in FY2020. As the Group has not restated comparative information, therefore may not be directly comparable.
4 Represents dividends on ordinary shares declared in relation to the relevant financial year. Excludes any distributions and special dividends.
5 Represents Diluted EPS on ordinary shares.
6 Represents value of $1,000 invested on 1 July 2015 with all dividends reinvested.

THEME PARKS PERFORMANCE SUMMARY

Year ended 30 June 2020 Key Earnings Metrics ($m)	GOLD COAST THEME PARKS	TOPGOLF	WET'N'WILD LAS VEGAS	ASIA THEME PARKS	THEME PARKS (TOTAL)
EBITDA	35.2	2.5	(1.9)	0.5	36.3
EBIT	(3.8)	0.2	(2.9)	0.3	(6.2)
PBT	(17.6)	(0.7)	(4.0)	0.3	(22.0)
Year ended 30 June 2019					
EBITDA	73.0	3.6	0.9	(0.9)	76.5
EBIT	30.2	1.7	(0.2)	(1.0)	30.7
PBT	14.7	0.4	(1.2)	(1.0)	12.9

Note: Figures presented are before Non-Controlling Interests relating to Wet'n'Wild Las Vegas, are before Material Items and the impact of AASB 16.

CINEMA EXHIBITION PERFORMANCE SUMMARY

Year ended 30 June 2020 Key Earnings Metrics ($m)	AUSTRALIA	OTHER	EXHIBITION (TOTAL)
EBITDA	9.4	(0.9)	8.5
EBIT	(6.3)	(1.4)	(7.7)
PBT	(8.6)	(1.4)	(10.0)
Year ended 30 June 2019			
EBITDA	54.0	(0.1)	53.9
EBIT	37.2	(0.6)	36.5
PBT	33.3	(0.6)	32.7

Note: Figures presented are VRL share, before Material Items and the impact of AASB 16. Other includes Leisure.

ADDITIONAL INFORMATION (continued)

CORPORATE DIRECTORY

Contact Information

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Investor Inquiries

To ensure shareholders and other interested parties can keep up to date on the Company, Village Roadshow Limited's website contains information on the Company including its business unit profiles, result announcements, securities exchange releases and other information for investors. The site can be accessed at **www.villageroadshow.com.au**

Please contact the Company's share registry for all inquiries on your Village Roadshow shareholding, such as confirmation of shareholding details and change of address advice.

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VILLAGE ROADSHOW