THE NEW VRL

HALF YEAR RESULT COMMENTARY

For the Period Ended 31 December 2006

VILLAGE ROADSHOW LIMITED

Outline

VILLAGE ROADSHOW LIMITED

- Strategic Highlights
- VRL Outlook
- The Half Year in Summary
- Theme Parks
- Film Production
- Film Distribution
- Cinema Exhibition
- Austereo

1. STRATEGIC HIGHLIGHTS

Strategic Highlights

VILLAGE ROADSHOW LIMITED

- Move to 100% ownership of Theme Parks
- Exited underperforming territories
- Rewarding loyal shareholders with
  - Special dividend
  - Capital return and buy-backs
  - Share price increased over $1 per share
- Appointment of David Evans as non-executive director

We're back on track

Strategic Highlights - Businesses

VILLAGE ROADSHOW LIMITED

- Theme Parks results well above expectations
  - Attendances well up on last year
  - Costs tightly managed
  - New attractions generating ongoing excitement
- *Happy Feet* enjoyed success globally
  - Academy Award for Best Animated Feature Film
  - Great news for Production, Exhibition and Distribution!
- Austereo network continued its ratings leadership across Australia
  - No. 1 or 2 in each mainland capital city

“Right Sizing” Exhibition

VILLAGE ROADSHOW LIMITED

- We completed our exit of all material non-core cinema exhibition territories
  - New Zealand
  - Italy
  - Austria
  - Palace Cinemas (except Carlton Nova)

Strategic Highlights - Outlook

VILLAGE ROADSHOW LIMITED

- Concentrating on core competencies
- Gold Class USA
- Music and movies
- Theme park opportunities

Gold Class USA

VILLAGE ROADSHOW LIMITED

- This niche market is untapped across the USA
- We have great expertise already
- US demographics make this highly attractive
- Roll out commencing 2008 financial year
- Proven success in Australia, Singapore and Greece

Movies and Music

VILLAGE ROADSHOW LIMITED

- Music sells movies but above all movies sell music
- We will be proactive with sound tracks of our films
- New revenue stream, improves profitability
- Enhances marketability of films, gets to the heart of our core demographic

2. VRL OUTLOOK

VRL Outlook

VILLAGE ROADSHOW LIMITED

- Continued strong growth in Theme Parks as evidenced by January and February results
- Exhibition to benefit from a strong May/June release schedule, including;
  - *Spider Man 3, Shrek the Third, Pirates of the Caribbean: At World's End, Fantastic 4: Rise of the Silver Surfer*
- Austereo better than forecast sales in January
- Strong new programming for second half
- Production to release 4 films including *Ocean's 13*

VRL Outlook

VILLAGE ROADSHOW LIMITED

- On track to deliver operating profits above prior year.
- EBITDA forecast substantially up on prior year
  - Theme parks
  - Exhibition
  - Film Production
- Austereo expects market growth of approx. 2%, on track to exceed prior year result.
- *Happy Feet* DVD will be strong contributor to Distribution.

3. THE HALF YEAR IN SUMMARY

Funding our Businesses

VILLAGE ROADSHOW LIMITED

Debt Profile ($ millions)	Dec 2006	June 2006
On Balance Sheet – Exhibition/Other	**94.4**	**93.6**
On Balance Sheet – Non Recourse (Austereo)	**227.6**	**188.6**
On Balance Sheet – Non Recourse (Theme Parks)	**356.3**	**0**
On Balance Sheet – Non Recourse (VRPG – P-note)	**137.7**	**142.6**
On Balance Sheet – Non Recourse (VRPG)	**746.5**	**742.7**
On Balance Sheet – Convertible Notes	**25.1**	**26.4**
Cash On Hand – VRP(1)	**(70.8)**	**(51.8)**
Cash on Hand – VRL Group	**(203.3)**	**(124.4)**
Net Debt	**1313.5**	**1017.7**
Roadshow Debt (Off Balance Sheet)	**9.1**	**12.5**

(1) Cash on hand for VRP is quarantined in that division

Divisional Performance

VILLAGE ROADSHOW LIMITED

Reported EBITDA by Division

	2006	2005	2005 (1)	↕ %
Theme Parks	**45.4**	**11.7**	**34.8**	30.5%
Film Production	**43.4**	**32.5**	**32.5**	33.5%
Film Distribution	**10.8**	**11.0**	**11.0**	(1.8%)
Cinema Exhibition	**10.4**	**13.2**	**13.2**	(21.2%)
Austereo	**47.9**	**46.8**	**46.8**	2.4%
Other	**(11.9)**	**(15.2)**	**(15.2)**	21.7%
Total Reported EBITDA	**146.0**	**100.0**	**123.1**	**18.6%**

(1) Normalised, including 100% of the Theme Parks

4. THEME PARKS

Performance Summary

VILLAGE ROADSHOW LIMITED

Now owning 100%, VRL is the largest Theme Park owner/operator in Australia

Theme Parks Results			
	Reported		100%
	2006	2005	2005
EBITDA	45.4	11.7	34.8
Depreciation & Amortisation	(12.4) (2)	(1.8)	
Interest	(9.8) (1)	(2.0) (3)	
Profit Before Tax	**23.2**	**7.9**	

(1) Interest increased due to debt funding

(2) Depreciation increased to reflect uplift in asset values on acquisition

(3) 2005 includes $0.6m in underlying tax expense

Theme Parks Highlights

VILLAGE ROADSHOW LIMITED

Wet'n'Wild: New Competition from Dreamworld

- New competition from Dreamworld; WhiteWater World opened on 8 December 2006.
- New marketing initiatives
- Wet'n'Wild attendances compared to last year:
  - Up 22% for the half-year
  - Up 22% for the month of December 2006
  - Up 26% for the month of January 2007

Theme Parks Outlook

VILLAGE ROADSHOW LIMITED

- Increased attendances and improved margins continued to the second half of the year
- New attractions
  - *Surf Rider* at Wet 'n' Wild Waterworld
  - New 3D film and animal attraction at Sea World
- Appointment of John Harnden as Chief Executive, International Theme Parks
  - Expansion opportunities

5. FILM PRODUCTION

Performance Summary

VILLAGE ROADSHOW LIMITED

The latest financing facility enables VRL to increase throughput and enhance its position as a leading independent production group.

Film Production Results

	2006	2005	↕ %
Reported EBITDA	43.4	32.5	33.5%
Depreciation & Amortisation	(0.4)	(0.4)	0.0%
Interest	(44.3)	(24.5)	(80.8%)
Interest (P-note)	(6.4)	(3.0)	(113.3%)
Profit Before Tax	**(7.7)**	**4.6**	**(267.4%)**

Production Highlights

VILLAGE ROADSHOW LIMITED

- Strong box office performance from *Happy Feet*
- First film portfolio complete – small profits will continue to be booked
- Second portfolio contains 3 completed films
- Results of second portfolio likely to commence being recognized in 2008 financial year

Production Outlook

VILLAGE ROADSHOW LIMITED

- *Happy Feet* continues to perform well in the 2nd half
- Upcoming films include *Ocean's 13*, *License to Wed*, *The Brave One* and *I am Legend*
- Major films already greenlit for 2008 include *Get Smart*, *Where the Wild Things Are* and *Speed Racer*
- Strong cashflow is repaying Promissory Note and therefore reducing interest expense

6. FILM DISTRIBUTION

Performance Summary

VILLAGE ROADSHOW LIMITED

Roadshow is the largest independent film distributor in the Australian marketplace.

Film Distribution Results			
	2006	2005	↕ %
Underlying EBITDA	15.1	15.9	(5.0%)
Depreciation & Amortisation	(0.4)	(0.3)	(33.3%)
Interest	0.5	0.4	25.0%
Tax	(4.4)	(5.0)	12.0%
Profit After Tax & Reported EBITDA	**10.8**	**11.0**	**(1.8%)**

Film Distribution Highlights

VILLAGE ROADSHOW LIMITED

- Strong DVD performance with titles such as *Hoodwinked, Brokeback Mountain* and *Snakes on a Plane*.
- BBC DVD titles also performed extremely well, particularly *Little Britain, Love My Way* and *Planet Earth.*
- Expected boost from *Happy Feet* DVD releasing in April 2007

Film Distribution Outlook

VILLAGE ROADSHOW LIMITED

- Second half looking good with new titles including *Happy Feet*, *Arthur and the Invisibles* and *Music and Lyrics*.
- Roadshow content is the key driver behind how VRL will participate in the emerging Internet based movie services sector
  - Video on Demand
  - Electronic Sell Through

7. CINEMA EXHIBITION

Performance Summary

VILLAGE ROADSHOW LIMITED

Cinema Exhibition Results			
	2006	2005	↕ %
Reported EBITDA	**10.4**	**13.2**	(21.2%)
Depreciation & Amortisation	**(9.9)**	**(8.7)**	(10.0%)
Interest	**(1.4)**	**(0.2)**	(600.0%)
Profit Before Tax (1)	**(0.9)**	**4.3**	**(120.9%)**

(1) Before Material One-off Items and Discontinuing Operations

Exhibition Results

VILLAGE ROADSHOW LIMITED

- Australia and Singapore in line with prior year
- Greece
  - Transitioning from old stock to new stock cinemas
  - Village has higher market share
  - Higher interest and depreciation on new sites
  - New businesses starting to make positive profit impact

Exhibition Outlook

VILLAGE ROADSHOW LIMITED

- Favorable product outlook in the second half:
  - *Happy Feet* (released 26 December 2006), *Night at the Museum*, *The Pursuit of Happyness*, *Blood Diamond*, *Shrek the Third*, *Spider-man 3* and *Pirates of the Caribbean: At Worlds End*

  Concentration on managing costs and margins
- New mega sites like Doncaster will drive future
- Our unique concepts of Gold Class and Vmax have grown profit margins at existing and new sites
- Summer Entertainment, looking at opportunities

8. AUSTEREO

Performance Summary

VILLAGE ROADSHOW LIMITED

Austereo Results			
	2006	2005	↕ %
Reported EBITDA	**47.9**	**46.8**	**2.4%**
Depreciation & Amortisation	**(3.0)**	**(2.9)**	**(3.4%)**
Interest	**(6.2)**	**(5.8)**	**(6.9%)**
Profit Before Tax	**38.7**	**38.1**	**1.6%**
Tax	**(11.9)**	**(11.2)**	**(6.3%)**
Net Profit After Tax	**26.8**	**26.9**	**(0.4%)**
Dividend to VRL (1)	**8.9**	**9.5**	**(6.3%)**

(1) Dividend amount reduced from the prior corresponding half due to decrease in the number of shares owned by VRL

Austereo Highlights

VILLAGE ROADSHOW LIMITED

- EBIT growth of 4.3%
- Sales Revenue growth of 2.8%
  - Radio industry market growth of only 0.75%
- EPS growth of 2.9%
- Ratings leader
  - 2Day FM: Average 11.3% audience share
  - Fox FM: Average 12.4% audience share
- Strong operating cost management

Austereo Outlook

VILLAGE ROADSHOW LIMITED

- Confidence in second half due to outstanding line-up of leading personalities and shows
- Digital media platforms will enhance core business
  - Between June 2006 and December 2006 podcast downloads averaged almost 1.2 million per month
- Total radio advertising market growth expected to be 2% across the next 6 months
- For more information go to www.austereo.com.au

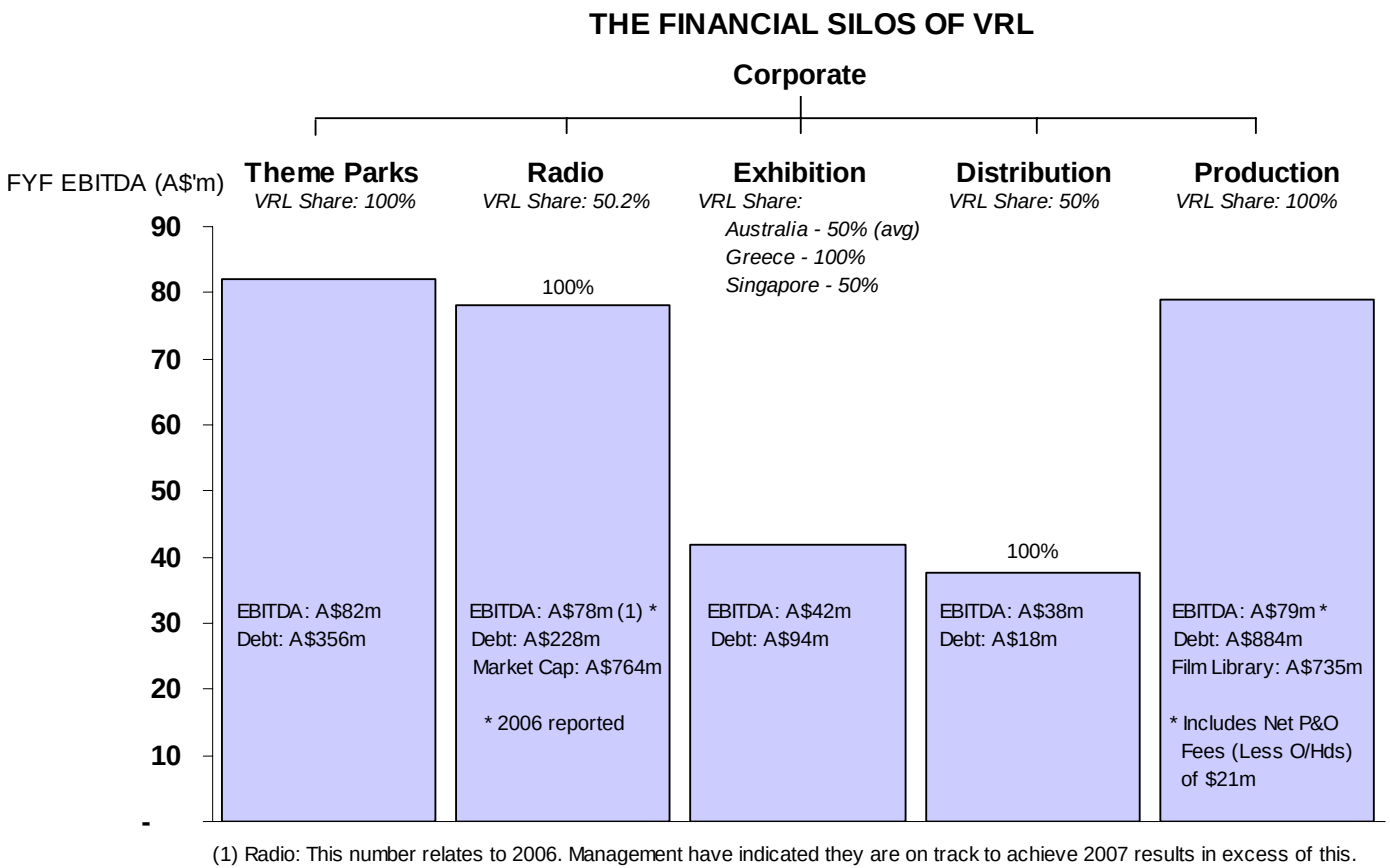
Conclusion

VILLAGE ROADSHOW LIMITED

- Over the past several years VRL has re-engineered its businesses and financial structures into 5 separate and distinct silos.
- Each silo is financially independent. VRL is one of the few listed ASX 300 companies that does not have a class order (ie; none of the liabilities of any company are cross collateralized with any other company).
- Each of the debts are principally recourse only to the assets of each of the silos and not to VRL, or to any other silo.
- VRL is debt free and after the announced buy-back will have A$30m of cash and A$100m of undrawn facility (this facility being recourse only to AEO shares held by VRL).
- After buy backs, VRL will have approx. 240m shares on issue. Based on today's share prices the market capitalisation would be approx. A$800m, which is little more than the Net Value of the Theme Parks alone.

Conclusion

VILLAGE ROADSHOW LIMITED



(1) Radio: This number relates to 2006. Management have indicated they are on track to achieve 2007 results in excess of this.