



How do you build
a leading international
media and entertainment
business?

2000 ANNUAL REPORT



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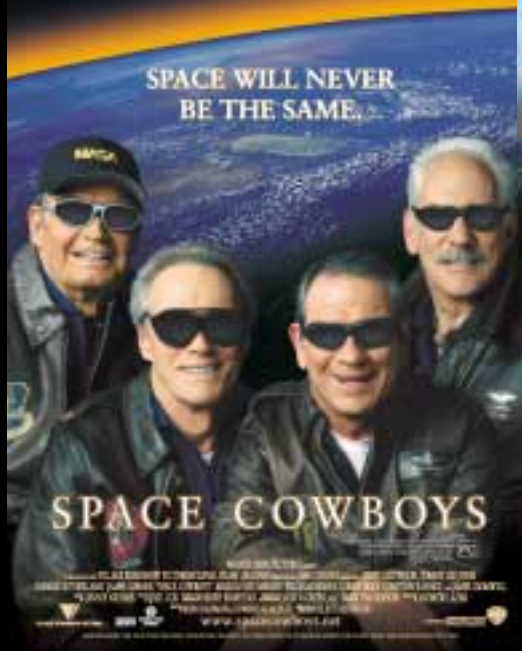
analyze this



CLINT EASTWOOD TOMMY LEE JONES
DONALD SUTHERLAND JAMES GARNER



DEEP BLUE SEA



SPACE WILL NEVER
BE THE SAME.

SPACE COWBOYS



KEANU REEVES LAURENCE FISHBURNE

MATRIX

Since starting out as a cinema operator in 1954, Village Roadshow has evolved into a diversified, international media and entertainment company.

Early in its development the company expanded its cinema network and strengthened its strategic position by entering the vertically related businesses of film distribution and film production. The group now has a strong position across each.

In the late eighties Village Roadshow identified significant growth opportunities in both theme parks and radio and funded subsequent investments through a 'back door' listing and additional capital raisings.

By the early nineties the company had purchased and redeveloped the Austereo and Triple M radio networks transforming them into Australia's foremost radio operation. In other major developments, the group has also helped create Australia's most successful theme park operation.

Around the same time, the company sought to export its cinema development and management expertise internationally. This has led to the development of high quality cinema circuits in selected territories including Australia, Greece, Singapore and Argentina.

Through the nineties the development of its production division has seen the company emerge as one of the leading independent movie producers in Hollywood. With success including *The Matrix* and *Space Cowboys*, the division is now a significant contributor.

Today, Village Roadshow's portfolio of media and entertainment businesses uniquely positions the group to benefit from the strong growth in leisure and entertainment spending.



THREE KINGS

A CLEAR STRATEGY AND A FOCUS ON CORE ACTIVITIES

FILM

RADIO

THEME PARKS

NEW MEDIA

Village Roadshow is uniquely positioned to generate sustained long-term growth. The company has encountered some challenges over the year and is aggressively dealing with each. Despite these challenges, its cash flows are robust and its core businesses possess significant growth opportunities. Accordingly, looking to the future, the group is confident of further success.

This report outlines Village Roadshow's performance, strategies and the reasons for this confidence.

Financial Highlights

Net profit before abnormals \$76.5 million,
1.4 per cent higher over the year

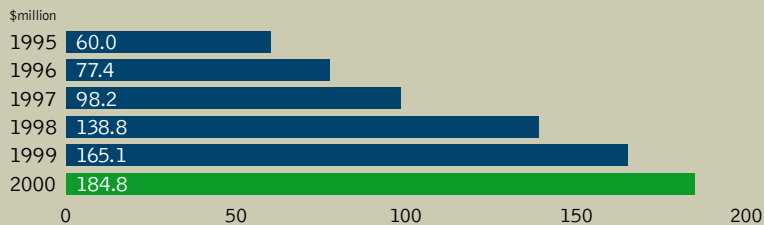
Profit after abnormals up 178 per cent
or by \$48.3 million

Earnings (reported EBITDA) increased
12.0 per cent

Strong contribution from radio, consistent return
from theme parks and lower results from film

Return on equity maintained at 7.3 per cent

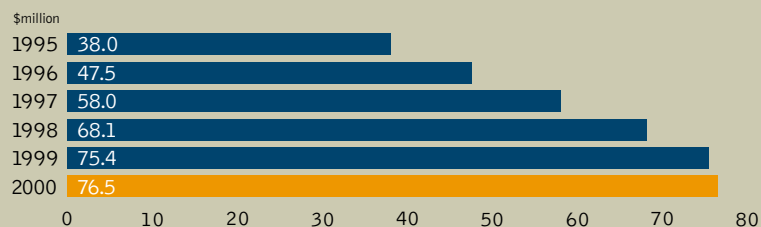
\$'000	2000	1999	% Change
Sales revenue	623,790	617,265	1.1%
Reported EBITDA	184,815	165,086	12.0%
Operating profit after tax before abnormal items	76,503	75,418	1.4%
Operating profit after tax and abnormal items	75,517	27,170	178%
Total shareholders' equity	1,029,254	1,017,225	1.2%
Dividends per share (cents)			
Ordinary shares	7.175	10	-28.3%
A-class preference shares	10.175	13	-21.7%
Total earnings per share pre-abnormals (total shares) (cents)	16.75	17.33	-3.3%
Return on average shareholders' equity	7.3%	7.2%	-
Net tangible assets per share (\$)	2.08	1.92	8.3%



Earnings

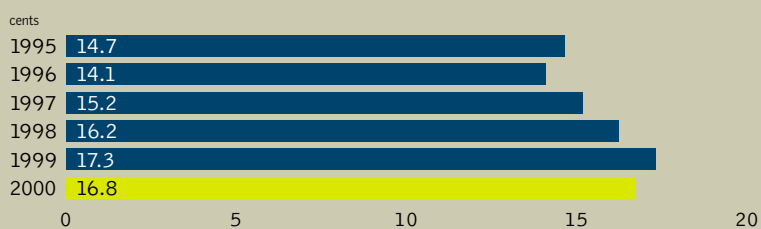
(Reported EBITDA – Earnings before interest, tax, depreciation and amortisation)

- Growth momentum maintained
- Strong radio EBITDA contribution up 23.1 per cent
- Higher exhibition revenues consistent with screen investment
- Compound average growth over last six years 20.6 per cent



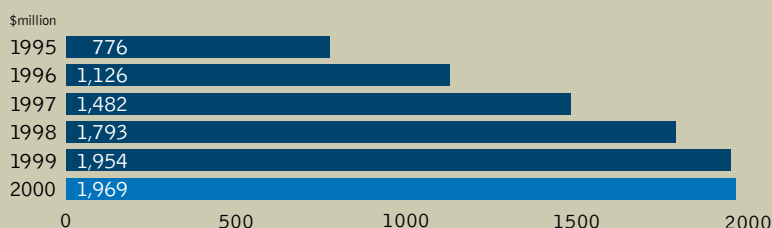
Profit After Tax Before Abnormal Items

- Profit marginally higher over year
- Strong earnings offset by increased depreciation and amortisation
- Strong radio profits offset by poor result from film division
- Compound average growth over six years 12.4 per cent



Earnings Per Share Before Abnormal Items

- EPS lower due to an increase in shares on issue
- Increase in shares on issue from dividend reinvestment and conversion of PRIDES



Total Assets

- Asset base little changed over year
- Expanded cinema circuit by 289 screens (excluding asset sales)
- Growth offset by significant asset sales
- 16.8 per cent compound average growth over six years

Facing up to the challenges of the year, Village Roadshow has ended 1999/2000 with a sound result and a stronger strategic footing.

Dear Shareholders

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



John Kirby & Graham Burke

It has been a tough year for Village Roadshow. Cinema exhibition has suffered a global downturn and the company has not been immune from its impact. Nevertheless, the urgency and vigour applied to dealing with this challenge, combined with the strength of our other core media and entertainment businesses has enabled the group to end the year with a sound result and a stronger strategic footing.

Profit after tax and before abnormals of \$76.5 million was 1.4 per cent higher over the year, equating to a return on equity of 7.3 per cent.

While exhibition slowed dramatically, the performance of Village Roadshow's Austereo was stellar – years of planning and investment culminating in its emergence as one of Australia's truly great media companies. It is now our most profitable division.

The production division's earnings rely in part on the overall number of movies completed and released. With a substantial slate of projects in various stages of production its future as a core contributor to the group has been secured. However, a smaller number of movies released in 1999/00 led to a reduction in earnings for the year.

Our theme parks are outstanding assets and delivered a consistent result for the year despite some challenging conditions. Distribution's contribution was lower.

Net profit after abnormals increased 178 per cent or \$48.3 million due to an abnormal loss of \$48.2 million in 1998/99. A net abnormal loss of \$1 million was recorded in 1999/00. Abnormal profits were recorded on the sale of the group's Golden Harvest shareholding and foreign exchange gains. These were offset by write-downs in goodwill, fixed assets and development costs, as well as provisions for legal and employee settlements.

Although bottom line earnings were relatively flat, the strength of the group's earning capacity and growth profile was highlighted by the 12 per cent increase in reported EBITDA to \$184.8 million.

The Board is proposing to pay a dividend of 7.175 cents on the ordinary shares and 10.175 cents on the A class preference shares. This compares to 10 cents and 13 cents paid on the ordinary and A class preference shares respectively in the previous financial year.

The lower dividend has been proposed in response to changes in the Australian tax system, which favour capital appreciation against dividends as the best way of returning value to shareholders. In addition, the 53 per cent pay-out ratio is consistent with the company's previously stated policy of returning around half its earnings to shareholders as dividends. The lower rate is also appropriate given the group's growth focus and an absence of accumulated franking credits.

Cinema Exhibition The fundamental reason behind exhibition's poor performance has been a global softening in cinema audience numbers. For Village cinemas, attendances were, on average, 8 per cent below expectations.

There is no doubt that the Internet and other new media are rival attractions. This has been compounded by product that has lacked widespread appeal.

Shareholders would be keenly aware that this company's successes are 'shirtsleeves' victories and the challenge is to steer this division through the current weather. This is a challenge ferociously accepted by the Board and management in a thorough review and refocus of our exhibition business.

Territories that do not have short-term turnaround prospects have been tagged for sale, costs are being significantly reduced, and our marketing thrust is undergoing a complete overhaul to meet the new competitive paradigm. Importantly we are already well advanced down the restructuring

path having streamlined our London head office, sold our interest in our 26 screen Hong Kong cinema circuit and completely reviewed our development schedule.

That said, in exhibition, product is the key and next year's line-up from the major studios shows promise. Titles including Stephen Spielberg's *AI*, *Harry Potter* and *Pearl Harbour* are set to reignite the passion for cinema and assist in lifting the division to even greater successes than in the past. History gives us this confidence.

Importantly, even in this down cycle, cash flow remains powerful, with exhibition's underlying EBITDA increasing 16.2 per cent to \$87.5 million over the year.

Distribution Distribution's year was mixed. While outstanding results were achieved in video and DVD sales along with television distribution and music, theatrical movie distribution and our educational CD business performed poorly. At Roadshow Music, our top talent Savage Garden has continued to enjoy considerable international success. In addition, new albums released by Savage Garden and Killing Heidi both topped the Australian charts.

Production With an international box office exceeding \$1.8 billion, four Academy Awards and a string of other accolades, our production pedigree has been endorsed by both the movie industry and cinema patrons. The division's successes include *Analyze This*, *Deep Blue Sea*, *Space Cowboys* and of course *The Matrix* which has continued its impressive run with record DVD and video sales.

We enter the new financial year with the best production schedule in our history. We are making films in Australia, the United States and in Canada and the strength of the scripts, the line-up of stars and the quality of the production teams gives us confidence in this division's prospects.

Radio The strength of our radio division bears the fruit of a long and focused strategy to build the best team of managerial, programming, sales and on-air talent in the industry.

We have, without doubt, become the industry benchmark. The division's 36.5 per cent increase in profit before tax in an increasingly competitive environment reflects huge credit on Peter Harvie and Brad March and all the team that have built our radio network into one of Australia's major media enterprises. There is no reason to assume that strong earnings will not continue in the year ahead – and beyond.

The success of our Malaysian venture demonstrates the transportability of our expertise and we continue to investigate similar options. The enormous growth potential that has been created in direct marketing, data management and outdoor advertising are further testaments to the division's ability to leverage its media expertise.

Theme Parks The theme parks' quality entertainment offering was again highlighted with a three per cent increase in visitor numbers over the year. Admission gains were particularly commendable given the tough conditions; not the least of which has been the awful weather experienced on the Gold Coast over the last 18 months.

Exciting new attractions at each of the parks including a new junior Roller Coaster at Warner Bros. Movie World and Australia's first polar bear exhibit at Sea World promise to maintain the upward momentum in visitor numbers.

New Media This division, a joint venture with Network Ten, is spearheading our new media thrust and has tremendous potential. Amid a plethora of online ventures launched in recent times, this organisation has the ingredients for success: an understanding of the market; access to quality content; a proven management team; and the support of strong parents with the resources and marketing power to establish and build one of Australia's premier digital brands, SCAPE.

The new media division is also reviewing all other digital opportunities across the group and we are confident it will not only become a viable operation in its own right but will drive additional growth in offline divisions.

Board and Management To meet the challenges of the new millennium, our Board has been strengthened. Peter Harvie, who is Executive Chairman of our number one division, has joined the parent Board and his acumen and skills are welcomed. Julian Beale, a man with broad experience both in the political and business arenas, joins as an independent Director. At the same time, we extend our thanks for their contribution to Robert Kirby, Peter Ziegler, Terry Jackman and Lord Puttnam who have resigned. We will continue to benefit from Terry Jackman's expertise as he remains Chairman of Sea World Property Trust.

Our executive team, we believe, to be the finest in the business, not only in Australia but internationally. We particularly single out Brad March, Managing Director of our radio network. Brad has surrounded himself with a team of enthusiastic and energetic people who will fuel our growth in new technologies and new business into the next decade.

To our other division Generals, you are the best, and we pay tribute to John Menzies, Ian Sands, Chris Chard, Derek Malone, Bruce Berman and Ian Basser, all of whom have made an outstanding contribution over the year. At Head Office we have brought in an exceptional strata of new executives that include Greg Basser, Tim Antonie and Tim Carroll, who are helping to drive our vision in a new age.

Outlook The past year has again demonstrated the value of the company's focus on its core media and entertainment businesses. However, while focused, we are acutely aware of the need to remain responsive to our evolving environment.

All world commerce today operates in an era of exhaustive change. The 'rules of engagement' are being reinvented, whether it be with the Internet, radio, digital cinema, video on demand or one-on-one marketing via online channels.

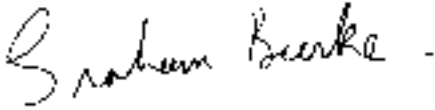
In particular, technology is creating new entertainment vehicles while redefining established entertainment media.

Your company is embracing this change to take advantage of all potential options. This is nothing new, the group's continuing strength has been a product of its ability to capitalise on both changing consumer preferences and the emergence of new technologies.

This understanding of the basics of entertainment – backed by a willingness to explore all technologies to deliver it – is the true strength and true future of this company.

We are media and entertainment specialists with a focused strategy, quality businesses and outstanding management resources. From these powerful foundations and enormous growth opportunities shareholders can look to the future with confidence.


JOHN KIRBY
Chairman


GRAHAM BURKE
Managing Director

Board of Directors



1 JOHN R KIRBY

Chairman, Executive Director
Member of the Board since August 1988
Bachelor of Economics (University of Tasmania). Certified Practising Accountant. Joined Village Roadshow 1971. Formerly Chairman, Village Roadshow Corporation Limited (1994 – 98), the Company's major shareholder. Formerly Chairman, Village Roadshow Limited (1990-94).
Member Executive Committee
Chairman Nomination Committee

2 GRAHAM W BURKE

Managing Director, Executive Director
Member of the Board and Managing Director since September 1988
Attended University of Melbourne. Joined Village Roadshow in 1960. Founded Roadshow Distributors with Roc Kirby in 1968. Four years as original commissioner of Australian Film Commission. Member of Victorian Arts Centre Trust Board (1996-1999). Founded Warner Bros. Movie World with Warner Bros. and managed takeover of Sea World. Founding Director, 2DayFM.
Member Executive Committee
Member Remuneration Committee

3 PETER E FOJ

Finance Director, Executive Director
Member of the Board since February 1998
Bachelor of Economics (LaTrobe University). Joined Village Roadshow in 1978 and has 22 years experience in the management and finance of all facets of the group. Director of Austereo Pty Ltd and all Village Roadshow's subsidiaries.
Member Executive Committee

4 PETER M HARVIE

Executive Director
Member of the Board since June 2000
Executive Chairman, Austereo Pty Ltd. Joined Village Roadshow 1993 and has 26 years experience in the advertising, marketing and media fields. Currently serves on the Board of Directors of other Austereo group ventures, including mcm entertainment Pty Ltd, Simon Richards Group and NLD Village Mall Media. Director, Mazda Foundation Limited and Art Exhibitions Australia, and member of steering committee for the Australia Council. Director, Clemenger BBDO from 1975 to 1991. Previously a Councillor of the Museum of Victoria.

5 JULIAN H BEALE

Independent Non-Executive Director
Member of the Board since June 2000
Bachelor of Engineering from Sydney University and MBA from Harvard University. Entered Federal Parliament of Australia in 1984 and held several Shadow Minister portfolios during 11 years in politics. Managing Director of a resources corporation with interests in petroleum production, pipelines and minerals, 1978 to 1984. Currently manages a portfolio of his own investments and is an advisor to one of Australia's largest private companies.

6 WILLIAM J CONN

Independent Non-Executive Director
Member of the Board since March 1992
Spent over 30 years in investment banking. Director of Austereo Pty Ltd. Chairman of Grand Hotel Ltd. Chairman of the Foundation for Young Australians. Director of several public and private companies and an Advisor to Merrill Lynch International (Australia) Limited.
Chairman Audit Committee
Chairman Remuneration Committee
Member Nomination Committee

7 D BARRY REARDON

Independent Non-Executive Director
Member of the Board since March 1999
Over 30 years in the motion picture business. Executive Vice President and Assistant to the President, Paramount Pictures. Executive Vice President, General Cinema Theatres and President, Warner Bros. Distribution (1978-99). Bachelor of Arts, Holy Cross College and MBA, Trinity College. Serves on the boards of various United States companies and organisations.
Member Audit Committee
Member Remuneration Committee

8 CHARLES R STERN

Non-Executive Director
Representative of United News & Media
Member of the Board since December 1998
Finance Director, United News & Media plc, the international media and information group with interests in television: Anglia Television, Meridian Broadcasting and Channel 5; and newspapers: The Express, The Star and Miller Freeman – the largest trade show and trade magazine company in the world.
Member Audit Committee

CHARLES R GREGSON

(not pictured)
Alternate Director for Charles Stern and representative of United News & Media
Board Member of United News & Media plc since 1996. Chief Executive, business information and consumer publishing divisions, United News & Media plc. Joined MAI plc as group solicitor in 1974 and became a director in 1984. Executive chairman of Garban plc. Non-executive Deputy Chairman of Provident Financial plc.

Senior Executive Team

CORPORATE

John Kirby**
Chairman

Graham Burke**
Managing Director

Peter Foo**
Finance Director

1 Phil Leggo#
Group Company Secretary

2 Julie Raffé#
Chief Financial Officer

3 Greg Basser#
Director Commercial & Legal

4 Tim Antonie#
Director Strategy & Development

5 Tony Pane#
Chief Tax Counsel

6 Simon Phillipson#
General Counsel

7 Tim Carroll
Director Group Marketing

8 Joe Locandro
Chief Information Officer

9 Richard Potter
Director Management & Reporting

10 Andrew Bowden
Group Manager Investor Relations

11 Stuart Boxer
Group Manager Strategic Planning

VILLAGE CINEMAS INTERNATIONAL

12 Chris Gallaher
Finance Director; Acting Chief Executive Officer

13 Kirk Senior
Director Business Affairs

ROADSHOW FILM DISTRIBUTORS

14 Ian Sands
Chairman

15 Joel Pearlman
Managing Director

16 Chris Chard
Managing Director, Roadshow Entertainment

17 Derek Malone
Managing Director, Roadshow Television

VILLAGE ROADSHOW PICTURES

18 Bruce Berman
Chairman, Chief Executive Officer

19 Steve Krone
Chief Operating Officer

20 Bernie Goldman
President, Production

21 Michael Lake
Executive Vice President, Worldwide Feature Production

22 Brad March
Group Managing Director

23 Brian Bickmore
Group General Manager

24 Michael Anderson
Group Director Sales

WARNER VILLAGE THEME PARKS

25 John Menzies
Chief Executive Officer

26 Graham McHugh
Chief Financial Officer

AUSTEREO

Peter Harvie*
Executive Chairman

VILLAGE NEW MEDIA

27 Ian Basser
Chief Executive Officer, New Media

Member Executive Committee

* Photo opposite



The Big Picture

	VILLAGE ROADSHOW GROUP	FILM EXHIBITION	FILM DISTRIBUTION
OBJECTIVES	<ul style="list-style-type: none"> Achieve superior long-term value for shareholders by building a quality portfolio of complementary media and entertainment assets 	<ul style="list-style-type: none"> Develop a highly profitable international cinema circuit with critical mass in selected territories 	<ul style="list-style-type: none"> Maintain position as a leading movie distributor in Australia, New Zealand, Singapore and Greece
KEY STRATEGIES	<ul style="list-style-type: none"> Active management of the group's portfolio of businesses through: <ul style="list-style-type: none"> Realising value in core businesses Divesting or restructuring non-core or underperforming assets Exploiting inherent synergies in the portfolio Create and nurture strong strategic relationships 	<ul style="list-style-type: none"> Refocus international development on the highest quality territories/sites Review revenue/cost dynamics Reassess marketing to leverage all opportunities, especially new technologies 	<ul style="list-style-type: none"> Maximise sales through innovative marketing initiatives Capitalise on increased product output from Village Roadshow Pictures Investigate potential of large and growing film library
HIGHLIGHTS	<ul style="list-style-type: none"> Sold Daydream Island, Warner Bros. Studio Stores and shareholding in Golden Harvest Commenced restructuring of exhibition division Strengthened management team New media strategy developed across all divisions 	<ul style="list-style-type: none"> Added 289 screens to the international cinema circuit Restructured head office, Asian cinema operations and sold Hong Kong circuit Village Entertainment Park Greece, the highest grossing cinema complex in the world 	<ul style="list-style-type: none"> Record Video/DVD sales for key titles Video/DVD sales joint venture with Warner Bros. established Savage Garden and Killing Heidi both releasing Australian No. 1 albums
KEY DATA	<ul style="list-style-type: none"> Market capitalisation at 30 June 2000, \$976 million Return on equity 7.3% Net Assets \$1.0 billion 	<ul style="list-style-type: none"> Reported EBITDA up 16.8% Screens 1,550 Gross Box Office \$834 million, up 22% 	<ul style="list-style-type: none"> Reported EBITDA down 6% Movie library exceeds 7,000 titles
REPORTED EBITDA OF CORE DIVISIONS	<p>A pie chart illustrating the reported EBITDA of core divisions. The largest slice is Exhibition at 35%, followed by Radio at 2%. Other divisions include Distribution, Production, and Theme Parks, which are represented by smaller slices.</p>	35%	2%

	FILM PRODUCTION	RADIO	THEME PARKS	NEW MEDIA
	<ul style="list-style-type: none"> • Become a leading producer of international movies 	<ul style="list-style-type: none"> • Build on the current status as Australia's premier radio operator while developing profitable opportunities in additional core and complementary businesses 	<ul style="list-style-type: none"> • Continue to be recognised as the region's premier theme park operator 	<ul style="list-style-type: none"> • Harness the efficiency and revenue growth opportunities created by new digital technologies
	<ul style="list-style-type: none"> • Selective co-production of commercially successful movies with quality partners, particularly Warner Bros. • Improve production economics by filming in cost efficient locations • Drive the marketing of movies harder to improve returns 	<ul style="list-style-type: none"> • Sustain and grow audience by further enhancing research and creative approach to programming • Profitable expansion into new core and complementary businesses 	<ul style="list-style-type: none"> • Increase attendances through innovative marketing and the development of exciting new attractions • Utilise proven theme park management skills in other locations 	<ul style="list-style-type: none"> • Advance the development of digital technologies across the group • Leveraging off the strengths of Village Roadshow and Network Ten, develop a unique digital leisure and entertainment destination • Create a leading edge entertainment based loyalty program
	<ul style="list-style-type: none"> • Total box office of movies completed exceeded \$1.8 billion • Won 4 Academy Awards • <i>The Matrix</i> became highest grossing DVD ever 	<ul style="list-style-type: none"> • Consistently achieved ratings of above 50 per cent in preferred under 40 demographic • High growth in offshore radio operations • Significant growth in non-radio divisions 	<ul style="list-style-type: none"> • Visitors up 3 per cent over year • Identification, sourcing and development of new attractions • Polar Bear Shores and Road Runner Roller Coaster in construction 	<ul style="list-style-type: none"> • Developed and agreed a comprehensive new media strategy • Established partnership with Network Ten • Launched SCAPE
	<ul style="list-style-type: none"> • Reported EBITDA 21.2% lower • Production partnership to produce up to 40 movies over five years 	<ul style="list-style-type: none"> • Reported EBITDA up 23.1% • 14 radio stations across all Australian mainland capitals 	<ul style="list-style-type: none"> • Reported EBITDA up 18.5% • Almost 3 million visitors per annum 	
	8%	44%	11%	

It was a disappointing bottom line, although

underlying returns improved over the year.

FILM Exhibition

Although underlying returns from cinema exhibition improved over the year, with reported EBITDA rising 16.8 per cent, higher depreciation and amortisation charges, and the underperformance of certain territories, led to a disappointing bottom line.

A key factor has been lower than planned attendances attributable to the year's movies lacking broad appeal, piracy in Asia, and the rising popularity of new technologies, including the Internet, competing for movie-goer dollars.

RESTRUCTURING PROGRAM

In response to these developments the group has embarked on a major strategic program to ensure the structure of the division continues to align with the economics of the business. Initiatives already undertaken include:

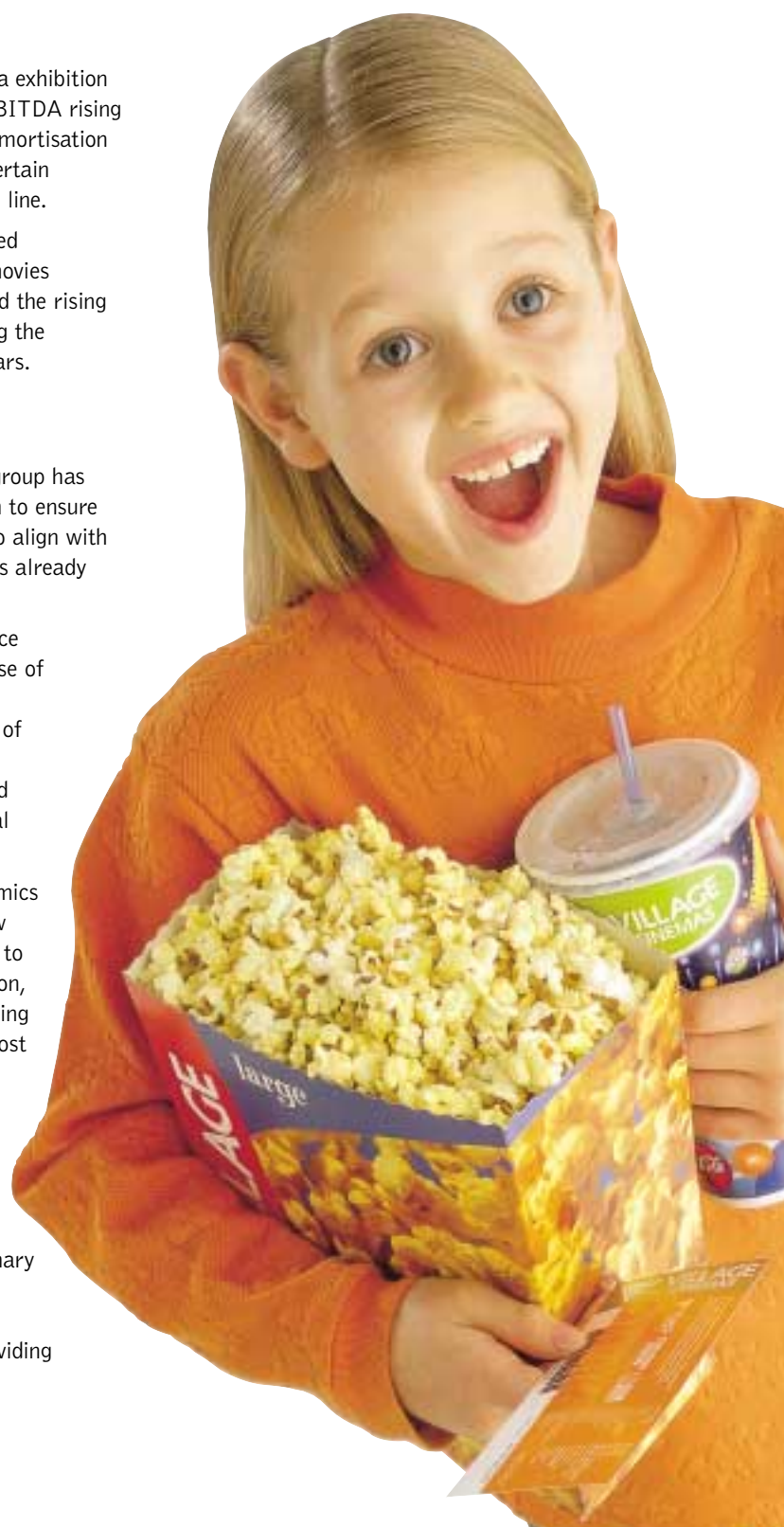
- Restructuring the division's London office and merging its UK operations with those of Warner Bros.
- Selling the division's Hong Kong circuit of 26 screens across six sites.
- Reviewing the development schedule and proceeding only on sites with exceptional return prospects.

These initiatives will improve the economics of the division and every territory is now undertaking a detailed expense analysis to identify further improvements. In addition, a comprehensive marketing review is being undertaken to grow attendances and boost major revenue lines.

Together these initiatives will generate improved returns in the year ahead.

THE INTERNATIONAL NETWORK

Despite lower overall returns, extraordinary performances recorded in a number of territories emphasised the potential of the company's investment program, providing an important benchmark for success.



Village Cinemas International	Territories and Screens – 30 June 2000					
Village Roadshow and its strategic partners operate an international cinema network of over 1,500 screens in 18 countries. The company is a leader in cinema design, incorporating stadium seating, digital surround sound and advanced projection technologies into all its complexes to create entertainment destinations rather than just cinemas.	Australia	532	Thailand	76	United Kingdom	275
	New Zealand	135	India	5	Switzerland	10
	Fiji	10	Greece	44	Hungary	39
	South Korea	55	Germany	74	Czech Republic (in development)	0
	Taiwan	17	Austria	18		
	Singapore	64	France	11	Argentina	69
	Malaysia	44	Italy	72	Total	1,550

Leading the star performers were Greece and South Korea where Village has succeeded in creating new movie going cultures. State-of-the-art multiplexes have filled a gap in each region's entertainment needs while generating strong returns for the company.

Australia and the United Kingdom, the two largest markets, performed solidly, as did New Zealand, Fiji and India.

Conditions in Germany and Austria have been difficult for all exhibitors with weak attendances and tough competition reducing returns. Village Roadshow's operations have been no exception and all options for improvement, including exit, are being investigated as a priority.

Territories still under development are cash flow positive, but have yet to reach desired levels of profitability. As these territories approach critical mass the spreading of expenses over a larger earnings base will see acceptable returns emerge.

INVESTMENT PROGRAM

The group's development program continued with around \$250 million in capital expenditure invested in 289 screens across 31 sites principally in the United Kingdom, South Korea, Australia and Italy.

In coming years the group's development schedule will be scaled down as an optimal mix of sites is approached in newer territories, and opportunities are substantially reduced in more mature markets, including Australia.

OUTLOOK

Exhibition remains a highly attractive business for Village Roadshow given its strong cash flow generation and robust growth profile. The company is committed to ensuring the business generates an adequate return on funds employed and exploring untapped opportunities for further growth. In particular greater use of the Internet for ticketing and closer customer relations is being investigated.



Overall earnings lower.

Strong contribution from television,
music and video distribution.

FILM Distribution

Considerable success with television and music distribution failed to offset the softer returns from the distribution of movies for theatrical release, leading to lower earnings. Since the number and quality of movies available for release dictates earnings, and 1999/00 saw a comparatively smaller portfolio of films, revenues were down. However *End of Days*, starring Arnold Schwarzenegger, and *Deep Blue Sea*, co-produced by Village Roadshow Pictures and Warner Bros., performed well.

The falling Australian dollar has also impacted earnings as most films acquired from the United States require minimum payments in US dollars. To offset this effect, the division is sourcing more movies from Village Roadshow Pictures, which attract no minimum payments and consequently have no foreign exchange exposure.

VIDEO AND DVD

Video and DVD sales were buoyant with particularly successful titles such as *The Matrix* and *Austin Powers 2* both shipping record volumes. ABC and BBC offerings also made a strong contribution to earnings with the BBC title *Walking with Dinosaurs* proving to be particularly successful.

A new relationship with Channel 9 has also been successful with their new children's property Hi 5 exceeding expectations. Improved efficiency through a Video and DVD sales joint venture with Warner Bros. added to the result.

DVD sales increased significantly and are expected to be a key driver of growth.



Selection of products distributed by Roadshow Distributors

MUSIC

Music distribution exceeded all expectations with Savage Garden's second CD *Affirmation* remaining in the number one position for over 6 weeks and achieving considerable international success. Killing Heidi also scored heavily with two top 10 singles and a debut album *Reflector* that spent 7 weeks at the top of the Australian charts.

TELEVISION

The distribution of movies for TV performed particularly well and is set for another strong year.

OUTLOOK

The line-up of potential box office hits for the year includes *Space Cowboys*, co-produced by Village Roadshow Pictures; *What Women Want*, starring Mel Gibson and Helen Hunt; and *The Dish* from the Australian producers of *The Castle*.

International Distribution	Key Activities
Roadshow Distributors is a 50/50 joint venture with The Greater Union Organisation, and is one of Australia's leading distributors of movies for cinema, home video, DVD, Pay TV and television. The division has operations in Australia, New Zealand, Singapore and Greece	Theatrical movie distribution
	Distribution of Videos and DVDs to rental industry and retail outlets
	Distribution of movies for pay and free TV
	Interactive software distribution
	Promotion and distribution of music from selected Australian artists

We aim to become one of the leading independent movie producers in Hollywood,

that vision is now close to reality.

FILM Production

Village Roadshow Pictures

Based in Los Angeles, the United States, Village Roadshow Pictures is focused on producing commercially successful movies. In addition to its major co-production partnership the division is responsible for the management of Warner Roadshow Movie World Studios on Australia's Gold Coast.

The Production Slate

8 Movies completed and released
6 Movies in post production and awaiting release
3 Movies in production
5 Movies in pre production

In 1998 Village Roadshow Pictures embarked on an ambitious strategy to become one of the leading independent movie producers in Hollywood. Two years later that vision is close to reality, and Village Roadshow Pictures is now comparable with, and in many cases superior to, a number of Hollywood's best production houses. Recent successes include:

- The first eight movies released including *Deep Blue Sea*, *Three Kings* and *Space Cowboys* achieved a world-wide box office of over \$1.8 billion in 18 months.
- *The Matrix* earned Oscars in all four categories where it was nominated, against stiff competition from special effects blockbusters including *Star Wars: Episode 1 The Phantom Menace*.
- In the world-wide box office rankings, four of the six movies released in 1999 were in the top 25 for the year.

EARNINGS

The division's profit for the year to June 2000 was lower than the previous corresponding period. Lower returns are principally due to a smaller number of movies finalised in the year to June 2000 compared with the previous year.

In the past year \$5 million in profits from the success of movies produced, including *The Matrix*, were brought to account.

OUTLOOK

The prospects of this division were further enhanced with the expansion of its long-term agreement with Warner Bros. for the production and worldwide distribution of theatrical motion pictures. The deal increases the number of movies to be produced over the next five years to 40.

With a significant increase in the number of releases over the next 12 months, and as the business matures, the prospects for the division are encouraging.

Production is now a strong contributor and an exciting business that is not only positioning Village Roadshow as a leading producer, but creating a valuable source of earnings growth.



Clint Eastwood, Director, Producer, Actor, *Space Cowboys*

Radio

Austereo has emerged as Village Roadshow's strongest performing division, and
Australia's leading radio network.

In a highly competitive environment, Village Roadshow's Austereo has further built upon its position as Australia's leading radio network, and one of the world's most successful radio businesses.

Strong results were recorded across all sectors of the business, with the division's contribution to profit before tax rising by 36.5 per cent to \$64.6 million.

The August 2000 ACNielsen rating survey revealed that just over 52 per cent of all Australians under 40 living in mainland capital cities listen to Austereo stations. The network's across the board improvement in ratings reflects a strong audience endorsement of the blend of quality on-air talent, music and superior programming.

This remarkable performance in a crowded and highly competitive market has enabled Austereo to increase its share of radio advertising, leading to a 24.1 per cent increase in sales.

LEVERAGING NEW MEDIA

Internationally, radio has emerged as highly complementary to the Internet. Apart from cyber surfers listening to online stations, radio has become an important driver of Internet traffic. With its under 45 listener demographic closely aligned to the Internet generation, Austereo has grasped the opportunity to leverage this relationship by:

- Encouraging increased use of radio advertising by Internet and related companies through a dedicated online team and innovative marketing initiatives.
- Establishing 24 online stations, with more planned.
- Increasingly aligning promotions with the Internet to drive traffic to Austereo sites.
- Taking a leading role in the development of the group's new media strategy and development of the SCAPE brand.

EMERGING CORE BUSINESSES

This ability to grasp emerging opportunities has been a major factor in Austereo's success, strengthening the division well into the future. Apart from its strong radio franchises, Austereo has developed related businesses to assist in maintaining its growth momentum. These include:



1 Amanda Blair and James Brayshaw (SAFM); 2 Jamie Dunn and Agro (B105 Brisbane); 3 Andrew Denton and Amanda Keller (Triple M Sydney); 4 Wendy Harmer, Peter Moon and Paul Holmes (2DAYFM Sydney); 5 Eddie McGuire, Dermott Brereton, Sam Newman (Triple M Melbourne); 6 CRUD – Tony Moclair, Guido and Julian Schiller (Triple M Melbourne); 7 Tracey Bartram, Matt Tilley and Jason Stavely (FOX FM Melbourne); 8 Steve Bedwell and Tim Smith (Triple M Melbourne); 9 Brigitte Duclos and Barry Bissell (FOX FM Melbourne)



- The Simon Richards Group (50 per cent owned by Austereo) is amongst the fastest growing direct marketing groups in Australia, and has been the leading logistics operation behind many successful marketing campaigns. The group has expanded offshore with the opening of an agency in Kuala Lumpur. It was also awarded Direct Marketing Agency of the Year in 1999.
- NLD Village Mall Media has had a highly successful year installing mall signage in major shopping centres. Over 700 displays have been installed in Westfield and AMP centres with more in progress. Opportunities outside Australia are being investigated.
- Outside Australia, Austereo and its Malaysian JV partners have, in a short period of time, become the leading Malaysian FM radio networks, comprising five nationwide stations. The venture now commands almost half of all Malaysian commercial radio revenues.

OUTLOOK

A major change across all forms of home entertainment in coming years will be the conversion to digital. For radio this will mean improved signal quality and services.

While the full benefits of conversion are some years ahead – consumers must upgrade their receivers – Austereo is well positioned to benefit from this new form of media and is participating in industry Digital Radio Broadcasting trials.

Austereo is poised for another strong performance in 2000/01, although the impressive growth in sales is unlikely to be repeated due to slowing economic activity and increased competition following the issuing of new radio licences. Nevertheless, Austereo's strong market position and emerging growth opportunities will continue to be major earnings contributors.

Austereo	Radio Stations and Core Businesses		
Village Roadshow's Austereo is a market leader in Australian radio with the country's two top performing networks, Today and Triple M. At June 2000 Austereo owned the number 1 and 2 ranked FM stations in every Australian mainland capital city. Outside Australia the division is developing opportunities in Malaysia and India with strategic partners, and is investigating other territories. Further growth opportunities are also being pursued in direct marketing, telemarketing, data base management and outdoor advertising.	Sydney	2DayFM	2 Triple M
	Melbourne	Fox FM	3 Triple M
	Brisbane	B105 FM	4 Triple M
	Adelaide	SAFM	5 Triple M
	Perth	94.5 FM	PMFM
	Newcastle	KOFM	NXFM
	Canberra	FM104.7*	Mix 106.3*
	Simon Richards Group		
	NLD Village Mall Media		
	mcm international		

*Joint venture with Australian Radio Network

Theme Parks

Offering the highest standards in family entertainment has earned the theme park division its

consistently strong earnings capacity.

A policy based on the simple philosophy of offering the highest standards in family entertainment has earned the theme park division its consistently strong earnings capacity.

This was highlighted again in 1999/00 with an \$8 million contribution to profit before tax. Although marginally below last year this was a commendable result in a difficult operating period.

Visitor numbers were three per cent higher over the year despite a number of one-off factors that constrained attendances over the period. These included: millennium celebrations and Y2K uncertainties keeping tourists at home over Christmas/New Year; continuing works on the Brisbane/Gold Coast Highway; and the area's wettest weather in 20 years.

THE PARKS

The growth in visitor numbers highlights the success of the division's innovative marketing approach and the installation of new attractions to maintain strong local and international interest in the parks.

Warner Bros. Movie World's higher attendances were generated through the success of new attractions including the Wild Wild West Ride and Pokemon.

Trading at Sea World was affected by a drop in Japanese tourists, although this has been offset by improved numbers from other Asian markets and Australia. The new Cartoon Network Cartoon Beach children's rides and the 2000 Ski Spectacular were particularly successful at attracting visitors.

Profit at Wet 'n' Wild was flat over the year with higher average spending and a tight control of expenses being offset by weaker attendances.

Sea World Nara resort had a sound result while maintaining its position as one of Australia's leading hotels with the highest occupancy rate of any hotel on the Gold Coast.

NEW ATTRACTIONS

All parks have exciting attractions in development, and by Christmas Sea World will become the only place in Australia where polar bears can be viewed in a naturalistic environment including a running stream, a deep chilled pool and air conditioned dens.

A new junior Road Runner Roller Coaster is being built at Warner Bros. Movie World to add a new dimension to the park's Looney Tunes Village.

Wet 'n' Wild's position as Australia's largest water park will be consolidated by the new Mammoth River and Mammoth Falls rides, featuring four metre wide slides with six person rafts launching thrillseekers onto two separate rides from a 17.5 metre tower.

These new attractions will generate further interest in the parks and contribute to growing visitor numbers in the year ahead.

Warner Village Theme Parks

Along with its strategic partners, Warner Bros. and the Sea World Property Trust, Village Roadshow owns and operates Australia's most popular theme parks. Each park offers a full day of family entertainment centered on its core theme. Together the parks entertained almost three million visitors in 1999/00.

The Parks and Divisions

Warner Bros. Movie World
Sea World
Wet 'n' Wild Water Park
Sea World Nara Resort
Sea World Aviation

New media seeks to maximise

the exciting digital opportunities available to the group.

New Media

Village Roadshow's interests in new media have been assembled under a single, strategic business unit to ensure the group takes full advantage of the growth potential and efficiency gains offered by new and emerging digital technologies.

The first major initiative undertaken by the division has been the establishment of an online partnership with Network Ten to create Australia's leading digital leisure and entertainment destination called 'SCAPE'.



SCAPE

SCAPE is designed to meet the leisure and entertainment needs of the 16-39 year old demographic. The site's first offering includes a comprehensive entertainment guide with detailed content on movies, music and match.

Launched in October 2000, SCAPE.com has already generated significant consumer traffic through its broad entertainment and leisure content and unique third generation interface.

A comprehensive loyalty program will create a more efficient marketing link with the partners' online and offline businesses. For Village Roadshow this should lift cinema and theme park attendances, and radio audiences.

The site has also attracted significant interest from major consumer businesses seeking to harness new digital media. Accordingly, SCAPE has signed-up a number of affinity partners who wish to more effectively market to their customers. These partners will become an important revenue source for the business.

THE COMPETITIVE ADVANTAGE

SCAPE's credentials set it apart from other digital offerings with a competitive advantage based on:

- A focused strategy with guaranteed access to highly sought after content.
- The enormous marketing power of Village Roadshow and Network Ten reaching over 90 per cent of Australians under 40.
- A proven management team.
- An established physical presence providing genuine contact with customers.

As digital becomes the dominant communication and entertainment medium, exciting opportunities in the Internet, cinema, radio and wireless communication will emerge. Accordingly, while it is still in its early development stages, the division is destined to become a valuable contributor to the Village Roadshow Group.

Village New Media	Activities
In early 2000 Village Roadshow established a new media division to maximise its digital and emerging technology opportunities. Apart from establishing viable stand alone businesses, the division has been given the challenge to ensure all businesses are appropriately aligned for the digital age.	SCAPE
	Video on demand
	Internet ticketing
	Digital asset management
	Digital cinema and radio

Ten Year Financial Summary

	2000	1999
OPERATING RESULTS (\$000)		
Sales revenue	623,790	617,256
Reported EBITDA pre abnormals attributable to members	184,815	165,086
Reported EBIT pre abnormals attributable to members	118,802	115,445
Net interest expense/(credit)	25,987	25,010
Tax expense/(credit) on ordinary earnings	10,750	10,493
Operating profit after tax pre abnormals attributable to members	76,503	75,418
Total dividends declared (total shares)	40,634	51,068
SELECTED BALANCE SHEET ITEMS (\$000)		
Total shareholders' equity	1,029,254	1,017,225
Net borrowings	432,959	388,839
Funds employed	1,497,870	1,515,883
Total assets	1,968,549	1,954,429
OTHER MAJOR ITEMS (\$000)		
Capital expenditure	211,214	211,851
Depreciation and amortisation (excluding production amortisation)	66,013	49,641
RATIOS		
Return on average total shareholders' equity (%)	7.26	7.17
EBIT/average funds employed (%)	7.88	8.00
Net borrowings/total shareholders' equity (%)	42.07	38.23
Interest cover (times)	3.28	3.24
PER SHARE CALCULATIONS (cents)		
Total earnings per share pre abnormals	16.75	17.33
Total earnings per share inclusive of abnormals	16.54	6.24
Dividends – ordinary shares	7.175	10.00
Dividends – preference shares	10.175	13.00
Net tangible assets	208	192
ACCUMULATION INDEX* – ORDINARY SHARES		
(index base 1,000 as at June 1991)	4654	5171
*represents value of \$1,000 invested in June 1991 with all dividends reinvested.		

1998	1997	1996	1995	1994	1993	1992	1991
441,664	392,570	297,119	246,615	153,014	72,846	36,397	30,369
138,788	98,223	77,392	60,043	37,824	23,461	16,545	8,670
108,659	67,232	56,037	47,298	28,997	18,052	12,408	6,038
23,981	909	1,938	(1,101)	4,946	2,681	3,355	495
12,697	8,293	6,610	10,399	2,130	5,220	1,807	1,273
68,126	58,030	47,489	38,000	21,921	10,151	7,247	4,270
48,499	44,404	30,452	24,242	11,283	5,947	4,279	2,506
938,188	830,202	754,999	479,590	198,529	127,332	81,679	48,422
270,293	344,214	(106,159)	18,751	82,745	10,791	6,244	53,747
1,368,574	1,174,416	648,840	498,341	281,274	138,123	87,923	102,169
1,792,681	1,482,496	1,126,436	775,851	442,052	328,934	157,850	132,707
107,382	310,438	161,075	95,717	35,460	40,699	4,207	28,972
30,129	30,991	21,355	12,745	8,827	5,409	4,136	2,632
7.70	9.09	10.48	12.67	13.45	9.71	11.14	9.29
8.55	7.37	9.77	12.13	13.83	15.97	13.06	6.56
28.81	41.46	(14.06)	3.91	41.68	8.47	7.64	111.00
3.37	5.04	4.60	3.88	4.46	6.03	2.11	3.75
16.24	15.18	14.10	14.66	10.72	6.11	5.91	4.46
16.70	15.74	14.10	14.66	10.72	6.69	6.38	4.46
10.00	9.50	8.50	7.00	5.00	3.00	3.00	3.00
13.00	12.50	11.50	10.175	5.74	n/a	n/a	n/a
199	181	167	114	70	57	51	46
5565	8974	10505	6998	5156	3752	2154	1000

Corporate Governance

The following statement sets out the company's corporate governance practices that were in place during the financial year.

PRINCIPLES GOVERNING THE BOARD OF DIRECTORS

The Directors support best practice in corporate governance and recognise the need for the highest standards of ethical behaviour and accountability.

The Board provides leadership and direction to management and agrees with management the aims, strategies and policies of the company. It is also responsible for overall corporate governance.

In maintaining best practice in corporate governance the Board may vary the policies to ensure their appropriateness for the company.

Composition and functioning of the Board is determined in accordance with the following:

- The Board should comprise at least six Directors with an appropriate balance of Executive, Non-executive, Independent and Shareholder Directors, the definitions of which are:
 - Executive Director – in full time employment with the company;
 - Non-executive Director – is not in full time employment with the company but may derive a small proportion of income directly or indirectly from the company by management or consultancy services;
 - Independent Non-executive Director – is not a substantial shareholder and derives minimal or zero income (excluding Directors' Fees) from the company;
 - Shareholder Director – has a prescribed direct, indirect or representative shareholding interest exceeding 5 per cent of the total issued ordinary capital of the company.
- The Board should comprise individuals with an appropriate range of qualifications and specific expertise to enable them to make a contribution to its deliberations.
- The Board shall meet at least six times per year with an agenda designed to ensure all necessary information is available to support informed discussion.

During the financial year the names of the Directors, appointment dates and classification of Directors were as follows:

- The company's Articles of Association sets out the procedures to be followed regarding:
 - the appointment, number and rotation of the Directors;
 - the appointment of the Managing Director; and
 - procedures for Directors' meetings, including voting.
- The Chairman is determined by the Board of Directors.
- The functioning of the Board as a whole and the performance of Directors is reviewed annually by the Chairman and Directors. The resourcing of both the Board and management with respect to the tasks to be performed is also reviewed periodically.
- A formal letter of appointment is provided to incoming Non-executive Directors.
- As at least 50 per cent of the Board comprises Non-executive Directors, the company considers that there is adequate monitoring of the Executive Directors. In addition, informal meetings of Non-executive Directors are held to discuss matters of mutual interest when required.
- All Directors are entitled to seek independent professional advice at the company's expense, subject to the prior approval of the Chairman. Such approval shall not be unreasonably withheld.

In fulfilling its responsibilities the Board is supported by a number of committees. These committees assist the Board review and monitor the financial reports, remuneration, audit and risk management operations and controls.

The functions of the former Taxation Committee, which was established in 1994 to review and monitor all material taxation issues, were resumed by the Board in April 2000.

AUDIT COMMITTEE

The Board established an Audit Committee in 1991. In accordance with its Terms of Reference, all members are Non-executive Directors with appropriate skills and experience.

The Audit Committee's role is to review with management and the external auditors, all published financial statements and audited statements prior to approval by the Board and their subsequent publication.

In particular the Committee focuses on:

- significant changes in accounting policies and adjustments;
- material judgmental areas and significant audit adjustments; and
- ensuring financial information provided to shareholders is reliable.

Name	Designation	Appointed		Classification
		From	To	
John R. Kirby	Chairman	August 1988		Shareholder, Executive
Robert G. Kirby	Deputy Chairman	August 1988	December 1999	Shareholder, Executive
Graham W. Burke	Managing Director	September 1988		Shareholder, Executive
Peter E. Foo	Finance Director	February 1998		Executive
Peter A. Ziegler	Executive Director	March 1998	December 1999	Executive
Peter M. Harvie	Executive Director	June 2000		Executive
Julian H. Beale	Non-executive Director	June 2000		Independent
William J. Conn	Non-executive Director	March 1992		Independent
P. Terence Jackman	Non-executive Director	July 1993	December 1999	Non-executive
Lord David Puttnam	Non-executive Director	June 1989	November 1999	Independent
D. Barry Reardon	Non-executive Director	March 1999		Independent
Charles R. Stern	Non-executive Director	December 1998		Shareholder

The key responsibilities of the Committee include:

- reviewing the nomination, performance and competence of external auditors;
- reviewing preliminary announcements prior to publication;
- monitoring and ensuring compliance with statutory and Australian Stock Exchange requirements for financial reporting;
- ensuring the effectiveness of internal control procedures;
- liaising with external auditors and ensuring that the annual statutory audit and the half yearly review are conducted effectively;
- disclosure standards;
- risk management procedures; and
- reviewing the code of conduct and compliance with corporate governance policies, recommending to the Board when changes or additions may be required.

During the financial year the Audit Committee comprised the following members with their appointment dates:

William J. Conn	August 1992	Chairman
P. Terence Jackman	March 1994 to December 1999	
Charles R. Stern	March 1999	
D. Barry Reardon	April 2000	

The Audit Committee invites the audit partner and senior company executives to meetings as required.

The Audit Committee meets at least twice per year and the minutes are provided to all Directors.

NOMINATION COMMITTEE

The company established a Nomination Committee in 1998. Prior to this, membership of and nominations to the Board had been the exclusive responsibility of the Board and subject to the approval of shareholders in general meeting.

In accordance with its Terms of Reference, the Nomination Committee includes the Chairman and a majority of Non-executive Directors.

The role of the Nomination Committee is to:

- monitor the composition of the Board in the light of corporate governance best practice, making recommendations to the full Board.
- review the policy regarding the maximum period of service of Non-executive Directors and their retirement age.

During the financial year the Nomination Committee comprised the following members with their appointment dates:

John R. Kirby	July 1998	Chairman
William J. Conn	July 1998	
P. Terence Jackman	March 1999 to December 1999	
D. Barry Reardon	April 2000	

The Nomination Committee meets at least annually and its minutes are provided to all Directors.

EXECUTIVE COMMITTEE

In 1990 the Board established an Executive Committee. This committee comprises a mix of Executive Directors and senior company executives and its primary function is to monitor and report on the major risks affecting each business segment and develop strategies to mitigate these

risks, subject to the approval of the Board. The Executive Committee must fully inform the Board on all matters of substance and its key responsibilities include:

- developing the strategic plan encompassing the company's vision, mission and strategies;
- implementation of management operating plans as well as monitoring progress against budget and all significant areas of the business;
- establishing committees to report on environmental issues and health and safety matters;
- reviewing cash flow projections and gearing;
- reviewing the acquisition, and disposal of businesses and assets and approving contracts within defined limits; and
- treasury responsibility including advising the Board on liquidity, currency and interest rate risk and credit policies.

Each year management of the company's various business segments present detailed budget proposals to the Executive Committee for consideration. The final consolidated version is then submitted to the Board each May for approval.

Outside of the annual budgetary process the Executive Committee and various divisional boards of the company's joint ventures have formal authority levels.

During the financial year the Executive Committee comprised the following members:

John R. Kirby	Philip S. Leggo	Tim M. Antonie
Graham W. Burke	Julie E. Raffe	Tony N. Pane
Peter E. Foo	Greg Basser	Simon T. Phillipson

Robert G. Kirby and Peter A. Ziegler resigned from the Committee in December 1999.

The Executive Committee meets frequently, generally weekly.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors, which has been in operation since April 1994 and is comprised of a majority of Non-executive Directors in accordance with its Terms of Reference, is responsible for determining compensation arrangements for the Directors. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions (with the assistance of external consultants) with the overall objective of ensuring maximum shareholder benefits from the attraction and retention of a high quality Board. The Managing Director and Finance Director are responsible for determining the compensation arrangements for senior executives using similar criteria.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' emoluments to the company's financial and operational performance. All Executive Directors and senior executives have the opportunity to participate in the company's bonus scheme where specified criteria are met including criteria relating to profitability, cash flow, share price growth and other performance indicators.

During the financial year the Remuneration Committee comprised the following members with their appointment dates:

William J. Conn	April 1994	Chairman
P. Terence Jackman	April 1994 to December 1999	
D. Barry Reardon	August 1999	
Graham W. Burke	April 2000	

In addition, senior executives may be invited to meetings to provide input on management performance and salary packages.

The Committee meets at least twice per year and formally reports either verbally or in writing to the Board.

The cash remuneration of Non-executive Directors (being Directors' fees not paid to a person in an Executive capacity) is approved by shareholders in general meeting from time to time.

In addition, the company encourages Executive and Non-executive Directors to hold shares in the company. Subject to shareholder approval, Directors may be invited from time to time to participate in share and option plans offered by the company. The various share and option entitlements of all Directors are set out in the Directors' Report.

COMPANY MEETINGS

The company's Articles of Association sets out the procedures to be followed regarding:

- the convening of meetings;
- the form and requirements of the notice;
- Chairman and quorums; and
- voting procedures, proxies, representatives and polls.

The format of resolutions put to meetings of shareholders will be clear, concise and in plain English. Distinctly separate issues will be presented in separate motions and only combined into one resolution where the subject matter requires it to be presented.

Proxy forms will be designed so shareholders can clearly indicate their voting intentions.

The Directors believe, in accordance with the Articles of Association, voting by shareholders should be determined firstly on a show of hands of those present at the meeting, and by poll where requested by shareholders. The Articles of Association set out the circumstances in which a poll may be called by shareholders whether present in person, by proxy or by representative.

All shareholders are entitled to inspect or obtain copies of the company's minutes of shareholders' meetings during normal business hours.

CODE OF CONDUCT

The Board insists on the highest ethical standards from all officers and employees and are vigilant to ensure appropriate professional conduct at all times, including:

- insider trading;
- conflict of interest;
- use of market power and pricing practices; and
- the maintenance, quality and safety of goods and services.

All purchases of major consumables are obtained by a periodic competitive tendering process.

All Directors and managers have an obligation to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

All Directors have an obligation to immediately advise the company of changes to their interests in shares, options and debentures, if any, in the company and its associates for reporting to the Australian Stock Exchange.

In addition, Directors are precluded from dealing in securities of the company during the periods 31 December to release of the half year profit announcement and 30 June to the release of the full financial year profit announcement.

Outside those periods, a Director may not deal in securities of the company when in possession of any information which, if made publicly available, could reasonably be expected to materially affect the price of the company's securities, whether upwards or downwards. Legal advice will be obtained by the Company Secretary on behalf of the Director where doubt exists.

Upon appointment, all Directors of the company and of the Village Roadshow Group of companies are required to provide a standing notice, updated as appropriate, giving details of the nature and extent of their 'material personal interests' in the affairs of the company and the group. All notices are tabled and recorded in the minutes of each Directors' meeting and entered into a register maintained for that purpose.

FINANCIAL RISK MANAGEMENT

The company's formal Financial Risk Management Policy includes the recognition, measurement and management of interest rate risks, foreign exchange exposures, hedging, credit risk, liquidity levels and monitoring of economic and financial conditions.

The company's financial structure includes a number of covenants to its banks to which it must adhere requiring a structured level of monitoring and management to ensure compliance.

The Financial Risk Management Policy was developed by an independent consultant in conjunction with management. The parameters of the Policy are periodically reviewed by the Audit Committee to ensure it addresses current issues.

In addition the Audit Committee seeks input from both the company's internal and external auditors on the adequacy of the Policy and the company's compliance.

The Audit Committee reviews and recommends the Financial Risk Management Policy to the Board. The Executive Committee monitors the performance of the company against the Policy guidelines.

2000 Financial Statements

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Directors' Report

Your Directors submit their report for the year ended 30 June 2000.

Directors

The names of the Directors of the company in office during the financial year and until the date of this report are:

Directors:

John R. Kirby (Chairman)

Robert G. Kirby (resigned 22 December 1999)

Graham W. Burke

Peter E. Foo

Peter A. Ziegler (resigned 22 December 1999)

Peter M. Harvie (appointed 20 June 2000)

Julian H. Beale (appointed 20 June 2000)

William J. Conn

P. Terence Jackman (resigned 22 December 1999)

Lord Puttnam (resigned 23 November 1999)

D. Barry Reardon

Charles R. Stern

Alternate Directors:

Charles R. Gregson (for Charles R. Stern)

The qualifications, experience and special responsibilities of the directors are disclosed on page 8 of this annual report.

Directors' relevant interests in shares and options of the company and related bodies corporate as at the date of this report were as follows:

John R. Kirby

1,889,605	Ordinary shares in Village Roadshow Corporation Limited
1,467	Preference shares in Village Roadshow Corporation Limited
111,819,817	Ordinary shares in Village Roadshow Limited
6,906	A class preference shares in Village Roadshow Limited

Graham W. Burke

54,972	Ordinary shares in Village Roadshow Corporation Limited
1,746	Preference shares in Village Roadshow Corporation Limited
815,400	A class preference shares in Village Roadshow Limited

Peter M. Harvie

350	Ordinary shares in Village Roadshow Limited
274,140	Ordinary shares in Village Roadshow Limited held under the Executive and Employee Option Plan
200,000	A class preference shares in Village Roadshow Limited held under the Executive Share Plan
48,480	A class preference shares in Village Roadshow Limited held under the Executive and Employee Option Plan

Julian H. Beale

69,190	Ordinary shares in Village Roadshow Limited
72,888	A class preference shares in Village Roadshow Limited

William J. Conn

191,563	Ordinary shares in Village Roadshow Limited
1,191,172	A class preference shares in Village Roadshow Limited

Principal Activities

The principal activities of the economic entity during the financial year were:

- Cinema Exhibition
- FM Radio Operations
- Film Production
- Theme Park and Resort Operations
- Film and Video Distribution
- Leisure Centre Operations

Other than the sale of the group's interest in Golden Harvest Entertainment (Holdings) Ltd and City Entertainment Corporation Limited and the disposal of the remaining resort operations, there have been no significant changes in the nature of those activities during the year.

Review of Operations and Results

Operating profit before abnormal items and income tax was \$85.0 million (1999 \$80.6 million) for the year, which is an improvement of 5.5% on the previous year's comparable result. Net abnormal losses before income tax of \$5.7 million (1999 \$65.4 million) were brought to account (refer Note 2).

After minority interests' losses of \$2.2 million (1999 \$5.8 million), the net profit attributable to members of the company was \$75.5 million, an increase of 177.9% compared to the previous year's result. Consolidated sales revenue increased by 1.1% to \$623.8 million.

Dividends

The Directors recommend payment of an unfranked dividend of 7.175 cents per fully paid ordinary share and an unfranked dividend of 10.175 cents per fully paid A class preference share.

Since the commencement of the financial year, unfranked dividends of \$51.1 million (10 cents per ordinary share and 13 cents per A class preference share) were paid in accordance with the recommendation of the Directors in the previous report.

Earnings per Share

Basic earnings per share were 21.95 cents (1999 (0.13) cents) and before abnormal items, basic earnings per share were 22.37 cents (1999 20.44 cents). Diluted earnings per share were not materially different to basic earnings per share.

Significant Changes in State of Affairs

Total shareholders' equity of the economic entity increased by \$12.0 million to \$1,029.3 million during the year. This was attributable to an increase in share capital of \$58.6 million (arising from executive share plan issues, issues from exercise of options, dividend reinvestment plan issues, and the conversion of convertible notes, partially offset by a share buyback), operating profits of \$75.5 million less dividends provided for of \$40.6 million, offset by the impact of the sale of Golden Harvest Entertainment (Holdings) Ltd of \$63.0 million and a foreign currency reserve reduction of \$18.5 million.

The disposal of the Golden Harvest Entertainment (Holdings) Ltd Group and resulting de-consolidation of City Entertainment Corporation Ltd and Dartina Development Ltd group during the year reduced net assets by \$58.1 million.

Directors' Report

Events Subsequent to Reporting Date

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

On 1 July 2000, the economic entity purchased the remaining interest in the Village Nine Leisure Group from Publishing & Broadcasting Ltd to increase its ownership of the group to 100%.

Likely Developments and Expected Results

It is anticipated that the growth of the economic entity's diversified businesses will be reflected in the future growth of operating profit before tax.

Share Options

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 18 of the financial report. Details of share and option transactions in relation to Directors of the economic entity are set out in Note 31(d) of the financial report.

Indemnifying and Insurance of Officers and Auditors

Since the commencement of the financial year, the company has not, in respect of any person who is or has been an officer or auditor of the company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer or auditor, nor has the company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer or auditor other than an un-allocated group insurance premium of \$277,098 (1999 \$263,340) which has been paid to insure each of the Directors and secretaries of the company against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the company or related body corporate, other than conduct involving wilful breach of duty.

Corporate Governance Statement

The statement set out on pages 22 to 24 of this annual report summarises the company's key corporate governance practices that were in place during the financial year.

Directors' and Executive Officers' Emoluments

The Remuneration Committee of the Board of Directors is responsible for determining compensation arrangements for the Directors. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments on a periodic basis by reference to relevant employment market conditions (with the assistance of external consultants) with the overall objective of ensuring maximum shareholder benefits from the attraction and retention of a high quality Board. The Managing Director and Finance Director are responsible for determining the compensation arrangements for senior executives using similar criteria.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' emoluments to the company's financial and operational performance. All Executive Directors and senior executives have the opportunity to participate in the company's bonus scheme where specified criteria are met including criteria relating to profitability, cash flow, share price growth and other performance indicators.

Directors' Report

Directors' and Executive Officers' Emoluments (continued)

The income paid or payable, or otherwise made available in respect of the financial year to all Directors of Village Roadshow Limited, directly or indirectly, from the entity or any related party was as follows:

NAME OF DIRECTOR	NOTE	SALARY/ FEES \$	BONUS 1998/99 \$	BONUS 1999/00 \$	SUPER- ANNUATION \$	NON-CASH BENEFITS \$	TERMINATION PAYMENTS \$	TOTAL 1999/00 \$	TOTAL 1998/99 \$
John R. Kirby	4	1,483,467	243,904	277,701	75,283	222,789	–	2,303,144	2,269,664
Robert G. Kirby	2,5	960,218	243,904	–	15,640	232,226	682,749	2,134,737	2,212,554
Graham W. Burke	4	1,483,467	243,904	277,701	75,283	182,837	–	2,263,192	2,215,824
Peter E. Foo		634,650	331,500	–	23,677	111,995	–	1,101,822	898,660
Peter A. Ziegler	2	199,998	421,805	–	–	41,206	–	663,009	3,101,805
Peter M. Harvie	3	573,113	500,000	–	25,000	101,868	–	1,199,981	N/A
Julian H. Beale	3	–	–	–	–	–	–	–	N/A
William J. Conn		126,169	–	–	8,831	1,208	–	136,208	138,000
P. Terence Jackman	2	48,000	–	–	–	–	–	48,000	118,000
Lord Puttnam	1	25,000	–	–	–	–	–	25,000	60,000
D. Barry Reardon		106,500	–	–	–	3,880	–	110,380	38,000
Charles R. Stern		81,000	–	–	–	–	–	81,000	38,000
Charles R. Gregson		–	–	–	–	–	–	–	–

The income paid or payable, or otherwise made available in respect of the financial year, to the five most highly paid executive officers of the Village Roadshow Limited economic entity, directly or indirectly, from the entity or any related party was as follows:

NAME OF EXECUTIVE OFFICER	NOTE	SALARY/ FEES \$	BONUS 1998/99 \$	BONUS 1999/00 \$	SUPER- ANNUATION \$	NON-CASH BENEFITS \$	TERMINATION PAYMENTS \$	TOTAL 1999/00 \$	TOTAL 1998/99 \$
John R. Kirby	4	1,483,467	243,904	277,701	75,283	222,789	–	2,303,144	2,269,664
Graham W. Burke	4	1,483,467	243,904	277,701	75,283	182,837	–	2,263,192	2,215,824
Robert G. Kirby	2,5	960,218	243,904	–	15,640	232,226	682,749	2,134,737	2,212,554
Brad March	6	650,392	448,354	500,000	28,067	40,071	–	1,666,884	938,817
Peter M. Harvie	3	573,113	500,000	–	25,000	101,868	–	1,199,981	N/A

Notes:

1. Resigned 23 November 1999
2. Resigned 22 December 1999
3. Appointed 20 June 2000
4. 1998/99 bonus paid during the year, 1999/00 bonus due and payable
5. Payment of long service leave entitlements upon resignation as employee
6. Includes service bonus due and payable

In the opinion of Directors, remuneration paid to Directors and senior executives is considered reasonable and fair having regard to comparable companies and the performance and responsibilities of each respective Director and senior executive. The various share and option interests of all Directors of the company are set out earlier in this Directors' Report.

Directors' Report

Directors' Meetings

The following statement sets out the attendance of Directors at formal Directors' meetings and committee of Directors' meetings held during the period the Director held office.

NAME OF DIRECTOR	NUMBER OF MEETINGS HELD WHILE IN OFFICE					NUMBER OF MEETINGS ATTENDED				
	FORMAL	AUDIT	TAXATION	REMUNERATION	NOMINATION	FORMAL	AUDIT	TAXATION	REMUNERATION	NOMINATION
John R. Kirby	8	—	—	—	2	8	—	—	—	2
Robert G. Kirby	5	—	—	—	—	3	—	—	—	—
Graham W. Burke	8	—	—	—	—	7	—	—	—	—
Peter E. Foo	8	—	—	—	—	7	—	—	—	—
Peter A. Ziegler	5	—	3	—	—	5	—	3	—	—
Peter M. Harvie	—	—	—	—	—	—	—	—	—	—
Julian H. Beale	—	—	—	—	—	—	—	—	—	—
William J. Conn	8	2	3	4	2	8	2	3	4	2
P. Terence Jackman	5	1	—	4	2	5	1	—	4	2
Lord Puttnam	5	—	—	—	—	2	—	—	—	—
D. Barry Reardon	8	—	—	4	—	6	—	—	3	—
Charles R. Stern	8	2	3	—	—	2	2	3	—	—
Charles R. Gregson (alt)	1	—	—	—	—	1	—	—	—	—

Informal procedural meetings attended by a minimum quorum of 3 Directors to facilitate document execution and incidental matters, are not included in determining the number of Directors' meetings held.

Rounding

The amounts contained in this report and in the financial statements have been rounded-off under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors at Melbourne this 25th day of September 2000

Signed

G.W. Burke
Director

Profit and Loss Statement

for year ended 30 June 2000

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Operating profit before income tax	2	79,317	15,129	512,846	51,165
Income tax expense/(credit) attributable to operating profit	4	6,049	(6,233)	794	733
Operating profit after income tax		73,268	21,362	512,052	50,432
Outside equity interests in operating profit after income tax		(2,249)	(5,808)	-	-
Operating profit after income tax attributable to members of the chief entity		75,517	27,170	512,052	50,432
Retained profits at beginning of the financial year		52,135	76,033	15,067	15,703
Total available for appropriation		127,652	103,203	527,119	66,135
Dividends provided for or paid	5	40,634	51,068	40,634	51,068
Retained profits at end of the financial year		87,018	52,135	486,485	15,067

Balance Sheet

as at 30 June 2000

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Current assets					
Cash	6	69,863	85,457	3,546	11,191
Receivables	7	188,800	166,426	4,639	23,366
Investments	11	–	32,480	–	–
Inventories	8	2,797	8,938	–	–
Other	10	42,379	50,861	45	158
Total current assets		303,839	344,162	8,230	34,715
Non-current assets					
Receivables	7	262,315	241,525	1,363,093	1,165,241
Radio licenses	9	454,663	454,663	–	–
Investments	11	339,846	352,350	279,676	254,022
Property, plant and equipment	12	435,053	384,530	3,178	3,047
Intangibles	13	47,247	70,086	–	–
Other	10	125,586	107,113	3,411	3,013
Total non-current assets		1,664,710	1,610,267	1,649,358	1,425,323
Total assets		1,968,549	1,954,429	1,657,588	1,460,038
Current liabilities					
Accounts payable	14	197,346	161,010	77	3,021
Borrowings	15	15,339	11,286	113	113
Provisions	16	67,373	71,795	44,534	53,086
Other	17	14,468	20,050	–	–
Total current liabilities		294,526	264,141	44,724	56,220
Non-current liabilities					
Accounts payable	14	61,439	58,718	36,339	239,538
Borrowings	15	487,483	463,010	111,735	132,585
Convertible notes	15	35,657	109,819	35,657	109,819
Provisions	16	57,974	39,996	1,612	819
Other	17	2,216	1,520	–	–
Total non-current liabilities		644,769	673,063	185,343	482,761
Total liabilities		939,295	937,204	230,067	538,981
Net assets		1,029,254	1,017,225	1,427,521	921,057
Shareholders' equity					
Share capital	18	916,647	858,009	913,896	858,009
Convertible notes	18	14,866	14,866	14,866	14,866
Reserves	19	10,723	40,576	12,274	33,115
Retained profits		87,018	52,135	486,485	15,067
Shareholders' equity attributable to members of Village Roadshow Limited		1,029,254	965,586	1,427,521	921,057
Outside equity interests in controlled entities	20	–	51,639	–	–
Total shareholders' equity		1,029,254	1,017,225	1,427,521	921,057

Statement of Cash Flows

for year ended 30 June 2000

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cash Flows from operating activities					
Receipts from customers		633,388	654,343	–	–
Payments to suppliers and employees		(480,256)	(501,825)	(12,560)	(15,421)
Dividends and distributions received		11,473	10,271	49,350	22,500
Interest received		21,061	24,020	47,200	47,189
Borrowing costs		(36,229)	(35,625)	(13,996)	(18,578)
Partnership profits		7,180	7,052	–	–
Income taxes paid		(1,985)	(285)	–	–
Net operating cash flows	6	154,632	157,951	69,994	35,690
Cash flows used in investing activities					
Purchases of property, plant and equipment		(208,793)	(135,080)	(1,110)	(1,182)
Sale of investments		102,956	–	–	–
Sale of property, plant and equipment		18,473	62,856	–	–
Purchase of investments		(2,421)	(76,771)	–	(1,223)
Loans to controlled entities		–	–	(614)	(232,710)
Loans to other entities		(58,914)	(37,090)	–	(6,708)
Loans repaid by other entities		42,080	8,155	6,040	–
Other		(67,931)	(53,542)	(514)	723
Net investing cash flows		(174,550)	(231,472)	3,802	(241,100)
Cash flows from financing activities					
Proceeds from issues of shares and options		45,464	32,237	45,464	32,237
Borrowings		120,007	115,811	–	149,005
Repayment of borrowings		(110,080)	(77,322)	(75,838)	(25,221)
Dividends paid		(51,067)	(48,498)	(51,067)	(48,498)
Net financing cash flows		4,324	22,228	(81,441)	107,523
Net increase (decrease) in cash held		(15,594)	(51,293)	(7,645)	(97,887)
Cash at beginning of year		85,457	136,750	11,191	109,078
Cash at end of year	6	69,863	85,457	3,546	11,191

Notes to the Financial Statements

NOTE: 1

Summary of Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Law including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

b) Consolidated Accounts

The consolidated financial statements are those of the economic entity, comprising Village Roadshow Limited (the chief entity) and all entities which the chief entity controlled from time to time during the year and at year's end.

The consolidated financial statements include the information contained in the financial statements of Village Roadshow Limited and each of its controlled entities from the date the chief entity obtains control until such time as control ceases.

The financial statements of controlled entities are prepared for the same reporting period as the chief entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany balances and transactions, and unrealised profits arising from intra-economic entity transactions, have been eliminated in full.

c) Capitalisation of Borrowing Costs

Costs attributable to borrowings used to finance capital works are included in the cost of those works while those works are being completed.

d) Carrying Values of Non-Current Assets

The carrying amounts of non current assets are reviewed annually by the Directors to ensure they are not in excess of their recoverable amounts. Recoverable amounts are determined on the basis of expected future net cash flows deriving from use and subsequent disposal. Other than radio licenses, the expected cash flows have not been discounted to present values in determining recoverable amounts.

e) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding overdrafts.

f) Deferred Expenditure

Expenditure incurred, where the benefits of such expenditure are attributable to future years, is brought to account as a non-current asset and amortised over five years. The amortisation policy is reviewed at each balance date and where necessary adjusted to reflect the amount and timing of amortisation.

g) Property, Plant and Equipment

Cost and Valuation

Land and buildings are revalued every three years in accordance with the requirements of the Corporations Law, however the economic entity does not take up the revaluations in its financial statements.

Depreciation and Amortisation

Buildings and improvements are depreciated over forty years using the straight line method.

Plant, equipment and vehicles are depreciated between three and twenty years using the straight line or reducing balance method.

Leasehold improvements are amortised over the unexpired occupancy periods using the straight line method.

Finance lease assets are amortised over the period the economic entity is expected to benefit from the use of those assets.

h) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the economic entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale and Exploitation of Film Productions

Revenue and minimum guarantee payments from the sale and exploitation of film productions are brought to account only after conditions contained in the relevant contracts are fully satisfied and the film is available for delivery. Revenue earned as film producer fees, where the economic entity does not have any ownership interest or responsibilities in the intellectual property, is brought to account as services are rendered.

Costs incurred in relation to the development of film projects are accumulated and treated as work in progress until the project is developed into a film production. Those projects which do not progress into production are written off when no future value can be attributed to the project. Film production costs for each project are accumulated during the term of the production and amortised to profit and loss in the ratio that current year revenues bear to anticipated total gross revenues from that film but such period of amortisation not to exceed ten years.

Sale of Other Goods

Control of the goods has passed to the buyer.

Rendering of Services

Control of a right to be compensated for the services has been attained.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Dividends

Control of a right to receive consideration for the investment in assets has been attained.

Royalties

Control of a right to receive consideration for the provision of the asset has been attained.

Notes to the Financial Statements

NOTE: 1

Summary of Significant Accounting Policies

i) Foreign Currency

Conversion of Transactions

Transactions in foreign currencies of entities within the economic entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by entities within the economic entity that are outstanding at balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

Gains and losses arising from conversions of foreign currency transactions or balances, whether realised or unrealised, are brought to account in determining profit or loss for the period in which they occur.

Translation of Overseas Accounts

Where overseas operations are deemed to be integrated foreign operations the accounts are translated using the temporal method, otherwise, accounts are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

j) Goodwill

Goodwill is amortised on a straight line basis over 20 years, this being the period in which the future benefits are expected to arise.

k) Investments

Investments in associates are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial report and the lower of cost and recoverable amount in the chief entity financial report.

All other non-current investments are carried at the lower of cost and recoverable amount.

l) Interests in Joint Ventures

Interests in unincorporated joint venture operations are accounted for by including the relevant share of output and expenses in operating results for the year and share of assets and liabilities under the appropriate classification categories in the balance sheet.

Interest in joint venture entities where joint control exists are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial report, and also, in the case of partnerships, in the chief entity financial report.

m) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to entities within the economic entity, are classified as finance leases. All other leases are operating leases.

Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases are treated as expenses in the period in which they fall due for payment.

n) Radio Licenses

The Directors have undertaken to carry out annual independent valuations of radio broadcasting licenses held within the economic entity. The valuation of the licenses has been arrived at using future income projections and a discounted cash flow methodology.

Directors are of the view that the depreciable amount of the group's radio licenses is negligible, based on residual values calculated at the end of an outlook period over which projections can be prepared with a degree of confidence. Furthermore, the Directors see no reason why this situation should not prevail beyond this outlook period. In any event if the Directors' views in relation to these residual values were to change the Directors currently believe that the useful lives of the asset are of such duration that any annual amortisation charge on radio licenses would be immaterial.

o) Income Tax

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

Where the earnings of overseas entities are subject to taxation under the Controlled Foreign Corporation rules, this tax has been provided for in the accounts.

p) Valuation of Inventories

Inventories are valued at the lower of cost and net realisable value and are accounted for on a first in first out basis.

q) Employee Entitlements

The value of the Executive and Employee Option Plan described in Note 18 is not being charged as an employee entitlement expense.

In respect of the economic entity's superannuation and retirement plans described in Note 23, any contributions made to the plans by the entities within the economic entity are charged against profits when due.

r) Earnings per Share

Basic earnings per share is determined by dividing the operating profit after tax and after preference dividends by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by dividing the operating profit after tax and after preference dividends adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial year.

s) Financial Instruments

Accounting policies with respect to financial instruments including derivatives are included at Note 30.

Notes to the Financial Statements

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 2					
Operating Profit Before Taxation					
has been determined after including the following					
Sales revenue		623,790	617,256	-	-
Commissions/fees		36,831	28,018	-	-
Dividends from					
Controlled entities		-	-	49,350	22,500
Other entities		2,399	-	-	-
Interest from					
Other entities		10,242	10,616	1,104	3,029
Associated entities (cinema interests)		10,819	13,404	77	-
Controlled entities		-	-	46,019	44,160
Sale of non-current assets		121,429	64,405	-	12,631
Management and service fees		9,601	23,599	2,790	4,133
Rental income		6,749	4,217	-	-
Share of partnership profits	11c	7,180	8,029	-	-
Share of associates' net profits	11b	10,675	9,131	-	-
Other income		25,857	20,042	8,899	842
Total operating activity revenue		865,572	798,717	108,239	87,295
Profit on sale of					
Property, plant and equipment		1,335	1,699	-	91
Investments		81	12,959	-	11,282
Profit on conversion of convertible notes		8,899	7,937	8,899	7,937
Net foreign currency gains/(losses)		5,371	4,362	2,938	3,518
Expenditure items					
Borrowing costs					
Other entities		35,259	35,375	13,356	17,887
Controlled entities		-	-	1,309	487
Finance lease interest		970	251	30	18
Total borrowing costs		36,229	35,626	14,695	18,392
Depreciation of					
Building and improvements		4,015	3,675	-	-
Plant, equipment and vehicles		37,317	28,551	986	967
Amortisation of					
Goodwill		2,528	2,088	-	-
Leasehold improvements		7,775	4,032	8	2
Finance lease assets		1,348	703	110	67
Goodwill on consolidation		481	800	-	-
Deferred expenditure		11,260	8,923	175	1,012
Operating rights/licences		1,288	869	-	-
Investment in completed films		9,116	36,923	-	-
Employee entitlements		7,733	2,519	759	652
Operating lease rental		64,817	40,957	113	-
Share of partnership losses		-	976	-	-
Provision for doubtful debts		1,360	(272)	-	-
Bad debts written off – other		1,130	776	-	-
Loss on sale of property, plant and equipment		-	701	-	6

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 2				
Operating Profit Before Taxation (continued)				
Abnormal Items				
Included in the operating profit are the following abnormal items				
Profit on sale and restructuring of investments	20,523	23,345	–	–
Applicable income tax	(455)	249	–	–
	20,978	23,096	–	–
Realised foreign exchange gain	16,979	–	16,979	–
Applicable income tax	6,113	–	6,113	–
	10,866	–	10,866	–
Goodwill and fixed assets written off	(24,416)	–	–	–
Applicable income tax	(3,600)	–	–	–
	(20,816)	–	–	–
Provision for legal and employee settlements	(4,981)	–	–	–
Applicable income tax	(1,793)	–	–	–
	(3,188)	–	–	–
Development costs and projects written off	(13,792)	(17,716)	–	–
Applicable income tax	(4,966)	(3,291)	–	–
	(8,826)	(14,425)	–	–
Dividends received from controlled entities	–	–	425,515	–
Applicable income tax	–	–	–	–
	–	–	425,515	–
Provision for losses on rationalisation of business interests	–	(58,911)	–	–
Applicable income tax	–	(11,254)	–	–
	–	(47,657)	–	–
Loss on sale of resort assets	–	(12,149)	–	–
Applicable income tax	–	(2,430)	–	–
	–	(9,719)	–	–
Total abnormal items before tax	(5,687)	(65,431)	442,494	–
Total abnormal items after tax	(986)	(48,705)	436,381	–
			2000	1999

NOTE 3**Earnings per Share**

a) Earnings per share (EPS)			
Basic EPS (Note i)		21.95 cents	(0.13) cents
Total EPS (Note ii)		16.54 cents	6.24 cents
b) Earnings per share adjusted to eliminate abnormal items from the calculations			
Basic EPS		22.37 cents	20.44 cents
Total EPS (Note ii)		16.75 cents	17.33 cents

Weighted average number of issued ordinary shares during the year used in determining earnings per ordinary share (basic) was 236,059,597 (1999 234,592,819). The weighted average number of total issued shares during the year used in determining total earnings per share (basic) was 456,653,936 (1999 435,224,683). Diluted EPS is not materially different to Basic EPS.

i) Basic EPS calculated in accordance with AASB 1027: EPS for 1999 was negative due to the A class preference share dividend, which had been held at the same rate as 1998, exceeding the operating profit after tax.

ii) Total EPS represents earnings per share on total ordinary and A class preference shares. This is an alternative form of measurement to Basic EPS.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 4				
Income Tax				
Prima facie income tax attributable to reported operating profit	28,554	5,447	184,625	18,419
Which is adjusted for				
Prior year adjustment	439	(22)	-	-
Non tax deductible expenses	8,820	1,222	-	43
Rebatable dividends	(157)	(159)	(170,952)	(8,100)
Other tax deductible expenditure	-	(245)	-	-
Non taxable income	(11,358)	(8,435)	-	-
Prior year losses not previously brought to account	(18,036)	(2,908)	(12,879)	(9,629)
Tax on unit trust distributions included in equity profits	(1,064)	(1,133)	-	-
Tax on partnership profits included in other operating revenue	(1,149)	-	-	-
Income tax expense	6,049	(6,233)	794	733
Which is adjusted for				
Prior year adjustment	-	829	-	-
Provision for tax acquired	-	1,931	-	-
Future income tax benefit	-	28	-	-
Deferred income tax liability	(5,816)	5,430	(794)	(733)
Income tax payable	233	1,985	-	-
The following future income tax benefits arising from tax losses of controlled entities have not been brought to account as realisation of those benefits is not virtually certain				
Benefits for revenue losses	153,657	141,741	-	-
Benefits for capital losses	132,019	138,358	-	-
These benefits will only be obtained if				
a the entity derives future assessable income of a nature and amount sufficient to enable the benefits of deductions for the losses to be realised;				
b there is continuity of compliance with the conditions for deductibility, imposed by law; and				
c no changes in tax legislation adversely affect the entity from realising the benefits of deductions for the losses.				
NOTE 5				
Dividends				
Dividends provided for				
Ordinary shares at 7.175 cents per share (unfranked) (1999 10.0 cents unfranked)	16,939	23,602	16,939	23,602
A class preference shares at 10.175 cents per share (unfranked) (1999 13.0 cents unfranked)	23,695	27,466	23,695	27,466
	40,634	51,068	40,634	51,068

There are no franking credits available.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 6				
Statement of Cashflows				
a) Reconciliation of Cash				
Cash balance comprises				
Cash on hand and at bank	62,014	85,457	3,546	11,191
Deposits at call	7,849	–	–	–
	69,863	85,457	3,546	11,191
b) Reconciliation of Operating Profit After Tax to Net Operating Cash Flows				
Operating profit after tax	75,517	27,170	512,052	50,432
Adjust for				
Depreciation	41,332	32,227	987	967
Amortisation	33,796	54,338	293	1,081
Provisions	14,179	2,247	1,775	3,457
Profit on disposal of assets	(1,416)	(14,658)	–	(11,373)
Abnormal items	5,687	65,431	(442,494)	–
Exchange (profit)/loss	(5,371)	(4,362)	(2,938)	–
Profit on conversion of convertible notes	(8,899)	(7,937)	(8,899)	(7,937)
Changes in assets and liabilities				
Trade receivables	(44,727)	34,128	10,665	(7,774)
Associate loans	–	–	–	–
Trade creditors	49,411	23,838	(1,560)	(1,638)
Unearned income	–	(54,865)	–	–
Inventories	6,141	2,491	–	–
Work in progress	(7,788)	(8,862)	–	–
Prepayments	1,597	9,404	113	1,091
Capitalised borrowing costs	(4,827)	(2,639)	–	(553)
Net operating cash flows	154,632	157,951	69,994	27,753

c) Undrawn Credit Facilities

The economic entity has undrawn credit facilities of \$129,724,000 at balance date (1999 \$161,188,000).

Notes to the Financial Statements

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 7					
Receivables					
Current					
Trade debtors		181,813	135,147	4,639	15,304
Provision for doubtful debts (see below)		(5,112)	(12,780)	–	–
		176,701	122,367	4,639	15,304
Due from associated entities		187	15,566	–	6,993
Due from controlled entities		–	–	–	1,069
Other advances		11,912	28,493	–	–
		188,800	166,426	4,639	23,366
Non-current					
Unsecured advances – other		83,264	283,080	2,597	4,117
Provision for non recovery (loans \$223.9 million (1999 \$nil) written off against the provision during the year)		(25,968)	(230,239)	–	(1,220)
		57,296	52,841	2,597	2,897
Unsecured advances – executive loans (refer Note 31d)		20,644	18,534	–	–
		77,940	71,375	2,597	2,897
Owing by					
Controlled entities		–	–	1,360,496	1,162,344
Associated entities		184,375	170,150	–	–
		262,315	241,525	1,363,093	1,165,241
Reconciliation of movement in provision for trade debtors					
Opening balance		12,780			
Provided for during the year		1,360			
Provided for during the year as abnormal		1,564			
Disposed of due to sale of Golden Harvest Entertainment (Holdings) Ltd		(10,949)			
Other movements		357			
Closing balance		5,112			
NOTE 8					
Inventories					
Current					
Merchandise held for resale – cost		2,797	8,938	–	–
NOTE 9					
Radio Licenses					
At cost		454,663	454,663	–	–

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 10				
Other Assets				
Current				
Film projects, productions advances and other work in progress	130,833	222,669	–	–
Less amortisation	(113,345)	(208,869)	–	–
	17,488	13,800	–	–
Prepayments	19,840	20,890	45	158
Distribution rights (net)	5,051	16,171	–	–
	42,379	50,861	45	158
Non-current				
Sites under construction	9,253	18,698	–	–
Pre-opening costs on sites opened	36,744	23,162	–	–
Less amortisation	(8,397)	(8,968)	–	–
	28,347	14,194	–	–
Other deferred expenditure	64,098	54,519	2,860	2,295
Less amortisation	(10,940)	(8,933)	(520)	(345)
	53,158	45,586	2,340	1,950
Operating rights/licenses	21,240	27,234	136	136
Less amortisation	(10,395)	(13,527)	(15)	(10)
	10,845	13,707	121	126
Capitalised interest	16,301	11,474	686	686
Less amortisation	(5,222)	(3,142)	(142)	(93)
	11,079	8,332	544	593
Future income tax benefit	–	–	189	189
Security deposits	12,904	6,596	217	155
	125,586	107,113	3,411	3,013

Notes to the Financial Statements

	NOTE	ECONOMIC ENTITY		CHIEF ENTITY	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 11					
Investments					
Current					
Investments at cost					
Shares – listed		–	33,819	–	–
Provision for diminution in value		–	(1,339)	–	–
		–	32,480	–	–
Non-current					
Investments at cost					
Shares – listed		–	4,945	–	–
– unlisted		3,065	6,372	5,843	5,843
– controlled entities		–	–	272,975	247,975
Interests in partnerships	11c	–	174,814	–	–
Provision for diminution in value		–	(2,296)	–	–
		3,065	183,835	278,818	253,818
Investments at equity accounted amount					
Associated companies					
Unlisted shares		135,013	121,670	858	204
Listed shares		36,144	47,370	–	–
Provision for diminution in value		(536)	(525)	–	–
	11b	170,621	168,515	858	204
Investments in partnerships at equity accounted amount					
Interests in partnerships	11c	166,160	–	–	–
		339,846	352,350	279,676	254,022

a) Investments in Controlled Entities

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
2 Day FM Australia Pty. Limited	Australia	100.00	–	–
ACN 058 310 535 Pty. Limited (Deregistered)	Australia	–	–	–
ACN 070 100 195 Pty. Limited (Deregistered)	Australia	–	–	–
ACN 070 101 370 Pty. Limited (Deregistered)	Australia	–	–	–
Adelaide FM Radio Pty. Limited	Australia	100.00	–	–
Allehondro Pty. Limited	Australia	100.00	–	–
Animus No. 2 Pty. Limited	Australia	100.00	–	–
Aqua Del Rey International (Club Villa) Pty. Limited (Deregistered)	Australia	–	–	–
Aqua Del Rey International Air Industries Pty. Limited (Deregistered)	Australia	–	–	–
Aqua Del Rey International Pty. Limited	Australia	100.00	–	–
Aras Park Pty. Limited	Australia	100.00	–	–
Austereo Broadcast Data Pty. Limited	Australia	100.00	–	–

carried forward

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
		brought forward	–	–
Austereo Capital FM Pty. Limited	Australia	100.00	–	–
Austereo Direct Marketing Pty. Limited	Australia	100.00	–	–
Austereo Entertainment Pty. Limited	Australia	100.00	–	–
Austereo International Pty. Limited	Australia	100.00	–	–
Austereo Investments Pty. Limited	Australia	100.00	–	–
Austereo Mall Advertising Pty. Limited	Australia	100.00	–	–
Austereo Pty. Limited	Australia	100.00	–	–
B105 FM Pty. Limited	Australia	100.00	–	–
Baltimore House Pty. Limited	Australia	100.00	–	–
Bamboo Grove Enterprises Limited	British Virgin Islands	–	–	–
Blackstone Pty. Limited	Australia	100.00	–	–
Blouseman Productions Inc.	United States	100.00	–	–
Broadcast FM Pty. Limited	Australia	100.00	–	–
Bruce Nixon Smith Trust	Australia	84.00	–	–
C0015744X Pty. Limited	Australia	100.00	–	–
Cine Art Laboratory Limited	Hong Kong	–	–	–
Cinema Investments Italia SPA	Italy	100.00	–	–
City Entertainment Corporation Limited	Hong Kong	–	–	–
Colorado Bay Pty. Limited	Australia	100.00	–	–
Conneway Films Company Limited	Hong Kong	–	–	–
Consolidated Broadcasting System (WA) Pty. Limited	Australia	100.00	–	–
Dartina Development Limited	Hong Kong	–	–	–
Daydream Finance Holdings Pty. Limited	Australia	100.00	–	–
Daydream Finance Pty. Limited	Australia	100.00	–	–
Daydream Investments Holdings Pty. Limited	Australia	100.00	–	–
Daydream Operations Holdings Pty. Limited	Australia	100.00	–	–
DEG Holdings Pty. Limited	Australia	100.00	70	70
DIIR Pty. Limited	Australia	100.00	–	–
Dootson Investment Corporation Limited	Panama	–	–	–
Dwerryhouse Properties Limited	British Virgin Islands	–	–	–
Emperion Pty. Limited	Australia	100.00	–	–
Entertainment and Leisure Operations Inc.	British Virgin Islands	100.00	–	–
Entertainment of The Future Pty. Limited	Australia	100.00	–	–
Entertainment Research Pty. Limited	Australia	100.00	–	–
Euramo Pty. Limited	Australia	100.00	–	–
Feature Productions Pty. Limited	Australia	100.00	–	–
		carried forward	70	70

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
			brought forward	
			70	70
Film Services (Australia) Pty. Limited	Australia	100.00	-	-
FM 104 Pty. Limited	Australia	100.00	-	-
FM Broadcasting Pty. Limited	Australia	100.00	-	-
FM Media (ACT) Pty. Limited	Australia	100.00	-	-
FM Media Finance Pty. Limited	Australia	100.00	-	-
FM Media Finance Trust	Australia	100.00	-	-
FM Media Overseas Pty. Limited	Australia	100.00	-	-
FM Operations Pty. Limited	Australia	100.00	-	-
Fortress Films II Pty. Limited	Australia	100.00	-	-
Fortress Films Pty. Limited	Australia	100.00	-	-
Fortress Production Services Pty. Limited	Australia	100.00	-	-
Fortune Wheel Limited	British Virgin Islands	-	-	-
Fox FM Pty. Limited	Australia	100.00	-	-
Gala Film Distribution Limited	Hong Kong	-	-	-
GH-VRL Limited	British Virgin Islands	-	-	-
Gold Wheel Limited	British Virgin Islands	-	-	-
Golden Harvest Cinemas Holding Limited	British Virgin Islands	-	-	-
Golden Harvest Entertainment Company Limited	Hong Kong	-	-	-
Golden Harvest Entertainment (Holdings) Ltd. (Listed)	Bermuda	-	-	-
Golden Harvest Entertainment International Limited	Hong Kong	-	-	-
Golden Harvest Films Distribution Holding Limited	British Virgin Islands	-	-	-
Golden Harvest Films Distribution Pte. Limited	Singapore	-	-	-
Golden Harvest Multiplex Pte. Limited	Singapore	-	-	-
Golden Movies International Limited	British Virgin Islands	-	-	-
Golden Reserves Limited	Hong Kong	-	-	-
Golden Screen Limited	Hong Kong	-	-	-
Golden Touch Licencing BV	Netherlands	-	-	-
Golden Village Entertainment (Singapore) Pte. Limited	Singapore	-	-	-
Golden Village Holdings Pte. Limited	Singapore	-	-	-
Golden Village Multiplex Pte. Limited	Singapore	-	-	-
Golden Village Pictures Pte. Limited	Singapore	-	-	-
Golden Village Regional Pte. Limited	Singapore	-	-	-
Golden Village Renters Pte. Limited	Singapore	-	-	-
Goldlite Consultants Limited	British Virgin Islands	-	-	-
Grand Prix FM Pty. Limited	Australia	100.00	-	-
Hale Equipment Leasing Limited	Cyprus	100.00	-	-
			carried forward	
			70	70

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
	brought forward		70	70
Happy Way Limited	Hong Kong	–	–	–
Hotel No.2 Trust	Australia	100.00	–	–
Hotel No.3 Trust	Australia	100.00	–	–
IMP International Pty. Limited	British Virgin Islands	100.00	–	–
International Equipment Supplying Limited	Hungary	100.00	–	–
International Theatre Equipment Leasing Pty. Ltd.	Australia	100.00	–	–
Intertasman Entertainments Limited	New Zealand	100.00	–	–
Intencity Operations Inc.	Labuan	100.00	–	–
Island Travel Pty. Limited (Deregistered)	Australia	–	–	–
Jack The Ripper Productions Pty. Limited (Deregistered)	Australia	–	–	–
Jack The Ripper Productions Inc.	United States	100.00	–	–
Jantar PLC SA	British Virgin Islands	100.00	–	–
Jantar Productions Inc.	United States	100.00	–	–
Jaran Bay Pty. Limited	Australia	100.00	–	–
Jimbolla Pty. Limited	Australia	100.00	–	–
Kaiser Finance and Investments Limited	Cayman Islands	100.00	–	–
Kirby Banner Pty. Limited	Australia	100.00	–	–
Kotewall Limited	British Virgin Islands	–	–	–
Larry Bruce Communications Pty. Limited	Australia	75.00	–	–
Leisure Industries Inc.	British Virgin Islands	100.00	6	6
LQR Nominees Pty. Limited (Deregistered)	Australia	–	–	–
Marat Pty. Limited (Deregistered)	Australia	–	–	–
Marketing Austereo Village Integrated Solutions Pty. Ltd.	Australia	100.00	–	–
Medbourne Proprietary Limited	Australia	100.00	–	–
Melbourne FM Radio Pty. Limited	Australia	100.00	–	–
Meskan House Pty. Limited	Australia	100.00	–	–
Mount Gambier Broadcasters Pty. Limited	Australia	100.00	–	–
MX Promotions Pty. Limited	Australia	100.00	–	–
MX Services Pty. Limited	Australia	100.00	–	–
Narrowcast1 Pty. Limited	Australia	100.00	–	–
Narrowcast2 Pty. Limited	Australia	100.00	–	–
New Broadcasting Pty. Limited	Australia	100.00	–	–
Nu-Pay View Entertainment Pty. Limited	British Virgin Islands	100.00	–	–
NW Productions Inc.	United States	100.00	–	–
Pacific Drive Productions Pty. Limited	Australia	100.00	–	–
Panasia Films Limited	Hong Kong	–	–	–
	carried forward		76	76

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
		brought forward	76	76
Paradise Beach Productions Pty. Limited	Australia	100.00	-	-
Paradise Road Films Pty. Limited	Australia	100.00	-	-
Perprod Pty Ltd (Deregistered)	Australia	-	-	-
Perth FM Facilities Pty. Limited	Australia	66.67	-	-
Perth FM Radio Pty. Limited	Australia	100.00	-	-
Pietman Pty. Limited	Australia	100.00	-	-
Plan B Entertainment Inc.	United States	100.00	-	-
Prime Prospect Enterprises Limited	Hong Kong	-	-	-
Radio & Research Pty. Limited	Australia	100.00	-	-
Radio Newcastle Pty. Limited	Australia	100.00	-	-
Reidhaven Holdings Pty. Limited	Australia	100.00	-	-
Roadshow, Coote & Carroll Pty. Limited	Australia	100.00	684	684
Sinclud Investments Pty. Limited	Australia	100.00	-	-
South Seas Pty. Limited (Deregistered)	Australia	-	-	-
Staging Connections (SA) Pty. Limited	Australia	100.00	-	-
TAJ Walker Pty. Limited	British Virgin Islands	100.00	-	-
Tarzan Films Pty. Limited	Australia	100.00	-	-
Tarzan Productions Pty. Limited	Australia	100.00	-	-
The Triple-M Broadcasting Company Pty. Limited	Australia	100.00	-	-
Triple M Radio Holdings Pty. Limited	Australia	100.00	-	-
United Harvest Asia Limited	Hong Kong	-	-	-
Village Cinemas Australia Pty. Limited	Australia	100.00	33,062	33,062
Village Cinemas Czech Republic SRO	Czech Republic	100.00	-	-
Village Cinemas GmbH	Austria	100.00	-	-
Village Cinemas International Pty. Limited	Australia	100.00	225,000	200,000
Village Cinemas NZ Pty Limited	Australia	100.00	-	-
Village Holdings (NZ) 1999 Limited	New Zealand	100.00	-	-
Village Online Investments Pty. Limited	Australia	100.00	-	-
Village Roadshow (Asia) Pty. Limited	Australia	100.00	-	-
Village Roadshow (D & B) Limited	United Kingdom	100.00	-	-
Village Roadshow (Fiji) Limited	Fiji	100.00	-	-
Village Roadshow (Hong Kong) Limited	Hong Kong	100.00	-	-
Village Roadshow (Hungary) Distribution KFT	Hungary	100.00	-	-
Village Roadshow (Schweiz) GmbH	Switzerland	100.00	-	-
Village Roadshow (Singapore) Pte. Limited	Singapore	100.00	-	-
Village Roadshow (Thailand) Pty. Limited	Australia	100.00	-	-
		carried forward	258,822	233,822

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
	brought forward		258,822	233,822
Village Roadshow Bayonne SNC	France	100.00	–	–
Village Roadshow Boulange Billancourt SNC	France	100.00	–	–
Village Roadshow Broadcasting Pty. Limited	Australia	100.00	–	–
Village Roadshow Car Park Management Pty. Limited	Australia	100.00	–	–
Village Roadshow Cinemas UK Limited	United Kingdom	100.00	–	–
Village Roadshow Coburg Pty. Limited	Australia	100.00	–	–
Village Roadshow Custodians Pty. Limited	Australia	100.00	–	–
Village Roadshow Developments Pty. Limited	Australia	100.00	–	–
Village Roadshow Distribution (BVI) Limited	British Virgin Islands	100.00	–	–
Village Roadshow Distribution (Malaysia) Sdn Bhd	Malaysia	100.00	–	–
Village Roadshow Distribution Netherlands BV	Netherlands	100.00	–	–
Village Roadshow Distribution Pty. Limited	Australia	100.00	–	–
Village Roadshow Distribution USA Inc.	United States	100.00	–	–
Village Roadshow Equipment Pty. Limited	Australia	100.00	–	–
Village Roadshow Exhibition Beteiligungs GmbH	Germany	100.00	–	–
Village Roadshow Exhibition (BVI) Limited	British Virgin Islands	100.00	–	–
Village Roadshow Exhibition GmbH & Co. KG Partnership	Germany	100.00	–	–
Village Roadshow Exhibition GmbH Kinobetriebe	Germany	100.00	–	–
Village Roadshow Exhibition Properties Limited	Guernsey	100.00	–	–
Village Roadshow Exhibition Pty. Limited	Australia	100.00	–	–
Village Roadshow Exhibition UK Limited	United Kingdom	100.00	–	–
Village Roadshow Film Administration Pty. Limited	Australia	100.00	–	–
Village Roadshow Film Distributor Pty. Limited	Australia	100.00	–	–
Village Roadshow Film Distributors Greece EPE	Greece	100.00	–	–
Village Roadshow Film Finance Pty. Limited	Australia	100.00	–	–
Village Roadshow Film Operator Pty. Limited	Australia	100.00	–	–
Village Roadshow Film Services Pty. Limited	Australia	100.00	–	–
Village Roadshow Film Treasury Pty. Limited	Australia	100.00	–	–
Village Roadshow Films (UK) Limited	United Kingdom	100.00	–	–
Village Roadshow Finance Pty. Limited	Australia	100.00	–	–
Village Roadshow Finance & Investments Pty. Limited	Australia	100.00	12,499	12,499
Village Roadshow FM Pty. Limited	Australia	100.00	987	987
Village Roadshow France SARL	France	100.00	–	–
Village Roadshow Germany GmbH	Germany	100.00	–	–
Village Roadshow GmbH	Austria	100.00	–	–
Village Roadshow Grundstücksentwicklungs GmbH	Germany	100.00	–	–
Village Roadshow Holdings Britain Limited	United Kingdom	100.00	–	–
Village Roadshow Holdings Pty. Limited	Australia	100.00	–	–
Village Roadshow Holdings USA Inc.	United States	100.00	–	–
	carried forward		272,308	247,308

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
			brought forward	
			272,308	247,308
Village Roadshow Hungary RT	Hungary	100.00	-	-
Village Roadshow Intencity Pty. Limited	Australia	100.00	-	-
Village Roadshow International BV	Netherlands	100.00	-	-
Village Roadshow Investments UK Limited	United Kingdom	100.00	-	-
Village Roadshow Ireland Limited (Deregistered)	Ireland	-	-	-
Village Roadshow Italy Holdings SRL	Italy	100.00	-	-
Village Roadshow Italy SRL (Deregistered)	Italy	-	-	-
Village Roadshow Jam Factory Pty. Limited	Australia	100.00	-	-
Village Roadshow Leisure Pty. Limited	Australia	100.00	-	-
Village Roadshow Licensing & Finance Limited	United Kingdom	100.00	-	-
Village Roadshow Luxembourg SA	Luxembourg	100.00	-	-
Village Roadshow Manakau Cinemas Pty. Limited	Australia	100.00	-	-
Village Roadshow Motion Pictures (BVI) Limited	British Virgin Islands	100.00	-	-
Village Roadshow Motion Pictures Pty. Limited	Australia	100.00	-	-
Village Roadshow New Distribution USA Inc.	United States	100.00	-	-
Village Roadshow New Productions (BVI) Limited	British Virgin Islands	100.00	-	-
Village Roadshow Nice SNC	France	100.00	-	-
Village Roadshow Operations (BVI) Limited	British Virgin Islands	100.00	-	-
Village Roadshow Operations Greece SA	Greece	100.00	-	-
Village Roadshow Participations SARL	France	100.00	-	-
Village Roadshow Perpignon SNC	France	100.00	-	-
Village Roadshow Pictures (Australia) Pty. Limited	Australia	100.00	-	-
Village Roadshow Pictures (BVI) Limited	British Virgin Islands	100.00	-	-
Village Roadshow Pictures (USA) Inc.	United States	100.00	663	663
Village Roadshow Pictures Entertainment Inc.	United States	100.00	-	-
Village Roadshow Pictures International Pty. Limited	Australia	100.00	-	-
Village Roadshow Pictures Pty. Limited	Australia	100.00	-	-
Village Roadshow Pictures Television Pty. Limited	Australia	100.00	-	-
Village Roadshow Pictures Worldwide Pty. Limited	Australia	100.00	-	-
Village Roadshow Production Services Pty. Limited	Australia	100.00	1	1
Village Roadshow Productions (BVI) Limited	British Virgin Islands	100.00	-	-
Village Roadshow Productions Inc.	United States	100.00	-	-
Village Roadshow Project Management Pty. Limited	Australia	100.00	-	-
Village Roadshow Properties (Malaysia) Sdn Bhd	Malaysia	-	-	-
Village Roadshow Properties Limited	Guernsey	100.00	-	-
Village Roadshow Properties Switzerland GmbH	Switzerland	100.00	-	-
Village Roadshow Property Development Pty. Limited	Australia	100.00	1	1
Village Roadshow Property Finance Pty. Limited	Australia	100.00	2	2
Village Roadshow Resorts Pty. Limited	Australia	100.00	-	-
	carried forward		272,975	247,975

Notes to the Financial Statements

Name	Incorporated in	% owned	CHIEF ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
a) Investments in Controlled Entities (continued)				
	brought forward		272,975	247,975
Village Roadshow Retail Stores Pty. Limited	Australia	100.00	–	–
Village Roadshow Roubaix SNC	France	100.00	–	–
Village Roadshow Theatres Europe Limited	United Kingdom	100.00	–	–
Village Roadshow Theatres Guernsey Limited	Guernsey	100.00	–	–
Village Roadshow Theatres Pty. Limited	Australia	100.00	–	–
Village Roadshow Ticketing Pty. Limited	Australia	100.00	–	–
Village Roadshow Treasury Pty. Limited	Australia	100.00	–	–
Village Roadshow UK Holdings Pty. Limited	Australia	100.00	–	–
Village Roadshow Warehousing Services Pty. Limited	Australia	100.00	–	–
Village Sea World Aviation Pty. Limited	Australia	100.00	–	–
Village Sea World Investments Pty. Limited	Australia	100.00	–	–
Village Sea World Operations Pty. Limited	Australia	100.00	–	–
Village Theatres 3 Limited	United Kingdom	100.00	–	–
Village Theatres (Brisbane) Pty. Limited	Australia	100.00	–	–
Village Theatres (Paddington) Pty. Limited	Australia	100.00	–	–
Village Theatres Morwell Pty. Limited	Australia	75.00	–	–
Village Theatres UK 3 Limited	United Kingdom	100.00	–	–
VR (Matrix) Films Pty. Limited	Australia	100.00	–	–
VR Animation Pty. Limited	Australia	100.00	–	–
VR Holdings (BVI) Limited	British Virgin Islands	100.00	–	–
VR International Pictures Pty. Limited	Australia	100.00	–	–
VREW Distribution USA Inc	United States	100.00	–	–
VREW Productions (BVI) Limited	British Virgin Islands	100.00	–	–
VRFP Pty. Limited (Deregistered)	Australia	–	–	–
VRH&S Pty. Limited (Deregistered)	Australia	–	–	–
VRL Aluminium Pty. Limited	Australia	100.00	–	–
VRNZH Pty. Limited (Deregistered)	Australia	–	–	–
VRP Film Entertainment Inc.	United States	100.00	–	–
VRP International Distribution Pty. Limited	Australia	100.00	–	–
VRP Production Services Pty. Limited	Australia	100.00	–	–
VRR&B Pty. Limited (Deregistered)	Australia	–	–	–
VRPMP Pty. Limited (Deregistered)	Australia	–	–	–
VRPTV Financing Inc.	United States	100.00	–	–
VRS Holdings Pty. Limited	Australia	100.00	–	–
VRWLive Pty. Limited (Deregistered)	Australia	–	–	–
Warner Bros. Studio Store Australia Pty. Limited	Australia	64.00	–	–
Wilricha Limited (Liquidated)	Australia	–	–	–
Worldwide Films Pty. Limited	Australia	100.00	–	–
			272,975	247,975

Foreign controlled entities carry out their business activities in the country of incorporation. Material overseas entities are audited by Ernst & Young International affiliates.

Notes to the Financial Statements

		ECONOMIC ENTITY	
		2000	1999
		\$'000	\$'000
NOTE 11			
Investments (continued)			
b) Investments in Associates			
i) Share of associates' profits/(losses)			
Operating profits/(losses) before income tax		15,377	15,151
Abnormal loss before income tax		–	(86)
Income tax expense/(benefit) attributable to operating profits/(losses)		2,598	3,638
Operating profits/(losses) after income tax		12,779	11,427
Amortisation of goodwill on acquisition		(2,104)	(2,296)
Share of associates' profits/(losses)		10,675	9,131
ii) Of the total share of associates' profits/(losses), the following associates are individually material to the economic entity			
		EQUITY SHARE OF PROFITS/(LOSSES) AFTER TAX	
		2000	1999
Entity	Business	\$'000	\$'000
Cinemax SA	Cinema operator	904	(99)
CJ Golden Village Company Ltd	Cinema operator	1,647	2,724
CJ Village Company Ltd	Cinema operator	1,215	–
Golden Screen Cinemas Sdn Bhd	Cinema operator	–	(2,006)
Roadshow Distributors Pty. Limited	Film distributor	(2,289)	–
Roadshow Unit Trust	Film distributor – TV	3,266	1,285
Sea World Property Trust (Listed)	Theme park lessor	3,763	3,891
Village Entertainment Property Trust	Property Owner	–	2,407
Village Roadshow Greece SA	Cinema Investor	2,065	1,114
Warner Village Cinemas SPA	Cinema Owner	(1,768)	(792)
Warner Village Exhibition Ltd	Cinema operator	1,299	833

Notes to the Financial Statements

	ECONOMIC ENTITY	
	2000 \$'000	1999 \$'000
NOTE 11		
Investments (continued)		
b) Investments in Associates (continued)		
iii) Equity accounted share of associates		
Accumulated profits/(losses)		
At beginning of year	11,590	162
At end of year	23,295	11,590
Other reserves		
At beginning of year	14,863	8,070
At end of year	20,584	14,863
iv) Carrying amount of investments in associates		
Balance at beginning of year	168,515	130,598
Investments equity accounted for the first time	6,367	23,095
Increase in cost of Investments	16,055	76,203
Investments no longer equity accounted	(19,935)	(66,751)
Share of associates profit	10,675	9,130
Dividends from associates	(8,901)	(9,483)
Share of associates increase in reserves	(2,155)	5,723
Balance at end of year	170,621	168,515

Notes to the Financial Statements

Name	Business	%	ECONOMIC ENTITY	
			CARRYING VALUES	
		owned	2000	1999
			\$'000	\$'000
NOTE 11				
Investments (continued)				
b) Investments in Associates (continued)				
iv) Carrying amount of investments in associates (continued)				
Equity accounted carrying amount of investments in associates represented by				
Ballarat Cinemas Pty. Limited	Cinema owner	50.00	4,819	4,961
Cinemax SA	Cinema operator	50.00	2,278	1,736
CJ Village Company Limited	Cinema operator	50.00	8,794	–
CJ Golden Village Company Limited	Cinema operator	50.00	21,111	14,908
Dartina Development Limited	Multiplex investor	50.00	109	–
Entertain Golden Village Co. Limited	Cinema manager	49.90	9,889	3,106
Five Hundred Chapel Street Pty. Limited	Nominee company	50.00	158	158
Golden Communications (Taiwan) Co. Limited	Film distribution	–	–	4,004
Golden Screen Cinemas Sdn. Bhd.	Cinema exhibitor	–	–	8,029
Melbourne FM Facilities Pty. Limited	Radio transmitter	50.00	23	591
Priya Village Roadshow Limited	Cinema operator	40.00	1,224	836
Rich Will Limited	Cinema operator	–	–	531
Roadshow Distributors Pty. Limited	Film distributors	50.00	16,092	18,346
Roadshow Unit Trust	Film distributor to TV	50.00	7,713	7,782
Sea World Property Trust (Listed)	Theme park lessor	34.25	36,144	47,370
Staging Connections (Vic) Pty. Limited	Audio visual services	25.00	1,292	919
Subiaco Cinemas Unit Trust	Cinema operator	24.90	320	364
Sydney FM Facilities Pty. Limited	Radio transmitter	50.00	507	564
Village/Nine Network Operations (M) Sdn. Bhd	Leisure centre developer	40.00	469	753
Village Cinemas SA*	Cinema operator	55.00	52,791	48,145
Village Force Cinemas Limited	Cinema manager	50.00	264	242
Village Roadshow Developments AE (SA)	Cinema developer	50.00	–	810
Village Roadshow Greece SA	Investor in cinema business	50.00	4,518	2,631
Village Twin Cinemas (Morwell) Pty. Limited	Cinema operator	50.00	472	507
Warner Village (D&B) Limited	Cinema design and building	49.99	207	256
Warner Village Cinemas SPA	Cinema owner/operator	45.00	450	2,335
Warner Village Exhibition Limited	Cinema operator	49.99	2,344	980
Other equity accounted entities in aggregate	N/A	N/A	(1,367)	(2,349)
			170,621	168,515

* Although the chief entity has a 55% ownership interest in the issued share capital of Village Cinemas SA, it does not control the voting rights. Consequently, it has been determined with reference to AASB 1016 Accounting for Investments in Associates, that the chief entity has significant influence over the entity as opposed to control. It has therefore been accounted for as an associate.

Notes to the Financial Statements

	ECONOMIC ENTITY
	2000
	\$'000
NOTE 11	
Investments (continued)	
b) Investments in Associates (continued)	
v) Share of net assets of associates	
The economic entity's share of net assets of associates in aggregate at 30 June 2000 is	
Current assets	258,205
Non-current assets	941,609
Current liabilities	(248,379)
Non-current liabilities	(803,670)
Net assets	147,765

vi) Events subsequent to reporting date

No event has occurred after reporting date in relation to any associated entity which could materially affect their financial position or operating performance.

vii) The annual balance date of associated entities is 30 June except for the following:

Cinemax SA	31 December
CJ Village Company Limited	31 December
CJ Golden Village Company Limited	31 December
Golden Village (Taiwan) Co. Limited	30 November
Multiplex Operations KFT	31 December
Priya Village Roadshow Limited	31 March
Sea World Property Trust	31 December
Tanjong Golden Village Sdn Bhd	31 December
Village Roadshow Greece SA	31 December
Warner Village Cinemas Company Limited	30 November
Warner Village Cinemas Limited	30 November
Warner Village Cinemas SPA	30 November
Warner Village (D&B) Limited	30 November
Warner Village (Design & Build) Limited	30 November
Warner Village Exhibition Limited	30 November
Warner Village Film Distributors Greece SA	31 December
Warner Village Investments Limited	30 November
Warner Village Properties Limited	30 November
Warner Village Trustees Limited	30 November

Notes to the Financial Statements

Name	Business	% owned	ECONOMIC ENTITY CARRYING VALUES	
			2000 \$'000	1999 \$'000
NOTE 11				
Investments (continued)				
c) Interests in Partnerships				
i) Partnership interests carried at equity accounted amount (previously carried at cost)				
Albury Regent Cinemas	Cinema operator	50.00	199	232
Hastings & Napier Cinemas	Cinema operator	12.00	–	–
Morwell Cinemas Partnership	Cinema operator	50.00	–	–
Movie World Enterprises	Theme park operator	50.00	1,050	(767)
Sea World Aviation	Helicopter ride operator	50.00	1,235	980
Sea World Enterprises	Theme park operator	50.00	2,430	1,407
Staging Connections (Australia)	Audio Visual hire	50.00	–	–
Staging Connections (Brisbane)	Audio Visual hire	25.00	(50)	–
Staging Connections (Cairns)	Audio Visual hire	25.00	–	–
Staging Connections (Gold Coast)	Audio Visual hire	33.30	–	–
Staging Connections (IDT)	Audio Visual hire	25.00	–	–
Staging Connections (Tasmania)	Audio Visual hire	25.00	–	–
Staging Connections (WA)	Audio Visual hire	25.00	(94)	–
Staging Connections (Whitsunday)	Audio Visual hire	50.00	–	–
Staging Connections Coffs Harbour	Audio Visual hire	25.00	–	–
Staging Connections Wollongong	Audio Visual hire	25.00	–	–
Tasmanian Cinemas	Cinema operator	50.00	1,518	3,580
Unison Productions	Audio Visual hire	50.00	–	–
Warner Village Cinema Management	Manager of cinema business	50.00	144	168
Warner Village Exhibition Management	Manager of cinema business	50.00	2,195	803
Warner Village Investments Ltd	Investor in cinema operator	49.99	157,533	168,411
			166,160	174,814
Partnership interests carried at cost				
Village Asqa Films	Film Production	5.00	–	–
Village Clipsal Film	Film Production	25.00	–	–
Village Roadshow Ambridge Films	Film Production	10.00	–	–
Village Roadshow Avoca Films	Film Production	10.00	–	–
Village Roadshow Class Productions	Film Production	8.70	–	–
Village Roadshow Groucho Films	Film Production	10.00	–	–
Village Roadshow Groucho Films II	Film Production	7.35	–	–
Village Roadshow Groucho Films III	Film Production	3.29	–	–
Village Roadshow Hoyts Films	Film Production	10.00	–	–
			–	–

Notes to the Financial Statements

ECONOMIC ENTITY

2000
\$'000

NOTE 11

Investments (continued)**c) Interests in Partnerships (continued)****ii) Carrying amount of investment in partnerships (equity accounted)**

Balance at beginning of year	174,814
Share of partnership operating profit before tax	8,975
Income tax expense	(1,795)
Net partnership distributions	(4,956)
Decrease in carrying value due to currency revaluation	(10,878)
Balance at end of year	166,160

iii) Equity accounted share of partnerships

Accumulated profits/(losses)

At beginning of year	13,080
At end of year	17,322
Other reserves	
At beginning of year	-
At end of year	-

iv) Share of net assets of partnership interests

The economic entity's share of net assets of partnership interests in aggregate at 30 June 2000 is

Current assets	21,645
Non-current assets	398,974
Current liabilities	13,916
Non-current liabilities	234,585
Net assets	172,118

v) Events Subsequent to Reporting Date

No event has occurred after reporting date in relation to any partnership which could materially affect their financial position or operating performance.

vi) The annual balance date of partnership interests is 30 June except for the following

Movie World Enterprises	30 November
Sea World Aviation	30 November
Sea World Enterprises	30 November
Warner Village Cinema Management	30 November
Warner Village Exhibition Management	30 November
Warner Village Investments Ltd	30 November

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 12				
Property, Plant and Equipment				
Land				
At cost	26,268	47,000	-	-
Buildings and improvements				
At cost (completed)	53,438	79,093	-	-
Less depreciation	(7,294)	(8,543)	-	-
	46,144	70,550	-	-
Construction in progress	17,226	1,799	-	-
	63,370	72,349	-	-
Leasehold improvements				
At cost	175,386	130,216	345	228
Less amortisation	(26,370)	(31,679)	(10)	(2)
	149,016	98,537	335	226
Equipment and vehicles (owned)				
At cost	311,214	274,725	7,834	6,841
Less depreciation	(132,277)	(114,290)	(5,370)	(4,509)
	178,937	160,435	2,464	2,332
Equipment and vehicles (leased)				
At cost	20,037	7,755	556	556
less amortisation	(2,575)	(1,546)	(177)	(67)
	17,462	6,209	379	489
	435,053	384,530	3,178	3,047

Recent Valuations

As at 30 June 2000, the Directors valued interests in land and buildings, based on a market appraisal by qualified valuers, at \$90.4 million (economic entity). These interests are recorded in the accounts (after aggregate depreciation) as follows

	\$'000
Freehold land	26,268
Buildings and improvements	45,338
	71,606

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 13				
Intangibles				
Goodwill purchased	42,134	50,257	-	-
Less amortisation	(5,841)	(3,809)	-	-
	36,293	46,448	-	-
Goodwill on consolidation	11,643	27,496	-	-
Less amortisation	(6,347)	(6,896)	-	-
	5,296	20,600	-	-
Other intangibles	5,658	3,038	-	-
	47,247	70,086	-	-
NOTE 14				
Accounts Payable				
Current				
Trade and sundry creditors	183,893	134,481	77	1,725
Owing to				
Controlled entities	-	-	-	1,296
Associated entities	10,610	6,425	-	-
Other	2,843	20,104	-	-
	197,346	161,010	77	3,021
Non-current				
Owing to				
Controlled entities	-	-	35,120	235,847
Associated entities	32,240	22,179	-	183
Other	29,199	36,539	1,219	3,508
	61,439	58,718	36,339	239,538
NOTE 15				
Borrowings				
Current				
Secured borrowings	10,057	9,678	-	-
Finance lease liabilities	5,282	1,608	113	113
	15,339	11,286	113	113
Non-current				
Secured borrowings	462,015	458,799	111,416	132,183
Finance lease liabilities	25,468	4,211	319	402
	487,483	463,010	111,735	132,585
Convertible notes	35,657	109,819	35,657	109,819

Notes to the Financial Statements

NOTE 15

Borrowings (continued)

Terms and conditions relating to the above financial instruments:

The chief entity has a \$180,000,000 (1999 \$180,000,000) long term finance facility. These borrowings are secured by a fixed and floating charge over all of the assets of the chief entity and five of its controlled entities.

Other secured borrowings are separately secured by a fixed and floating charge over assets in the Warner Bros. Movie World Joint Venture, the investment in the Sea World Property Trust and the Austereo Pty. Limited economic entity. The security for these borrowings is limited to the assets and undertakings of each particular operation. The lease liability is secured by a charge over the leased assets. Refer note 30a(ii) for additional information concerning finance lease terms and conditions.

On 30 April 1998 the company issued 2,400,000 convertible debt securities of US\$50.00 each which have been disclosed partly as liabilities and partly as equity. These Perpetual Redeemable Income Debt Exchangable for StockSM (PRIDESSM) are unsecured, subordinated perpetual debt securities, convertible at the option of the holders into A class preference shares within 10 years of issue or, at the option of the company, may be paid out in cash at the then prevailing closing price of the A class preference shares. At any time after 30 April 2008 the PRIDES may be redeemed, in whole or in part, at the option of the company upon payment of the principal and accrued unpaid interest. Subject to certain adjustments, the A class preference shares will be issuable at \$3.60 per share.

During the year ended 30 June 2000, 815,097 PRIDES were redeemed for cash, and 172,753 PRIDES were redeemed by the issue of A class preference shares. The company realised a profit of \$8.879 million on the cash redemptions (1999: \$7.937 million).

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 16				
Provisions				
Current				
Taxation	233	1,985	-	-
Employee entitlements	12,308	10,153	3,444	2,018
Dividends	40,634	51,068	40,634	51,068
Other	14,198	8,589	456	-
	67,373	71,795	44,534	53,086
Non-current				
Provision for income tax	44,613	36,918	1,612	819
Employee entitlements	3,053	3,078	-	-
Other	10,308	-	-	-
	57,974	39,996	1,612	819
NOTE 17				
Other Liabilities				
Current				
Unearned revenue	14,468	20,050	-	-
	14,468	20,050	-	-
Non-current				
Unearned revenue	2,216	1,520	-	-
	2,216	1,520	-	-

Unearned revenue is partially offset by other current assets relating to film production.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 18				
Share Capital				
Issued and fully paid up capital				
236,087,727 (1999 236,018,052) ordinary shares of 50 cents each	125,290	125,078	125,290	125,078
232,871,893 (1999 211,277,501) A class preference shares of 50 cents each	194,081	138,406	194,081	138,406
	319,371	263,484	319,371	263,484
Transfer in from share premium account (refer Note 19)	597,276	594,525	594,525	594,525
	916,647	858,009	913,896	858,009
Convertible notes	14,866	14,866	14,866	14,866

On 1 July 1998, as a consequence of the abolition of the concepts of the 'par value' of shares and 'share premium' by the *Company Law Review Act 1998*, the 'Issued Capital Account' was renamed the 'Share Capital Account' and an amount of \$594,525,469 was transferred from the 'Share Premium Account' to the 'Share Capital Account'.

Dividend rates on A class preference shares

Non redeemable A class preference shares are entitled to a non-cumulative dividend in priority to all other classes of shares payable annually in respect of each financial year at the greater of 10.175 cents per share or 3 cents above all the dividends payable on each ordinary share.

During the 1999 and 2000 years, fully paid shares were issued as follows

	CONSIDERATION		NUMBER OF SHARES	
	2000 \$'000	1999 \$'000	2000 '000	1999 '000
a) Ordinary shares				
New issue upon exercise of options				
July issued at \$3.01	16	81	5	27
August issued at \$3.32	–	54	–	16
December issued at \$2.63	–	8,589	–	3,266
December issued at \$3.06	197	–	64	–
b) A class preference shares				
Executive Share Plan				
January 2000 issued at \$2.30	1,290	–	561	–
June 2000 issued at \$1.66	1,370	–	825	–
May 1999 issued at \$2.37	–	3,405	–	1,437
Dividend re-investment				
November 1999 issued at \$2.63	19,774	–	7,519	–
November 1998 issued at \$2.12	–	20,797	–	9,810
Convertible notes				
January 2000 issued at \$2.99	13,170	–	4,405	–
March 2000 issued at \$2.53	22,517	–	8,900	–
April 1999 issued at \$2.99	–	229	–	77
June 1999 issued at \$2.99	–	13,722	–	4,589
June 1999 issued at \$2.99	–	3,888	–	1,300
Share buyback				
June 2000 at \$3.22	(1,980)	–	(615)	–
Transfer in of capitalised costs in relation to convertible notes	(467)	(668)	–	–
Total for the year	55,887	50,097	21,664	20,522

Notes to the Financial Statements

NOTE 18

Share Capital (continued)

Issued Options

No options either during the financial year or since the end of the financial year to the date of this report have been allotted.

Pursuant to the Executive and Employee Option Plan approved by shareholders on 5 October 1993, the options over A class preference Shares are exercisable during the 30 day period prior to the first anniversary of their date of grant and one quarter of the options over ordinary shares are exercisable during the 30 day period prior to the second, third, fourth and fifth anniversaries of their date of grant. The names of all persons who currently hold options are entered in the register kept by the company, which may be inspected free of charge.

During the year, 69,675 options were exercised over 69,675 ordinary shares by two executives. Since the end of the financial year to the date of this report, no options were exercised over ordinary shares. The method of fixing the price for the issue and exercise of such options is set out in the terms of the Executive and Employee Option Plan, and is based on the market value of the shares at the time of issue.

The market price of the ordinary and A class preference shares at 30 June 2000 was \$2.30 and \$1.86 respectively. The number of options over Ordinary shares at the end of the financial year was 572,175 (1999 1,940,595 options over ordinary shares). Each option, if exercised, entitles the holder to one fully paid ordinary share in Village Roadshow Limited.

As at 30 June 2000, the details of outstanding options over ordinary shares were as follows:

Number of options	Expiry date	Exercise price per option
572,175	07/12/2000	\$5.14

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 19				
Reserves				
Share premium reserve				
Balance at beginning of year	–	594,525	–	594,525
Post acquisition share of associates	2,751	–	–	–
	2,751	594,525	–	594,525
Transfer to share capital account	(2,751)	(594,525)	–	(594,525)
Balance at end of year	–	–	–	–
Foreign currency translation reserve				
Balance at beginning of year	21,876	18,835	33,115	–
Amount realised during the year	(14,484)	–	(14,484)	–
Amount relating to translation of accounts	(15,108)	(2,825)	(6,357)	33,115
Reserves disposed of during the year	4,838	–	–	–
Post acquisition share of associates	6,181	5,866	–	–
Balance at end of year	3,303	21,876	12,274	33,115
Asset revaluation reserve				
Balance at beginning of year	18,634	20,511	–	–
Reserves disposed of during the year	(10,600)	–	–	–
Post acquisition share of associates	(636)	(1,877)	–	–
Balance at end of year	7,398	18,634	–	–
Capital profits reserve				
Balance at beginning of year	66	–	–	–
Post acquisition share of associates	(44)	66	–	–
Balance at end of year	22	66	–	–
Total reserves	10,723	40,576	12,274	33,115

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 20				
Outside Equity Interests				
Outside equity interests in controlled entities				
Issued and paid up capital	-	8,505	-	-
Reserves	-	32,453	-	-
Profit and loss appropriation	-	10,681	-	-
	-	51,639	-	-
NOTE 21				
Contingent Liabilities				
Estimated maximum amounts relating to				
a. Termination benefits under personal service agreements for executives	68,892	63,655	11,272	14,555
b. Termination benefits under personal service agreements for consultants	11,964	-	11,964	-
c. Guarantees for secured credit facilities of controlled entities	-	109	-	100
d. Guarantees for unsecured credit facilities of controlled entities	1,257	912	307	307
e. Guarantees for secured credit facilities of associated entities	184,604	122,226	125,376	120,226
f. Unsecured guarantees for credit facilities of associated entities	12,410	8,050	12,410	8,050
g. Secured guarantees for operating lease commitments of controlled entities	48,555	63,061	48,555	62,985
h. Secured guarantees for operating lease commitments of associated entities	648	629	43	43
i. Secured guarantees for operating lease commitments of joint ventures	441	441	-	-
j. Unsecured guarantees for long term operating lease commitments of controlled entities	-	-	317,815	14,186
k. Unsecured joint and several operating lease commitments of controlled entities	-	1,964	-	-
l. Unsecured long term joint and several operating lease commitments of joint ventures	633,902	647,786	-	-
m. Unsecured long term joint and several percentage rent operating lease commitments of joint ventures	44,920	-	-	-
n. Unsecured several guarantees for long-term operating lease commitments of joint ventures	-	-	269,393	258,838
o. Unsecured several guarantees for long term percentage rent operating lease commitments of joint ventures	-	-	21,299	-
p. Unsecured several operating lease commitments of joint ventures	93,898	93,898	-	-
q. Unsecured guarantees for operating lease commitments of associated entities	152,510	114,873	-	-
r. Unsecured several guarantees for long term operating lease commitments of associated entities	-	-	3,955	2,704
s. Unsecured joint and several guarantees for long-term operating lease commitments of offshore joint venture	-	-	533,214	439,522
t. Unsecured short term head lease commitments of controlled entities	-	605	-	-
u. Unsecured guarantees for performance related financing commitments for film productions	-	2,000	-	2,000
v. Unsecured guarantee in respect of partnership commitments of controlled entities	125	125	125	125
	1,254,126	1,120,334	1,355,728	923,641

Notes to the Financial Statements

NOTE 21

Contingent Liabilities (continued)

In the event that any entity in the economic entity is required to meet a joint venture or partnership liability in excess of its proportionate share, that entity has right of recourse against the co-joint venturers or other partners in respect of that excess.

A number of claims have been lodged against the economic entity in relation to various matters, of which the economic entity's share is approximately \$1.5 million. Liability is not admitted and the claims are being defended. The Directors believe that the potential losses, if any, arising from these claims are not able to be reliably measured at reporting date, and are not likely to be material.

A claim has been lodged against an overseas associated entity in relation to an alleged taxation liability, of which the economic entity's share is approximately \$32 million. Liability is not admitted and the claim is being strongly defended. The Directors do not believe that the economic entity will incur any loss as a result of this claim.

The Australian Taxation Office (ATO) is conducting a number of income tax audits of the economic entity. The company has had discussions with the ATO and has provided the ATO with certain information that the ATO has requested. The ATO has indicated that the process may take up to two or three years to complete and may result in the issuing of amended assessments or other adjustments and/or the testing of the economic entity's position in the courts. In late September 1999, as part of this process, the ATO issued a number of assessments for the economic entity, totalling approximately \$55.0 million. The ATO has indicated that further assessments may be issued. Eminent professional advice obtained by the economic entity strongly supports the relevant taxation treatment adopted by the economic entity. The economic entity believes that it has made adequate provisions for all of its tax liabilities in its Financial Statements (refer note 16). The economic entity has objected against the assessments received and will be exercising all appeal rights available to it. The ultimate outcome of the tax audits cannot be determined with an acceptable degree of reliability, however, if such audits result in determinations significantly in excess of such provisions, there could be a significant impact on the economic entity.

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 22				
Expenditure Commitments				
a) Finance leases				
Payable within 1 year	5,282	1,608	113	113
Payable between 1 and 5 years	29,782	4,014	113	485
Payable after 5 years	1,881	1,270	259	–
	36,945	6,892	485	598
Less future finance charges	(6,195)	(1,073)	(53)	(83)
Total finance lease liabilities	30,750	5,819	432	515
b) i) Operating leases – Minimum lease payments				
Payable within 1 year	75,479	76,822	500	1,105
Payable between 1 and 5 years	337,358	303,089	2,000	2,000
Payable after 5 years	1,000,803	857,216	1,875	1,875
	1,413,640	1,237,127	4,375	4,980
ii) Operating leases – Percentage based lease payments				
Payable within 1 year	5,228	–	–	–
Payable after 1 year	69,602	–	–	–
	74,830	–	–	–
Total operating lease commitments	1,488,470	1,237,127	4,375	4,980

The revised accounting standard AASB 1008: Leases applies to the estimated contingent rental commitments of the chief entity and the economic entity. This standard requires the reporting of liabilities under certain operating leases to pay percentage rent. Percentage rent is payable as either incentive rent or revenue share. Incentive rent occurs when the operating lease creates a liability to pay the lessor a percentage of the gross receipts when a cinema site's earnings exceed the base rent. Gross receipts are generally made up of box office takings, concession sales and screen advertising, but may also include revenue from licence fees, arcade games and the sale of promotional material. A revenue share does not have a fixed base rent, the entire rental liability being determined by an express percentage of the total gross receipts.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 22				
Expenditure Commitments (continued)				
c) Other expenditure commitments				
Estimated capital expenditure contracted for at balance date but not provided for				
Payable not later than one year				
joint ventures	36,313	56,517	-	-
associates	28,575	34,707	-	-
other	129,300	124,256	-	-
	194,188	215,480	-	-
Payable later than one year but not later than five years				
joint ventures	38,680	118,424	-	-
associates	67,002	83,587	-	-
other	34,744	117,833	-	-
	140,426	319,844	-	-

NOTE 23**Superannuation Commitments**

There are established superannuation and retirement plans for the benefit of employees of the company and its controlled and associated entities. The benefits provided are accumulation benefits. Contributions to the plans are based on varying percentages of employees' gross remuneration and are made either by the employer or by the employee and the employer. Contributions made to the plans will not exceed the permitted levels prescribed by income tax legislation from time to time. There are legally enforceable obligations for contributions to be made to the plans in respect of some employees. As the plans are accumulation type funds, no actuarial assessment is made and the level of funds is sufficient to meet applicable employee benefits which may accrue in the event of termination of the plans or on the voluntary or compulsory termination of employment of any employee.

NOTE 24**Remuneration of Directors**

The names of Directors of the chief entity who have held office during the year are

Directors at balance date

J.R. Kirby, G.W. Burke, P.E. Foo, P.M. Harvie, J.H. Beale, W.J. Conn, D.B. Reardon, C.R. Stern, C.R. Gregson (alternate)

Resigned during the year

R.G. Kirby, P.A. Ziegler, P.T. Jackman, D. Puttnam.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 24				
Remuneration of Directors (continued)				
Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of each entity in the economic entity, directly or indirectly, by the entities of which they are Directors or any related party:	15,825	16,802		
Income paid or payable, or otherwise made available, in respect of the financial year, to all Directors of Village Roadshow Limited, directly or indirectly, from the entity or any related party:			10,066	11,231
The number of Directors who derived the above aggregate income were within the following bands				
\$ 0 – \$ 9,999			2	3
\$ 20,000 – \$ 29,999			1	–
\$ 30,000 – \$ 39,999			–	3
\$ 40,000 – \$ 49,999			1	–
\$ 50,000 – \$ 59,999			–	1
\$ 60,000 – \$ 69,999			–	2
\$ 80,000 – \$ 89,999			1	–
\$ 110,000 – \$ 119,999			1	1
\$ 130,000 – \$ 139,999			1	1
\$ 660,000 – \$ 669,999			1	–
\$ 890,000 – \$ 899,999			–	1
\$1,100,000 – \$1,109,999			1	–
\$1,190,000 – \$1,199,999			1	–
\$2,130,000 – \$2,139,999			1	–
\$2,210,000 – \$2,219,999			–	2
\$2,260,000 – \$2,269,999			1	1
\$2,300,000 – \$2,309,999			1	–
\$3,100,000 – \$3,109,999			–	1
NOTE 25				
Remuneration of Executive Officers				
Remuneration received or due and receivable by executive officers of the economic entity whose remuneration is \$100,000 or more, from entities in the economic entity or a related party, in connection with the management of the affairs of the entities in the economic entity whether as an executive officer or otherwise.	29,580	26,930		
Remuneration received or due and receivable by executive officers of the company whose remuneration is \$100,000 or more, from the company or any related party, in connection with the management of the affairs of the Company or any related party, whether as an executive officer or otherwise.			13,254	13,431

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 25				
Remuneration of Executive Officers (continued)				
The number of executives who derived the above aggregate income in excess of \$100,000 were within the following bands				
\$ 100,000 – \$ 109,999	9	5	–	1
\$ 110,000 – \$ 119,999	2	2	–	1
\$ 120,000 – \$ 129,999	8	7	1	1
\$ 130,000 – \$ 139,999	6	5	2	1
\$ 140,000 – \$ 149,999	2	5	–	1
\$ 150,000 – \$ 159,999	5	4	–	2
\$ 160,000 – \$ 169,999	5	5	2	–
\$ 170,000 – \$ 179,999	2	6	1	–
\$ 180,000 – \$ 189,999	6	1	2	–
\$ 190,000 – \$ 199,999	4	4	2	–
\$ 200,000 – \$ 209,999	2	3	1	1
\$ 210,000 – \$ 219,999	3	2	–	–
\$ 220,000 – \$ 229,999	4	1	–	1
\$ 230,000 – \$ 239,999	1	2	–	–
\$ 240,000 – \$ 249,999	2	4	1	–
\$ 260,000 – \$ 269,999	–	1	–	–
\$ 270,000 – \$ 279,999	3	2	–	1
\$ 280,000 – \$ 289,999	4	–	1	–
\$ 300,000 – \$ 309,999	2	–	–	–
\$ 310,000 – \$ 319,999	–	2	–	1
\$ 320,000 – \$ 329,999	–	1	–	–
\$ 340,000 – \$ 349,999	1	1	–	–
\$ 350,000 – \$ 359,999	1	1	1	–
\$ 360,000 – \$ 369,999	1	1	1	1
\$ 380,000 – \$ 389,999	–	1	–	–
\$ 410,000 – \$ 419,999	2	1	2	1
\$ 440,000 – \$ 449,999	1	–	–	–
\$ 450,000 – \$ 459,999	–	2	–	–
\$ 530,000 – \$ 539,999	1	–	–	–
\$ 590,000 – \$ 599,999	1	–	–	–
\$ 660,000 – \$ 669,999	1	–	1	–
\$ 710,000 – \$ 719,999	–	1	–	–
\$ 750,000 – \$ 759,999	1	–	–	–
\$ 840,000 – \$ 849,999	1	–	1	–
\$ 860,000 – \$ 869,999	1	–	–	–
\$ 890,000 – \$ 899,999	–	2	–	1
\$ 930,000 – \$ 939,999	–	1	–	–
\$1,100,000 – \$1,109,999	1	–	1	–
\$1,190,000 – \$1,199,999	1	–	–	–
\$1,660,000 – \$1,669,999	1	–	–	–
\$2,130,000 – \$2,139,999	1	–	1	–
\$2,210,000 – \$2,219,999	–	2	–	2
\$2,260,000 – \$2,269,999	1	1	1	1
\$2,300,000 – \$2,309,999	1	–	1	–
\$3,100,000 – \$3,109,999	–	1	–	1

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 26				
Remuneration of Auditors				
Aggregate remuneration received or due and receivable by the auditors, directly or indirectly from the chief entity or any related entity, in connection with				
Chief entity auditor				
Auditing accounts	702	577	120	120
Other services	1,257	332	–	–
Other auditors				
Auditing accounts	296	494	–	–
Other services	–	5	–	–
	2,255	1,408	120	120

NOTE 27**Events Subsequent to Reporting Date**

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

On 1 July 2000, the economic entity purchased the remaining interest in the Village Nine Leisure group from Publishing & Broadcasting Ltd to increase its ownership of the group to 100%.

Notes to the Financial Statements

Name	Business	%	CONTRIBUTIONS TO	
			OPERATING PROFIT AFTER TAX	
		owned	2000	1999
			\$'000	\$'000
NOTE 28				
Business Undertakings				
Interests in joint ventures				
Names and principal activities of joint ventures, the percentage interest held by entities in the economic entity and the contributions of those undertakings to results after tax				
Adelaide Nova/Palace	Cinema operator	25.00	38	(1)
Austereo/Simon Richards	Direct marketing	50.00	766	549
Austereo MCM Entertainment	Music media	50.00	34	253
Australian Multiplex Cinemas	Multiplex cinema operators	33.30	11,707	13,794
Browns Plains Multiplex Cinemas	Multiplex cinema operators	25.00	22	134
Canberra FM Radio	Radio broadcasting	50.00	1,364	1,062
Carlton Nova/Palace	Cinema operator	25.00	345	62
Castle Towers Multiplex Cinemas	Multiplex cinema operators	25.00	874	562
Cathay Golden Village Distribution	Film distributor	25.00	(65)	(20)
Damodar Village Force Cinemas	Cinema operator	33.30	363	463
Data Sell Teleservices	Teleservices	35.00	246	124
Geelong Cinema	Cinema operator	50.00	579	712
Golden Village Chinese Films	Film distributor	–	(5)	(339)
Hide & Seek	Entertainment	–	32	(32)
Intencity	Entertainment	73.40	(18,321)	(16,842)
Jam Factory Shopping Centre	Shopping Centre	50.00	103	(229)
Jam Factory Cinema	Cinema operator	50.00	1,060	919
Laguna Quays Management	Resort manager	–	–	(883)
Morwell Multiplex Cinemas	Cinema operator	75.00	478	409
Movieline	Cinema ticket seller	33.33	(1,243)	–
Mt. Gravatt Multiplex Cinemas	Cinema operator	37.50	780	699
New Zealand Multiplex Cinemas	Cinema developer and lessor	50.00	272	4,343
NLD Village	Mall advertising	50.00	(384)	–
Parramatta Cinemas	Cinema operator	50.00	307	40
Rialto Cinemas	Cinema operator	12.50	–	–
Village Force Hoyts Cinemas	Cinema operator	25.00	2,327	–
Village/GUO/BCC Cinemas	Cinema operator	50.00	(159)	134
Village/Nine Network Restaurants & Bars	Non-operating	–	–	–
Village/Sali Cinemas Bendigo	Cinema operator	50.00	431	312
Village/Sega Equipment Distribution	Equipment distributor	36.70	(1,364)	(1,233)
Village/Sega Equipment Wholesaler	Equipment wholesaler	73.40	–	–
Village Anderson Cinemas	Cinema operator	50.00	344	379
Village Nine Network Leisure	Indoor theme park operator	73.40	15,115	(4,472)
Village Palace Cinemas	Cinema operator	50.00	1,447	1,414
Village Roadshow Pratt Films	Film production	–	–	–
Village Warrnambool Cinemas	Cinema operators	50.00	153	187
Warner Bros. Movie World Holdings	Theme park, Queensland	33.33	1,955	2,180
Warner Bros. Studio Store Australia	Retail trading	64.00	527	(19,737)
Warner Village Cinema Operating Assets	Property owner/lessor	50.00	(2,489)	(340)
Warner Village Cinema Properties	Property owner/lessor	50.00	(1,546)	(915)
Warner Village Exhibition Operating Assets	Property owner/lessor	49.99	536	724
Warner Village Exhibition Properties	Property owner/lessor	49.99	(3,128)	(2,110)
World Live!	Non operating	–	1,747	(531)
Yoram Gross Village Roadshow	Film and television production	–	–	424
			15,248	(17,805)

Notes to the Financial Statements

	ECONOMIC ENTITY	
	2000 \$'000	1999 \$'000
NOTE 28		
Business Undertakings (continued)		
Aggregate share of assets in joint ventures		
Current Assets		
Cash	5,975	13,146
Receivables	26,291	14,002
Inventories	1,271	4,504
Other	3,655	3,872
Non-Current Assets		
Property, plant and equipment	242,714	186,628
Deferred expenditure	10,210	10,794
Receivables	31,078	5,888
Other	35,727	36,528
	356,921	275,362
NOTE 29		
Segment Reporting		
a) Statement of Operations by Geographical Segments		
Revenue from outside customers		
Australia	582,814	535,290
United States of America	1,615	8,976
British Virgin Islands	32,662	26,927
New Zealand	17,981	26,760
Asia	78,011	95,034
Europe	151,083	105,703
South America	1,406	27
Consolidated operating revenue	865,572	798,717
Segment operating profit (loss) before taxation and abnormals		
Australia	70,496	52,046
United States of America	(400)	7,280
British Virgin Islands	13,143	13,786
New Zealand	3,631	3,586
Asia	(180)	(5,032)
Europe	(2,629)	8,894
South America	943	–
Consolidated operating profit before taxation and abnormal items	85,004	80,560
Segment assets		
Australia	1,037,418	1,087,083
United States of America	9,248	15,283
British Virgin Islands	71,126	30,259
New Zealand	31,834	27,532
Asia	123,709	277,453
Europe	625,289	459,456
South America	69,925	57,363
Consolidated assets	1,968,549	1,954,429

Inter-segment transactions are not material.

Notes to the Financial Statements

	ECONOMIC ENTITY	
	2000 \$'000	1999 \$'000
NOTE 29		
Segment Reporting (continued)		
Reconciliation of operating profit before tax and abnormal items to operating profit before tax		
Operating profit before tax and abnormal items	85,004	80,560
Abnormal items before tax	(5,687)	(65,431)
Operating profit before tax	79,317	15,129
b) Statement of Operations by Industrial Segments		
Revenue from outside customers		
Exhibition	361,452	370,137
Theme parks and resorts	39,170	54,286
Radio	242,438	198,643
Production	42,634	101,589
Other	179,878	74,062
Total operating revenue	865,572	798,717
Operating profit before taxation and abnormals		
Exhibition	1,312	14,666
Theme parks and resorts	8,015	8,180
Radio	64,647	47,360
Production	16,433	18,475
Other	(5,403)	(8,121)
Consolidated operating profit before taxation and abnormal items	85,004	80,560
Segment assets		
Exhibition	1,006,753	1,008,392
Theme parks and resorts	90,688	120,097
Radio	556,994	534,857
Production	153,750	142,738
Other*	160,364	148,345
Consolidated assets	1,968,549	1,954,429

* Includes cash on hand held by central treasury of \$15.9 million (1999 \$11.1 million).
Inter-segment transactions are not material.

Notes to the Financial Statements

NOTE 30

Financial Instruments

a) Terms, Conditions and Accounting Policies

The economic entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

Recognised Financial Instruments

i) Financial assets

Receivables – trade debtors

Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Credit sales are normally settled on 30 day terms.

Receivables – associated entities and other advances

Amounts (other than trade debts) receivable from associated entities and for other advances are carried at nominal amounts due. Interest, when charged, is recognised in the profit and loss on an accrual basis. Details of the terms and conditions applicable to related parties are set out in Note 31.

Unsecured advances

Unsecured advances are shown at cost. Interest, when charged, is recognised in the profit and loss on an accrual basis.

Investments in unlisted shares

Investments in unlisted shares are shown at the lower of cost or recoverable amount. Dividends and distributions are recognised when declared by the investee.

ii) Financial liabilities

Trade and sundry creditors

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the economic entity and are normally settled on 30 day terms.

Accounts payable – associated and other entities

Amounts owing to associated and other entities are carried at the principal amount. Interest, when charged, is recognised in the profit and loss on an accrual basis. Details of the terms and conditions applicable to related parties are set out in Note 31.

Secured and unsecured borrowings

Borrowings are carried at the principal amount. Interest is recognised in the profit and loss on an accrual basis. Bank loans are repayable either monthly, quarterly or bi-annually with terms ranging from less than one year to five years. While interest is charged either at the bank's floating rate or at a contracted rate above the Australian dollar BBSY rate, certain borrowings are subject to interest rate swaps. Refer interest rate swaps in the unrecognised financial instruments section below.

Details of security over bank loans is set out in Note 15.

Provision for dividends

Dividends payable represents provision for a final dividend of 7.175 cents (1999: 10 cents) per ordinary share and 10.175 cents (1999: 13 cents) per A class preference share for the financial year ended 30 June 2000. No franking is attributable to these proposed dividend payments.

Convertible Notes

Refer Note 15 for details in relation to convertible notes issued by the chief entity.

Finance lease liabilities

Finance lease liabilities are accounted for in accordance with AASB 1008. As at balance date, the economic entity had finance leases with an average lease term of 3 years. The average discount rate implicit in the leases is 7.13% p.a.

iii) Equity

Ordinary shares

From 1 July 1998, ordinary share capital has been recognised at the issue value of the shares. Prior to that date, ordinary share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at balance date are set out in Note 18.

Preference shares

From 1 July 1998, preference share capital has been recognised at the issue value of the shares. Prior to that date, preference share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over preference shares at balance date are set out in Note 18.

Unrecognised Financial Instruments

Interest rate swaps

The economic entity enters into interest rate swap or hedge agreements that are used to convert the variable interest rates attached to various of its specific facilities into fixed interest rates. The swaps are entered into with the objectives of ensuring that earnings are not subject to wide fluctuations caused by fluctuating interest commitments and ensuring compliance with loan covenants. Interest rate swaps are not recognised in the financial statements.

At balance date, various entities within the economic entity had entered into interest rate swaps on debts totalling \$96.6 million. These swaps covered approximately 20% of total borrowings of the economic entity drawdown at balance date. The majority of the swaps mature in the short to medium term.

Notes to the Financial Statements

NOTE 30

Financial Instruments (continued)**b) Interest Rate Risk**

The economic entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date are as follows:

FINANCIAL INSTRUMENTS	FLOATING INTEREST RATE		FIXED INTEREST RATE MATURING IN			NON-INTEREST BEARING	TOTAL CARRYING AMOUNT AS PER THE BALANCE SHEET	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE		
	2000	1999	1 YEAR OR LESS	OVER 1 TO 5 YEARS	MORE THAN 5 YEARS			2000	1999	
i) Financial assets										
Cash	69,863	85,457	-	-	-	-	69,863	85,457	5.75%	4.65%
Receivables – trade debtors	-	-	-	-	-	176,701	176,701	122,367	N/A	N/A
Receivables – associated entities and other current advances	-	-	-	-	-	196,474	196,474	214,209	N/A	N/A
Unsecured advances	29,841	29,967	-	-	-	48,099	77,940	71,375	3.82%	6.10%
Total financial assets	99,704	115,424	-	-	-	421,274	520,978	493,408		
ii) Financial liabilities										
Trade and sundry creditors	-	-	-	-	-	183,893	183,893	134,481	N/A	N/A
Accounts payable – associated and other entities	-	-	-	-	-	74,892	74,892	85,247	N/A	N/A
Secured and unsecured borrowings	375,472	283,977	-	-	-	-	472,072	468,477	6.68%	5.74%
Convertible notes	-	-	96,600	-	4,000	-	35,657	109,819	6.43%	6.45%
Provision for dividends	-	-	-	-	-	40,634	40,634	51,068	N/A	N/A
Finance lease liabilities	-	-	5,282	25,468	3,389	-	30,750	5,819	7.13%	6.39%
Interest rate swaps	-	-	-	-	-	-	*	*	N/A	N/A
Total financial liabilities	375,472	283,977	5,282	157,725	113,208	299,419	837,898	854,911		

N/A – not applicable for non-interest bearing financial instruments.

* not applicable since these financial instruments are not recognised in the financial statements

Notes to the Financial Statements

NOTE 30

Financial Instruments (continued)**c) Net fair values**

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, are as follows

	TOTAL CARRYING AMOUNT AS PER BALANCE SHEET		AGGREGATE NET FAIR VALUE	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Financial assets				
Cash	69,863	85,457	69,863	85,457
Receivables – trade debtors	176,701	122,367	176,701	122,367
Receivables – associated entities and other advances	196,474	214,209	147,281	160,577
Unsecured advances	77,940	71,375	70,469	53,505
Total financial assets	520,978	493,408	464,314	421,906
Financial liabilities				
Trade and sundry creditors	183,893	134,481	183,893	134,481
Accounts payable – associated and other entities	74,892	85,247	74,892	85,247
Secured and unsecured borrowings	472,072	468,477	397,997	416,929
Convertible notes	35,657	109,819	26,729	83,214
Dividends payable	40,634	51,068	40,634	51,068
Finance lease liabilities	30,750	5,819	26,579	5,819
Interest rate swaps	*	*	566	254
Total financial liabilities	837,898	854,911	751,290	777,012

*not applicable since financial instruments are not recognised in the financial statements.

Receivables from associated entities and other advances, and unsecured advances, are carried in excess of their net fair value. The Directors have decided not to write down these amounts since they expect to recover their full face values.

Notes to the Financial Statements

NOTE 30

Financial Instruments (continued)

c) Net fair values (continued)

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

Recognised Financial Instruments

Cash, cash equivalents and short-term deposits

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

Receivables and accounts payable – current

The carrying amount approximates fair value because of short term maturity.

Receivables – non current

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

Investments

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment.

Dividends payable

The carrying amount approximates fair value.

Borrowings – current

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

Borrowings – non-current

The fair values of non current borrowings are estimated using discounted cash flow analysis, based on current incremental borrowing rates for similar types of arrangements.

Unrecognised Financial Instruments

Interest rate swaps

The fair values of interest rate swap contracts is determined as the difference in present value of the future interest cash flows.

d) Credit Risk Exposures

The economic entity's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The economic entity's maximum credit risk exposure in relation to these is as follows

Interest rate swap contracts

Limited to the net fair value of the swap agreements at balance date, being \$565,921.

Concentrations of credit risk

The Company minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers within the specified industries. However, the majority of customers are concentrated in Australia. Refer also to Note 29 – Segment reporting.

Notes to the Financial Statements

NOTE 30

Financial Instruments (continued)

d) Credit Risk Exposures (continued)

Concentrations of credit risk on trade accounts receivable arise in the following industries

MAXIMUM CREDIT RISK EXPOSURE FOR EACH CONCENTRATION

Industry segment	Percentage of total trade debtors 2000 %	Consolidated total balance 2000 \$'000
Exhibition	41	73,023
Theme parks and resorts	3	4,774
Radio	26	46,783
Production	16	27,487
Other	14	24,634
	100	176,701

Credit risk in trade receivables is managed in the following ways

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

NOTE 31

Related Party Transactions

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

a) Immediate Parent Entity

Immediate parent entity is Village Roadshow Corporation Limited which is incorporated in Australia. The ultimate parent entity is Kirby's Investments Pty. Limited which is incorporated in Australia.

Village Roadshow Corporation Limited received an unfranked dividend of \$11,181,982 (1999 \$10,963,192) on ordinary shares and \$898 (1999 \$898) on A class preference shares from the chief entity.

During the year Nil (1999 2,187,900) options over ordinary shares in the chief entity were exercised at Nil (1999 \$2.63), none of which were disposed of on market.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 31				
Related Party Transactions (continued)				
b) Controlled entities				
Revenues and expenses				
During the year the following transactions occurred between the chief entity and its controlled entities				
Dividends received from controlled entities			474,865	22,500
Interest received from controlled entities			46,019	44,160
Borrowing costs paid to controlled entities			1,309	487
Receivables and payables				
At balance date, the following aggregate loans were outstanding between the chief entity and its controlled entities				
Owing by controlled entities			1,360,496	1,163,413
Owing to controlled entities			35,120	237,143
c) Associated entities				
Revenues and expenses				
The following transactions with associated entities were included in the determination of the operating profit before tax for the year (material amounts have been separately identified).				
Dividend and trust distribution revenue				
Roadshow Unit Trust	4,169	3,136		
Sea World Property Trust	4,147	4,389		
Other	616	602		
	8,932	8,127		
Interest revenue	3,219	701		
Management and service fee revenue				
Australian Multiplex Cinemas	1,289	1,234		
CJ Golden Village Co Ltd	2,103	796		
Village Force Cinemas Ltd	-	3,639		
Village Roadshow Hungary RT	1,121	-		
Other	2,733	5,462		
	7,246	11,131		
Commissions and fee revenue	1,418	1,126		
Royalty revenue				
Warner Village Exhibition Ltd	2,545	2,548		
Other	2,228	628		
	4,773	3,176		
Radio advertising charges	2,395	1,523		
Borrowing costs paid	1,111	195		

Notes to the Financial Statements

	ECONOMIC ENTITY	
	2000 \$'000	1999 \$'000
NOTE 31		
Related Party Transactions (continued)		
c) Associated Entities (continued)		
Receivables and payables		
The following amounts remain receivable from or payable to associated entities at the end of the year		
Current trade receivables	187	–
Non-current receivables other than trade receivables		
Dartina Development Ltd	8,637	–
Entertain Golden Village Company Ltd/EGV		
Exhibition Company Ltd.	8,313	7,466
EGV Exhibition Co Ltd	7,905	7,233
Golden Village Multiplex Pte Ltd	12,013	–
Roadshow Distributors Pty Ltd	7,115	7,365
Roadshow Unit Trust	13,688	9,519
Tanjong Golden Village Sdn. Bhd.	7,279	13,342
Tri Village Developments Greece SA	12,535	–
V10 Corp Investments Pty Ltd	2,252	–
Village Cinemas SA	16,328	16,328
Village Roadshow Developments SA	–	36,047
Village Roadshow Greece SA	2,879	–
Village Ten Online Pty Ltd	5,704	–
Village Nine Leisure Operations (M) Sdn Bhd	3,521	2,658
Warner Village Cinema Properties	19,678	–
Warner Village Cinemas Company Ltd.	17,079	17,079
Warner Village Cinemas Spa	20,524	22,748
Warner Village Exhibition Ltd	9,157	2,953
Other	9,768	27,412
	184,375	170,150
There are no material provisions against trade and other receivables at 30 June 2000. No material interest has been charged on the amounts receivable.		
Current loans payable		
Warner Village Properties Ltd	10,583	10,689
Other	27	–
	10,610	10,689
Non-current loans payable		
Roadshow Distributors Pty Ltd	–	3,925
Agethetas Pty Ltd	1,602	3,500
Warner Village Partnership	4,412	–
Warner Village (Design & Build) Ltd.	19,307	10,689
Other	6,919	4,065
	32,240	22,179

Notes to the Financial Statements

NOTE 31

Related Party Transactions (continued)

d) Transactions with Directors and Director-related entities

The names and remuneration of Directors is disclosed in Note 24 and detailed in the Directors' Report.

Unfranked dividends totalling \$277,761 (1999 \$277,637) on ordinary shares and \$377,849 (1999 \$296,304) on A class preference shares were paid by the chief entity to Messrs R.G. Kirby, P.T. Jackman, G.W. Burke, P.A. Ziegler, D. Puttnam and W.J. Conn and their Director-related entities.

W.J. Conn and his Director-related entities received unfranked dividends of \$6,286 (1999 \$6,286) on ordinary shares and \$947 (1999 \$529) on A class preference shares which were reinvested in the chief entity's Dividend Reinvestment Plan for 2,751 A class preference shares (1999 3,214 A class preference shares) at \$2.63 per share (1999 \$2.12).

A total of \$1,190,776 (1999 \$1,008,585) was paid for stationery and printing services provided to the economic entity by Chanel Press Pty. Limited which Messrs J.R. Kirby and R.G. Kirby are Directors.

A total of \$1,063,960 (1999 \$1,268,504) was paid for stationery and printing services provided to the economic entity by Southport Printing Pty. Limited of which Messrs J.R. Kirby, R.G. Kirby and G.W. Burke are Directors.

A total of \$132,758 (1999 \$170,269) was paid for stationery and printing services provided to the economic entity by Prestige Plates Pty Limited of which Messrs J.R. Kirby, R.G. Kirby and G.W. Burke are Directors.

A trust distribution of \$1,768,702 (1999 \$1,330,288) was paid by Roadshow Unit Trust, a controlled entity of Roadshow Distributors Pty. Limited, to Mr G.W. Burke, a Director of the Trust.

Management fees totalling \$369,539 (1999 \$83,730) were paid by Roadshow Unit Trust, a controlled entity of Roadshow Distributors Pty. Limited, to Mr G.W. Burke, a Director of the Trust.

In total 1,386,068 (1999 1,436,765) A class preference shares were issued during the year to executives including Directors of controlled entities of the chief entity and their related entities under the Executive Share Plan approved by shareholders.

During the year, 683,333 A class preference shares at market value of \$1,379,666 (1999 800,000 shares at \$1,896,000 value) in the chief entity were issued under the Executive Share Plan to I. Basser and G. Basser (or their director-related entities) for \$2.30 per share and B. March for \$1.66 per share, who are directors of controlled entities of the chief entity, which amounts were funded by loans totalling \$1,385,185.

During the year, 5,325 options over ordinary shares in the chief entity were exercised at \$3.01 per share under the Executive and Employee Option Plan by J. Anderson who is a Director of a controlled entity of the chief entity, which amount was funded by a loan totalling \$16,028.

As at the end of the financial year, total loans to executives who were directors of controlled entities of the chief entity at the time of the granting of the loans, in relation to the Executive Share Plan and the Executive and Employee Option Plan were \$20,644,468 (1999 \$18,534,061).

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

Under the terms of the Executive Share Plan loan facility, the first 10 cents of every dividend per share is used to repay the interest accrued

and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

Other than the required dividend allocations, no repayments have been made during the year under the relevant loan agreements.

During the year R.G. Kirby, the Executive Deputy Chairman of Village Roadshow Limited, resigned from the group after almost 30 years of service. The group was anxious to retain his vast knowledge and experience, and as a result, entered into a two year consulting agreement (with a two year option to extend at the company's discretion) with Kirby Corporation Pty. Ltd., of which R.G. Kirby is the sole director.

That agreement provides for a retainer of \$750,000 p.a. and reimbursement of out-of-pocket expenses for the period of the contract. For the period January to June 2000, an amount of \$375,000 was paid as a retainer and \$295,000 as a reimbursement of out-of-pocket expenses pertaining to travel, motor vehicle and office expenses. In addition, pursuant to such contract, Kirby Corporation Pty. Ltd. was granted an option to acquire a 12.5% interest in Village Online Investments Pty. Ltd. for \$6,250,000 (plus unrecouped expenditure). The said option price was valued at December 1999 by independent valuers, Ernst & Young.

R.G. Kirby's option was priced in the top quartile of that valuation. In structuring the above arrangements with R.G. Kirby, the Board obtained independent advice from the Russell Reynolds Group which stated that such arrangements were in line with international market practice and, as such, were reasonable. Kirby Corporation Pty. Ltd. was granted an option to acquire a 12.5% interest in the group's remote/internet ticketing and internet film distribution interests for \$2,500,000 (plus unrecouped expenditure). This cost was in addition to the valuation provided by Ernst & Young.

Subsequent to P.A. Ziegler resigning as a Director, consulting fees totalling \$654,908, a success fee of \$5,191,477 mostly relating to the arrangement of a non-recourse US\$300 million (A\$560 million) production film financing facility for the group and a 7.5% film production profit share of \$277,375 were paid to P.A. Ziegler and his directly related entities. Mr. Ziegler retains his profit share in the film production division in perpetuity in return for providing financing for the ongoing slate of Village Roadshow Production pictures, which included *The Matrix*.

P.M. Harvie, a Director, was previously granted 0.5% shadow interest in Village Online Investments Pty. Ltd. for \$250,000 plus unrecouped expenditure.

e) Material Contracts with Other Executives

B. Berman, the Chief Executive Officer of the group's film production activities, is entitled while he works for the group to a profit sharing arrangement to the extent of 15% of the group's film production profits. At the time this option was granted the film division had a nil value as it was not operational in its existing form. Village Roadshow Pictures negotiated this percentage in exchange for B. Berman's employment and the acquisition of his development company, Plan B Entertainment Inc., in 1998. If Village Roadshow Pictures is floated during the employment of B. Berman, he will be entitled to a 15% free carrying equity in the group's interest in the IPO.

Various executives in the group have been employed and granted an interest in Village Online Investments Pty. Ltd. The nature and extent of these arrangements have not been finalised, however approximately 5% of the group's interests in Village Online Investments Pty. Ltd. has been granted to various employees on the basis that the group's interests are first valued at \$50 million or \$2.5 million for the 5% interest.

Notes to the Financial Statements

	ECONOMIC ENTITY		CHIEF ENTITY	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
NOTE 32				
Borrowing Costs				
The amounts of borrowing costs paid or payable which have been recognised during the financial year as part of the carrying amounts of assets are as follows.				
Other	4,827	2,639	-	-

The interest rate used to determine capitalised borrowing costs was 9.12% (1999 8.55%).

Directors' Declaration

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 company and of the consolidated entity are in accordance with the Corporations Law, including:
 - i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and Corporations Regulations; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Signed

G.W. Burke

Director

Melbourne 25 September 2000

Independent Audit Report

To the members of Village Roadshow Limited

Scope

We have audited the financial report Village Roadshow Limited for the financial year ended 30 June 2000, as set out on pages 30 – 78, including the Directors' Declaration. The financial report includes the financial statements of Village Roadshow Limited, and the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position and performance as represented by the results of the operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Village Roadshow Limited is in accordance with:

- a) the Corporations Law including:
 - i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2000 and of their performance for the year ended on that date; and
 - ii) complying with Accounting Standards and the Corporations Regulations; and
- b) other mandatory professional reporting requirements.

Ernst & Young

P.I. Buzzard

Partner, Melbourne

Date: 25 September 2000

2000 Additional Financial Information

Reported EBITDA Analysis – Group

	2000 \$'000	1999 \$'000
Exhibition	68,362	58,506
Theme parks and resorts	19,656	16,582
Radio	82,834	67,302
Distribution	3,135	3,336
Production	15,469	19,626
Other (includes corporate overheads)	(4,641)	(266)
	184,815	165,086
Calculation of Reported EBITDA		
Operating profit before abnormals and tax	85,004	80,560
Add: Amortisation of goodwill	4,298	2,888
Depreciation and amortisation (excluding goodwill)	70,831	83,676
Production amortisation	(9,116)	(36,923)
Interest expense	36,229	35,626
Tax on unit trust distributions	1,663	1,771
Tax on partnership profits	1,795	–
Goodwill on equity profits	2,104	2,296
Less: Interest income	(21,061)	(24,020)
Interest from exhibition partnership/associates	10,819	13,404
Minority interests	2,249	5,808
Reported EBITDA	184,815	165,086

Gross Box Office and Underlying EBITDA Analysis – Exhibition

All figures are in \$'000	GROSS BOX OFFICE			UNDERLYING EBITDA (100%)			UNDERLYING EBITDA ¹ (VILLAGE ROADSHOW LIMITED SHARE)		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Australia	273,716	254,117	232,580	75,974	82,756	74,515	26,181	29,885	28,742
Asia/New Zealand ²	227,024	182,522	145,438	51,089	37,559	29,172	18,089	13,343	11,962
Europe	287,977	222,167	170,715	62,605	56,004	50,765	28,595	26,348	25,381
South America	45,302	25,931	13,207	26,642	10,383	2,948	14,653	5,711	1,622
Total	834,019	684,737	561,940	216,310	186,702	157,400	87,518	75,287	67,707

EBITDA: Earnings before interest, tax, depreciation and amortisation

- 1) Underlying EBITDA represents Village Roadshow's equity share of trading in each territory on a grossed-up basis, i.e., ignoring the effect of corporate structuring. Reported EBITDA differs from this because there are a number of partnerships/associates whose contribution to reported EBITDA is Village Roadshow's share of their post-tax profits.
- 2) Underlying EBITDA excludes the Golden Harvest results in both the current and previous periods (reported EBITDA includes the Golden Harvest results).

Significant Differences between Australian GAAP and US GAAP

Introduction

The consolidated financial statements of the company are prepared in accordance with accounting principles generally accepted in Australia (A GAAP), which differ in certain respects from accounting principles generally accepted in the United States of America (US GAAP). The following is a summary of the significant differences between A GAAP and US GAAP that may affect the company's consolidated operating profit after tax and shareholders' equity for the periods presented. No attempt has been made to identify disclosures, presentation or classification differences that could affect the manner in which transactions and events are presented in the consolidated financial statements of the company.

A principal difference between the company's results calculated under A GAAP compared to US GAAP arises from the different treatment of deferred expenditure by the company and its associated entities. This difference and other differences outlined below are timing differences, as the company amortises such expenditure over time, and have no cash flow effect. As described in Note 2 below, under US GAAP these expenditures are recognised as incurred. The company has undertaken a significant expansion program of its operations over the last few years. In years of expansion, the effect of deferred expenditure will have a greater current and lower long-term impact on the company's reported profit under US GAAP.

Notes accompanying US GAAP Reconciliation

1) Amortisation of Radio Licenses

The company's consolidated financial statements presently carry radio licenses at cost in the balance sheet. A GAAP only requires amortisation of the carrying amount where a depreciable amount exists. Directors have determined that the depreciable amount is negligible and therefore radio licenses have not been amortised. Under US GAAP, radio licenses are systematically amortised over their estimated period of benefit. This period of benefit must not exceed forty years.

2) Deferred Expenditure

Under A GAAP, where the benefits of expenditure are attributable to future years, that expenditure can be capitalised and amortised over the expected period of benefit. The company's balance sheet contains capitalised expenditure which primarily relates to the development of new exhibition sites. When each site becomes operational, these costs are amortised on a straight line basis over a period of five years.

Under US GAAP, these costs would be considered as start up costs and expensed as incurred. The net difference between A GAAP and US GAAP in any one year is the difference between costs capitalised in the period and amortisation expense on previously capitalised amounts.

3) Equity Accounting

Prior to July 1 1997 under A GAAP, investments in incorporated associate entities were carried at cost in the consolidated balance sheet and only dividends declared from these entities were recognised in the consolidated profit and loss statement.

Under US GAAP, equity accounting is used to account for investments in interests where the investor has significant influence over the investee. These adjustments include US GAAP adjustments within the associate entities own accounts.

Effective July 1 1997, equity accounting has been adopted by the company using A GAAP principles. The main impact of this change under US GAAP equity accounting is the treatment of deferred expenditure in the associate entity's profit and loss statement. Most associate entities capitalise start up costs as described in Note 2 above.

4) Motion Picture Income

The company recognises certain income relating to motion picture projection where the income is non-refundable and deemed to be earned under A GAAP. Under US GAAP, this income may only be recognised for profit purposes when the picture is available for delivery. These amendments are timing differences for profit recognition.

5) Acquisition Accounting

There are two major differences between A GAAP and US GAAP relating to acquisition accounting:

a) Prior to 1992, a majority of the company's shares were owned by Village Roadshow Corporation Limited ('VRC'). During that period, the company acquired interests in certain businesses from VRC. Under A GAAP, this has resulted in a gain being recorded in the books of VRC representing the difference between the carrying value of the assets disposed of and the purchase consideration. Under US GAAP, no gain would have been recorded as the acquisitions represented a transfer between entities under common control. Accordingly, the acquired businesses would have been transferred to the company at their carrying amounts in the accounts of VRC and not at fair value.

b) The company amortises goodwill over twenty years in accordance with A GAAP. Under US GAAP, this amortisation period would be forty years.

6) Sale of Real Estate

During the years ended June 30 1998 and June 30 1999, certain interests in land and buildings were sold into a property trust in which the company had an interest. Under US GAAP these sales were not recognised and gains/losses had been reversed. Rental costs and depreciation had been adjusted to reflect the reversal. As at June 30 2000, the company no longer had an interest in the property trust, so no adjustments for rental and depreciation are required. All prior year adjustments have been reversed in the 1999/2000 US GAAP reconciliation.

7) Lease Accounting

The company has numerous leases over property which it classifies as operating leases and are therefore not reflected in the company's balance sheet. This treatment is in accordance with A GAAP under which leases are only recorded in the balance sheet where the lessee enjoys substantially all the risks and benefits of ownership associated with the leased asset and the expense in the profit and loss statement reflects the amount paid or due and payable in the period.

Significant Differences between Australian GAAP and US GAAP

Under US GAAP, the application of the lease classification rules results in the capitalisation of some of these leases. In the earlier years of the lease this results in a reduction of the company's profit as interest and amortisation charges exceed the lease payments. As the lease reaches maturity, this effect will reverse.

8) Interest Capitalisation

Up to June 30 1998, under A GAAP, interest was capitalised on deferred expenditure including constructed assets. Under US GAAP, only interest on constructed assets was capitalised. From 1 July 1998, A GAAP and US GAAP capitalisation requirements are both based on constructed assets. Under A GAAP, capitalised interest is amortised over five years from the opening date whereas under US GAAP, the amortisation is over an average of 25 years.

9) US GAAP Adjusted Tax Expense

Under A GAAP, the expected benefits arising from the utilisation of tax losses are only booked to the profit and loss account where the benefits are virtually certain of being realised. Under US GAAP, the expected benefit of the loss is booked at the time that they become more likely than not to be realised. The company has a mix of booked and unbooked tax losses which has reduced the overall group tax expense. Under US GAAP, this reduction would have been booked in earlier years on the actual incurring of the loss.

10) Provision of Dividends

Under A GAAP, dividends are recorded in the period to which they relate. Under US GAAP, dividends are recorded in the period they are declared.

11) Revaluation of Property, Plant and Equipment

Certain interests in property, plant and equipment are carried in the company's consolidated financial statements and by associated entities at valuations above cost resulting in the establishment of asset revaluation reserves. US GAAP does not allow the revaluation of non-current assets except on realisation and these reserves are therefore reversed under US GAAP. The Sea World Property Trust revalues its assets on a bi-annual basis and the company has therefore recognised this in its balance sheet at June 30 2000. Under US GAAP, this is required to be reversed.

12) Stock based Compensation

In accordance with the rules of the Village Roadshow Limited Executive and Employee Option Plan, free options are issued from time to time to certain executives of the company. Under A GAAP, no expense is recorded in the books of the company. Under US GAAP, the issuance of options to an employee is considered to be stock based compensation and either the intrinsic or fair value of the award must be recognised in the accounts as an expense.

The company has adopted the intrinsic value method. Given that the option price is the same as the fair value of related shares at the date the options are granted, no expense is recorded in the accounts of the company.

The company makes certain loans to executives to enable those executives to exercise the options. Under A GAAP, these loans are recorded as a receivable, whereas under US GAAP, the loans would be a deduction from shareholders' equity.

13) Convertible Debt

During the year ended June 30 1998 the company issued convertible debt securities which in accordance with A GAAP were disclosed partly as liabilities and partly as equity. Under US GAAP, convertible debt is disclosed as a liability and any costs netted against equity are required to be amortised over the life of the option to convert from debt to equity.

14) Earnings per Share (EPS)

Basic and diluted EPS are presented under US GAAP using the two class method. Additionally, to determine diluted EPS, the treasury stock method is applied to calculate the dilutive effect of options.

Significant Differences between Australian GAAP and US GAAP

Reconciliation to US GAAP

Set forth below are reconciliations to US GAAP of the company's operating profit after tax and shareholders' equity for the periods indicated therein.

	NOTE	30 Jun 2000 A\$ millions	30 Jun 1999 A\$ millions
Operating profit after tax after minority interests as reported under A GAAP		75.5	27.2
US GAAP adjustments			
Amortisation of radio licences	1	(10.6)	(10.6)
Deferred expenditure	2	(20.8)	(9.3)
Equity accounting	3	(0.3)	(1.2)
Recognition of motion picture income	4	–	0.5
Acquisition accounting	5	1.7	1.7
Lease accounting	7	(8.7)	(3.6)
Interest capitalisation	8	1.6	1.5
Convertible notes	13	(0.1)	(0.1)
Sale of real estate	6	(2.4)	3.5
Deferred tax	9	(1.0)	(2.9)
Tax effect of US GAAP adjustments	9	14.3	6.3
Total adjustments		(26.3)	(14.2)
Estimated Profit after tax and after minority interests under US GAAP		49.2	13.0
Estimated profit before abnormal items after tax and after minority interest under US GAAP		48.5	66.5
Earnings per share			
Basic earnings per share (Australian cents)		7.51	0.07
Diluted earnings per share (Australian cents)		7.51	0.08
Basic earnings per share before abnormal items (Australian cents)		7.36	12.03
Shareholders' Equity			
Total shareholders equity		1,029.2	1,017.2
Less: Outside Equity Interest		–	(51.6)
Shareholders equity attributable to members of the company		1,029.2	965.6
US GAAP: add/(deduct)			
Amortisation of radio licences	1	(40.2)	(29.6)
Deferred expenditure	2	(61.2)	(40.4)
Equity accounting	3	(32.4)	(32.1)
Deferred tax	9	7.0	8.0
Provision for dividends	10	(10.4)	2.6
Revaluation of property, plant and equipment	11	(7.4)	(18.6)
Stock based compensation	12	(29.8)	(30.2)
Acquisition accounting	5	6.8	5.1
Lease accounting	7	(19.6)	(10.9)
Interest capitalisation	8	1.9	0.3
Convertible notes	13	(15.1)	(15.0)
Sale of real estate	6	–	2.4
Tax effect of US GAAP adjustments	9	52.1	37.8
Total adjustments		(148.3)	(120.6)
Estimated shareholders' equity according to US GAAP		880.9	845.0

These reconciliations do not identify the additional disclosures required by US GAAP.

Share Registry Information and Directory

The following information is given pursuant to the requirements of the Listing Rules of the Australian Stock Exchange Limited.

Substantial shareholders

Notices of Substantial Shareholdings received and the number of issued Ordinary shares held as at 25 September 2000

NAME OF SUBSTANTIAL SHAREHOLDER	ORDINARY SHARES	%
Village Roadshow Corporation Limited	116,430,247	50.03
United Danmark A/S	42,331,109	17.93
The Capital Group Companies, Inc.	14,614,408	6.19

Security Holders as at 25 September 2000

EQUITY SECURITY	NUMBER OF HOLDERS	VOTING RIGHTS
Ordinary shares	6,665	On a show of hands – one vote for every member present in person or by proxy. On a poll – one vote for every share held.
A class preference shares	4,598	On a show of hands – one vote for every member present in person or by proxy. On a poll – one vote for every share held. A preference share shall confer no right to vote at any general meeting except in one or more of the following circumstances: a) on a proposal that affects rights attaching to the preference share; b) during a period during which any dividend payable on the preference share is more than 6 months in arrears; c) on a proposal to reduce the share capital of the company; d) on a proposal to wind up the company; e) on a proposal for the sale of the company's undertaking.

Distribution of Security Holders as at 25 September 2000

CATEGORY OF HOLDING	NUMBER OF HOLDERS	ORDINARY SHARES		A CLASS PREFERENCE SHARES	
		NUMBER OF HOLDERS	%	NUMBER OF HOLDERS	%
1 – 1,000	2,968	44.5	2,522	54.8	
1,001 – 5,000	2,954	44.3	1,383	30.1	
5,001 – 10,000	430	6.5	308	6.7	
10,001 – 100,000	255	3.8	294	6.4	
100,001 and over	58	0.9	91	2.0	
	6,665	100.0	4,598	100.0	
Number of holdings less than a marketable parcel	326		416		

Share Registry Information and Directory

20 Largest Security Holders as at 25 September 2000

NAME OF HOLDER – ORDINARY SHARES	SHARES	%	RANK
Village Roadshow Corporation Limited	111,819,817	47.36	1
United Danmark A/S	42,331,109	17.93	2
Westpac Custodians Nominees Limited	13,942,340	5.91	3
Chase Manhattan Nominees Limited	12,420,946	5.26	4
Canberra Theatres Limited	6,544,167	2.77	5
Queensland Investment Corporation	6,327,607	2.68	6
National Nominees Limited	3,955,887	1.68	7
Classicist Pty Limited	2,162,650	0.92	8
Perpetual Trustees Nominees Limited	1,600,209	0.68	9
AMP Life Limited	1,419,955	0.60	10
Citicorp Nominees Pty Limited	1,121,315	0.47	11
MLC Limited	906,528	0.38	12
Westpac Life Insurance Services Limited	874,300	0.37	13
JMB Pty Limited	815,000	0.35	14
Commonwealth Custodial Services Limited	728,686	0.31	15
Transport Accident Commission	569,577	0.24	16
Commonwealth Custodial Services Limited (No. 17 Account)	534,478	0.23	17
Commonwealth Life Limited	485,134	0.21	18
Mr Gregory Coote	476,500	0.20	19
Middlewatch Holdings Limited	350,000	0.15	20
	209,386,205	88.70	
NAME OF HOLDER – A CLASS PREFERENCE SHARES			
National Nominees Limited	63,046,129	27.07	1
Chase Manhattan Nominees Limited	39,713,443	17.05	2
Westpac Custodian Nominees Limited	18,543,843	7.96	3
Perpetual Trustees Nominees Limited	14,784,613	6.35	4
Mercantile Mutual Life Insurance Company Limited	8,422,904	3.62	5
HSBC Custody Nominees (Australia) Limited	6,963,152	2.99	6
Westpac Life Insurance Services Limited	5,574,584	2.39	7
Westpac Financial Services Limited	5,392,300	2.32	8
National Australia Financial Management Limited	4,645,278	1.99	9
Merrill Lynch (Australia) Nominees Pty Ltd	2,897,467	1.24	10
MLC Limited	2,845,416	1.22	11
AMP Life Limited	2,742,735	1.18	12
HSBC Custody Nominees (Australia) Limited	2,566,652	1.10	13
Queensland Investment Corporation	2,000,000	0.86	14
BT Custodial Services Pty Ltd A/C Norwich Life	1,973,274	0.85	15
Commonwealth Custodial Services Limited (A/C LGSS)	1,658,935	0.71	16
Commonwealth Custodial Services Limited (No 100 Account)	1,569,713	0.67	17
Swiss Reinsurance Company	1,526,845	0.66	18
Ancil Limited (Investment Portfolio Account)	1,438,797	0.62	19
Swiss Re Life & Health Australia Limited	1,350,527	0.58	20
	189,656,607	81.43	

Share Registry Information and Directory

Contact Information

PRINCIPAL ADMINISTRATIVE OFFICE	REGISTERED OFFICE	HOME EXCHANGE
Village Roadshow Limited 206 Bourke Street Melbourne Vic 3000 Australia Ph: 03 9667 6666 Fax: 03 9663 1972	Warner Roadshow Movie World Studios Pacific Highway Oxenford Qld 4210 Australia Ph: 07 5588 6666 Fax: 07 5573 3698	Australian Stock Exchange Limited 123 Eagle Street Brisbane Qld 4000 Australia Ph: 1300 300 279 Fax: 1300 300 021

Offices of Core Divisions

FILM	RADIO	THEME PARKS	NEW MEDIA
Village Cinemas International The Jam Factory, Level 1, 500 Chapel Street South Yarra Vic 3141 Australia Ph: 03 9281 1000 Fax: 03 9827 3031	Austereo Radio Network 180 St Kilda Road St Kilda Vic 3182 Australia Ph: 03 9230 1051 Fax: 03 9534 8011	Warner Village Theme Parks Pacific Highway Oxenford Qld 4210 Australia Ph: 07 5585 9666 Fax: 07 5573 3698	Village New Media Level 1 1 Garden Street South Yarra VIC 3141 Australia Ph: 03 9829 2609 Fax: 03 9827 2963
Roadshow Distributors 206 Bourke Street Melbourne Vic 3000 Australia Ph: 03 9667 6666 Fax: 03 9663 1972			
Village Roadshow Pictures Sony Plaza 3400 Riverside Drive Suite 900 Burbank CA 91505 United States Ph: 1 818 260 6000 Fax: 1 818 260 6001			

Company Secretaries

Peter E. Foo
Philip S. Leggo

Share Registry Information and Directory

Investor Inquiries

To ensure shareholders and other interested parties can keep up to date on the company, Village Roadshow Limited has established a corporate website. The site contains a wealth of information on the company including business unit profiles, press releases, result announcements and details of all shareholder benefits. The site can be accessed at www.villageroadshow.com.au

Please contact Computershare for all inquiries on your Village Roadshow shareholding such as:

- Confirmation of shareholding details
- Change of address advice
- Participation in the Dividend Reinvestment Plan

All other investor inquiries can be directed to Investor Relations.

INVESTOR RELATIONS	SHARE REGISTER – COMPUTERSHARE REGISTRY SERVICES	
206 Bourke Street Melbourne Vic 3000 Australia Ph (03) 9667 6666 Fax (03)9639 1540 Email: investors@roadshow.com.au	Level 12 565 Bourke Street Melbourne Vic 3000 Australia Ph: (03) 9611 5711 Fax: (03) 9611 5710 Melbourne.services@computershare.com.au	Level 5 1 Eagle Street Brisbane Qld 4000 Australia Ph: (07) 3237 2173 Fax: (07) 3229 9860 Brisbane.services@computershare.com.au
	Level 2 321 Kent Street Sydney NSW 2000 Australia Ph: (02) 8234 5222 Fax: (02) 8234 5050 Sydney.services@computershare.com.au	Level 8 111 St George’s Terrace Perth WA 6000 Australia Ph: (08) 9323 2000 Fax: (08) 9323 2033 Perth.services@computershare.com.au

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