

2010 divisional activity

Overview

Village Roadshow Limited (“VRL”) aims to ensure that it is operating its businesses within a responsible environmental and social framework whilst continuing to maximise long term shareholder value. Integrating these important factors into the management of business operations is increasingly recognised as a lever to ongoing success. The challenge, given the diversity of the individual businesses within the VRL portfolio, is to ensure that each business is responding appropriately to those environmental and social issues that are relevant to their operations and locations. At the corporate level, each business is guided to develop policies, programs and procedures relevant to their businesses, whilst ensuring they are in keeping with the VRL Group’s overall direction and policy on these matters.

VRL recognises that it has a level of responsibility to its stakeholders, which includes staff, customers, and shareholders, and where relevant, government and local communities, to disclose how it is addressing key environmental and social issues including:

- **energy usage and carbon emissions**
- **water usage**
- **waste and recycling**
- **charitable donations and community investment**

VRL has reported against these indicators further below, including details of the actions taken to manage them. Coverage extends to those businesses and facilities within the VRL Group over which operational control exists, and which are located in Australia.

Looking ahead, it is anticipated that future disclosure will include other labour related and social information and in time will expand to cover international operations. VRL will continue to be guided by leading sustainability frameworks such as the Global Reporting Initiative, drawing on Accountability’s materiality test, and the London Benchmarking Group methodology, to ensure it is tracking and reporting appropriately on the environmental, social and governance issues discerned to be most material to VRL and its stakeholders; and in keeping with developments in corporate reporting and regulation in this important area.

Environmental Sustainability

VRL’s Group-wide Environmental Sustainability Policy formalises and defines its environmental commitment. During the 2010 year, VRL’s major Divisions have each developed a tailored version of this policy reflecting the issues that are most relevant to their particular business whilst remaining within the spirit of the overarching VRL Group policy.

Energy Usage and Carbon Emissions

VRL is obligated to report to the Australian Federal Government under the National Greenhouse and Energy Reporting Act (“NGER”) from the year ended 30 June 2010 year onwards. This report includes all direct fuel and energy usage, electricity usage, and the associated greenhouse gas emissions, in respect of all Australian facilities under the Group’s ‘Operational Control’, as defined under NGER. The report for the year has been submitted to the Federal Department of Climate Change and Energy Efficiency by the ultimate controlling corporation of the VRL Group, Positive Investments Pty Ltd.

Beyond mandatory reporting, VRL is committed to both better monitoring and management of energy usage. Considerable progress has been made this year with independent consultants to develop an extensive web-hosted system to monitor Group-wide greenhouse gas emissions and energy usage on an ongoing basis site by site, as a useful tool towards reporting and improved energy management.

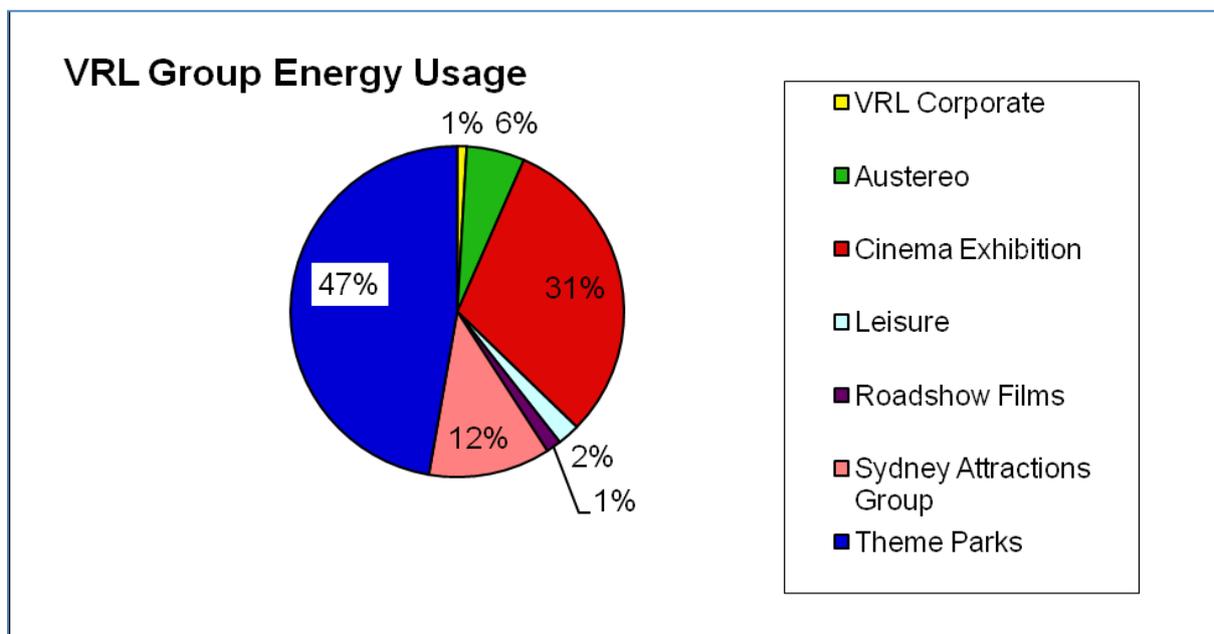
The biggest single source of carbon emissions across each of the VRL Group’s businesses is electricity use. During the 2010 year a number of energy audits were completed with independent consultants at certain cinemas, at Sea World and Sea World Resort and at the Sydney Aquarium and Sydney Wildlife World. The audits have proven valuable in assisting these businesses to understand how and where they use energy and the possibilities to improve. Work undertaken since completion of the audits includes implementation of straightforward energy efficiency projects with short pay-backs and further analysis of more complicated projects for possible implementation.

Local temperature is the biggest driver of electricity usage, for example it drives air conditioning demands in summer. This variable impacts most of the VRL businesses more than other variables such as gate attendance or admissions. As such, in terms of future relevant energy management, local temperature levels need to be considered, as does other influencing factors such as changes within the businesses including the opening and/or closing of exhibits and attractions.

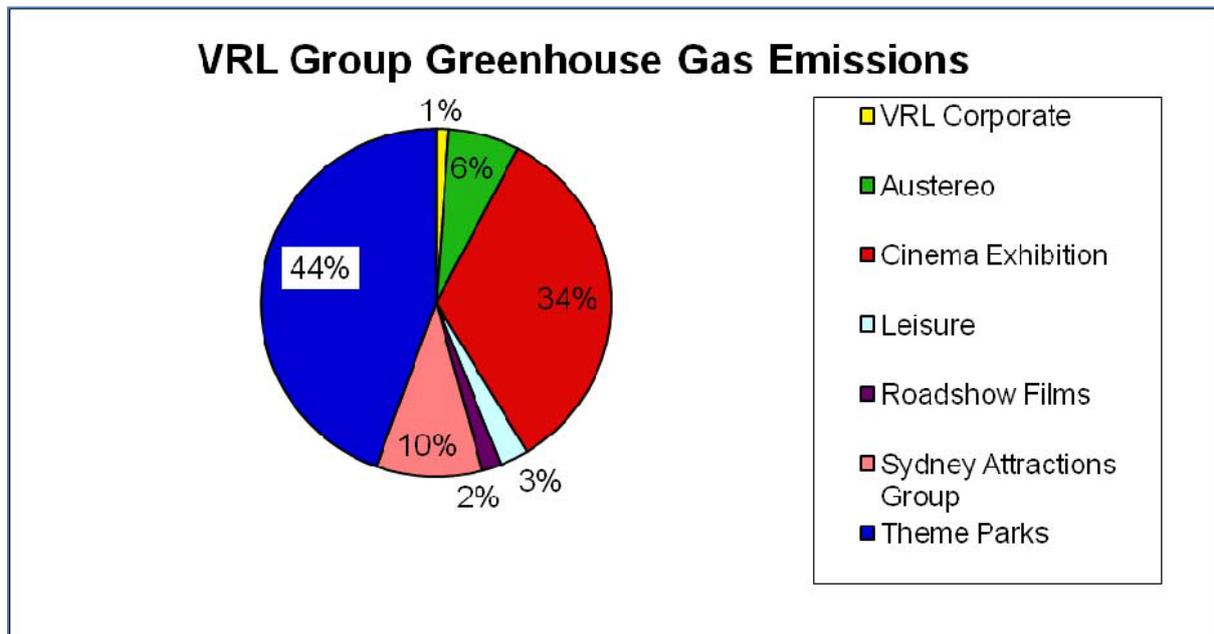
The charts below show the split between divisions for energy usage and carbon emissions:

Energy Usage and Greenhouse Gas Emissions
Village Roadshow Limited Group – Australian based businesses
For the year ended 30 June 2010

The VRL Group’s total energy usage for VRL’s Australian based businesses for the year ended 30 June 2010 was 379,254 gigajoules. The split between Divisions was as follows:



The VRL Group's total Greenhouse Gas (GHG) emissions (Scope 1 and 2 emissions of carbon dioxide equivalent) for VRL's Australian based businesses for the year ended 30 June 2010, was 83,429 tonnes. The split between Divisions was as follows:



More particular details regarding energy usage and carbon emissions can be found under each Divisional section.

Water Usage

The VRL Group is committed to the responsible management of water usage subject to local water conditions, including improving water efficiency, reducing usage of town water supplies and increasing alternative water supply and recycling of water.

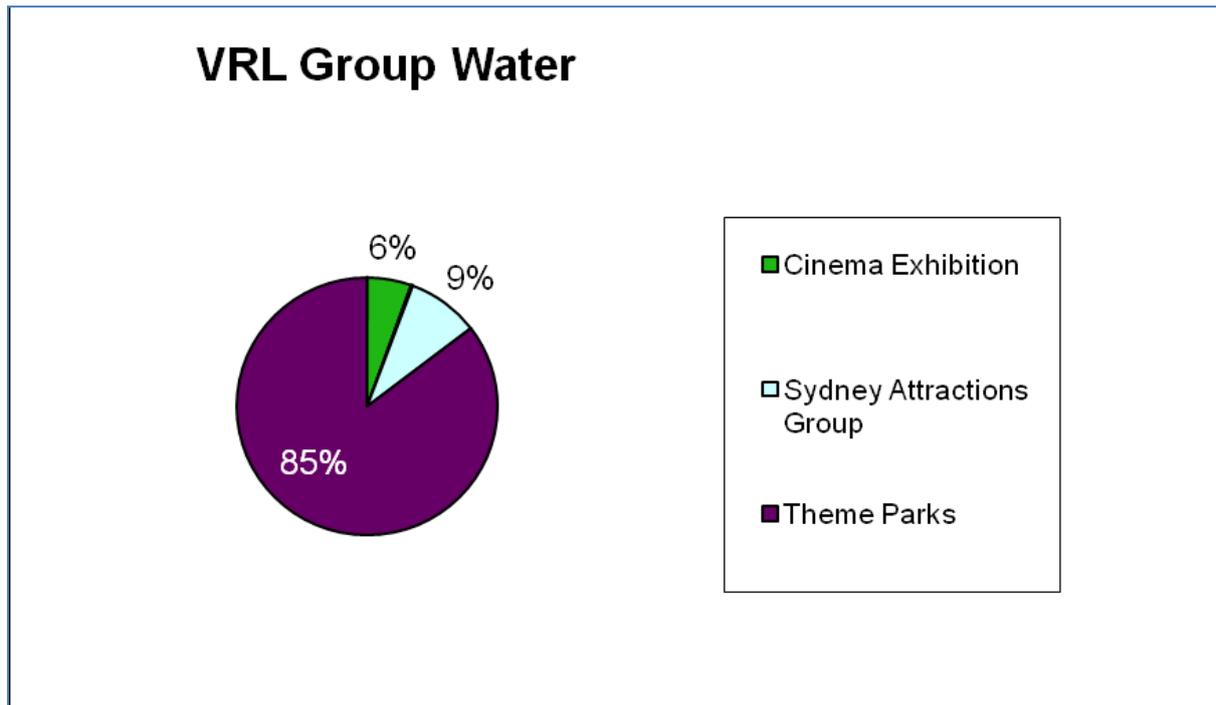
The pattern of water usage within the VRL Group's businesses varies, depending on whether it is a business attracting public customers and whether control and vision over the water accounts exists. At businesses such as Theme Parks and Attractions, the number of visitors is the single biggest variable affecting water usage. The Queensland Theme Parks have continued their focus on water this year through the initiatives associated with their Water Efficiency Management Plans ("WEMPS"). These initiatives have resulted in a very significant reduction over five years varying between 32% and 45% reduction between sites over a 5 year period, with significant savings being realised before the local water authorities introduced the mandatory WEMPS requirements in 2007.

Most recently, the 2010 financial year saw the filling of the newly completed 10 mega litre dam behind Warner Bros. Movie World and work to fix underground leaks at Sea World. Sydney Attractions participated in Sydney Water's Every Drop Counts program, and Village Cinemas have trialled waterless urinals. With new developments, such as the future Wet 'n Wild Sydney, there is an excellent opportunity to incorporate best practice water efficiency technologies at the design stage. VRL is committed to superior environmental outcomes for the new park.

The charts below show the split between divisions for water usage:

Water Usage
Village Roadshow Limited Group – Australian based businesses
for the year ended 30 June 2010

The VRL Group's total water usage from town water supplies for VRL's Australian based businesses for the year ended 30 June 2010 was 367,366 kilo litres. The split between Divisions was as follows:



Notes:

Based on town water, (grid supplied)

Not all sites have visibility of usage, usually because they are tenants in shared sites. For example at the majority of cinema sites the shopping-centre landlords pay the water bills.

The Theme Parks division data includes all Gold Coast properties, including the gross water usage of the Village Roadshow Studios. The studios on-sell water to the various production companies however these amounts have not been excluded from the total Theme Parks usage.

Both the Corporate and Film Distribution Divisions use a very insignificant amount of water (less than .2%) and have been excluded from the data chart

More particular details regarding water can be found under each Divisional section.

Waste and Recycling

VRL is committed to improving waste management according to the hierarchy of waste; Avoidance, Reduce, Reuse, Recycle, Disposal.

During the 2010 financial year there has been an increase in recycling capabilities at a number of sites, including an expansion of the Public Place Recycling (PPR) to Wet 'n' Wild on the Gold Coast in March 2010, following on from implementation at the other Queensland Theme Park sites. At Village Cinemas, 3D glasses are now recycled - cleaned and re-used. Roadshow Films is now recycling film reels and has made a major reduction in plastics and improved recycled content in DVD packaging. At many VRL Group sites, E-waste (electronic waste such as old computers and office electrical equipment) is either repaired and re-commissioned or broken down via a recycling process with an independent contractor under a system that incorporates an ultimate zero to landfill policy.

Whilst the Group is not in a position to be able to report yearly waste, progress has been made towards improving systems, with initial waste audits conducted across all Australian operations in August 2010 over a 2 week period focusing on percentages of waste recycled versus percentage sent to landfill. For example, the initial results from our three Melbourne based offices reveal that between 39% and 67% of total rubbish is recycled.

More particular details regarding waste and recycling can be found under each Divisional section.

Charitable Donations and Community Investment

The VRL Group has supported a large variety of national and local charities, community groups and causes over many years, engaging with the communities in which the VRL businesses operate. Following on from last year, during the 2010 year VRL has again undertaken an independently verified benchmarking process, through the London Benchmarking Group ("LBG"), to consistently map and measure the Group's global charitable and community investments.

The total amount donated by the VRL Group for community, charitable and conservation causes during the year ended 30 June 2010 has exceeded \$7.7 million. Donations included cash, in-kind donations of services and free tickets to Village Roadshow's Theme Parks, Attractions and Village Cinemas, as well as staff time. Quantification of our contributions has been carried out in accordance with the LBG framework and LBG have verified the data upon which these figures are based.

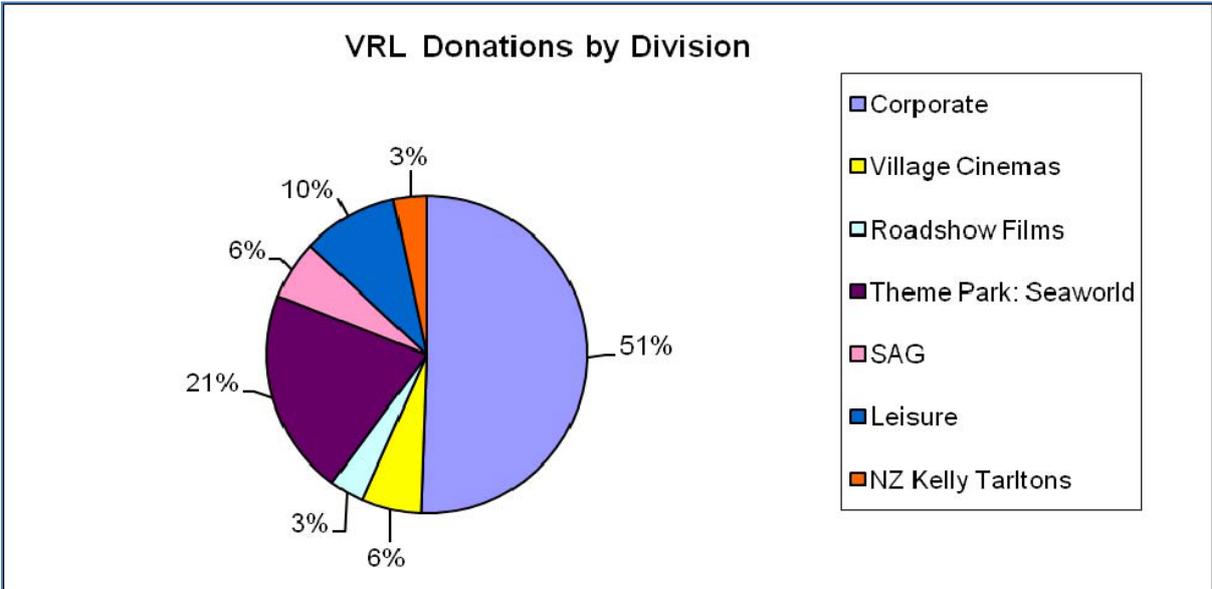
Due to the 'public voice' nature of Austereo's radio business and the long standing policy of providing community service announcements ("CSA"s) free of charge, Austereo is by far the highest contributor, comprising 68% of the total of the VRL Group's contributions. The other VRL Divisions' contributions to community, charitable and conservation causes for the 2010 year exceeded \$2.4 million. Overall, contributions were lower compared to the prior year, a result of both reduced CSA spots being utilised by community and charitable organisations and, fortunately, no repeat of the devastating bushfires in Victoria, which triggered a significant contribution across our Divisions.

The charts below show the split of contributions amongst VRL businesses (excluding Austereo), by 'Subject Focus' and by 'Form of Giving':

Contribution to community, charitable and conservation causes by the Village Roadshow Limited Group (excluding Austereo) for the year ended 30 June 2010

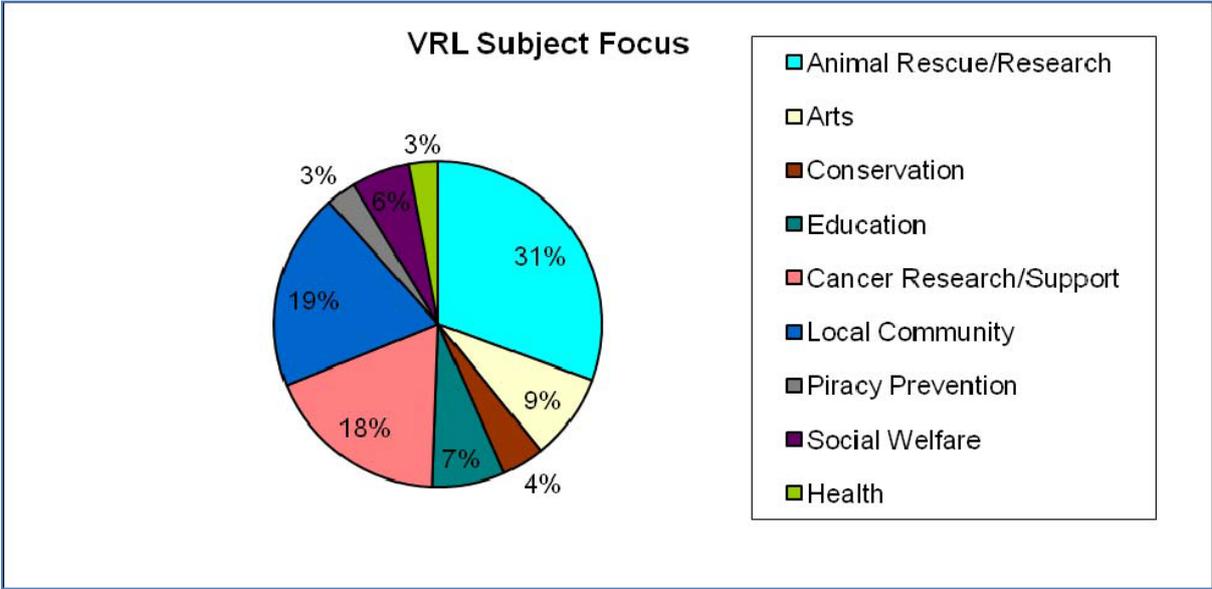
1. Divisional Analysis

During the year ended 30 June 2010 the VRL Group, excluding the \$5.3 million contribution by its Austereo division, contributed an amount of \$2.4 million to community, charitable and conservation causes. The divisional analysis of this contribution (excluding Austereo) was as follows:



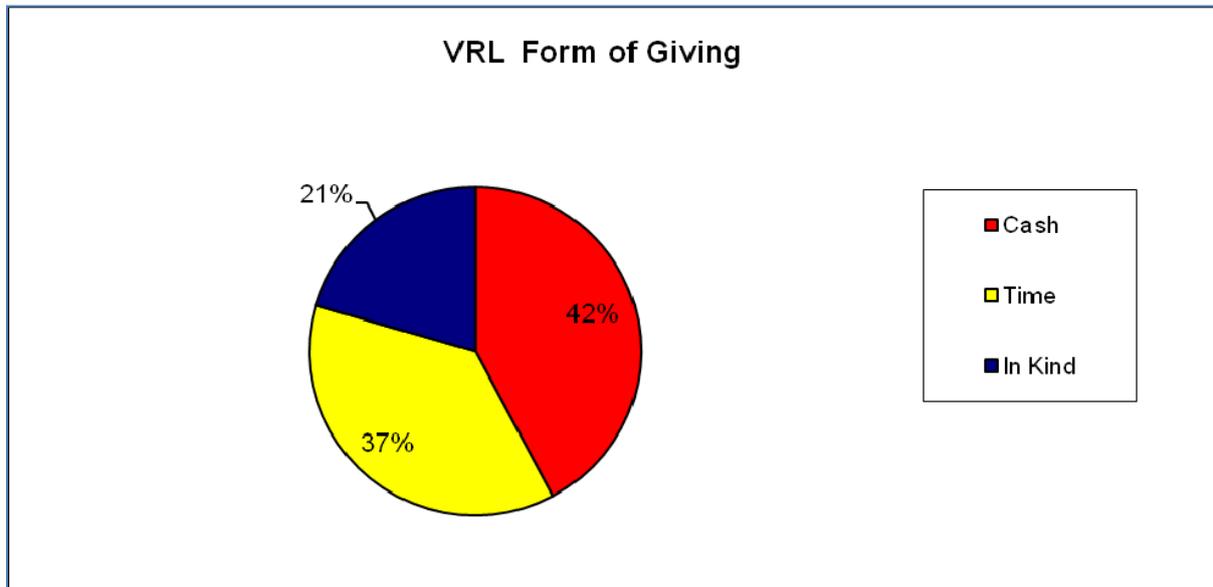
2. Subject Focus

Each Division supports numerous charities and community organisations, including those which have links to their business field and various health and children’s charities, with whom there exists many long standing relationships. Animal Research and Rescue continues to be a prime motivation for both the Sydney Attractions Group (SAG) and Kelly Tarlton’s Aquariums and the Sea World Theme Park. A large recipient of the cash donations was the Sea World Research and Rescue Foundation (SWRRFI) which sponsors a variety of independently-led research projects related to marine life. VRL Corporate agreed to assume the sponsorship of SWRRFI for FY 2010 and 2011 from the Village Roadshow Theme Park division. The chart below shows the donations split by Subject Focus:



3. Form of Giving

Donations were made in one of three ways, Cash, Time and In Kind, with a large portion of the cash donations from the Corporate Head office. Due the nature of the various businesses in the VRL group, in kind donations are often sought by charities and community groups including complimentary tickets to the cinemas, theme parks and attractions, hotel accommodation and DVD product. (Note - in accordance with the London Benchmarking Group methodology, the value of in kind donations have been valued 'at cost' rather than at full retail value.) The chart below illustrates the form of giving:



For more information on the London Benchmarking Group click here www.lbg-australia.com/.

More particular details regarding charitable and community investment may be found under each Divisional section.

Village Roadshow Theme Parks – Gold Coast

The 2010 year saw the formal establishment of Sustainability Committees at the Gold Coast Theme Parks. These committees include senior representation from management and from all areas of operations, and work to integrate and implement the Environmental Policy across the various businesses.

Energy and Carbon

Energy usage, and specifically electricity usage - is the biggest contributor to the Theme Parks' carbon footprint. It stems from major mechanical attractions including roller coasters, stunt shows, the requirement to keep marine animals in a climate controlled environment appropriate to their needs; and to air conditioning demands in summer.

During the 2010 Financial Year an energy audit was conducted at Sea World and the Sea World Resort by independent consultants. This audit helped these businesses to better understand their energy demands. A reduction in energy usage at the Sea World site was obtained during the year by optimising the use of water chilling plants used to chill animal pools as well as close scrutiny of operating duration of filtration plants. Projects scheduled for implementation during the 2011 financial year include upgrading the chiller at the Resort. Other initiatives identified are now being worked through in terms of feasibility, cost and payback, under the overall maintenance and capital expenditure program.

The Oxenford site (home to Warner Bros. Movie World, Wet 'n Wild, Village Roadshow Studios, Paradise Country and Australian Outback Spectacular) has also focussed on energy use during the 2010 financial year. Efficiency initiatives recently implemented or scheduled for implementation include replacing hot water units with gas/solar where practical, lighting replacements, timers to lighting and air conditioning efficiency changes. Whilst some of the large existing attractions cannot easily be changed, procedures have been developed to operate them more efficiently, for example closer monitoring of rides (air compressors) to match consumption patterns with maximum machine efficiency.

Water

Water usage has been a significant focus for the Theme Parks over the last five years, well before the local water authorities Water Efficiency Management Plans ("WEMPS"). The WEMPS were instigated by the Queensland Water Commission in 2007 and remain in operation across our Queensland sites. Through careful monitoring, staff training, identification and implementation of water efficiency opportunities, annual town water usage at the Gold Coast Theme Parks has reduced significantly since 2005, by 45% at the Sea World and Resort site, and by 32% at the Oxenford site, (which includes Wet 'n' Wild, Warner Bros. Movie World, Village Roadshow Studios, Paradise Country and Australian Outback Spectacular.)

Water management will continue to be a major focus for both Village Roadshow's existing theme parks as well as at all new developments, subject to the local water conditions. For the proposed new Wet 'n' Wild Sydney park, there is an excellent opportunity to incorporate best practice water efficiency technologies at the design stage with the ultimate aim of superior environmental outcomes for the park.

Waste and Recycling

Procedures are in place for recycling of paper and cardboard, plastics, cans and glass, compact fluorescent light globes, green waste, lead acid batteries, copier toner cartridges, electronic office equipment, fluoro tubes, and oil.

Public Place Recycling of beverages has been in place at Sea World for over two years. Warner Bros. Movie World, Wet 'n' Wild and Paradise Country also now have recycling for beverage containers in the parks through an initiative implemented by Village Roadshow Theme Parks, Coca-Cola Amatil and the Packaging Stewardship Forum. On average it is expected that 20 tonnes of beverage containers will be saved from landfill each year from the combined sites. Research indicates that this would equate to a reduction in carbon emissions of 105 tonnes.

After the end of the 2010 financial year, preliminary waste audits have been conducted as the next step in improving the management of waste at these sites.

Charitable Donations and Community Investment

Village Roadshow Theme Parks have long supported and participated in community and charitable activities, including animal research and rescue and conservation education.

The Sea World Research and Rescue Foundation Inc ("SWRRFI") has made an internationally acknowledged contribution to marine research, having facilitating over 120 independent marine research projects since 1991 contributing to the body of knowledge that assists in understanding and conserving marine life. Sea World has been assisting stranded, sick, injured and orphaned marine animals for over 35 years, with a dedicated marine rescue vessel and staff on call, funded almost entirely from Sea World's business funds, including a small contribution via direct donations from the general public. Sea World does not receive any Government funding for the significant contribution that it makes to animal rescue and rehabilitation. In addition, in terms of outreach and education, Sea World interacts with approximately one million visitors annually on marine environment education and conservation issues, and operates extensive visitation programs for schools.

For more details of SWRRFI visit www.seaworld.com.au/research-and-rescue.aspx.

The Gold Coast Theme Parks are privileged to continue their support for children with life threatening medical conditions and illnesses, via their support of Starlight and the Make a Wish Foundation, in keeping with VRL policy. Support during the 2010 year was also extended to a number of other worthy causes and local charities.

The Theme Parks contributed over half a million dollars during the 2010 year, with 88% of total contributions towards animal rescue (including staff time), and 12% attributable to charitable donations, including free of charge tickets to organisations such as those noted above.

Village Cinemas

Energy and Carbon

Electricity usage forms a major aspect of Village Cinemas' environmental footprint, hence the aim to improve the efficiency of operating procedures and reduce energy consumption. Some of the ways this has been addressed during the 2010 Financial Year include the following:

- 'Green' advisory cards formulated in conjunction with staff and posted in each area of the cinema to remind staff and cleaners of how they can reduce energy usage and minimise waste.
- Switchboard lighting posters letting staff know easily which lighting should be turned on throughout the day and evening, so as to minimise power consumption.
- Temperature set points policy has been put in place to better adjust power consumption for the relevant season.
- Village Cinemas have now participated in Earth Hour for three years. For the actual event on the last weekend of March, not only are big and small non essential lighting turned off, but Green Energy is purchased for the evening's operations.
- Energy audit by independent consultants, leading to various lighting and air conditioning work being conducted post year end at one site.

Water

In terms of water management, by and large it is the landlords of the buildings in which Village Cinemas operate who are responsible for water and in some instances are responsible for plumbing installations. However the focus on water is expected to increase in the future together with closer collaboration expected with landlords to jointly address water saving initiatives. Notwithstanding the foregoing, some cinema sites have trialled waterless urinals and are encouraged to be mindful of water usage and to report leaks.

Waste and Recycling

For stand alone locations where Village Cinemas manage their own waste disposal, improved back-of-house rubbish removal and recycling processes have been implemented. For sites where 240 litre bins are employed, over 40% of total waste removed is now diverted from landfill and recycled, whereas in years gone by the percentage was virtually zero. For sites where dump masters are used, 20% is currently recycled.

For cinema sites located within major shopping centres where waste disposal back of house is managed by landlords, waste management and recycling issues will be worked through in conjunction with landlords.

Customers are encouraged to keep and re-use their 3D glasses. Cinema staff also collect, clean and recycle 3D glasses that are not kept by customers. For every 42,000 glasses that are collected, cleaned and re-used, research indicates that one tonne of new plastic is saved from being manufactured into new glasses. With the goal being to reuse over a million glasses per year, that equates to saving on the manufacture of 24 tonnes of plastic glasses. Customers who purchase Village Cinemas' recycled glasses are also now supplied with protective pouches made of recycled card.

Charitable Donations and Community Engagement

Village Cinemas donated a total of \$150,000 during the 2010 financial year. A large portion of that donation was made as a commercial initiative, being a \$62,000 cash donation to an organisation dedicated to preventing piracy of cinema product. The form of giving is split evenly between cash, staff time and "in kind" (tickets and movie screenings).

Contributions of staff time were incurred by cinema staff administering the "Give Cancer the Flicks" campaign which collects money from the public on behalf of the Peter MacCallum Cancer Institute, with whom the Village Cinemas and Village Roadshow have had a long standing relationship of support.

In addition Village Cinemas are pleased to be able to donate tickets to a wide variety of charities and community organisations in the communities in which it operates.

The closely aligned Leisure Division (Intensity – family entertainment centres) donated free and discounted tickets to both community and charitable organisation in an amount exceeding \$220,000.

Roadshow Films

Energy and Carbon

The three Roadshow sites (Melbourne and Sydney offices and the Sydney warehouse) have been trending down in energy consumption over the last three years. Initiatives undertaken to reduce electricity consumption include light bulb changes, remapping zones for group light switches, reducing the out of hours timing of the light switches, encouragement of behavioural change to 'switch off' lights, computers and equipment and upgrading to more energy efficient IT equipment. There has been an overall reduction in excess of 11% for the year ended June 2010 compared to June 2008.

Water

Roadshow does not have any significant water usage. Moreover at the Preston (warehouse) and Pyrmont (Sydney office) sites, it is included in the Landlord's charges. At the Garden Street (Melbourne office) site, the landlord has commenced separately metering and charging Roadshow, so visibility over water usage will be clearer in the future. Notwithstanding the foregoing, the sites are encouraged to be mindful of water usage, to report leaks and dual flush toilets are installed.

Waste and Recycling

Initiatives in DVD Production: Shipping over 42 million units of product per annum (including all distribution centre clients i.e. Roadshow and other DVD distributors' product) results in a not insignificant, environmental impact. However Roadshow Entertainment has progressively been working with suppliers upstream and downstream to ensure there is an environmental focus and improvement in the supply chain. Over the last few years there has been a move to black amaray cases – which are made using a significant percentage of recycled plastics and require less energy to produce compared to coloured or clear plastic cases - and the trialling of other low plastic initiatives. The majority of Roadshow's theatrical product is now produced in black amaray cases (which comprises nearly 50% of Roadshow's DVD sales by volume) and some high-end natural history and TV dramas are produced with zero plastic.

Sleeves, cardboard and point of sale posters are now printed on recycled paper, after a full paper audit was undertaken to ensure that the most environmental paper was being used for cardboard packaging and point of sale. This impacts over 16 million units per annum. New packaging has also been introduced – 'soft pack' recycle card with reduced-to-zero use of plastics. This impacts a comparatively small volume of units (approximately 50,000 units per annum), but the trend is growing and each year a few additional titles are created in this format.

New Film Recycling Process: All Roadshow sites have initiatives for recycling of paper/cardboard, glass and plastic. During the 2010 Financial Year, Roadshow Films signed up for a new film recycling system. This process, with print lab partner Deluxe, now sees all old film securely destroyed and the shredded waste material available for melting and spinning back into staple material. That material can then be re-used as carpet backing, in polyester fabric and other materials. Previously the waste from destroyed film prints was going to landfill so this is a positive alternative.

Move to Digital: The move to digital prints will have a significant impact on reduction on freight as the heavy prints of old are no longer required to be manufactured en masse and shipped around the world.

Waste Audits: These were conducted in August 2010 to provide visibility over waste recycled versus waste sent to landfill.

Charitable Donations and Community Engagement

Roadshow is pleased to continue to be a major supporter of the Starlight Children's Foundation for sick children as well as Variety. It has also given considerable funds supporting the Breast Cancer Foundation. Total donations from Roadshow are valued at \$86,000 for the year ended 30 June 2010, with a large percentage of recipients being health related charities. Roadshow also supported the Earth Hour campaign, providing expertise to enable them to write a global business plan. In addition, with the premiere of the film, "Mao's Last Dancer", Roadshow provided the Australian Ballet and the Bionic Ear Foundation with the opportunity to utilise the premiere as a joint fundraiser, enabling these organisations to raise \$175,000 each from the premiere.

Village Roadshow Limited (Corporate)

At the "head office" level, the Corporate Division is responsible for working with the various VRL businesses to oversee the development of the Corporate Social Responsibility function across the Group, including policy, strategy, reporting and assisting where required and able, with various initiatives. The Corporate Division is also responsible for its own 'backyard', that is, offices and staff.

Energy and Carbon

Overall energy usage has dropped significantly over the last three years at the Melbourne head office, due to lighting changes such as de-lamping and energy efficient bulbs including the introduction of LEDs timers. The new St Kilda Road Offices (opened in July 2009) have also employed features such as motion sensors to turn off lights. Other factors contributing to energy reduction includes the encouragement of people to 'Switch Off' as well as a rolling move to more energy efficient computers and equipment.

Water

The Corporate Division does not incur significant water usage however sites are encouraged to be mindful of water usage and water conservation. Moreover at the St Kilda Road site, water is included in the landlord's charges. At the Chapel Street, South Yarra site, the landlord has commenced separately metering and charging VRL, so visibility over water usage will be clearer in future.

Waste and Recycling

There are recycling systems in place for glass, plastic, aluminium cans, paper and cardboard, mobile phones, batteries and electronic equipment and computer waste ("e-waste"). An audit of general office waste took place over two weeks in August post year end and included an examination of the percentage of waste thrown out to landfill and the percentage recycled through the various office recycling systems. It revealed that St Kilda Rd recycles 67% of rubbish, whilst Chapel St South Yarra recycles 55%.

Printers are all set to default to double sided to save paper and multiple pages on each sheet is encouraged. During the 2010 financial year 70% of A4 paper utilised at the Melbourne head office site was comprised of 100% post-consumer recycled paper.

Charitable Donations and Community Engagement

At total of \$1.3 million in donations were made by Corporate to charitable organisations during the 2010 year. VRL has continued its long standing support of the Peter MacCallum Cancer Institute. Other health related donations, both cash and in kind, include the Epilepsy Foundation, the Centre for Integrative Medicine and the Melbourne Zen Hospice. There was a large proportion of staff time with a small proportion of 'in kind' donations (cinema tickets) made to various charities. The staff time was largely that spent by senior executives on boards of a number of charitable institutions. A large cash donation was also made to the Sea World Research and Rescue Foundation ('SWRRFI') comprising 14% of the total, towards funding independent scientific research.