VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

26 February 2009

To: Company Announcements Office
Australian Securities Exchange

By: Electronic lodgement

Announcement of Half-Year Results – December 2008

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 2008:

- Appendix 4D – Half-Year Report;
- Press Release on Half-Year Report; and
- Financial Report and Directors' Report for the half-year ended 31 December 2008 together with the 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 2008.

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054
Head Office: Level 1, The Jam Factory, 500 Chapel St, South Yarra VIC 3141 PO Box 2275, Prahran, VIC 3181, Australia. Telephone +61 3 9281 1000 Facsimile +61 3 9653 1993
Registered Office: Warner Roadshow Movie World Studios, Pacific Motorway, Oxenford, QLD, 4010, Australia. Telephone +61 7 5588 6666 Facsimile +61 3 9660 1764
Melbourne: Level 13, 120 Collins Street, Melbourne, VIC, 3000, Box 1411M, GPO Melbourne, VIC, 3000, Australia. Telephone +61 3 9667 6666 Facsimile +61 3 9653 1993

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 2008

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

31 December 2007

2. Results for announcement to the market

					$A'000
2.1	Revenues from continuing operations	Up	13%	To	716,501
2.2	Profit (loss) after tax from continuing operations	Down	50%	To	30,349
2.3	Net profit (loss) for the period attributable to members	Down	62%	To	17,059

Dividends (distributions)		Amount per security	Franked amount per security
2.4	Interim dividend declared – Ordinary shares	--	--
	– Preference shares	--	--
2.5	+Record date for determining entitlements to the dividend	N/A	

2.6 Brief explanation of any of the figures reported above:

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

3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	($1.21)	($4.71)

Note: Net tangible asset backing shown above excludes the value of Radio Licences and (in the previous corresponding period only), Film Library assets. Including these assets, the NTA per ordinary security is $0.80 (2007: $0.79).

4. Entities over which control has been gained or lost

Control gained over entities

4.1	Name of entity (or group of entities)	N/A
4.2	Date from which control was gained	
4.3	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) from the date control was gained to the end of the current period	
4.4	Where material, profit (loss) from ordinary activities after tax of the controlled entity (or a group of entities) for the whole of the previous corresponding period	

Loss of control of entities

4.5	Name of entity (or group of entities)	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

5.1 Dividends declared subsequent to half-year end

Date the dividends are payable: N/A

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:	Ordinary shares	--	--	--
	Preference shares	--	--	--
Interim dividend: (Paid April 2008)	Ordinary shares	7.5 cents	7.5 cents	Nil
	Preference shares	7.5 cents	7.5 cents	Nil
Special dividend: (Paid April 2008)	Ordinary shares	10.0 cents	10.0 cents	Nil
	Preference shares	10.0 cents	10.0 cents	Nil

	Current period $A'000	Previous corresponding Period $A'000
+Ordinary securities *(each class separately)*	--	24,677
Preference +securities *(each class separately)*	--	17,159
Other equity instruments *(each class separately)*	--	--
Total	**--**	**41,836**

5. Dividends (continued)

5.2 Dividends paid

		Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend: (Paid December 2008)	Ordinary shares	9.0 cents	9.0 cents	Nil
	Preference shares	12.0 cents	12.0 cents	Nil
Interim dividend: (Paid December 2007)	Ordinary shares	9.0 cents	9.0 cents	Nil
	Preference shares	12.0 cents	12.0 cents	Nil

	Current period $A'000	Previous corresponding Period $A'000
+Ordinary securities *(each class separately)*	11,422	12,691
Preference +securities *(each class separately)*	11,742	12,970
Other equity instruments *(each class separately)*	--	--
Total	**23,164**	**25,661**

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 and joint venture entities

Equity accounted associates and joint venture entities	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:				
Ballarat Cinemas Pty Ltd	50.00%	50.00%	--	(3)
Dartina Development Ltd.	50.00%	50.00%	1,843	1,765
Radio Newcastle Pty Ltd	50.00%	50.00%	1,144	1,052
Roadshow Distributors Pty Ltd[1]	--	50.00%	--	2,038
Village Roadshow Entertainment Group (BVI) Ltd[2]	40.89%	--	(207)	--
Other[3]	N/A	N/A	104	(61)
			2,884	**4,791**
Joint venture entities/partnerships:				
Albury Regent Cinemas Partnership	50.00%	50.00%	92	89
Tasmanian Cinemas Partnership	50.00%	50.00%	15	(157)
VRGCC Holdings LLC	50.00%	50.00%	(3,589)	(1,054)
			(3,482)	**(1,122)**
Total			**(598)**	**3,669**
Other Material Interests			N/A	N/A
Total			**N/A**	**N/A**

Notes:
1. Roadshow Distributors Pty. Ltd. became a wholly-owned subsidiary of the VRL group effective from 25 July 2007.
2. Village Roadshow Entertainment Group (BVI) Ltd. includes the previously wholly-owned Village Roadshow Pictures Group, which was de-consolidated effective 31 January 2008.
3. In relation to the 'Other' associates referred to above, there have been no significant changes in the state of affairs during the period.

VILLAGE ROADSHOW LIMITED

Web Site: www.villageroadshow.com.au

26 February 2009

Continuing Strong Cashflows in Tough Economic Times

- **EBITDA $139.2 million, up 10% on prior year**
- **Operating profit before tax of $69.1 million, up 2% on prior year**

Village Roadshow Limited ("VRL") today announced an operating profit before tax and material items from continuing operations for the six months ended 31 December 2008 of $69.1 million compared to $68.1 million for the prior year.

EBITDA from operations grew 10% to $139.2 million compared to $126.7 million for the previous corresponding period.

Net profit after tax excluding material items and discontinued operations of $33.1 million compared to $34.2 million for the prior year.

Highlights

- EBITDA generated from operations of $139.2 million compared to $126.7 million for the prior period.
- Normalised net profit after tax, excluding one-off material items and discontinued operations, totalled $33.1 million, compared with $34.2 million for the prior period.
- Cashflows from operating activities totalled $89.6 million inflow for the period, up from an outflow of $96.5 million in the prior period.
- Strong trading results from Cinema Exhibition and Film Distribution.
- Final dividend paid in December 2008 of 9 cents per ordinary and 12 cents per preference share, fully franked.
- Continued expansion plans with development of Hawaii and Phoenix Water Parks.
- Major restructure of the Gold Coast Theme Parks division expected to lead to significantly improved trading margins for future periods.

Attributable net profit after tax and material items was impacted by mark-to-market "non-cash" adjustments relating to unrealised interest rate and foreign currency derivatives of $17.2 million. VRL's policy is to partially hedge interest rates, generally using collars (caps and floors) on 50% of its debt for the term of the loan. These derivatives are commercially effective but are mostly deemed ineffective for accounting purposes. VRL has generally chosen to use collars rather than take higher cost swaps as these have proven to be more economically beneficial.

As required by the accounting standards any revaluations of these collars must be reflected in the profit and loss rather than using swaps where movements may be taken directly to reserves. VRL believes its hedging policy remains appropriate for the business.

After allowing for material items and discontinued operations reported net profit after tax was $17.1 million.

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Announcing the result, VRL Chairman Mr John Kirby said: "Our divisions have continued to return strong results in difficult economic conditions which reflects the resilience of our business operations to such pressures.

"In particular the Cinema Exhibition and Film Distribution businesses have enjoyed an outstanding trading period with films such as *The Dark Night*, *Mamma Mia!* and *Quantum of Solace* on release during the period. Following the introduction of three major attractions at our Theme Parks on the Gold Coast, revenues have increased and, by the end of January, EBITDA was slightly ahead of the prior year on a year to date basis."

Mr Kirby said that trading from business divisions in January 2009 continues to be in line with expectations.

VRL CEO Mr Graham Burke noted: "The strength of our earnings in a challenged economy, show that as in the Great Depression businesses with mass appeal continue to attract custom as people seek low cost "escape" in our cinemas and theme parks.

"The VRL Group is taking tough measures on reducing costs across all of our divisions to ensure that we continue to return strong results without compromising either the visitor experience or service levels. Restructures in our Gold Coast Theme Parks have resulted in immediate and ongoing cost savings".

VRL Chairman John Kirby added: "In December 2008, a fully franked dividend of 9 cents per Ordinary share and 12 cents per Preference share was paid. The Directors confirm their intention to declare an interim dividend, and the decision will be made in the next 6 – 8 weeks. This will allow time to assess current trading post the holiday period."

For further information contact:

Mr Mark Rudder
Cosway Australia
Phone: 0411 362 362

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

OPERATIONAL OVERVIEW

Theme Parks

EBITDA for the Theme Parks division, including trading from Sydney Attractions Group and the newly acquired Kelly Tarlton's Antarctic Encounter and Underwater World ("KT"), was $49.0 million compared to $43.7 million for the prior corresponding period. Operating profit before tax and material items for the Theme Parks division was $18.9 million, compared to $18.3 million for the prior corresponding period.

- Gold Coast Theme Parks

The Gold Coast Theme Parks division includes Warner Bros Movie World, Wet'n'Wild, Sea World, Sea World Resort and Water Park, Paradise Country and Australian Outback Spectacular. For the period overall attendances were 1.9 million compared to 2.1 million in the prior year.

EBITDA declined from $43.7 million in the prior period to $39.0 million in the current period. The slippage can be partly attributed to costs incurred relating to the management restructure of the parks, totalling $1.1 million. In addition, increased incremental prepaid annual pass sales of approximately $2.0 million will be reflected in the second half results.

December showed an improvement with attendances for the month up on the prior year. This trend has continued throughout January, with strong attendances and revenues exceeding prior years. For the 7 months ended January 2009, revenues are now in line with prior year and EBITDA results are now slightly ahead.

The Theme Parks' recent appointment of Chairman John Menzies and new CEO Tim Fisher has resulted in a renewed focus on bringing financial efficiencies to the parks. This included a rationalisation of the management structure through separating the Movie World and Sea World sites and associated business units. Each site has now been placed under the control of newly appointed general managers, thereby bringing increased focus on responsibility and accountability to the individual operations. This restructure has resulted in a number of employees being made redundant in December. The benefits from this management restructure and related business reorganisation initiatives are forecast to be seen to some extent in the 6 months to 30 June 2009, with the full effect being reflected in the 2010 year.

The introduction of marketing and sales initiatives such as the 2 park pass and Christmas campaign has been very popular. MyFun.com.au has continued to be developed and is now established as the leading destination for the purchase of online tickets for VRL theme parks and attractions.

The new Hollywood Stunt Driver show opened at Warner Bros. Movie World in December 2008 and has been extremely popular, with improved attendances at the park in January and good patronage at the shows. The Jet Ski Rescue thrill ride at Sea World also opened in December 2008 and has been well received. The Sea World Resort also expanded with the inclusion of the Sea World water park into the resort complex to further enhance the experience of families staying at the Resort following the very successful introduction of the tipping bucket attraction in the Resort's pool area last year.

- Sydney Attractions Group and Kelly Tarlton's

The new Dugong attraction opened at Sydney Aquarium in December 2008 and saw an immediate increase in attendances. The exhibition, which is themed around Mermaids and Dugongs, has been a great success resulting in strong attendances during the Christmas/New year period.

The focus on Sydney Attractions Group ("SAG") has been to continue to bring the back office, marketing and operational expertise of the greater VRL group into the SAG group to further enhance the management skills and systems to reduce costs and duplication of processes and systems.

The overall decline in tourists and visitors to Sydney has impacted on attendances, which is being managed through cost, per capita spend and margin control to ensure that the effect of this is limited.

The acquisition of Kelly Tarlton's Antarctic Encounter and Underwater World ("KT") in Auckland was successfully completed in September 2008. KT has provided immediate positive returns to the group contributing an EBITDA of $0.5 million since acquisition and is forecast to continue to deliver consistent profits. KT is one of the few animal parks in the world to successfully breed King and Gentoo penguins. A number of these penguins were sold to the Melbourne Aquarium, and VRL intends to bring these rare and unique penguins to an exhibit at Sydney Aquarium and Sea World.

Attendances at KT's has continued to be solid (although currently tracking behind last year by 14%, mainly as a result of reduced tourist numbers) and growth in per capita spend has been strong.

- US Theme Parks (Hawaii and Phoenix)

In the last financial year VRL introduced to Hawaiian Waters Adventure Park exciting new attractions including the visually stunning Tornado, a waterslide that appeals to thrill-seekers, a family friendly Tipping Bucket and the family oriented special event concept, 'Dive In' Movies. In the US summer of 2009, the park will launch the popular Whitewater Family Raft Ride and a teen oriented Proslide Octopus to further enhance the park experience, and to increase the park's penetration of both the core and tourism markets.

Though attendance and revenue were up in calendar year 2008, there were a number of one-off costs related to the transition in ownership, staff restructuring, plant integrity, and the development of a more efficient operation which impacted the half year results.

As announced to the market on 9 July 2008 VRL successfully completed the acquisition of the management rights to the Phoenix Water Park and took control of the water park on 1 October 2008. The redevelopment program is now well underway as VRL converts the original park into a world class Wet'n'Wild water park.

Both Hawaii and Phoenix will be rebranded Wet 'n Wild and relaunched later this year to coincide with the US summer holiday season.

Film Distribution

Operating profit before tax and material items was $28.8 million compared to $25.8 million in the previous corresponding period.

The 2009 financial year for Roadshow Films started strongly with *The Dark Knight* performing at blockbuster levels and this continued for the rest of the period supported by other strong theatrical releases during the period including *The Curious Case of Benjamin Button, Sex & The City, Get Smart* and *Four Holidays,* which exceeded initial expectations. These enabled Roadshow Films/Warner Bros to maintain its position as No.1 Distributor with 23% of the market as at 31 December 2008.

January releases *Yes Man, Gran Torino* and *Igor* have performed well in both the Australian and New Zealand markets, with future releases including *Observe and Report* and *Ghosts of Girlfriends Past.*

A number of key Australian theatrical releases in the following twelve months are planned with *Beautiful Kate* (directed by Rachel Ward and starring Ben Mendelson, Bryan Brown and Rachel Griffiths) expected to be released in August/September 2009 and *Mao's Last Dancer* (directed by Bruce Beresford from the Novel by Li Cunxin and adapted for the screen by Jan Sardi) planned for release in October 2009.

Roadshow Entertainment continued into the 2009 financial year as Australia's leading DVD distributor with a 17.8% market share by value* and has continued to perform exceptionally well during the period due to a continued focus on cost reduction, improved unit volumes and a high quality film and TV slate of programming. The Australian DVD market grew in 2008 by 3% to $1.39 billion*. Roadshow enjoyed a strong representation in the DVD market with 4 out of the Top 20 selling DVD's for the calendar year 2008, including the number one selling DVD *Underbelly.* Other Top 20 titles included *Sex & The City Movie Special Edition* at No. 4, *Hairspray* and *I Am Legend.*

Future DVD releases include *Underbelly - A Tale of Two Cities, Nights in Rodanthe, Journey to the Centre of the Earth, Yes Man* and *He's Just Not That Into You.*

* Source: GfK

Cinema Exhibition

VRL's share of operating profit before tax for the period was $7.3 million, compared to $2.1 million in the previous corresponding period. EBITDA from this division was $19.1 million compared to $14.3 million in the prior period.

The division produced outstanding results with blockbuster titles throughout the period performing above expectations - these films included *The Dark Knight, Wall-E, Mamma Mia!* and VRP's *Get Smart.* The second half of the financial year has started solidly with *The Curious Case of Benjamin Button, Gran Torino* and *Yes Man.* Upcoming films include *Monsters vs Aliens, A Night at the Museum 2* and the follow up to the *Da Vinci Code, Angels & Demons.*

Gold Class and **Vmax**™ have continued to perform well with very high occupancy rates and outstanding return on investment.

List of Sites & Screens – Cinema Exhibition Division – Continuing Operations [1]

	As at June 2008		Opened/ (Closed/Sold) Jul-Dec 2008		As at December 2008		To be developed Jan-Jun 2009	
	Sites	Screens	Sites	Screens	Sites	Screens	Sites	Screens
Australia	50	507	1	9	51	516	-	-
Czech Republic	2	22	-	-	2	22	-	-
Greece	6	62	-	-	6	62	-	-
Singapore	9	73	-	-	9	73	-	-
USA	-	-	2	15	2	15	3	22
Total	**67**	**664**	**3**	**24**	**70**	**688**	**3**	**22**

1. Includes all screens in which Village Roadshow has an economic interest, taking no account of ownership structure.

During the period the new site at Doncaster opened with a total of 9 screens, including 3 Gold Class theatres. In its first week of trading, Doncaster was the No. 1 cinema in Victoria and No. 4 in the nation and continues to perform in line with expectations.

VRL has continued plans to roll out the digital projection deployment prior to the increased number of 3D releases commencing in mid 2009. New 3D releases include *Monsters vs Aliens 3D*, *The Jonas Brothers 3D* and *Ice Age 3 3D*.

January and February has opened the second half well with strong releases including *Yes Man*, *Bolt*, *Marley & Me*, *Bride Wars* and *Gran Torino*. Australian admissions in January were 3% up on the same month in the prior year.

During the period VRL's first two Gold Class USA sites opened in Redmond, Washington and South Barrington, Illinois. Opening a premium cinema experience at US$35 a ticket during the US economic meltdown has proven difficult - the results have been disappointing as people have been slow to adopt a new concept which they don't understand.

VRL's overseas cinemas in Singapore, Greece and Czech Republic all performed in line with expectations.

Radio

The VRL Group maintained its majority shareholding in Austereo Group Limited ("Austereo") for the period with an ownership percentage at 31 December 2008 of 52.49%, slightly up on the same time last year of 51.65%.

Austereo increased its Australian capital city radio leadership in the first half, lifting audiences to 4,351,000 and maintaining its No. 1 FM positions in Sydney (2Day Sydney), Melbourne (Fox Melbourne) and Perth (Mix 94.5) and No. 2 FM places in Brisbane (B105 Brisbane) and Adelaide (SAFM Adelaide). This is a strong performance and demonstrates the resilience of radio in these difficult times and under the challenging media landscape.

EBITDA for the period was $51.3 million, slightly down on the prior period of $52.4 million, which mainly resulted from a decline in sales revenue from on-going operations of 3.1% to $132.8 million.

The Austereo press release can be seen on www.austereo.com.au

Film Production and Music

VRL's ownership percentage in the Film Production and Music business, Village Roadshow Entertainment Group ("VREG"), remains at 40.9% and therefore this business is not consolidated in the results of the VRL Group, but instead is equity accounted.

During the year no cash distributions were received from VREG and therefore no significant profit or loss has been recorded in the VRL Group results of the period from this division.

The division released a number of strong movies during the period including *Nights In Rodanthe* (starring Richard Gere), *Gran Torino* (starring Clint Eastwood), and *Yes Man* (starring Jim Carrey).

As previously advised, VRP, a division of VREG, is currently renegotiating its film finance facility. The company believes this can be successfully concluded by the end of March 2009. VRL announced in January 2009 that it had provided US$26.5m of additional funding to VRP to assist this process.

Pending resolution of the financing VRP has a strong program of films either in production or development, including the following titles:

- *Sherlock Holmes* – directed by Guy Ritchie and starring Robert Downey Jr, Jude Law and Rachel McAdams.
- *Cats And Dogs 2* – Sequel to the very successful *Cats and Dogs* which was released in 2001 and grossed $201.1 million worldwide.
- *Where The Wild Things Are* – Principal photography completed in Melbourne and currently in editing. From the classic children's book by Maurice Sendak.
- *Guardians Of Ga'hoole* – A blockbuster family film from a series of best selling books currently in production in Sydney. Directed by Zack Snyder.
- *Happy Feet 2* – George Miller is preparing the sequel to the much loved and very successfully *Happy Feet*.

Warner Bros. and Village Roadshow have also purchased the rights to the book *Shantaram* which is a project under active consideration.

The goal will be to combine the company's proven strategy of sequels and franchises with a well balanced program of original material.

Capital Management details

A fully franked final dividend of 9 cents per ordinary share and 12 cents per A Class preference share was paid in early December 2008.

At the AGM in November 2008, the Board announced a buyback of preference shares, and in the period to 28 February 2009, a total of 170,000 shares were acquired by the Company at a cost of $0.14 million.

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

ADDITIONAL INFORMATION: RECONCILIATION OF SEGMENT RESULT AND REPORTED EBITDA ANALYSIS – CONTINUING OPERATIONS

	Segment result [1] excluding material items		Operating result [1] excluding material items		Reported EBITDA excluding material items	
	Current period $A'000	Previous corresp. period $A'000	Current period $A'000	Previous corresp. period $A'000	Current period $A'000	Previous corresp. period $A'000
Theme Parks	33,251	32,866	18,902	18,254	48,979	43,742
Film Distribution	32,703	26,308	28,840	25,783	38,890	32,754
Cinema Exhibition	9,312	5,643	7,344	2,077	19,063	14,286
Radio	47,821	48,343	39,897	40,247	51,311	52,436
Other (includes corporate overheads)	(53,988)	(45,079)	(25,884)	(18,280)	(19,020)	(16,568)
Total	**69,099**	**68,081**	**69,099**	**68,081**	**139,223**	**126,650**
Calculation of Reported EBITDA						
Profit from continuing operations before material items and tax					69,099	68,081
Add (Subtract):						
Depreciation and amortisation					37,032	34,023
Finance costs – historical cost basis					36,493	28,819
Finance costs – fair value change on derivatives (nil as amounts are treated as material items)					--	--
Interest income					(3,401)	(4,273)
Reported EBITDA (before Minority Interests)					**139,223**	**126,650**

Note 1: Certain financing and investing transactions are excluded from the definition of 'segment result' under AASB 114 *Segment Reporting*. These transactions, which mainly comprise interest income, interest expense and profit or loss from sale of assets have been treated as unallocated for 'segment result' purposes (and included in the 'Other' category), but are included in each segment's 'operating result' above. Operating result includes the items which are excluded from the segment result definitions. EBITDA has been calculated from each segment's operating result.

VILLAGE ROADSHOW LIMITED
ABN 43 010 672 054

CONDENSED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2008

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054
HALF-YEAR FINANCIAL REPORT
DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2008.

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:
John R Kirby: B.Ec., CPA – Chairman
Robert G Kirby: B. Comm. – Deputy Chairman
Graham W Burke: - Managing Director
Peter M Harvie
Peter D. Jonson: B. Comm., MA, Ph. D.
D. Barry Reardon: B. Arts, MBA
David J. Evans
Robert Le Tet: B. Ec.

REVIEW AND RESULTS OF OPERATIONS

Total revenue for the Village Roadshow Limited group ("the Group" or "VRL group") increased by 13% to $716.5 million compared to the previous corresponding period, and total expenses excluding finance costs increased by 13% to $627.8 million, after excluding material items of income and expense and discontinued operations.

Profit from continuing operations after tax was $30.3 million, compared to a profit of $60.5 million for the previous corresponding period. After tax, minority interests and discontinued operations, the net profit attributable to members of VRL was $17.1 million, compared to a profit of $45.3 million in the previous corresponding period. After excluding material items of income and expense and discontinued operations, the attributable net profit for the period was $33.1 million (2007: $34.2 million).

A fully-franked final dividend totalling $23.2 million was paid in December 2008 (2007: fully-franked dividend totalling $25.7 million was paid in December 2007). Subsequent to 31 December 2007, fully-franked interim and special dividends totalling $41.8 million were declared, which were paid in April 2008.

Total assets of the Group increased by $85.1 million to $2,262.7 million compared to 30 June 2008, and total liabilities of the Group increased by $68.4 million to $1,513.2 million compared to 30 June 2008.

Basic earnings per share were 4.19 cents (2007: 23.14 cents), and total earnings per share before material items and discontinued operations were 14.70 cents (2007: 13.76 cents).

Summarised results are as follows (excluding material items of income and expense and discontinued operations):

	Revenues $'000	Profit (Loss) before Tax $'000
Theme Parks	171,889	18,902
Film Distribution	252,743	28,840
Cinema Exhibition	156,375	7,344
Radio	131,005	39,897
Unallocated	4,489	(25,884)
Total	716,501	69,099

ROUNDING

The amounts contained in this report and in the half-year financial report have been rounded to the nearest $1,000 (where rounding is applicable) upon the option available to the company under ASIC Class Order 98/100. The Company is an entity to which this Class Order applies.

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration to the Directors of Village Roadshow Limited is attached on page 4.

Signed in accordance with a resolution of the directors at Melbourne this 26th day of February 2009.

G.W. Burke
Director

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

In relation to our review of the financial report of Village Roadshow Limited for the half-year ended 31 December 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

R C Piltz
Partner

Melbourne
26 February 2009

Liability limited by a scheme approved
under Professional Standards Legislation

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000
Continuing operations			
Income			
Revenues		716,501	633,100
Other income		17,529	14,489
Expenses excluding finance costs	(2(b))	(634,322)	(548,849)
Finance costs	(2(b))	(58,024)	(26,673)
Share of net profits (losses) of associates and joint venture entities accounted for using the equity method		(598)	3,669
Profit from continuing operations before income tax expense		41,086	75,736
Income tax (expense) benefit		(10,737)	(15,228)
Profit after tax from continuing operations		30,349	60,508
Discontinued operations			
Loss after tax from discontinued operations	(9)	--	(1,769)
Net profit for the period		30,349	58,739
Attributable to:			
Minority interest		13,290	13,433
Members of the parent		**17,059**	**45,306**
Earnings per share (cents per share)			
For profit for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic earnings per share		4.19c	23.14c
Diluted earnings per share		4.19c	23.14c
For profit from continuing operations for the half-year attributable to ordinary equity holders of Village Roadshow Limited:			
Basic earnings per share		4.19c	24.41c
Diluted earnings per share		4.19c	24.41c

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
BALANCE SHEET
AS AT 31 DECEMBER 2008

	Consolidated 31 December 2008 $'000	Consolidated 30 June 2008 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	76,856	65,614
Trade and other receivables	246,453	210,458
Inventories	23,670	24,184
Current tax assets	875	80
Film distribution royalties	67,829	59,168
Derivatives	2,336	6,601
Other	15,353	26,232
Total Current Assets	433,372	392,337
Non-Current Assets		
Trade and other receivables	29,120	37,525
Intangibles assets:		
Radio licences	453,194	453,194
Goodwill	373,216	368,634
Other	75,404	68,212
Investments in associates and joint ventures accounted for using the equity method	28,294	17,856
Available-for-sale investments	4,707	4,759
Property, plant & equipment	745,936	692,399
Deferred tax assets	42,826	55,681
Film distribution royalties	67,499	73,632
Derivatives	189	5,776
Other	8,984	7,609
Total Non-Current Assets	1,829,369	1,785,277
Total Assets	**2,262,741**	**2,177,614**
LIABILITIES		
Current Liabilities		
Trade and other payables	285,719	261,792
Interest bearing loans and borrowings	98,313	118,335
Income tax payable	9,312	13,043
Provisions	34,677	31,841
Derivatives	11,343	2,231
Other	36,315	24,135
Total Current Liabilities	475,679	451,377
Non-Current Liabilities		
Payables	29,370	35,136
Interest bearing loans and borrowings	870,630	819,556
Deferred & other income tax liabilities	100,488	115,005
Provisions	23,764	21,378
Derivatives	9,839	-
Other	3,448	2,399
Total Non-Current Liabilities	1,037,539	993,474
Total Liabilities	**1,513,218**	**1,444,851**
Net Assets	**749,523**	**732,763**
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	389,302	388,977
Reserves	343,994	319,262
Accumulated losses	(104,158)	(98,767)
Parent interests	629,138	609,472
Minority interests	120,385	123,291
Total Equity	**749,523**	**732,763**

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Consolidated 2008 $'000	Consolidated 2007 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		689,081	822,883
Payments to suppliers and employees		(549,113)	(827,422)
Dividends and distributions received		1,000	1,034
Interest and other items of similar nature received		3,401	5,992
Finance costs		(37,585)	(67,079)
Income taxes paid		(17,170)	(32,144)
Partnership profits received		--	231
Net cash flows from (used in) operating activities		89,614	(96,505)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant, equipment and intangibles		(60,611)	(24,494)
Proceeds from sale of property, plant & equipment		122	734
Purchase of equity investments		(14,496)	(87,277)
Proceeds from sale of equity investments		--	43,432
Loans to or (repaid from) other entities		--	(620)
Loans from or repaid by other entities		3,053	946
Other		(513)	(6,515)
Net cash flows from (used in) investing activities		(72,445)	(73,794)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		--	5,700
Buyback of shares		(41)	--
Proceeds from borrowings		126,569	600,980
Repayment of borrowings		(101,917)	(400,846)
Dividends paid		(33,102)	(34,476)
Net cash flows from (used in) financing activities		(8,491)	171,358
Net increase (decrease) in cash and cash equivalents		8,678	1,059
Cash and cash equivalents at beginning of period		65,614	170,552
Effects of exchange rate changes on cash		2,564	(2,042)
Cash and cash equivalents at end of period	(3)	76,856	169,569
Total cash classified as:			
Continuing operations		76,856	80,649
Discontinued operations		--	88,920
Total		76,856	169,569

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

HALF-YEAR ENDED 31 DECEMBER 2008	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED				MINORITY INTEREST	TOTAL EQUITY
CONSOLIDATED	ISSUED CAPITAL $ '000	ACCUMULATED LOSSES $ '000	OTHER RESERVES $ '000	TOTAL $ '000	$ '000	$ '000
Balances as at 1 July 2008	388,977	(98,767)	319,262	609,472	123,291	732,763
Currency translation differences	--	--	28,340	28,340	--	28,340
Losses on cash flow hedges (net)	--	--	(3,312)	(3,312)	--	(3,312)
Total income (expense) recognised directly in equity	--	--	25,028	25,028	--	25,028
Profit for the period	--	17,059	--	17,059	13,290	30,349
Total recognised income (expense) for the period	--	17,059	25,028	42,087	13,290	55,377
Share-based payment movements	900	--	780	1,680	--	1,680
Buyback of shares – ordinary & A class preference shares	(575)	--	--	(575)	(3,209)	(3,784)
Equity dividends	--	(23,164)	--	(23,164)	--	(23,164)
Dividend paid to minority interest	--	--	--	--	(9,938)	(9,938)
Movement resulting from changes in controlled entity buyback reserve and minority interest	--	--	(362)	(362)	(3,049)	(3,411)
Transfers between reserves	--	714	(714)	--	--	--
Balances as at 31 December 2008	389,302	(104,158)	343,994	629,138	120,385	749,523

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
STATEMENT OF CHANGES IN EQUITY (Continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

HALF-YEAR ENDED 31 DECEMBER 2007	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED				MINORITY INTEREST	TOTAL EQUITY
CONSOLIDATED	ISSUED CAPITAL $ '000	ACCUMULATED LOSSES $ '000	OTHER RESERVES $ '000	TOTAL $ '000	$ '000	$ '000
Balances as at 1 July 2007	456,796	(305,121)	318,253	469,928	115,823	585,751
Currency translation differences	--	--	9,242	9,242	--	9,242
Gain on uplift of asset values (net)	--	--	28,190	28,190	--	28,190
Losses on cash flow hedges (net)	--	--	(51,567)	(51,567)	--	(51,567)
Gains on fair value of available for sale assets	--	--	2,275	2,275	--	2,275
Total income (expense) recognised directly in equity	--	--	(11,860)	(11,860)	--	(11,860)
Profit for the period	--	45,306	--	45,306	13,433	58,739
Total recognised income (expense) for the period	--	45,306	(11,860)	33,446	13,433	46,879
Share-based payment movements	757	--	1,154	1,911	--	1,911
Issue of shares	5,700	--	--	5,700	--	5,700
Buyback of shares – A class preference shares	(242)	--	--	(242)	--	(242)
Equity dividends	--	(25,661)	--	(25,661)	--	(25,661)
Dividend paid to minority interest	--	--	--	--	(8,815)	(8,815)
Movement resulting from changes in controlled entity buyback reserve and minority interest	--	--	485	485	452	937
Transfers between reserves	--	11,086	(11,086)	--	--	--
Balances as at 31 December 2007	463,011	(274,390)	296,946	485,567	120,893	606,460

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 2008 and considered together with any public announcements made by Village Roadshow Limited ("the Company" or "VRL") during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

Apart from the change in accounting policy and additional accounting policy, 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") as at 31 December 2008.

(c) Changes in accounting policies

From 1 July 2008 the Group adopted AASB Interpretation 13: *Customer Loyalty Programmes*, mandatory for the annual periods beginning on or after 1 July 2008. Adoption of this interpretation did not have any significant effect on the financial position or performance of the Group.

(d) Additional accounting policies

Biological assets were purchased by the Group through the acquisition of Kelly Tarlton's Antarctic Encounter and Underwater World (refer note 10(a)). These biological assets are carried at fair value, with revaluation movements reflected in the profit and loss account. These assets are included with property, plant & equipment in the half-year financial report (31 December 2008 only).

	Consolidated 2008 $'000	Consolidated 2007 $'000
2. Income and Expenses		
(a) Reconciliation of operating profit		
Profit before income tax expense	41,086	74,409
Less: Discontinued operations loss before tax	--	(1,327)
Less: Material items of income and expense profit (loss) before tax	(28,013)	7,655
Profit before tax excluding discontinued operations & material items of income and expense	69,099	68,081
Income tax expense excluding discontinued operations & material items of income and expense	(22,755)	(20,432)
Profit attributable to minority interests excluding discontinued operations & material items of income and expense	(13,290)	(13,433)
Net profit attributable to members excluding discontinued operations and material items of income and expense	33,054	34,216
(b) Expenses excluding finance costs from continuing Operations		
Cost of goods sold	53,475	54,993
Total employee expenses	163,245	144,514
Total occupancy expenses	63,040	54,135
Total depreciation and amortisation	37,032	34,023
Total film expenses	170,033	133,646
Advertising & promotions	57,802	58,246
Fair value change on foreign exchange derivatives not designated in a hedging relationship (included in Note 2(c))	3,028	(2,016)
Other	86,667	71,308
Total expenses excluding finance costs	634,322	548,849
Finance costs		
Total finance costs on a historical cost basis	36,493	28,819
Fair value change on interest rate derivatives not designated in a hedging relationship (included in Note 2(c))	21,531	(2,146)
Total finance costs	58,024	26,673
(c) Material items of income and expense		
The following material items of income and expense, which are included in the results shown in the Income Statement, are relevant in explaining the financial performance of the Group.		
Unrealised mark to market (losses) profits on interest rate and foreign currency derivatives not designated in hedging relationships	(24,559)	4,162
Provision for recoverability of loan	(3,454)	--
Reversal of provisions re: legal settlements & expenses	--	3,493
Total profit (loss) from material items of income and expense before tax	(28,013)	7,655
Income tax benefit	12,018	5,204
Total profit (loss) from material items of income and expense after tax	(15,995)	12,859

	Consolidated 2008 $'000	Consolidated 2007 $'000
3. Cash and cash equivalents		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following:		
Cash on hand and at bank	58,915	51,909
Deposits at call	17,941	28,740
Sub-total	76,856	80,649
Overdrafts	--	--
Total cash on hand and at bank – continuing operations	76,856	80,649
Cash on hand and at bank attributable to discontinued operations	--	88,920
Cash on hand and at bank	76,856	169,569

4. Major Changes in Debt and Equity Securities

During the six months ended 31 December 2008, and subsequent to that date, there have been no major changes to debt and equity securities of the Group.

5. Changes to Composition of Entity

Other than as described in Note 10, there were no changes in composition to the consolidated entity which had a material impact during the half-year ended 31 December 2008.

	Consolidated 2008 $'000	Consolidated 2007 $'000
6. Dividends Paid and Proposed		
(a) Dividends paid during the half-year		
Fully-franked final dividend on ordinary shares of 9.0 cents per share paid in December 2008 (2007: nil)	11,422	--
Fully-franked final dividend on preference shares of 12.0 cents per share paid in December 2008 (2007: nil)	11,742	--
	23,164	--
Interim dividend on ordinary shares of nil (2007: fully-franked interim dividend of 9.0 cents per share paid in December 2007)	--	12,691
Interim dividend on preference shares of nil (2007: fully-franked interim dividend of 12.0 cents per share paid in December 2007)	--	12,970
	--	25,661
Total dividends paid during the half-year	23,164	25,661
(b) Dividends declared subsequent to half-year end and not recognised as a liability		
Interim dividend on ordinary shares of nil (2007: fully-franked interim dividend of 7.5 cents per share paid in April 2008)	--	10,576
Interim dividend on preference shares of nil (2007: fully-franked interim dividend of 7.5 cents per share paid in April 2008)	--	7,354
	--	17,930
Special dividend on ordinary shares of nil (2007: fully-franked special dividend of 10.0 cents per share paid in April 2008)	--	14,101
Special dividend on preference shares of nil (2007: fully-franked special dividend of 10.0 cents per share paid in April 2008)	--	9,805
	--	23,906
Total dividends declared subsequent to half-year end	--	41,836

In October 2008, Austereo Group Limited ("AGL"), a controlled entity of the VRL group, paid a fully-franked final dividend for 30 June 2008 of 6.0 cents per share. Subsequent to 31 December 2008, AGL declared a fully-franked dividend of 4.0 cents per share.

7. Commitments and Contingencies

(a) Contingent Liabilities

Contingent liabilities are not materially different from those disclosed in the 30 June 2008 accounts except as follows:

(i) Other contingent liabilities - Film Production:

The film financing facility of Village Roadshow Films (BVI) Limited ("VRF") is secured against its film library and the proceeds from film exploitation. VRF is currently renegotiating the film financing facility and believes that this can be successfully achieved prior to 31 March 2009.

Village Roadshow Limited ("VRL") has provided a guarantee in support of VRF, which relates to fees previously received by VRL. The current contingent liability under that guarantee is US$10 million and will not increase. If any guaranteed amount is paid by VRL, then VRL is entitled to recoup this payment from future film exploitation cash flows (after payment of prior obligations by companies involved in film production ("VRPG")).

VRL also provides support to VRPG by way of guarantees for VRPG's liability for prints and advertising expenditure in relation to released films, and for profit-sharing, predominantly with Warner Bros. The amounts owing by VRPG supported by VRL guarantees currently total approximately US$45 million. In the event that any payment is required to be made by VRL under the guarantees, VRL has recourse against Village Roadshow Entertainment Group (BVI) Limited ("VREG") (the owner of both the music and film production businesses) and the other shareholders of VREG (for their proportion of any such payment), as well as to future film exploitation cash flows (after financing obligations). The Directors do not believe that any permanent loss will result from these guarantees.

As advised to the Australian Securities Exchange on 16 January 2009, and as outlined in the Chairman's address to the 2008 AGM, it was anticipated VRL may provide additional support of up to US$40 million to VREG as part of the refinancing of existing VRPG debt facilities. To assist this current refinancing process, and in partial satisfaction of its pre-existing obligations, VRL contributed US$26.5 million to VRPG in January 2009. On completion of the VRPG refinancing there may be a requirement to top up the contribution, up to the US$40 million referred to above.

VRL does not believe that any permanent loss will result from the contribution to VRPG. If the VRPG refinancing does not occur, and VRPG is unable to restructure its future payment obligations, the above contingent liabilities may become payable by VRL. In that event, VRL's recovery of those payments will be from exploitation proceeds of the film library and could take in excess of three years depending on cash flow generated and repayment of the underlying financing facility.

The following contingent liability is not materially different to the position as disclosed in the 30 June 2008 accounts:

(ii) Belfast Rent Dispute:

Litigation between Village Theatres 3 Limited ("VT3"), a wholly-owned subsidiary within the Group, VT3's landlord and its sub-tenant has been commenced. The sub-tenant of the Belfast cinema claims that the contract between VT3 and the sub-tenant should be rescinded, with the effect of cancelling its lease and purchase of the cinema business. The outcome of this litigation and any resulting financial impact cannot be estimated at the date of these accounts.

(b) Contingent Assets

Contingent assets are not materially different from those disclosed in the 30 June 2008 accounts.

8. Reporting by Business Segments

	Consolidated		Consolidated excluding Discontinued Operations & Material items of income and expense	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Segment revenue:				
Theme Parks	171,889	145,318	171,889	145,318
Film Production	--	410,424	--	--
Film Distribution	252,743	218,682	252,743	218,682
Cinema Exhibition	156,375	137,612	156,375	137,612
Radio	131,005	136,112	131,005	136,112
Unallocated	4,489	(2,545)	4,489	(4,624)
Total segment revenue	716,501	1,045,603	716,501	633,100
Segment result:				
Theme Parks	33,251	32,866	33,251	32,866
Film Production	--	47,045	--	--
Film Distribution	32,703	26,308	32,703	26,308
Cinema Exhibition	9,312	5,643	9,312	5,643
Radio	47,821	48,343	47,821	48,343
Unallocated *	(82,001)	(85,796)	(53,988)	(45,079)
Total segment result	41,086	74,409	69,099	68,081

* Unallocated segment result includes items which are not included in the definition of segment results under Accounting Standard AASB 114: *Segment Reporting,* as well as all other items which are included in operating profit before tax.

Operating profit before tax (attributes unallocated items to divisional results):

	Consolidated		Consolidated excluding Discontinued Operations & Material Items of income and expense	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Theme Parks	1,907	20,506	18,902	18,254
Film Production	--	(1,327)	--	--
Film Distribution	24,598	25,783	28,840	25,783
Cinema Exhibition	7,051	2,077	7,344	2,077
Radio	39,897	40,247	39,897	40,247
Other	(32,367)	(12,877)	(25,884)	(18,280)
Total	41,086	74,409	69,099	68,081

9. Discontinued Operations

(a) Operations classified as discontinued in prior periods and the current period:

During the half-year ended 31 December 2008, there have been no significant results or cash flows for those operations classified as discontinued in prior periods. Details of the composition of the attributable net loss from those discontinued operations for the current and previous corresponding periods are as follows:

	Consolidated 2008 $'000	Consolidated 2007 $'000
Film Production – British Virgin Islands (refer note 9(b))	--	(1,769)
Total attributable net loss from discontinued operations	--	(1,769)

(b) Operations classified as discontinued in the current period:

(i) Income Statement Information:		
Total revenue	--	412,639
Total expenses	--	(413,713)
Share of associates' losses	--	(253)
Operating loss from discontinued operations before tax	--	(1,327)
Income tax expense	--	(442)
Operating loss from discontinued operations after tax	--	(1,769)
(ii) Cash Flow Extract Information – Film Exploitation:		
Receipts from customers	--	399,489
Payments to suppliers and employees *	--	(518,235)
Finance costs	--	(31,698)
Proceeds from borrowings	--	422,579
Repayment of borrowings	--	(253,004)

* Includes film acquisition costs of Nil (2007: $226.6 million)

10. Business Combination

(a) Acquisition of Kelly Tarlton's Antarctic Encounter and Underwater World, New Zealand:

The Group acquired Kelly Tarlton's Antarctic Encounter and Underwater World ("KT") in Auckland, New Zealand effective 1 September 2008. The acquisition resulted in a net cash outflow of $10.8 million and was funded from existing cash reserves.

	Consolidated	
	Recognised on acquisition $'000	Values before acquisition $'000
Cash and cash equivalents	18	18
Inventories	231	231
Plant, equipment and biological assets	10,158	7,587
Other intangibles	740	--
Other assets	158	30
	11,305	7,866
Provisions	253	253
Tax liabilities	785	--
Other liabilities	69	69
	1,107	322
Fair value of identifiable net assets	10,198	7,544
Goodwill arising on acquisition	657	
	10,855	
Cost of combination:		
Cash paid	(10,636)	
Costs associated with the acquisition	(219)	
	(10,855)	
The net outflow on acquisition is as follows:		
Net cash acquired	18	
Cash paid	(10,855)	
Net cash outflow	(10,837)	

From the date of acquisition, KT has contributed $2.0 million of revenue and $0.2 million of net profit to the Group. Given that this was an asset purchase it is not possible to determine the full year impact of KT on the Group assuming that it had been owned since the beginning of the year. The accounting for the above acquisition is provisional at this stage, in accordance with AASB 3: *Business Combinations*.

(b) Additional payments relating to the acquisition of Harvest Family Entertainment Arizona LLC:

The Group acquired Harvest Family Entertainment Arizona LLC in the year ended 30 June 2008, but the purchase price for that acquisition was payable in instalments, dependant on certain events. As a result, additional investment costs of $3.6 million were paid in the half-year ended 31 December 2008.

11. Financial Risk Management Objectives and Policies

(a) Objectives for holding financial instruments:

The Group's objectives for holding financial instruments has remained unchanged since 30 June 2008, however since that date the economic environment has had an impact on the valuations of these instruments, which has caused significant unrealised mark-to-market impacts on the Group, as detailed below.

The main risks identified at 30 June 2008 remain unchanged and are cashflow interest rate risk, foreign currency exchange risk, liquidity risk and credit risk. The details of the significant accounting policies and methods adopted including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the annual financial statements for the year ended 30 June 2008.

(b) Risk exposures and responses

Cash flow interest rate risk

The Group's policies regarding the hedging risk on variable interest rate exposure have not changed since 30 June 2008. Although there has been a significant reduction in interest rates over this time, the savings from these reductions have been more than offset by the unrealised losses incurred on the derivatives which relate to the group's financing facilities. The impact of this has been an unrealised loss before tax of $21.6 million (2007: unrealised profit before tax of $2.1 million), which has been included in Note 2(c) as a material item.

Foreign currency risk

The Group's policies regarding the hedging of risk on foreign currency exposure have not changed since 30 June 2008, although there has been a significant movement in foreign currency rates since this time. This effect has resulted in many future foreign currency contracts being unfavourable to the current exchange rate. The impact of this has been an unrealised loss before tax of $3.0 million (2007: unrealised profit before tax of $2.0 million), which has been included in Note 2(c) as a material item.

Credit risk

There has been no material change in the Group's exposure to credit risk since 30 June 2008.

Liquidity risk

The Groups objective to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible notes, preference shares, finance leases and hire purchase contracts has not changed since 30 June 2008. There has been no material change in the Group's exposure to liquidity risk since 30 June 2008.

12. Events after balance sheet date

Other than as referred to below, there have been no material transactions which significantly affect the financial or operational position of the Group since the end of the financial half-year.

As advised to the Australian Securities Exchange on 16 January 2009, VRL contributed US$26.5 million to VRPG in January 2009 – refer Note 7(a)(i) for full details.

VILLAGE ROADSHOW LIMITED
HALF-YEAR FINANCIAL REPORT
DIRECTORS' DECLARATION
31 DECEMBER 2008

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 2008 and the performance for the half-year ended on that date of the consolidated entity

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

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, 26 February 2009

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To the members of Village Roadshow Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Village Roadshow Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2008 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:

i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

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

Ernst & Young

Ernst & Young

R C Piltz

R C Piltz
Partner
Melbourne
26 February 2009