VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

25 February 2016

To: Company Announcements Office
Australian Securities Exchange

By: Electronic lodgement

Announcement of Half-Year Results – December 2015

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

Attached are the following documents for the Company's results for the half-year ended 31 December 2015:

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

This information should be read in conjunction with the most recent Annual Report of the Company for the financial year ended 30 June 2015.

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054
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RULE 4.2A.3

APPENDIX 4D

Half-Year Report

Introduced 1/1/2003.

Name of entity:

VILLAGE ROADSHOW LIMITED

ABN:

43 010 672 054

1. Reporting period

Half-year ended ('reporting period'):

31 December 2015

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

31 December 2014

2. Results for announcement to the market

					$A'000
2.1	Revenues from continuing operations	Up	11.5%	to	523,577
2.2	Loss after tax from continuing operations	Down	N/A	to	(2,818)
2.3	Net loss for the period attributable to members	Down	N/A	to	(3,463)

Dividends (distributions)	Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
2.4 Interim dividend declared – Ordinary shares	14.0 cents	14.0 cents	Nil
2.5 +Record date for determining entitlements to the dividend	15 March 2016		

2.6 Brief explanation of any of the figures reported above:

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

3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$0.45	$1.05

4. Entities over which control has been gained or lost

Control gained over entities

4.1	Name of entity (or group of entities)	80% of Countrywide Property Investments (UK) Limited and its Subsidiaries, including Opia Limited.
4.2	Date from which control was gained	18 December 2015
4.3	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) from the date control was gained to the end of the current period	N/A
4.4	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities

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

5. Dividends & Distributions

5.1 Dividends & Distributions paid - Current Period

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Final Dividend: (Paid October 2015)	Ordinary shares	14.0 cents	14.0 cents	Nil

5.2 Dividends & Distributions paid - Previous Corresponding Period

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Special Dividend: (Paid July 2014)	Ordinary shares	15.0 cents	15.0 cents	Nil
Final Dividend: (Paid October 2014)	Ordinary shares	14.0 cents	14.0 cents	Nil

5. Dividends & Distributions (continued)

5.3 Total Dividends & Distributions paid

	Current period $A'000	Previous corresponding period $A'000
+Ordinary securities *(each class separately)*	22,433	46,257
Total	**22,433**	**46,257**

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

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Interim dividend (To be paid April 2016)	Ordinary shares	14.0 cents	14.0 cents	Nil

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

		Amount per security	Franked amount per security at 30% tax	Conduit foreign income per security
Interim dividend (Paid April 2015)	Ordinary shares	14.0 cents	14.0 cents	Nil

6. Dividend reinvestment plans

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

7. Details of associates

Equity accounted associates	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) after tax	
Name of entity	Current period	Previous corresponding period	Current period A$'000	Previous corresponding period A$'000
Associates:				
Dartina Development Limited	50.00%	50.00%	5,704	3,449
Village Roadshow Entertainment Group Limited [1]	50.17%	47.12%	(19,843)	--
iPic-Gold Class Entertainment LLC	30.00%	30.00%	--	--
VR iPic Finance LLC	42.86%	42.86%	--	77
FilmNation Entertainment LLC	31.03%	--	1,175	--
Other [2]	N/A	N/A	--	--
Total			**(12,964)**	**3,526**
Other Material Interests			N/A	N/A
Total			**N/A**	**N/A**

7. Details of associates (continued)

Notes:

1. The Village Roadshow Limited group ("VRL group") is the largest shareholder in Village Roadshow Entertainment Group Limited ("VREG"), with 50.17% (2014: 47.12%) of the voting shares of VREG.

   The VREG Board is the ultimate decision-making body of VREG, however the provisions of the VREG Shareholders Agreement provide that most decisions regarding relevant activities of VREG are recommended to the Board by an advisory committee established under the Shareholders Agreement ("Advisory Committee"). The VRL group does not have control of either the VREG Board or Advisory Committee. Based on this, it has been determined that the VRL group does not control VREG in accordance with AASB 10: *Consolidated Financial Statements*, however the VRL group does have significant influence over VREG in accordance with AASB 128: *Investments in Associates and Joint Ventures*.

   Therefore, 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 has been written down to nil due to the recognition of accumulated losses, so that the VRL group has no carrying value for accounting purposes. It is noted that VREG's film rights are recorded in its accounts (in non-current assets) at amortised cost, as required under IFRS, which is significantly less than the market value of these film rights.

   As advised to the Australian Securities Exchange on 15 September 2015, VREG has completed new corporate debt facilities totalling USD 325 million, refinancing its existing corporate debt facility and providing additional working capital. Part of the USD 325 million VREG corporate debt refinancing is subordinated debt financing of USD 25 million, repayable by September 2021. The VRL group contributed USD 15 million of the subordinated debt, which is earning cash interest of 6% p.a., as well as non-cash interest of 9.5% p.a. payable upon repayment of the debt, plus an entitlement to further non-voting shares.

   As a result of VREG's significant negative net asset position, this additional net investment by the VRL group has been immediately written off due to equity accounting requirements, resulting in an equity-accounted loss after tax of A$20.0 million in the half-year ended 31 December 2015 (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report in the Half-Year Financial Report).

   As part of the VREG refinancing, the VRL group's existing non-voting redeemable equity shares in VREG have been modified, now accruing a 14% non-cash dividend, with redemption by March 2022. The non-voting redeemable equity is subordinated to VREG's securitised film financing, corporate debt and subordinated debt. 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 half-year to 31 December 2015, cash interest of A$0.2 million was received from VREG and included in equity accounted results (2014: nil), and no cash dividends were received in either the current or previous corresponding periods.

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

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25 February 2016

Entertainment and Tourism Delivers

Village Roadshow Limited (ASX:VRL) delivered an increase in trading results for the six months ended 31 December 2015 ("1H16"). This success was driven by an all time record first half result in the Cinema Exhibition division and a return to strong results at the Gold Coast theme parks. The performance of these divisions offset disappointing results from Film Distribution and Wet'n'Wild Sydney.

KEY 1H16 RESULTS

- Attributable net loss $3.5 million (six months to 31 December 2014 ("1H15"): $13.3 million profit)
  - Includes losses from material items after tax of $25.5 million (1H15: $1.8 million)
  - Current period includes the previously announced $20.0 million equity-accounted loss in relation to the net investment in Village Roadshow Entertainment Group ("VREG")
- Attributable net profit after tax before material items and discontinued operations ("NPAT") $22.0 million, up 45.1% from 1H15 ($15.2 million)
- Earnings before interest, tax, depreciation and amortisation, excluding material items and discontinued operations ("EBITDA") $77.9 million, up 12.6% from 1H15 ($69.2 million) (refer Reconciliation of Results on pages 4 and 5 of the attached Half Year Financial Report)

The Australian and Singapore Cinema Exhibition businesses delivered outstanding 1H16 results, with higher admissions and increased spend per customer as *Star Wars: The Force Awakens* broke multiple box office records. *The Hunger Games: Mockingjay Part 2* and *Spectre* rounded out a strong half. iPic Theaters successfully opened the Houston and Miami sites in 1H16 and has a further three sites opening in calendar 2016. Given the timing of film titles, the performance of the Cinema Exhibition division is expected to be biased towards first half earnings in the 2016 financial year ("FY16"), whereas this was reversed in the previous financial year. However, the strong slate of upcoming releases should see the division's full year 2016 results outperform the 2015 financial year ("FY15").

The Company's Gold Coast theme parks had strong first half ticket sales and admissions revenue based on generally good weather, with increased attendance underpinning increased in-park revenue. Special events remain a key driver of success at Warner Bros. Movie World and new attractions at Sea World proved popular. The Gold Coast parks have continued to trade well in the second half to date, with the upcoming *Carnivale* event at Warner Bros. Movie World expected to drive attendance. Despite strong pre-season sales, Wet'n'Wild Sydney was severely impacted by poor weather and even with careful cost management is expected to underperform the prior year.

Within VRL's Film Distribution division, the strong performance of *Mad Max: Fury Road* and *Oddball* combined with the inclusion of Warner Home Entertainment product helped drive a revenue increase of 17.6% over 1H15. Roadshow's first half EBITDA was $14.8 million, down on the prior corresponding period due to a weaker theatrical slate and reduction in margin. FY16 is expected to underperform the prior year. With its strong content library, partnerships with leading studios and distribution agreements with leading digital providers, Roadshow is well placed to leverage growth in the digital markets as the industry transitions away from physical sales. The business is currently undertaking a strategic review to ensure it is appropriately aligned with the growth markets. 31% owned FilmNation Entertainment is set to release the first two films it has produced following Roadshow's investment and has a number of other titles in various stages of pre-production and a robust sales slate.

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Following the recent success of Australian family content, Roadshow will bring the greatly anticipated *Red Dog* prequel, *Red Dog True Blue* to screens on Boxing Day 2016. Produced by Nelson J. Woss, with an exceptional line-up of Australian talent, *Red Dog True Blue* follows the rise of Red Dog from an ordinary puppy to an Australian legend. Roadshow continues its strong support of the Australian film industry, currently working with major Australian talent on a number of opportunities to be announced later in the year.

Throughout 1H16, VRL maintained its focus on laying the foundations for the future. In December 2015, the main Divisional and Corporate finance facilities were refinanced into a consolidated VRL group facility, which resulted in an increased overall facility limit of $800 million and extended expiry dates of December 2019 and 2020. This new VRL group facility, which has been drawn to $590 million as at 31 December 2015, is fully revolving, with no amortisation payments required, and has resulted in significant cost reductions and increased flexibility for the VRL group.

During 1H16, VRL's equity accounted associate, VREG, completed a USD325 million refinancing, of which VRL contributed USD15 million in subordinated debt (written off due to equity accounting requirements as disclosed in the Company's 15 September 2015 ASX announcement). Additionally, VREG's Village Roadshow Pictures business ("VRP") completed a renewal of its USD775 million film financing facilities until 2021. All VREG debt is non-recourse to the VRL group.

In December 2015, VRL announced it had acquired 80% of Opia, a UK-based sales promotion consultancy which operates under a similar business model to the Company's business, Edge Loyalty. VRL paid $50 million for Opia, which represents a 5.3x multiple of full year 2016 forecast EBITDA of $11.8 million (and VRL's share of this will be 80%). Strategies are in place that, further enhanced by VRL's involvement, will see significant growth. The CEO and Sales Director of Opia retained 20% equity following the acquisition and are outstanding executives, invested in the future of the business. This acquisition further diversifies VRL's portfolio of businesses and provides an exciting opportunity for future growth.

VRL is now separately reporting the results of the combined Edge Loyalty and Opia businesses – in aggregate referred to as VRL's Marketing Solutions division, VRL's network of data-driven sales promotion and loyalty brands and offerings. Into the future, the Marketing Solutions division will focus on overseas expansion, consolidating market share and developing new business models.

VRL continues its strategy to expand into Asia, with a particular emphasis on China. In the six months to 31 December 2015, the focus has been on building relationships with new and existing partners. The Mission Hills water park project in Haikou, Hainan Island is progressing well, with a target opening date of early calendar year 2017 ("CY17"), and the CITIC Chengdu project is moving forward. VRL continues to develop the "Big Box" indoor location based entertainment concept, which carries lower capital costs and can be replicated quickly across a number of sites.

VRL is midway through building out its jointly owned Australian Cinema Circuit that has a significant joint market share of the Australian industry (Village Cinemas and Event Cinemas combined total market share). The emphasis is on the powerful, unique **GOLD CLASS** and **Vmax** concepts. These are being expanded in existing cinemas and in new locations being developed in new population growth corridors.

VRL has led the filing of an application to the Federal Court in the first use of the new Australian legislation which was introduced in 2015 to block websites that infringe copyright. This will be accompanied by a major publicity and PR campaign to reinforce public perception that piracy is theft and morally wrong, just as stealing from anywhere else is wrong. Additionally, VRL is committed to making product available in a timely manner and at attractive pricing. This is already happening with new services such as Netflix, Stan and iTunes. VRL views this as a significant growth opportunity for Roadshow in a high turnover and low margin business. A reduction in piracy is expected to benefit the entire filmed entertainment industry and drive gains both in cinema attendance and home entertainment sales.

During the half, VRL farewelled Dr. Peter Jonson who retired as a Director of the Company. Mr. Peter Harvie also retired in February 2016 and the remainder of the Board would like to express their gratitude for Dr. Jonson's and Mr. Harvie's many years of service. VRL also welcomed Ms. Jennifer Fox Gambrell who joined the Board as an Independent Non-Executive Director on 19 November 2015.

VRL's Board remains committed to shareholder returns, and has declared a fully-franked interim dividend of 14 cents per share ("cps"), with a record date of 15 March 2016, payable on 6 April 2016. It remains the intention of the Directors to consider a special dividend of 10 cps in FY17, subject to the Company's available franking credits, capital commitments and business conditions at the time.

VRL Co-Executive Chairman and Co-Chief Executive Officer, Mr. Robert Kirby said: "With so many commercial sectors severely challenged by new technology, it's great to be in the business of entertainment and tourism – people will always want to go out and 'escape'! Our growth plans are dynamic across Theme Parks, Cinema Exhibition, Film Production and our new Marketing Solutions division."

VRL Co-Executive Chairman and Co-Chief Executive Officer, Mr. Graham Burke said: "With powerful and resilient cash flows and new financing bedded down, we have never been in a better place. This enables a strong growth program, much of which is detailed in this report and we have other exciting initiatives in development."

For further information, contact:

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Co-Executive Chairman & Co-CEO
03 9829 0667

Julie Raffe
Finance Director
03 9667 6511

A copy of this release can also be found at www.asx.com.au and www.villageroadshow.com.au

Conference call details in relation to these results are included in the VRL Results Presentation, which can also be found at www.asx.com.au and www.villageroadshow.com.au

Operational Overview and Outlook

Theme Parks

Village Roadshow Theme Parks ("VRTP") owns and operates Warner Bros. Movie World, Sea World, Wet'n'Wild Gold Coast, Paradise Country, Australian Outback Spectacular and Sea World Resort & Water Park on the Gold Coast, and Wet'n'Wild Sydney. VRTP also has majority ownership in Wet'n'Wild Las Vegas.

Theme Parks Performance Summary

Key earnings metrics ($m)	Gold Coast Theme Parks		Wet'n'Wild Sydney		Wet'n'Wild Las Vegas		Theme Parks (total)	
	1H16	**1H15**	**1H16**	**1H15**	**1H16**	**1H15**	**1H16**	**1H15**
EBITDA	38.7	35.4	3.0	4.0	2.7	2.4	44.5	41.8
EBIT	17.8	15.7	(0.5)	1.0	1.9	1.6	19.1	18.3
PBT	12.1	9.3	(1.7)	(0.4)	1.2	1.0	11.6	9.9

VRTP delivered an EBITDA of $44.5 million for the six months to 31 December, up 6.4% on the prior corresponding period, and PBT of $11.6 million, up 16.3%. Supported by solid annual pass and membership sales, Gold Coast Theme Parks enjoyed a strong half year performance.

Unfortunately, Wet'n'Wild Sydney experienced unseasonable cool weather in spring, followed by extremely wet weather during the December/January school holidays. As a result the first half results fell short of the prior corresponding period. Wet'n'Wild Las Vegas closed for the 2015 season in September with 1H16 results exceeding 1H15 despite a full season of competition from a nearby competitor water park.

GOLD COAST THEME PARKS

The Gold Coast parks delivered a 1H16 EBITDA of $38.7 million, up 9.5% relative to 1H15. This performance was driven by solid ticket sales and admissions revenue with generally good weather. Increased attendance (up 2.8%) underpinned the growth in in-park revenue.

Following a successful pre-season VIP annual pass campaign, VRTP introduced a membership program for the Gold Coast parks. The memberships are a subscription service starting at $9 per month. Members receive unlimited access to Warner Bros. Movie World, Sea World and Wet'n'Wild on the Gold Coast. Premier and Elite memberships also include entry to popular special events at Warner Bros. Movie World, and Elite members also receive unlimited entry to Wet'n'Wild Sydney. Memberships offer consumers the benefit of lower monthly payments over a 12 month period with automatic renewal. This program is expected to drive incremental sales and revenue in future years. Part of a long-term growth plan for all VRTP parks, the memberships have been very well received.

The Gold Coast theme parks continue to sell VIP passes in addition to memberships, resulting in an initial timing difference in relation to revenue recognition which will have a modest impact on short term results. Membership revenue is recognised on a visitation basis similar to VIP pass revenue recognition for the first 12 months, however allocated proportionately across financial years.

The effect is minimal in the first half of the financial year when the yield on membership and VIP passes is similar, but the differential will be greater in the second half when a larger portion of the membership revenue will be allocated to the following financial year. This timing difference will reduce as the membership program builds over time. It is expected that the full year Gold Coast result will be an improvement on the prior year.

Overall, attendance was up on the prior corresponding period at the Gold Coast parks. VRTP's special events remained popular at Warner Bros. Movie World, with both *Fright Nights* (Halloween) and *White Christmas* enjoying record financial performances in 1H16. Sea World's new *Creatures of the Deep* exhibit and the new *Nickelodeon Land* children's area were both well received by guests.

Despite competition in the Gold Coast Accommodation market, the Sea World Resort continues to have the highest occupancy on the Gold Coast, with 1H16 revenue up on 1H15. The Convention Centre has added a new dimension to the Resort's operations, and has far exceeded expectations in the first half.

Following the successful implementation of yield management and expense control strategies, both Australian Outback Spectacular and Paradise Country (PC) are benefiting from revenue and attendance growth in the first half of the financial year. PC is also benefiting from the new 4-Park Pass.

WET'N'WILD SYDNEY

Despite a strong start to season pass sales, the weather deteriorated at the beginning of the September school holidays and remained unseasonably cool and wet throughout the summer season. As a result, there was a decline in ticket sales during the 2015 school holiday periods when compared to the previous year. To help boost sales, a number of measures were taken including an extension of the "Buy 3 Get 1 Free" campaign, introduction of a payment plan for season passes, and a "Summer Sizzler" campaign after Christmas. Unfortunately, the loss in yield and shortfall in sales saw 1H16 EBITDA of $3.0 million for Wet'n'Wild Sydney, down $1.0m relative to the prior corresponding period.

WET'N'WILD LAS VEGAS

The 50.09% owned Wet'n'Wild Las Vegas closed for the 2015 season at the end of September 2015. This represented the first full season of competition with the second water park in Las Vegas. In response, VRTP aggressively pursued attendance and 1H16 EBITDA exceeded 1H15 by $0.3 million in Australian Dollar terms.

OUTLOOK

The Gold Coast theme parks have delivered a solid performance in the second half to date. The balance of the fiscal year will see the annual launch of Warner Bros. Movie World's third special event, *Carnivale* and the launch of the annual pre-season program. In March 2016 one of the world's largest sound stages will be introduced at Village Roadshow Studios next to Warner Bros. Movie World. This will make Village Roadshow Studios more attractive as a production house, with the next instalment in Marvel's *Thor* franchise already scheduled for production on the Gold Coast in 2016. The new DC "Villains" themed area and "DoomsDay" thrill ride at Warner Bros. Movie World is also underway, due to open in late calendar year 2016 ("CY16").

Second half trading to date at Wet'n'Wild Sydney has been impacted by terrible weather. On rare days of warm, dry weather the park enjoyed strong attendance. However, there have not been enough good weather days to recover the shortfall. Expense minimisation and driving volume will remain the focus for the balance of FY16, however the park is expected to underperform the prior year.

The focus in FY17 will be on season pass pre-season sales, a new membership sales strategy and the introduction of VRTP special events, including Halloween and a subsequent spring/summer event.

CHINA AND SOUTH EAST ASIA

VRL's expansion strategy into Asia, with a particular emphasis on China, continues. Over the six months to 31 December 2015, the focus has been on initiating new relationships and strengthening existing relationships with some of China's leading State Owned Enterprises and private companies.

During the half, VRL entered an agreement to provide consultancy and management services for a water park at the Mission Hills Golf Resort in Haikou, Hainan Island. This project is progressing well with a target opening date of early CY17, and the CITIC Chengdu project is moving forward.

The "Big Box" strategy, as outlined at the 2015 VRL AGM, is an indoor location based entertainment concept currently being developed, although no formal agreements have been reached. Costing between $15 – 30 million, ranging in size from 2,500 square metres to over 20,000 square metres, and applicable at a number of sites throughout the Asian region, these "Big Box" entertainment centres will offer year round climate controlled themed environments with designs to appeal to pre-schoolers, college students and family groups.

VRL continues to explore various other opportunities in the theme park arena.

Cinema Exhibition

VRL's Cinema Exhibition division operates predominantly in Australia, Singapore and the United States through joint ventures, including with Event Hospitality & Entertainment (previously called Amalgamated Holdings) in Australia, and other cinema operators internationally.

Cinema Exhibition Performance Summary

Key earnings	Australia		Singapore		Other		Exhibition (total)	
metrics ($m)	1H16	1H15	1H16	1H15	1H16	1H15	1H16	1H15
EBITDA	33.2	24.0	5.7	3.4	(1.3)	(1.2)	37.6	26.2
EBIT	25.9	17.0	5.7	3.4	(1.5)	(1.5)	30.1	18.9
PBT	24.0	15.0	5.7	3.4	(1.5)	(1.5)	28.2	16.9

Note: Other includes Leisure, iPic and Belfast.

Cinema Exhibition Sites & Screens

	As at 30 June 2015		Opened / (Closed/Sold)		As at 31 Dec 2015	
Location	Sites	Screens	Sites	Screens	Sites	Screens
Australia	52	538	1	9	53	547
Singapore	11	91	-	-	11	91
USA	11	81	2	16	13	97
United Kingdom	1	12	-	-	1	12
Total	**75**	**722**	**3**	**25**	**78**	**747**

Note: Includes all screens in which VRL has an economic interest, taking no account of ownership structure.

The Cinema Exhibition division delivered an all time record result, with EBITDA of $37.6 million for the six months to 31 December 2015, up 43.3% on the prior corresponding period and profit before tax of $28.2 million, up 67.1%.

The excellent performance of the Cinema Exhibition division in 1H16 was supported by an outstanding product line up. *Star Wars: The Force Awakens* broke numerous Australian box office records including opening day, weekend and week, producing a strong finish to the half year.

Other stand out titles for 1H16 included *Spectre, Hunger Games: Mockingjay Part 2* and *The Martian.* Australian films *The Dressmaker* and *Oddball* were both great successes, along with international films *Mission Impossible: Rogue Nation* and *Ant Man.*

AUSTRALIAN CINEMA EXHIBITION

The Australian Cinema Exhibition business outperformed expectations in the first quarter and built on this strength to finish the six months to 31 December 2015 with an outstanding EBITDA result of $33.2 million, up 38.2% on the prior corresponding period.

The exceptional performance of this business was a result of higher admissions and increased spend per customer, driven by the exceptionally popular and successful **GOLD CLASS** and **Vmax** concepts combined with an outstanding film line up. Successful special events across the circuit such as Flicks with the Chicks, Family Fun Days and new sponsorship deals also drove revenue. Careful control of overhead costs contributed to the success of this business.

The Village Movie Club continues to grow, with strong take up of membership. Initiatives within Retail Gifting have been successful, with outstanding results out of the Christmas Campaign, which generated over $40 million in sales across the national circuit over the 2015 Christmas period. The Experience suite of products and revitalised Kids products were also very pleasing and the success of these initiatives was also reflected in digital sales.

The business also continued to expand its unique offerings and remains focussed on providing consumers with a superior movie going experience. Through the spectacular **GOLD CLASS** concept, guests are treated to a luxuriously intimate setting and first class quality experience of film, food, beverages and service. In **Vmax**, moviegoers can experience a new level of entertainment, with enormous screens and superior sound which creates the ultimate blockbuster environment.

Refurbishments completed at the Jam Factory in Victoria included the introduction of two **Vpremium** auditoria, the business class of cinema, providing additional revenues from new food offerings and premium pricing, driving ongoing margin improvement. 1H16 also saw the conversion of traditional cinemas to **Vmax** in Sunshine and Century City Walk in Victoria and Hurstville in New South Wales.

In line with the strategy to expand into new population growth corridors, new sites are underway or planned at:

Location	Expected Opening	Total Screens	Vmax	GOLD CLASS
Glenelg, South Australia	Mar-16	6	-	-
North Lakes, Queensland	Apr-16	8	2	2
Palmerston, Northern Territory	Dec-17	6	2	-
Coomera, Queensland	After 2017	10	2	3
Westfield Plenty Valley, Victoria	Jun-18	9	2	3

The business continues to focus on special events to drive engagement, such as Valentine's Day, Indian and Asian film events as well as partnering with charitable organisations.

SINGAPORE CINEMA EXHIBITION
VRL owns 50% of the Golden Village Cinema Circuit, which is the number one circuit in Singapore, with a commanding 42% market share. Despite Tiong Bahru remaining closed for renovations, attendances were up on the prior corresponding period. Combined with higher average ticket price and spend per person, a strong EBITDA result was achieved in the six months to 31 December 2015, with a reported EBITDA share of $5.7 million, up 65.4% on the prior period. The circuit continues to expand, with a new site opening in 2017 at the SingPost Centre at Paya Lebar.

IPIC THEATERS USA
iPic Theaters has created an incredible reputation in the USA as the leader in upmarket cinema and dining and readers are strongly urged to visit www.ipictheaters.com. The company, of which VRL owns 30.0%, has aggressive growth plans and once it reaches a critical mass of sites to disperse overheads and build out development costs, the business is expected to be very profitable and contribute to VRL's earnings. There are already a total of 13 iPic Theaters in operation following the successful opening of the Houston and North Miami sites in late calendar year 2015 ("CY15"), with three sites in New York scheduled to open in FY17.

OUTLOOK
Given the timing of film releases in FY16, while the Cinema Exhibition division is expected to outperform the record breaking FY15 performance, earnings are expected to be biased towards the first half (with *Star Wars: The Force Awakens, Spectre* and *The Hunger Games: Mockingjay Part 2* all releasing in 1H16). This compares to FY15, in which the biggest cinema release of the year, *Jurassic World*, was a second half release.

While the second half box office is not expected to maintain the pace of the first half, there are nonetheless a number of strong titles to support 2H16 earnings, with *The Revenant*, *The Hateful Eight* and *Goosebumps* opening strongly in January. These results will be further supported by the upcoming line-up of outstanding films including *Deadpool*, *Batman vs. Superman: Dawn of Justice*, Marvel's *Captain America: Civil War* and the next *X-Men: Apocalypse* as well as *The Brothers Grimsby*. Finally, the period will see a number of blockbuster family films including *Finding Dory*, the eagerly awaited sequel to *Finding Nemo*, *Kung Fu Panda 3* and *Alice Through the Looking Glass.*

Film Distribution

VRL's Film Distribution division distributes theatrical and other content to cinema, physical retail product and the emerging digital space. The division also has a 31% interest in FilmNation Entertainment LLC; a US based international film sales and production/distribution company.

Film Distribution Performance Summary

Key Earnings Metrics ($m)	1H16	1H15
EBITDA	14.8	20.0
EBIT	13.0	18.5
PBT	11.4	17.1

The strong performance of *Mad Max: Fury Road* (Home Entertainment) and *Oddball* (Theatrical and Home Entertainment) and the inclusion of Warner Home Entertainment product helped drive a revenue increase of 17.6% over 1H15. Roadshow's first half EBITDA was $14.8 million and PBT was $11.4 million, down from the prior corresponding period due to a weaker theatrical slate released in the period and as the industry transitions to a digital universe.

THEATRICAL

The Theatrical business remained challenged throughout the first half of FY16, primarily due to content. Despite a 21.1% market share, 1H16 results fell short of expectations and the prior corresponding period as the Australian Box Office underperformed expectations for a number of titles.

This disappointing result was partially offset by the standout performance of the Australian hit, *Oddball,* with other top performers in 1H16 including *The Hunger Games: Mockingjay Part* 2, *Creed* and *Southpaw.*

The outlook for 2H16 looks promising, already with two successful releases. Quentin Tarantino's western, *The Hateful Eight* opened strongly and with substantial public interest, and Village Roadshow Pictures' *Goosebumps* has outperformed Australian Box Office expectations to date.

Releases of note in 2H16 include 31% VRL owned FilmNation Entertainment's *Room*, which has already received four Oscar nominations including Best Picture and Best Actress. Other upcoming releases include Village Roadshow Pictures' films *Grimsby* (starring Sacha Baron Cohen) and *Concussion* (Will Smith) as well as Warner Bros.' *Batman vs. Superman: Dawn of Justice* and *Suicide Squad.* Roadshow Films has relationships with many of the key suppliers to the independent film market. A key title in 2H16 is *The Nice Guys*, starring Ryan Gosling and Russell Crowe, directed by Shane Black (*Iron Man 3*).

HOME ENTERTAINMENT

The physical market accounted for approximately 84% of the Home Entertainment sector which declined, 5.5% over the 12 months to 31 December 2015, while the digital transactional market grew by 7.3%. Revenues increased on the prior corresponding period due to the inclusion of Warner Bros. Home Entertainment product, though revenue gains were eroded in both physical and digital categories due to the overall product mix.

Roadshow Home Entertainment remained the market leading distributor in the physical retail market, with 30% market share. The leading physical retailers were JB Hi Fi, Sanity and Big W, and physical revenues were substantially up on the 1H15, although this was not reflected in EBITDA.

The transactional digital market continues to grow, with sales estimated at over $175 million for the 12 months to 31 December 2015. Roadshow's digital revenue growth is outpacing industry growth, with market share exceeding 17% (an increase of over 3.0% on the prior corresponding period). iTunes remains the leading digital platform, while Fetch, Google Play and Foxtel all experienced strong growth in the period.

Mad Max: Fury Road continued to be the stand-out title for Home Entertainment in the first half, particularly in Digital. *Oddball* achieved a fantastic result in Home Entertainment and was especially strong in physical retail during the Christmas sales period.

Stand out film titles for Roadshow Home Entertainment in 2H16 include *The Hunger Games: Mockingjay Part 2* and *The Hateful Eight.* Key television releases include *Season 5* of HBO's *Game of Thrones,* BBC's *War and Peace* and Season 3 of *Orange is the New Black*, recently renewed for a further two seasons by Netflix.

TELEVISION

Roadshow Television performed well in the six months to 31 December 2015, with revenue and EBITDA up on 1H15. Key titles included *American Sniper* and *Foxcatcher* for Foxtel and Stan as well as additional sales of back catalogue titles from Roadshow's extensive film library.

The biggest releases for Roadshow Television in 2H16 include *Mad Max: Fury Road*, *Free Birds* and *San Andreas*, however product skew to higher royalty rates across the slate for the period are likely to impact gross profit. As a result, EBITDA for the full year is expected to underperform FY15.

While the physical market is in decline, the industry is seeing the development of a new revenue stream. The successful launch of Subscription Video On Demand (SVOD) services including Netflix, Stan and Presto adds an exciting new dynamic to the industry. Already well placed with long term content supply deals with both Channel 9 and Foxtel, Roadshow Television continues to build its distribution network throughout the market. During the half, Roadshow Television secured a contract with Sky Pay TV as well as second year packages on favourable terms for Netflix and Stan.

OUTLOOK

As the impact of first half content carries through to the second half, full year results are expected to underperform FY15.

The industry is transitioning away from physical sales to the growing digital channels and content ownership is regarded as the key to success. With its strong content library, partnerships with leading studios and distribution agreements with leading digital providers, Roadshow is well placed to leverage growth in the digital markets and is currently undertaking a strategic review to ensure it is aligned with the growth markets.

Roadshow has also closed an output agreement with new US studio STX. This content supplier is both a creator of content as well as a US studio ensuring it is controlling the distribution and marketing of its content. Roadshow will commence releasing major titles from this studio in FY17.

In December 2014, VRL successfully acquired 31% of FilmNation Entertainment and two Board seats. FilmNation is primarily an international film sales company that sells territorial rights on a commission basis. The company has diversified its activities to also selling in-house productions. The goal is to cover the cost of production and eliminate risk by pre-selling around the world and in the United States. This has been successfully achieved with the company's first two films since VRL's investment - *The Founder* starring Michael Keaton and directed by John Lee Hancock and *The Story of Your Life* starring Amy Adams and directed by Denis Villeneuve. In addition, FilmNation has an aggressive development slate and a number of other titles in various stages of preproduction.

Following the recent success of Australian family content distributed by Roadshow including *Paper Planes* and *Oddball*, Roadshow will bring the greatly anticipated prequel, *Red Dog True Blue,* to screens in late 2016. Produced by Nelson J. Woss, and stars the amazing new talent of Levi Miller as well as Australian film legends, Bryan Brown and John Jarratt. Filmed in the Pilbara region of Western Australia and opening on Boxing Day 2016, *Red Dog True Blue* follows the rise of Red Dog from an ordinary little puppy to an Australian legend.

Roadshow continues its support of the Australian film industry, currently working with major Australian talent on a number of opportunities to be announced later in the year.

Marketing Solutions

Marketing Solutions Performance Summary

Key earnings metrics ($m)	1H16	1H15
EBITDA	1.6	0.7
EBIT	1.2	0.5
PBT	1.1	0.4

Note: Previously reported within Corporate & Other, the Marketing Solutions division will now be reported as a separate segment.

VRL's Marketing Solutions division is a network of data-driven sales promotion and loyalty businesses with operations in Australia (under the Edge Loyalty banner) and Europe (under the Opia banner). The Marketing Solutions division further diversifies VRL's portfolio and offers substantial exciting growth opportunities.

Founded in 2006 and acquired by VRL in 2012, Edge Loyalty has grown to become Australia's leading provider of loyalty and reward solutions. In Europe, the division designs and executes promotional campaigns through 80% owned Opia, the leading provider of sales promotions in the UK.

VRL paid $50 million for Opia, which represents a 5.3x multiple of full year 2016 forecast EBITDA of $11.8 million (and VRL's share of this will be 80%). The CEO and Sales Director of Opia retained 20% equity following the acquisition and are outstanding executives, invested in the long-term future of the business.

VRL's Marketing Solutions division comprises:

PAYMENT SOLUTIONS	LOYALTY MARKETING	CONSUMER PRODUCTS
KEY CLIENTS		KEY CLIENTS
BANKING & FINANCE	FMCG CONSUMER ELECTRONICS	CONSUMERS

The division operates in three key areas:

- **Payment Solutions:** Providing alternative payment solutions to bank transfers and cheques for clients to facilitate cash backs, staff rewards and customer incentives;
- **Loyalty Marketing:** Providing the design and end to end management of consumer promotions through a range of products to drive sales; and
- **Consumer Products:** Delivering aggregated product direct to consumers across food, health, wellbeing and fundraising through multiple sales channels.

1H16 HIGHLIGHTS

In the six months to 31 December 2015, the Marketing Solutions division delivered an EBITDA of $1.6 million, compared to $0.7 million in the prior period. This result includes an EBITDA contribution from Opia of $0.3 million for the post acquisition period in December 2015.

Key Gold Class movie ticket promotions and loyalty programs were successfully delivered and Lifestyle Rewards secured a number of high-quality clients under contract, in addition to launching an enhanced membership portal.

1H16 also saw the launch of the Spa & Wellness gift card business, an aggregation of day spa and wellbeing products and the acquisition of the Minc Marketing Group to broaden the suite of product types available to Edge Loyalty clients.

In December 2015, VRL acquired 80% of UK-based promotions business, Opia. The acquisition creates the opportunity to leverage the networks and expertise of both businesses, broadening the scope, size and suite of promotions products offered and enhance the value proposition of tailored solutions for Edge Loyalty and Opia customers. Further, the acquisition of Opia in December 2015 provides a springboard from which the division can seek further expansion in existing and new markets.

OUTLOOK

The Marketing Solutions division is focussed on growth, determined to leverage the network and expertise of Edge Loyalty in Australia and Opia in Europe.

Film Production

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

VRP had 88 released films in its film library as at 31 December 2015, including *Goosebumps*, *In the Heart of the Sea* and *Concussion* released in 1H16 through its partnerships with Warner Bros. and Sony.

VREG is well positioned for the future. In September 2015, VREG completed new corporate debt facilities totalling USD325 million, refinancing its existing facility and providing additional working capital. VRL contributed USD15 million in subordinated debt to this facility, and is entitled to cash interest of 6% p.a., plus non-cash interest of 9.5% p.a. payable upon repayment of the debt. VRP also completed a renewal of its film financing facilities for USD775 million until 2021, at which point they will have been in place for 23 years. With a diverse film slate for both VRP and VRP Asia, VREG believes it is well placed in the medium to long-term. All VREG debt is non-recourse to the VRL group.

The industry has evolved to one of **GLOBAL BRANDS** and **FRANCHISES** with major event movies with built-in want see/want buy from New York to Rio, Beijing to Berlin. VREG is in a very powerful position through its partnership with Warner Bros. to prosper in this exciting space. Projects with very real franchise potential include:

- *King Arthur Knights of the Round Table* – VREG management sees this film as having great potential;
- *Ready Player One* – from the explosive, best-selling novel by Ernest Cline (a highly recommended read), this project has commenced pre-production under the brilliant direction of Steven Spielberg; and
- *Legend of Tarzan* – from Director David Yates of *Harry Potter and the Order of the Phoenix* and *Harry Potter and the Deathly Hallows: Parts 1* and 2, this film stars Alexander Skarsgard, Christoph Waltz, Samuel L. Jackson and Margot Robbie and is due for release in mid-CY16.

In addition, VREG has assembled a very strong portfolio – and portfolio is the key – of major motion pictures with global box office potential:

- *Grimsby* (Sony), starring Sacha Baron Cohen and Mark Strong, directed by Louis Leterrier;
- *Going in Style* (Warner Bros.), starring Morgan Freeman, Michael Caine and Alan Arkin, directed by Zach Braff;
- *Ghostbusters*, (Sony), starring Melissa McCarthy, Kristen Wiig, Kate McKinnon and Leslie Jones with Chris Hemsworth, Andy Garcia and Michael K. Williams, directed by Paul Feig;
- *Sully* (Warner Bros.), starring Tom Hanks and Laura Linney, directed by Clint Eastwood;
- *The Magnificent Seven* (Sony/MGM), starring Denzel Washington, Chris Pratt, Ethan Hawke, Vincent D'Onofrio and Haley Bennett, directed by Antoine Fuqua;
- *Passengers* (Sony), starring Jennifer Lawrence, Chris Pratt, Michael Sheen and Laurence Fishburne, directed by Morten Tyldum;
- *Collateral Beauty* (Warner Bros./New Line), stars include Will Smith, Helen Mirren, Edward Norton and Keira Knightly, directed by David Frankel;
- *Fist Fight* (Warner Bros./New Line), starring Ice Cube, Charlie Day, Tracy Morgan and Christina Hendricks, directed by Richie Keen.

In Asia, VREG is deploying a portfolio strategy, with investments across a diverse array of Chinese language films. VREG brings considerable expertise to this market with significant potential and is already experiencing success in this region. In 1H16 *Go Away Mr Tumor*, a film produced by Irresistible Films, a Hong Kong production company in which VRP Asia is a partner, was nominated by China as its representative for best foreign film at the 2016 Academy Awards.

Due for release in 2H16, *Mountain Cry* was the closing film at the Busan Film Festival and was selected by the Motion Picture Association of America to screen at the American Film Market in Los Angeles in 2015. Upcoming releases by VRP Asia over CY16 and CY17 include *The Bodyguard*, *Cold War 2*, *Hide & Seek* and *Reborn*.

Corporate & Other

Corporate & Other Performance Summary

Key results ($m)	**1H16**	**1H15**
EBITDA - Corporate	(16.5)	(16.3)
EBITDA - Asia Development	(2.4)	(2.4)
EBITDA - Digital Development	(1.7)	(0.9)
EBITDA - Corporate & Other	**(20.6)**	**(19.6)**
Depreciation & amortisation	(0.8)	(0.7)
Interest expense (net)	(2.1)	(1.5)
PBT	**(23.5)**	**(21.8)**

Total net Corporate & Other costs for the six months ended 31 December 2015 were $23.5 million, compared to $21.8 million for 1H15 and EBITDA was a $20.6 million loss, compared to a $19.6 million loss.

Note this comparison reflects the new reporting structure, which no longer includes Marketing Solutions within Corporate & Other.

In December 2015, the main Divisional and Corporate finance facilities were refinanced into a consolidated VRL group facility, which also resulted in an increased facility limit of $800 million and extended expiry dates of December 2019 and 2020. This new VRL group facility, which has been drawn to $590 million as at 31 December 2015, is fully revolving, with no amortisation payments required, and the staged restructuring of finance facilities since December 2014 has resulted in significant cost reductions and increased flexibility for the VRL group.

In 1H16, debt draw-downs for Corporate & Other totalled around $100 million. This mainly related to the previously disclosed acquisition of Opia and contribution to VREG's new corporate debt facility, the further instalment of the investment in FilmNation Entertainment, as well as growth capex.

Investments into new sites and refurbishments will result in full year capex exceeding FY15. Current expectations are for capex growth of approximately 20% on FY15.

Digital Development continues to be a critical focus for VRL. With the increasing access to valuable insights from customer data, the increase in mobile usage and emergence of new channels for entertainment consumption, VRL recognises the need for best practise user experiences and interfaces. The Digital team will keep its focus on providing the products, resources and know-how to convert digital opportunities into value for the business.

During the half, VRL farewelled Dr. Peter Jonson who retired as a Director of the Company. Mr. Peter Harvie also retired as a Director of the Company in February 2016. The Directors would like to express their gratitude for the many years of invaluable advice and experience Dr. Jonson and Mr. Harvie brought to the Board. At the 2015 AGM, VRL welcomed Ms. Jennifer Fox Gambrell as an Independent Non-Executive Director. Ms. Fox has over 25 years of experience in the luxury, resort and business segments of the hospitality industry and brings a wealth of connections in the hospitality, media and investment communities, further strengthening the VRL Board.

A fully franked final dividend of 14 cents per share was paid for FY15 in October 2015. For the 2016 financial year the VRL Board has declared a fully-franked interim dividend of 14 cents per share, with a record date of 15 March 2016, payable on 6 April 2016.

In Summary

VRL's businesses in entertainment and tourism do not have the complex technological and social issues that confront many sectors. VRL anticipates continuing strong cash flows, and in the case of Wet'n'Wild Sydney, the law of averages would indicate a measure of optimism that there will not be a third consecutive washed out summer!

With Management's eyes focussed on enhancing customer experience and cash flows, VRL also has powerful growth underway including:

- Purchase of Opia in our new Marketing Solutions division with exponential growth plans in place;
- Expansion of **Vmax** and **GOLD CLASS,** construction of new cinemas in new population growth corridors in Australia and Singapore as well as exciting iPic growth in the USA;
- A soon to be announced program of Australian films spearheaded by *Red Dog True Blue,* to be released in 2016;
- A major thrust into China, with theme parks and VRL's low cost "Big Box", capable of being rolled out quickly;
- VREG within its partnership with Warner Bros. has pre production underway on Steve Spielberg's *Ready Player One*;
- Plans to increase cash flows and strengthen VRL's Gold Coast theme parks, with an announcement in the next few months.

A copy of this release can also be found at www.villageroadshow.com.au

VILLAGE ROADSHOW LIMITED
ABN 43 010 672 054

CONDENSED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2015

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2015.

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

Robert G. Kirby: B. Comm. – Co-Executive Chairman and Co-Chief Executive Officer
Graham W. Burke: – Co-Executive Chairman and Co-Chief Executive Officer
John R. Kirby AM: B. Ec., CPA – Deputy Chairman
Peter M. Harvie (retired 3 February 2016)
Peter D. Jonson: B. Comm., MA, Ph. D. (retired 19 November 2015)
Jennifer Fox Gambrell: MBA, DBA (appointed 19 November 2015)
David J. Evans
Robert Le Tet: B. Ec.
Timothy M. Antonie: B. Ec.
Julie E. Raffe (Alternate for Messrs. R.G. Kirby and G.W. Burke)

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

For continuing operations, total revenue for the Village Roadshow Limited group ("the Group" or "VRL group") was \$523.6 million compared to \$469.6 million for the previous corresponding period, total expenses excluding finance costs were \$502.1 million (2014: \$450.3 million), and finance costs were \$19.0 million (2014: \$15.9 million). Loss from continuing operations after tax was \$2.8 million, compared to a profit after tax of \$13.8 million for the previous corresponding period.

There were no results from discontinued operations in the current or previous corresponding periods. Material items in the current period totalled a loss after tax of \$25.5 million, being an equity accounted loss on net investment of \$20.0 million and restructuring costs of \$5.5 million, compared to a loss after tax of \$1.8 million in the prior period. The attributable net profit excluding material items of income and expense for the period was \$22.0 million (2014: \$15.2 million).

A fully-franked final dividend of 14.0 cents per ordinary share, totalling \$22.4 million, was paid in October 2015. A fully-franked interim dividend of 14.0 cents per ordinary share has been declared, which will be paid in April 2016. This compares to the prior period fully-franked interim dividend of 14.0 cents per share paid in April 2015.

Total assets of the Group increased by \$106.6 million to \$1,602.9 million compared to 30 June 2015, and total liabilities of the Group increased by \$150.4 million to \$1,121.1 million compared to 30 June 2015. Total equity reduced by \$43.9 million compared to 30 June 2015, which was mainly due to reductions in retained earnings of \$25.9 million and reserves of \$20.1 million, partly offset by an increase in non-controlling interest of \$1.3 million. The reduction in retained earnings related to the attributable loss of \$3.5 million in the current period and the fully-franked final dividend of \$22.4 million. The reduction in reserves mainly related to the Opia acquisition as detailed below, and the increase in non-controlling interest mainly related to exchange rate movements.

Basic loss per share was 2.2 cents (2014: earnings per share 8.4 cents), and diluted loss per share was 2.2 cents (2014: diluted earnings per share 8.3 cents). Diluted earnings per share before material items and discontinued operations were 13.6 cents (2014: 9.4 cents), based on a weighted average total of 162,234,721 ordinary shares (2014: 161,793,852 ordinary shares).

Effective from 18 December 2015, the VRL group acquired 80% of Countrywide Property Investments (UK) Limited and its subsidiaries ("Opia"). Opia is a sales promotion consultancy business that creates brand sales promotion campaigns, and was acquired as part of the VRL group's expansion of its Marketing Solutions operating segment, which now comprises Edge Loyalty Systems Pty. Ltd. ("Edge") and Opia (refer also Note 8 to the Financial Statements).

REVIEW AND RESULTS OF OPERATIONS (Continued)
In December 2015, the VRL group restructured its main Divisional and Corporate finance facilities into a consolidated VRL group finance facility, which resulted in an increased facility limit of $800 million, up from $650 million at the time of the restructure, which has been drawn to $590 million as at 31 December 2015, and extended expiry dates of December 2019 and December 2020 (refer also Note 4 to the Financial Statements).

ROUNDING
The amounts contained in this report and in the half-year financial report have been rounded where applicable to the nearest thousand dollars (unless stated otherwise) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

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

Signed in accordance with a resolution of the directors at Melbourne this 25th day of February 2016.

G.W. Burke
Director

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(i) **Reconciliation of results:**												
Continuing Operations:												
Earnings before Interest, Tax, Depreciation and Amortisation, excluding material items of income and expense ("EBITDA")	**44,455**	**41,793**	**37,584**	**26,233**	**14,807**	**20,016**	**1,575**	**714**	**(20,561)**	**(19,591)**	**77,860**	**69,165**
Depreciation and amortisation	(25,342)	(23,454)	(7,473)	(7,370)	(1,791)	(1,528)	(411)	(199)	(860)	(670)	(35,877)	(33,221)
Finance costs before finance restructuring costs	(7,634)	(8,493)	(2,026)	(2,178)	(2,101)	(2,301)	(56)	(75)	(2,956)	(2,863)	(14,773)	(15,910)
Interest income	80	94	158	213	457	911	2	--	877	1,328	1,574	2,546
Operating profit (loss) before tax and material items of income and expense ("PBT")	**11,559**	**9,940**	**28,243**	**16,898**	**11,372**	**17,098**	**1,110**	**440**	**(23,500)**	**(21,796)**	**28,784**	**22,580**
Income tax (expense) benefit, excluding material items	(3,067)	(2,777)	(6,882)	(4,943)	(3,272)	(5,571)	(152)	(280)	7,237	6,642	(6,136)	(6,929)
Operating profit (loss) after tax, before material items of income and expense	**8,492**	**7,163**	**21,361**	**11,955**	**8,100**	**11,527**	**958**	**160**	**(16,263)**	**(15,154)**	**22,648**	**15,651**
Non-controlling interest	(586)	(490)	--	--	--	--	(59)	--	--	--	(645)	(490)
Attributable operating profit (loss) after tax, before material items of income and expense ("NPAT")	**7,906**	**6,673**	**21,361**	**11,955**	**8,100**	**11,527**	**899**	**160**	**(16,263)**	**(15,154)**	**22,003**	**15,161**
Material items of income and expense before tax	(2,034)	(2,597)	(606)	--	(645)	--	(1,293)	--	(21,004)	--	(25,582)	(2,597)
Income tax benefit (expense) – material items	610	779	182	--	(963)	--	--	--	287	--	116	779
Material items of income and expense after tax	(1,424)	(1,818)	(424)	--	(1,608)	--	(1,293)	--	(20,717)	--	(25,466)	(1,818)
Total profit (loss) before tax from continuing operations	9,525	7,343	27,637	16,898	10,727	17,098	(183)	440	(44,504)	(21,796)	3,202	19,983
Total income tax (expense) benefit from continuing operations	(2,457)	(1,998)	(6,700)	(4,943)	(4,235)	(5,571)	(152)	(280)	7,524	6,642	(6,020)	(6,150)
Total non-controlling interest	(586)	(490)	--	--	--	--	(59)	--	--	--	(645)	(490)
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income	**6,482**	**4,855**	**20,937**	**11,955**	**6,492**	**11,527**	**(394)**	**160**	**(36,980)**	**(15,154)**	**(3,463)**	**13,343**
Discontinued Operations:												
Attributable profit after tax from discontinued operations											--	--
Net (loss) profit attributable to the members of Village Roadshow Limited											**(3,463)**	**13,343**

VILLAGE ROADSHOW LIMITED
RECONCILIATION OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 (Continued)

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(ii) Material items of income and expense from continuing operations:												
Legal settlements and expenses	--	(2,597)	--	--	--	--	--	--	--	--	--	(2,597)
Restructuring costs	(2,034)	--	(606)	--	(645)	--	(1,293)	--	(958)	--	(5,536)	--
Equity accounted loss on net investment	--	--	--	--	--	--	--	--	(20,046)	--	(20,046)	--
Total loss from material items of income and expense before tax	(2,034)	(2,597)	(606)	--	(645)	--	(1,293)	--	(21,004)	--	(25,582)	(2,597)
Income tax benefit (expense) – material items	610	779	182	--	(963)	--	--	--	287	--	116	779
Total attributable loss from material items of income and expense after tax	(1,424)	(1,818)	(424)	--	(1,608)	--	(1,293)	--	(20,717)	--	(25,466)	(1,818)
(iii) Earnings Per Share adjusted to eliminate discontinued operations and material items of income and expense from the calculations:												
Basic EPS											13.7c	9.5c
Diluted EPS											13.6c	9.4c

Notes:

1. The new Marketing Solutions division includes the results of the Edge business, and the Opia business of which 80% was acquired in December 2015.

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

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Building a better working world

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

As lead auditor for the review of Village Roadshow Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

David Shewring
Partner
25 February 2016

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000
Continuing operations			
Income			
Revenues		523,577	469,570
Other income		13,753	13,052
Expenses excluding finance costs		(502,148)	(450,255)
Finance costs	(2(a))	(19,016)	(15,910)
Share of net (losses) profits of equity accounted investments	(2(b))	(12,964)	3,526
Profit from continuing operations before income tax expense		3,202	19,983
Income tax expense		(6,020)	(6,150)
(Loss) profit after tax from continuing operations		(2,818)	13,833
Discontinued operations			
Profit after tax from discontinued operations		--	--
NET (LOSS) PROFIT FOR THE PERIOD		(2,818)	13,833
(Loss) profit for the period is attributable to:			
Non-controlling interest		645	490
Owners of the parent		(3,463)	13,343
		(2,818)	13,833
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges		(1,067)	754
Foreign currency translation		(41)	200
Other comprehensive (expense) income for the period after tax		(1,108)	954
Total comprehensive (expense) income for the period		(3,926)	14,787
Total comprehensive (expense) income for the period is attributable to:			
Non-controlling interest		645	490
Owners of the parent		(4,571)	14,297
		(3,926)	14,787
(Loss) earnings per share (cents per share)			
For (loss) profit for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic (loss) earnings per share		(2.2)c	8.4c
Diluted (loss) earnings per share		(2.2)c	8.3c
For (loss) profit from continuing operations for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic (loss) earnings per share		(2.2)c	8.4c
Diluted (loss) earnings per share		(2.2)c	8.3c

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Consolidated 31 December 2015 $'000	Consolidated 30 June 2015 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	108,694	95,335
Trade and other receivables	172,164	143,970
Inventories	26,721	22,713
Current tax assets	3,584	13
Film distribution royalties	48,141	67,312
Derivatives	5,102	6,526
Other	43,221	31,323
Total Current Assets	407,627	367,192
Non-Current Assets		
Trade and other receivables	14,985	15,894
Goodwill and other intangible assets	394,025	338,184
Investments – equity accounted	43,463	42,331
Available-for-sale investments	957	1,056
Property, plant & equipment	670,165	657,085
Deferred tax assets	5,229	1,097
Film distribution royalties	65,964	72,638
Other	479	839
Total Non-Current Assets	1,195,267	1,129,124
Total Assets	**1,602,894**	**1,496,316**
LIABILITIES		
Current Liabilities		
Trade and other payables	312,941	294,175
Interest bearing loans and borrowings	1,226	29,519
Income tax payable	105	366
Provisions	37,985	36,876
Derivatives	2,847	3,019
Unearned revenue	65,503	48,152
Other	46	--
Total Current Liabilities	420,653	412,107
Non-Current Liabilities		
Trade and other payables	46,884	31,622
Interest bearing loans and borrowings	596,456	467,972
Deferred tax liabilities	42,977	46,789
Provisions	10,090	8,572
Derivatives	2,564	2,292
Other	1,478	1,319
Total Non-Current Liabilities	700,449	558,566
Total Liabilities	**1,121,102**	**970,673**
Net Assets	**481,792**	**525,643**
EQUITY		
Equity attributable to equity holders of the parent:		
Contributed equity	221,237	220,406
Reserves	82,008	102,099
Retained earnings	162,991	188,887
Parent interests	466,236	511,392
Non-controlling interest	15,556	14,251
Total Equity	**481,792**	**525,643**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		566,258	508,890
Payments to suppliers and employees		(503,156)	(446,006)
Dividends and distributions received		2,752	--
Interest and other items of similar nature received		1,782	2,639
Finance costs		(13,711)	(15,687)
Income taxes paid		(13,022)	(12,792)
Net cash flows from operating activities		40,903	37,044
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant & equipment		(38,901)	(27,897)
Purchases of software and other intangibles		(3,799)	(8,062)
Proceeds from sale of property, plant & equipment		85	136
Purchase of investments/businesses		(51,835)	(8,149)
Proceeds from sale of investments/businesses		1,541	--
Government grants received		7,000	--
Loans from (or repaid by) other entities		4,699	836
Loans to (or repaid to) other entities	(2(b))	(20,046)	--
Net cash flows used in investing activities		(101,256)	(43,136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		76	79
Proceeds from borrowings		111,850	24,107
Repayment of borrowings/derivatives		(15,832)	(5,670)
Dividends and distributions paid		(22,433)	(46,257)
Net cash flows from (used in) financing activities		73,661	(27,741)
Net increase (decrease) in cash and cash equivalents		13,308	(33,833)
Cash and cash equivalents at beginning of period		95,335	130,382
Effects of exchange rate changes on cash		51	600
Total cash and cash equivalents at end of period	(3)	108,694	97,149

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED			NON-CONTROLLING INTEREST	TOTAL EQUITY
CONSOLIDATED	ISSUED CAPITAL $ '000	RETAINED EARNINGS $ '000	OTHER RESERVES $ '000	$ '000	$ '000
Balances as at 1 July 2015	220,406	188,887	102,099	14,251	525,643
(Loss) profit for the period	--	(3,463)	--	645	(2,818)
Other comprehensive expense	--	--	(1,108)	--	(1,108)
Total comprehensive (expense) income for the period	--	(3,463)	(1,108)	645	(3,926)
Share-based payment movements	755	--	284	--	1,039
Issue of shares under Directors' share plan from Directors' fees	76	--	--	--	76
Equity dividends	--	(22,433)	--	--	(22,433)
Controlled entity acquisition reserve (refer Note 8)	--	--	(19,888)	(59)	(19,947)
Other changes in equity	--	--	621	719	1,340
Balances as at 31 December 2015	221,237	162,991	82,008	15,556	481,792

Balances as at 1 July 2014	219,191	190,504	96,750	14,865	521,310
Profit for the period	--	13,343	--	490	13,833
Other comprehensive income	--	--	954	--	954
Total comprehensive income for the period	--	13,343	954	490	14,787
Share-based payment movements	648	--	773	--	1,421
Issue of shares under Directors' share plan from Directors' fees	79	--	--	--	79
Equity dividends	--	(22,331)	--	--	(22,331)
Other changes in equity	--	(877)	877	2,245	2,245
Balances as at 31 December 2014	219,918	180,639	99,354	17,600	517,511

1. Basis of Preparation and Accounting Policies

(a) Basis of Preparation

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

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

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Village Roadshow Limited ("the Company" or "VRL") up to the date of this report in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

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

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Village Roadshow Limited and its subsidiaries ("the Group" or "VRL group") for the half-year ended 31 December 2015.

(c) Changes in Accounting Policies, Standards and Interpretations

The accounting policies adopted in the preparation of the half-year financial report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2015, except for the new accounting policy treatment adopted in relation to the put and call option arrangement over the non-controlling interest in relation to the Opia acquisition completed in December 2015 (refer Note 8), and the adoption of new standards and interpretations as of 1 July 2015 as noted below:

- AASB 2015-3: *Amendments to Australian Accounting Standards Arising From the Withdrawal of AASB 1031 Materiality;*
- AASB 2015-5: *Amendments to Australian Accounting Standards – Investment Entities – Applying the Consolidation Exception;*

Adoption of these policies, standards and interpretations did not have any material impact on the financial position or performance of the Group, other than as disclosed in Note 8.

	Consolidated 2015 $'000	Consolidated 2014 $'000
2. Income and Expenses		
(a) Finance Costs – Continuing Operations		
Total finance costs before finance restructuring costs	14,773	15,910
Finance restructuring costs (included in material items of income and expense in Reconciliation of Results contained in Directors' Report)	4,243	--
Total finance costs	19,016	15,910
(b) Share of Net (Losses) Profits of Equity Accounted Investments		
Total share of net profits before equity accounted loss on net investment	7,082	3,526
Equity accounted loss on net investment (included in material items of income and expense in Reconciliation of Results contained in Directors' Report) – refer Note 9	(20,046)	--
Total share of net (losses) profits of equity accounted investments	(12,964)	3,526
3. Cash and Cash Equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:		
Cash on hand and at bank	63,199	40,923
Deposits at call	45,495	56,226
Total cash and cash equivalents	108,694	97,149

4. Major Changes in Debt and Equity Securities

In December 2015, the VRL group restructured its main Divisional and Corporate finance facilities into a new consolidated VRL group finance facility, which resulted in an increased facility limit of $800 million, up from $650 million at the time of the restructure, which has been drawn to $590 million as at 31 December 2015.

The new VRL group finance facility is fully revolving, with no scheduled or conditional amortisation payments, and comprises two tranches of $480 million and $320 million which expire in December 2019 and December 2020 respectively.

The new finance facility is subject to interest at variable interest rates (however the VRL group has interest rate hedging in place over a proportion of the debt), and is secured by equitable share mortgages over certain subsidiary and associate holding companies, and by guarantees from VRL and various wholly-owned subsidiaries.

Subsequent to 31 December 2015, there have been no major changes to debt and equity securities of the Group.

5. Changes to Composition of Entity

Other than the business combination disclosed in Note 8, there were no changes in composition to the VRL group which had a material impact during the half-year ended 31 December 2015.

	Consolidated 2015 $'000	Consolidated 2014 $'000
6. Dividends & Distributions		
(a) Declared and paid during the half-year		
Special dividend on ordinary shares of nil cents per share (2014: 15.0 cents per share fully-franked)	--	23,926
Final dividend on ordinary shares of 14.0 cents per share fully-franked (2014: 14.0 cents per share fully-franked)	22,433	22,331
	22,433	46,257
(b) Declared subsequent to half-year end		
Interim dividend on ordinary shares of 14.0 cents per share fully-franked (2014: 14.0 cents per share fully-franked)	22,448	22,333

7. Contingencies

(a) Contingent Liabilities

Contingent liabilities are not materially different from those disclosed in the 30 June 2015 financial report, subject to the updates set out below.

(i) Client Risk Review by Australian Taxation Office:

As disclosed in Note 22(a)(iv) in the 30 June 2015 financial report, the Australian Taxation Office ("ATO") is conducting a Client Risk Review in relation to the VRL Tax Consolidated Group, covering the financial years from 2012 to 2014.

Information as requested to date has been provided to the ATO, and various discussions and meetings have been held. In mid February 2016, the ATO advised that the Client Risk Review would be closed shortly, but they also advised that a few matters remained outstanding, and that it was likely that a Tax Audit would be conducted by the ATO in future.

VRL does not currently believe that any material impact will result from the proposed Tax Audit.

(ii) Guarantee issued in relation to Associate:

As disclosed in Note 22(a)(vi) in the 30 June 2015 financial report, VRL has procured a bank guarantee to support the financing of an associated entity, VR iPic Finance LLC ("VRIF"), in which the VRL group has a 42.86% (3/7th) interest. VRIF has obtained debt financing to contribute funds to iPic-Gold Class Entertainment LLC ("IGCE"), which is also an associated entity of VRL. Another shareholder of IGCE is also providing guarantee support to VRIF.

VRL's guarantee exposure in relation to VRIF as at 31 December 2015 has increased to the maximum amount of USD 24.2 million as disclosed in the 30 June 2015 financial report as being expected.

(b) Contingent Assets

Contingent assets are not materially different from those disclosed in the 30 June 2015 financial report.

8. Business Combinations - Acquisition of Opia

Effective from 18 December 2015, the VRL group acquired 80% of Countrywide Property Investments (UK) Limited and its subsidiaries ("Opia"). Opia is a sales promotion consultancy business that creates brand sales promotion campaigns, and was acquired as part of the VRL group's expansion of its Marketing Solutions Division, which now comprises Edge Loyalty Systems Pty. Ltd. ("Edge") and Opia.

The VRL group has elected to measure the 20% non-controlling interest ("NCI") in Opia on the basis of the NCI's proportionate share of Opia's identifiable net assets at acquisition date.

8. Business Combinations - Acquisition of Opia (Continued)

In accordance with AASB 3: *Business Combinations*, the initial accounting for the business combination has been determined provisionally. The goodwill arising on acquisition is stated on a provisional basis and may change on the completion of the fair value review.

The fair values of the identifiable assets and liabilities of Opia as at the date of acquisition were:

	Recognised on acquisition $'000
Cash and cash equivalents	12,986
Deferred tax asset	5,277
Other assets	3,455
Total Assets	21,718
Payables & accruals	(9,423)
Total Liabilities	(9,423)
Fair value of identifiable net assets	12,295
Goodwill arising on acquisition	54,037
	66,332
Non-controlling interest on acquisition (20% of identifiable net assets acquired)	(2,459)
	63,873
Cost of combination:	
Cash paid	(50,257)
Estimated additional amount payable to vendor for net assets acquired	(10,934)
Contingent consideration payable	(2,682)
	(63,873)
The net outflow on acquisition to 31 December 2015 is as follows:	
Cash paid	(50,257)
Net cash acquired	12,986
Net cash outflow	(37,271)
Controlled Entity Acquisition Reserve	19,888

The goodwill recognised of $54.0 million is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Opia with the VRL group's existing Edge business, which are now shown separately as the Marketing Solutions operating segment. All of the cost base of the goodwill is expected to be deductible for income tax purposes on a future disposal of Opia.

The Controlled Entity Acquisition Reserve of $19.9 million represents the relevant incremental amount for the put and call options over the remaining 20% NCI in Opia in which the option holders, at their election, can require the VRL group to buy their interests, or the VRL group can elect to purchase the interests at a purchase price in accordance with the terms of the agreements.

The estimated liability in relation to the put and call options has been calculated at fair value and changes in the fair value of the liability from period to period are charged or credited to the Controlled Entity Acquisition Reserve in equity. At each balance sheet date, the calculated NCI is transferred to liabilities and combined with this uplift amount in accordance with AASB 10: *Consolidated Financial Statements.*

From the date of acquisition, Opia has contributed $0.3 million of revenue and $0.2 million of net profit after tax to the Group. If the acquisition had taken place at the beginning of the financial period, the VRL group's revenue for the half-year to 31 December 2015 is estimated to have been $550.3 million and the attributable net profit is estimated to have been $1.0 million.

Transaction costs of $1.3 million paid or accrued are included in expenses excluding finance costs (included with Restructuring Costs in material items of income and expense in the Reconciliation of Results, which forms part of the Directors' Report).

8. Business Combinations - Acquisition of Opia (Continued)

The estimated contingent consideration payable of $2.7 million has been based on future financial performance of the business over the two financial years to 31 March 2017, and has been based on current forecasts of the future earnings amounts on which the relevant calculations will be based. Whilst these amounts are variable, it is not currently expected that the actual payments will differ materially from the estimated amounts shown above (which have been discounted as required to take account of the timing of the expected payments).

9. Investments – Equity Accounted

The VRL group is the largest shareholder in Village Roadshow Entertainment Group Limited ("VREG"), with 50.17% (2014: 47.12%) of the voting shares of VREG.

The VREG Board is the ultimate decision-making body of VREG, however the provisions of the VREG Shareholders Agreement provide that most decisions regarding relevant activities of VREG are recommended to the Board by an advisory committee established under the Shareholders Agreement ("Advisory Committee"). The VRL group does not have control of either the VREG Board or Advisory Committee. Based on this, it has been determined that the VRL group does not control VREG in accordance with AASB 10: *Consolidated Financial Statements*, however the VRL group does have significant influence over VREG in accordance with AASB 128: *Investments in Associates and Joint Ventures*.

Therefore, 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 has been written down to nil due to the recognition of accumulated losses, so that the VRL group has no carrying value for accounting purposes. It is noted that VREG's film rights are recorded in its accounts (in non-current assets) at amortised cost, as required under IFRS, which is significantly less than the market value of these film rights.

As advised to the Australian Securities Exchange on 15 September 2015, VREG has completed new corporate debt facilities totalling USD 325 million, refinancing its existing corporate debt facility and providing additional working capital. Part of the USD 325 million VREG corporate debt refinancing is subordinated debt financing of USD 25 million, repayable by September 2021. The VRL group contributed USD 15 million of the subordinated debt, which is earning cash interest of 6% p.a., as well as non-cash interest of 9.5% p.a. payable upon repayment of the debt, plus an entitlement to further non-voting shares.

As a result of VREG's significant negative net asset position, this additional net investment by the VRL group has been immediately written off due to equity accounting requirements, resulting in an equity-accounted loss after tax of A$20.0 million in the half-year ended 31 December 2015 (included in material items of income and expense in the Reconciliation of Results contained in the Directors' Report).

As part of the VREG refinancing, the VRL group's existing non-voting redeemable equity shares in VREG have been modified, now accruing a 14% non-cash dividend, with redemption by March 2022. The non-voting redeemable equity is subordinated to VREG's securitised film financing, corporate debt and subordinated debt. 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 half-year to 31 December 2015, cash interest of A$0.2 million was received from VREG and included in equity accounted results (2014: nil), and no cash dividends were received in either the current or previous corresponding periods.

10. Events After the End of the Reporting Period

There have been no material transactions which significantly affect the financial or operational position of the VRL group since the end of the half-year.

11. Financial Risk Management – Fair Values

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

	Total carrying amount as per Consolidated Statement of Financial Position 31 December 2015 $'000	Aggregate Net Fair Value 31 December 2015 $'000
Financial assets:		
Cash	108,694	108,694
Trade and other receivables	187,149	187,149
Available-for-sale investments	957	957
Derivatives	5,102	5,102
Total financial assets	301,902	301,902
Financial liabilities:		
Trade and other payables	359,825	359,825
Secured borrowings	597,682	589,273
Derivatives	5,411	5,411
Total financial liabilities	962,918	954,509

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

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

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

	Valuation technique – market observable inputs (Level 2) 31 December 2015 $'000	Total 31 December 2015 $'000
Financial assets:		
Derivatives	5,102	5,102
Total financial assets	5,102	5,102
Financial liabilities:		
Derivatives	5,411	5,411
Total financial liabilities	5,411	5,411

12. Segment Reporting

The VRL group has added a new operating segment following the acquisition of the Opia business. The Marketing Solutions operating segment comprises the Edge and Opia businesses as this reflects the fact that the businesses have similar economic characteristics, provide similar services and share common customer types, and their combined operating results are separately reviewed by the Chief Operating Decision Maker and are considered to be one segment. Comparative figures have been adjusted accordingly.

	Theme Parks		Cinema Exhibition		Film Distribution		Marketing Solutions		Other		Total	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Reporting by Operating Segments – Continuing Operations:												
Segment revenue – services	105,873	108,995	107,258	91,343	96,523	102,095	10,639	7,981	--	--	320,293	310,414
Segment revenue – goods	62,138	55,020	41,230	35,052	105,037	69,250	--	--	--	--	208,405	159,322
Total segment revenue	168,011	164,015	148,488	126,395	201,560	171,345	10,639	7,981	--	--	528,698	469,736
Plus: Non-segment revenue	--	--	--	--	--	--	--	--	4,392	8,369	4,392	8,369
Less: Inter-segment revenue	(589)	--	--	--	(8,677)	(8,229)	(247)	(306)	--	--	(9,513)	(8,535)
Total Revenue											**523,577**	**469,570**
Segment results before tax	11,559	9,940	28,243	16,898	11,372	17,098	1,110	440	--	--	52,284	44,376
Non-segment result (Corporate) before tax	--	--	--	--	--	--	--	--	(23,500)	(21,796)	(23,500)	(21,796)
Operating profit (loss) before tax – segment purposes	**11,559**	**9,940**	**28,243**	**16,898**	**11,372**	**17,098**	**1,110**	**440**	**(23,500)**	**(21,796)**	**28,784**	**22,580**
Legal settlements and expenses											--	(2,597)
Restructuring costs											(5,536)	--
Equity accounted loss on net investment											(20,046)	--
Operating profit before tax											**3,202**	**19,983**
Income tax expense											(6,020)	(6,150)
Non-controlling interest											(645)	(490)
Total attributable (loss) profit after tax from continuing operations per the statement of comprehensive income											**(3,463)**	**13,343**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' DECLARATION
31 DECEMBER 2015

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

In the opinion of the Directors -

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

   i) Giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the consolidated entity; and

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

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

On behalf of the Board

G.W. Burke
Director

Melbourne, 25 February 2016

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To the members of Village Roadshow Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Village Roadshow Limited, which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Village Roadshow Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Village Roadshow Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

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

Ernst & Young

David Shewring
Partner
Melbourne
25 February 2016