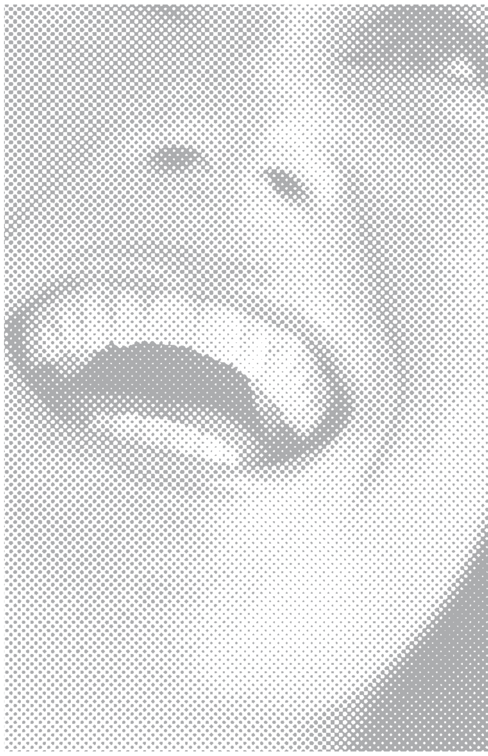
Annual Report 2005



VILLAGE ROADSHOW LIMITED

Our Business

Founded by Roc Kirby, Village Roadshow first commenced business in 1954 in Melbourne, Australia and has been listed on the Australian Stock Exchange since 1988. Still based in Melbourne, with operations on five continents, Village Roadshow is a leading international entertainment and media company with core businesses in Cinema Exhibition, Theme Parks, Radio, Film Distribution and Film Production.

Each of these businesses are well recognised retail brands and strong cash flow generators; together they create a diversified portfolio of media and entertainment assets.

Village Roadshow's assets include:

- **Village Cinemas** with an international circuit of state of the art complexes in nine countries across Australasia, Europe, Asia and Argentina with over 1,060 screens at 125 sites, together with a strong film distribution presence in Singapore and Greece
- Australia's most popular theme parks on Queensland's Gold Coast: **Warner Bros. Movie World**, **Sea World** and **Wet 'n' Wild Water World**
- A majority shareholding in the Australian listed **Austereo Group Limited** which owns and operates Australia's leading FM radio networks, **Today FM** and **Triple M**
- **Roadshow Films**, Australasia's largest independent film, video and DVD distribution business
- **Village Roadshow Pictures**, a leading independent film producer of Hollywood movies with blockbuster hits including ***The Matrix*** trilogy, ***Ocean's Eleven, Ocean's Twelve*** and ***Charlie and the Chocolate Factory***

Village Roadshow Limited
ABN 43 010 672 054

Front Cover: ***Film Man***
sculpture by Andrew Rogers

Corporate Review

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To our shareholders

This financial year and the immediately ensuing months have been satisfying periods for your Board of Directors. The Company's share capital structure is now more closely aligned to its projected maintainable earnings. Particularly pleasing is the number of preference shares on issue at 108.7 million, down from over 250 million two years ago.

Our Film Production division has now been restructured for long term growth. The successful completion of this restructure has resulted in us moving into the future with wonderful new partners. Theme Parks have exciting real growth opportunities here in Australia and overseas. Our more concentrated and focused Cinema Exhibition division will continue to exploit new cinema destinations and the Gold Class concept around the world. Film Distribution is also going through a remarkable growth phase. Radio has weathered the new competition and emerged with enormous strength, particularly in the lucrative Sydney market.

This renewed success of the Village Roadshow group has been recognised by the financial markets through significant increases in both the ordinary and preference share prices over the past year.

Village Roadshow Limited recorded a net profit after tax, Specific Items and Discontinuing Operations of $40.7 million for the 2005 financial year. This result compares to a profit of $52.2 million in the previous corresponding period. Excluding Specific Items and Discontinuing Operations, operating profit after tax was $46.5 million.

Total earnings per share however, excluding Specific Items and Discontinuing Operations, increased by five percent to 15.69 cents.

During the year there has been a significant focus on the financial re-engineering of the Company's Film Production business.

In July 2005, we announced that we had concluded a heads of agreement with Crescent Entertainment to be granted options to acquire a 50 percent shareholding in the Hollywood film production and related film exploitation business, Village Roadshow Production Group, in exchange for providing a promissory note of approximately US$115 million (A$153 million) in cash to Village Roadshow. The agreement with Crescent Entertainment has just been completed in mid October.

The effect of this financial re-engineering of our Film Production business, and ancillary transactions, is that, after third party debt repayments and transaction costs, the Village Roadshow Pictures Group will have repaid all of the funds advanced to the Film Production division as part of the credit support. We also look forward to the exciting new opportunities that our strategic alliance with Crescent will provide.

In addition to cash released to the Company, these transactions significantly reduce the reliance of the Film Production division on the position of the Company as a whole and provide new strategic growth opportunities for the business.

Further details of this transaction and of the Company's results for the 2005 financial year are provided in the Operating and Financial Review section of the Directors' Report that follows, commencing on page 22.

01 Robert Kirby, Executive Chairman
02 John Kirby, Executive Deputy Chairman
03 Graham Burke, Managing Director

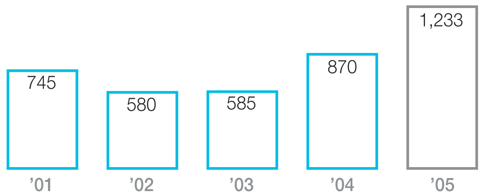
Financial Summary

$M	2005	2004	% Change
Reported EBITDA excluding Specific Items and Discontinuing Operations	**206.3**	233.6	(11.69)
Pre tax profit from continuing operations – including Specific Items	**80.7**	110.4	(26.90)
Pre tax profit from continuing operations – excluding Specific Items	**90.9**	115.3	(21.16)
Less Tax expense, excluding tax on Specific Items	**31.3**	30.4	(2.96)
Outside equity interests	**13.1**	16.8	22.02
Attributed profit after tax, before Specific Items and Discontinuing Operations	**46.5**	68.1	(31.72)
Net Specific Items and Discontinuing Operations	**(5.8)**	(15.9)	63.52
Net profit	**40.7**	52.2	(22.03)
Total equity before outside equity interests	**666.5**	815.6	(18.28)
Total earnings per share before Specific Items and Discontinuing Operations (total shares) (cents)	**15.69**	14.91	5.23
Return on average equity (%)	**7.02**	8.05	(12.80)
Net tangible assets per share ($)	**2.17**	2.15	0.93

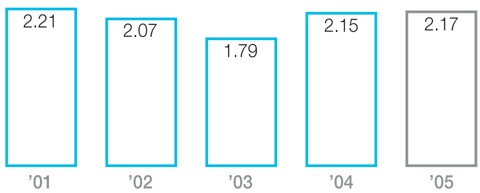
During the year the Company progressed its previously announced capital management initiatives by successfully completing two on-market buy backs of ordinary shares – approximately 10 percent of ordinary capital in August 2004 followed by approximately 20 percent of ordinary capital in November 2004. This, combined with earlier buybacks of approximately 56 percent of the preference shares during 2004, has resulted in a reduction in the surplus cash on hand in the Village Roadshow group. At the date of writing, there are currently 168.4 million ordinary shares and 108.7 million preference shares on issue.

This has been another very demanding but productive year for the Company and our management and staff have risen to the challenge. At Village Roadshow the truism that *"our employees are our greatest asset"* could not be more accurate. Our business is dependent on creativity, initiative and innovation. We can see this at work as each of the divisions take advantage of new technologies coming into our world and utilise innovative marketing techniques to maximise customer satisfaction throughout the Village Roadshow group.

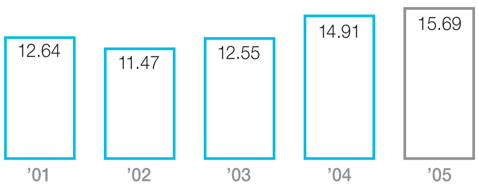
Further descriptions outlining the achievements of each division follow elsewhere in this Annual Report, but let us briefly summarise the performance and accomplishments of each.



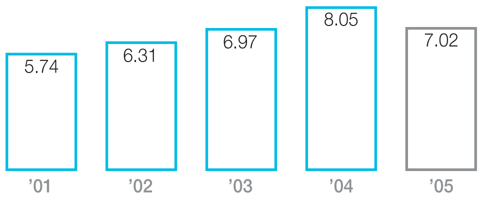
Total shareholder return – based on investing $1,000 on 1 July 2000 ($)



Net tangible assets ($ per share)



Earnings per share (total excluding Specific and Discontinuing) (cents per share)



Return on average total shareholders equity (%)

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01 Village Roadshow Pictures' *Charlie and the Chocolate Factory*
02 Police Academy Stunt show at Warner Bros. Movie World

CINEMA EXHIBITION

Our Cinema Exhibition division could not match the exceptional product from the 2004 financial year, which included such blockbusters as *Lord of the Rings: Return of the King, Finding Nemo* and *Harry Potter and the Prisoner of Azkaban*, and consequently the result was down on last year. The year's largest film, *Star Wars Episode 3: Revenge of the Sith*, opened in Australia in May 2005, a little late to turn the overall trend around. Expectations for 2006 are more favourable with several blockbusters on screens in the first quarter, including *Batman Begins* and *Charlie and the Chocolate Factory.* Further blockbusters are expected with the opening of films such as *Harry Potter and the Goblet of Fire, King Kong* and *The Da Vinci Code*.

Underlying earnings before interest, tax, depreciation and amortisation for the year ended June 2005 of $60.6 million was 20 percent lower than the previous corresponding period's EBITDA of $75.3 million, consistent with the reduction in revenue, which was largely product driven.

We opened four new sites during the year in Australia including state of the art multiplexes at Bondi and Karingal. We have also undertaken Gold Class upgrades at Crown Casino, Indooroopilly, Garden City, Innaloo and Macquarie, all in Australia. In addition we are also planning to add ten further sites and 95 screens in the coming year across our local and international markets as well as committing to further rolling upgrades at existing sites.

We remain committed to simplifying the structure within Cinema Exhibition as reflected in the decision to exit Taiwan during the year. We now have continuing operations in nine territories.

THEME PARKS

Our world class Theme Parks produced another sound result. New attractions will be opening at all of the parks over the next financial year.

At Warner Bros. Movie World the new *Shrek 4D*[#] movie attraction opened in time for the September school holidays and a spectacular *Superman* ride will be opening prior to Christmas.

Strong trading at Sea World included the first Christmas trading period for *Shark Bay*. In addition to higher attendances, patrons spent more which contributed to operating profit before tax for Sea World being 19.8 percent higher than in the previous corresponding period.

Trading performance and operating profit for Wet 'n' Wild continued to be strong and it is expected that attendances will be boosted by new attractions and expansion of the park.

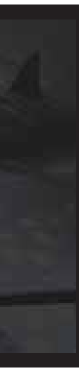
Sea World Nara Resort's result remained healthy whilst the Warner Roadshow Studios achieved an improvement in operating profit as a result of higher occupancy, despite the loss of Sound Stage 8 for nine months of the year following a fire in June 2004.

RADIO

Despite an increasingly competitive commercial radio market, Austereo stood its ground during the 2005 financial year, leading the market in all key demographics. Sales increased, mainly driven by the rejuvenated Triple M network, although the demands of heavier marketing campaigns and new programming reduced earnings to slightly below the prior year's result.

In the period, the mainland capital city radio market increased by 11.28 percent and Austereo led the market in all key audience demographics, winning 23.4 percent of all 10+ listeners, 30.2 percent of the 25-54 audience and 36.9 percent of the under 40's demographic*. Our audience in the Sydney market improved substantially and in Melbourne, Fox FM continued to hold Australia's highest radio audience.

During the year, Austereo undertook two on-market share buybacks totalling 28.3 million shares at a cost of $45 million. The Company did not participate in



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01 Shark Bay at Sea World
02 Main Foyer, Village Cinemas Knox, Victoria, Australia

[#]Shrek Characters, names and all related indicia are ™ and © 2005 Dreamworks Animation L.L.C.
**AC Nielsen Survey 4, 2005*

these buy backs and consequently increased its shareholding in Austereo from 59.9 percent at the beginning of the year to 64.4 percent at 30 June 2005, and to 66.2 percent by the time of this report.

FILM DISTRIBUTION

The Film Distribution business continued its ongoing growth path with profit before tax and Specific Items up nine percent on last year's excellent result, underpinned by strong sales of DVD and back catalogue of both theatrical and non-theatrical titles.

Sales of ABC and BBC product were again strong, buoyed by significant interest in the third series of *Kath and Kim, Seven Wonders of the Industrial World* and *Little Britain*. The highly valued distribution agreements with both ABC Enterprises and BBC Worldwide were renewed for a further three years to July 2008.

Despite the previous year's Entertainment result benefiting from two *Lord of the Rings* titles and two *Matrix* films, strong sales and profits were achieved this year as a result of sales success across the theatrical back catalogue. Roadshow remains the number one DVD distributor with an Australian market share of 14.4 percent.

Theatrical titles that performed well during the year included *Ocean's Twelve, Batman Begins* and *Racing Stripes* whilst the television distribution arm performed well, benefiting from higher Movie Network Channel subscribers.

FILM PRODUCTION

In addition to the financial re-engineering described above, the Film Production division released five films this year including *Constantine* and the highly successful *Ocean's Twelve*.

The release of *Charlie and the Chocolate Factory* in July 2005 and *Dukes of Hazzard* in August has provided a strong start to the 2006 financial year.

Other films set for release include *Rumor Has It, Firewall, The Lakehouse, Lucky You* and *The Reaping*.

CLOSING REMARKS

Whilst an exciting array of growth opportunities are under active consideration by your Board of Directors, there are serious challenges. The competitive heat is everywhere and simultaneously we must face and defeat the critical threats such as piracy which undermine all levels of our cinema and film business. With our extraordinary executive team and their intelligence and that of their staff, we will win these battles and continue to build the long-term value of Village Roadshow.

Robert G Kirby
Chairman

John R Kirby
Deputy Chairman

Graham W Burke
Managing Director

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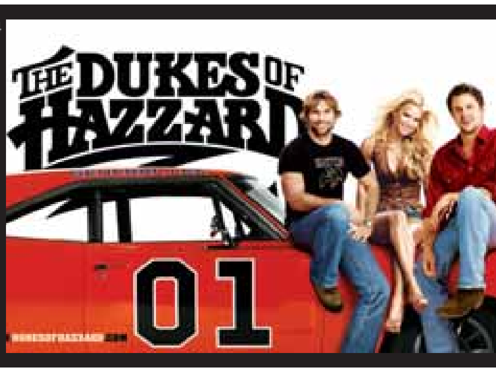

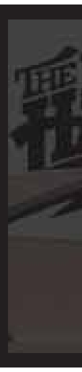

03 Austereo entertained 36.9% of the under 40 demographic*
04 Village Roadshow Pictures' *Dukes of Hazzard*

Cinema Exhibition

Village Cinemas continues to lead exhibition marketing worldwide. Our strategy remains focused on getting closer to our customers to motivate, influence and drive cinema attendance.

Village Cinemas Jam Factory,
Victoria Australia
01 Gold Class Foyer
02 Gold Class Bar Area

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Village Cinemas Senior Management


(1)


(2)


(3)

KIRK SENIOR (1)
Chief Executive Officer, Village Cinemas

CAROLE BROWNLEE (2)
Chief Financial Officer, Village Cinemas

PABLO LUNDAHL (3)
General Manager Operations, Village Cinemas Australia

CHRIS JOHNSTONE (4)
Director of Architecture, Village Cinemas

JORDANA JENSEN (5)
Marketing Manager, Village Cinemas

DAVID GLASS (6)
Managing Director, Village Roadshow Leisure


(4)


(5)


(6)

The Company's **Village Cinemas** division in 2005 could not match the outstanding product from the previous year, but a strong focus on innovative marketing and selective expansion, particularly of the Gold Class concept, continued to strengthen the circuit, primarily in Australia.

The number one film of the year was *Star Wars Episode 3: Revenge of the Sith*, which achieved over $35 million at the box office in Australia. Other films that performed well during the 2005 year were *Meet the Fockers, Ocean's Twelve, The Incredibles,* and *Mr and Mrs Smith*. However, these films were no match for the previous year which was exceptional in the number of mega block busters released including *The Lord of the Rings – Return of the King, Finding Nemo, Shrek 2, Harry Potter and the Prisoner of Azkaban* and *The Matrix Revolutions*.

As a result, admissions were down 8.6 percent, box office was down 6.5 percent to $548.9 million and candy bar revenues were also lower than last year.

Four new sites opened during the year in Australia including state of the art multiplexes at Bondi in New South Wales and Karingal in Victoria. The Gold Class cinemas at Crown Casino were also expanded and refurbished and are achieving excellent results.

In 2006 the Company is expecting to develop ten new sites across our international circuit. Greece is a core focus for expansion with three major new multiplex sites opening at Maroussi, Salonica and Volos. These will feature the Gold Class concept which is already showing signs of being enormously successful since opening a few months ago at our Village Entertainment Park site in Athens. Ten pin bowling centres and cafés will also be opening at two of these new sites, capitalising on both the strength of the Village Cinemas brand name and the increasing popularity of bowling as an entertainment option in this territory.

In Singapore a new flagship site at the Harbourfront Shopping Complex is also under construction and is scheduled to open in October 2006. New Zealand will also have two new sites at Queensgate and Rialto Broadway open during 2006 as well as the inclusion of Gold Class screens at our flagship site at Queen Street.

The Company pioneered the Gold Class concept and it continues to be a focus for the Company's refurbishment program, particularly in our Australian circuit with two Gold Class sites currently in development.

Village Cinemas continues to lead exhibition marketing worldwide. Our strategy remains focused on getting closer to our customers to motivate, influence and drive cinema attendance.

Core to this strategy is the Village Movie Club launched in Australia in 2005. This has been a tremendous success with hundreds of thousands of member subscribers. The one-to-one relationship allows Village Cinemas to effectively communicate movie session times, retail offers and promotions to members each week. With the scale of the Village Movie Club growing, the Company sees strong demand from customers to purchase innovative entertainment products. Coupled with major growth in traffic to the Village Cinemas web site, Village Cinemas is well positioned to get closer to our customers, build brand equity and loyalty.

In Australia, the cinema division continues its innovative campaigns with the national roll out of Village Christmas Movie Gift packs that proved to be a tremendous hit over the festive period last year. This complements the continued growth of 'corporate' movie ticket sales which are now established in all local and international outlets of Village Cinemas and constitute approximately ten percent of total box office revenue.

Simplification of the corporate structure within the Cinema Exhibition division has continued during the year with the sale in February 2005 of the Company's share in the Taiwan circuit for A$26 million, resulting in a $2.6 million profit. Also, together with Warner Bros., the Company moved to 50 percent ownership (from 45 percent) of the Warner Village cinema circuit in Italy, removing the minority interest held by the local partner. The Company at present has continuing operations in nine territories with 1061 screens at 125 sites.

Expectations for films being released in the new financial year are high. The year has started well with *Batman Begins, Madagascar, War of the Worlds* and *Charlie and the Chocolate Factory*. This is expected to continue with *Harry Potter and the Goblet of Fire, Poseidon, King Kong, Chronicles of Narnia: The Lion, The Witch and The Wardrobe* and *The Da Vinci Code*.

Village Cinemas Senior Management continued

HARRY ANTONOPOULOS – Managing Director, Village Cinemas Greece

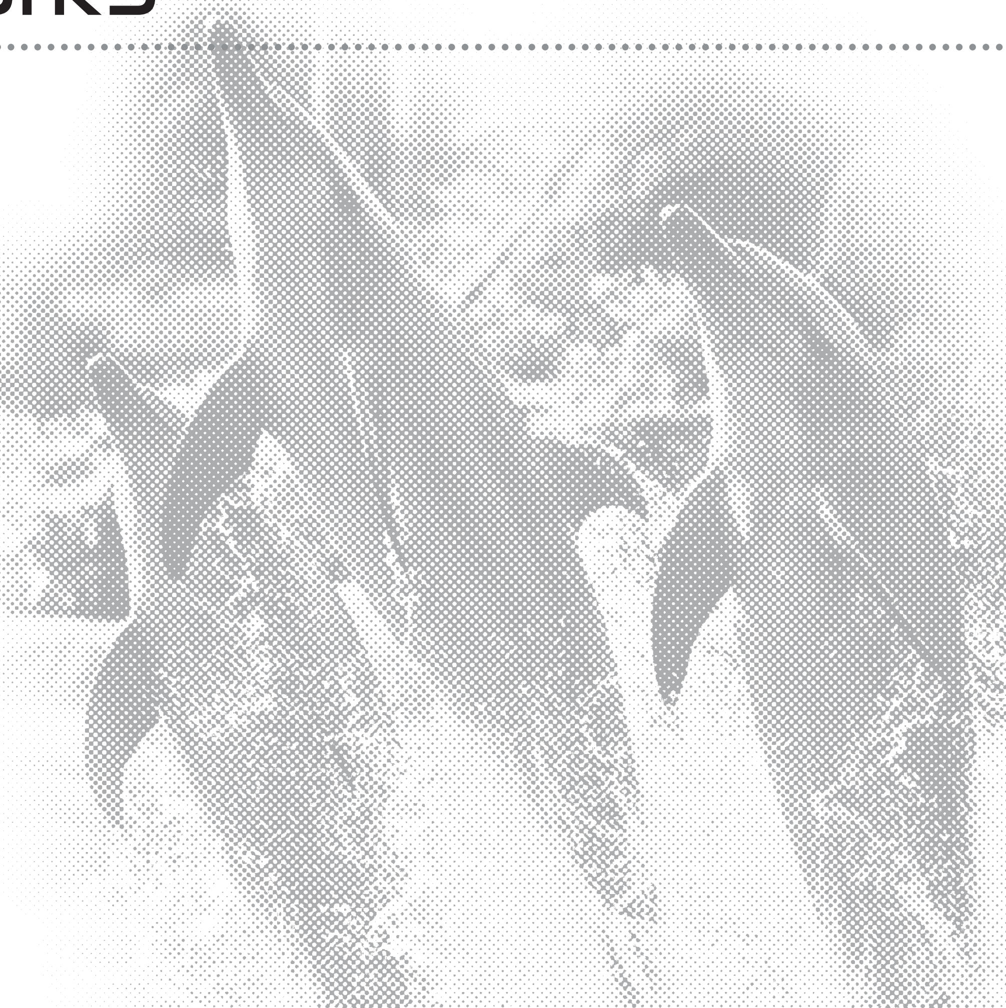
UMBERTO CIPRIANI – Managing Director, Warner Village Cinemas, Italy

JOE MOODABE – Managing Director, Village Sky City Cinemas, New Zealand

DAVID SALT – General Manager, Village Roadshow Leisure

KENNETH TAN – Managing Director, Golden Village Cinemas, Singapore

Theme Parks



The Theme Park division has announced several exciting new attractions and expansion plans in 2005/2006, covering Warner Bros. Movie World, Sea World and Wet 'n' Wild Water World, and a new evening show extravaganza, Australian Outback Spectacular.

01 Buccaneer Bay at Wet 'n' Wild Water World
02 Main gate, Warner Bros. Movie World

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Theme Park Senior Management

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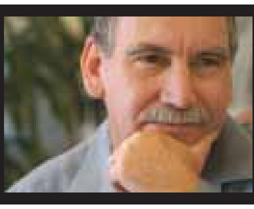


(2)

(3)

JOHN MENZIES (1)
Chief Executive Officer, Warner Village Theme Parks

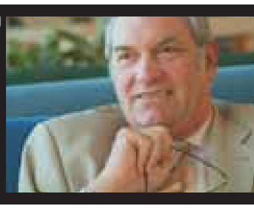
GRAHAM McHUGH (2)
Chief Financial Officer, Warner Village Theme Parks

STEVE PEET (3)
Chief Operating Officer, Warner Village Theme Parks

KEN MINNIKIN (4)
Director of Marketing, Warner Village Theme Parks

ERNST PFISTER (5)
General Manager, Sea World Nara Resort

(4)



(5)

The 2005 year has been a solid year for the Company's Theme Park division. The division continued to focus on marketing initiatives and new attractions to drive attendances and increase spend per patron. Operating profit before tax for the division increased by 45 percent on the prior year to $16.7 million.

Strong trading at **Sea World** included the first Christmas trading period for *Shark Bay*, and attendances for the year grew by 4.6 percent. For the second year running Sea World attendances exceeded one million in domestic visitors.

Sea World has just launched a totally revamped Ski Show, transporting the dynamic water presentation back in time to the "Golden Era" of Surfers Paradise in the 1960's. An entirely new series of water vehicle props will also be added to the action, glamour and spectacle of this highly entertaining production.

Attendances at **Warner Bros. Movie World** were marginally down on the prior year reflecting the impact of the strong new attractions at Sea World. The new financial year should see a reversal of this as a new *Shrek 4-D Adventure*# attraction opened in September 2005 and the *Superman Escape* roller coaster is on target to open before Christmas 2005.

The *Shrek 4-D Adventure*# will bridge the narrative between Dreamworks' Oscar winning movie *Shrek*# and the sequel *Shrek 2*#. Guests visiting the park will also have the opportunity to meet the big, green, lovable ogre and his new bride *Fiona*# as they join the star-studded cast of characters appearing in the park daily.

Superman Escape will be an unprecedented rollercoaster ride experience with an exciting pre-show adventure themed around the world's most popular Super Hero.

Bad weather impacted the trading of **Wet 'n' Wild Water World** with Queensland experiencing some of the wettest days in history during June 2005. Notwithstanding the poor weather, attendances were in excess of 800,000 for the year, only marginally down on the prior year.

The Theme Park division has announced a massive $20 million expansion program for Wet 'n' Wild Water World. Included in this program is the redevelopment of the highly popular children's area, the all new *Buccaneer Bay* being completed in time for the September 2005 school holidays.

By the busy Christmas holiday period an additional thrill slide precinct is expected to be completed, increasing the Park in size by one-third thereby increasing its crowd capacity and offering the biggest and best selection of water based rides and slides anywhere in the world.

Sea World Nara Resort had a solid year with slightly lower occupancy levels being offset by a higher average room rate. The Resort has continued to build on marketing strategies put into place in late 2004 which have resulted in increased international patronage. Once again, the Resort is one of the most successful hotels on the Gold Coast.

The Resort won several awards during the year including Queensland Hotel Association Best Training Initiative Hall of Fame, 2004 Queensland Training Award Large Employer of the Year and Restaurant and Catering Association Gold Coast Best Asian Restaurant for 2004 Winner for the Hatsuhana Japanese Restaurant.

Sound Stage 8 at **Warner Roadshow Studios** has been rebuilt following a fire in June 2004 and the sound stage is now fully operational again.

The Studios occupancy rates were higher than the previous period although there has been a lull in the latter part of the year.

This was the first full year of operation for the Australian country and farm experience, **Paradise Country**. Attendances grew significantly on the prior year and continue to do so in the new financial year. The attraction is now profitable and also contributes to the other parks as part of package deals being sold to international visitors.

Construction has commenced on the exciting $23 million evening show extravaganza, **Australian Outback Spectacular**, expected to open in April 2006. Located on land near Warner Bros. Movie World and Wet 'n' Wild Water World, the Australian Outback Spectacular will be set in an enclosed arena and will feature a two hour show incorporating up to forty horses, stuntmen and other favourite Australian animals, as well as a typical Aussie BBQ dinner.

The Australian Outback Spectacular is the first of its kind in Australia and captures the grandeur of the Australian Outback, with spectacular visual effects and raw energy all its own. The giant Arena has a 1,000 seat capacity and a highlight of the show is the audience participation. Each section of the audience cheers on their own team of stockmen and compete against each other to claim the title of "the champion cattle station".

Theme Park Senior Management continued

MICHAEL CROAKER – Creative Director, Warner Village Theme Parks

DAVID HOWELL – Food & Beverage Manager, Warner Village Theme Parks

JEFF HUGHES – Operations Manager, Warner Village Theme Parks

TREVOR LONG – Director Marine Sciences, Warner Village Theme Parks

ANN-MAREE O'NEILL – Human Resources Manager, Warner Village Theme Parks

MARIO SOPENA – Retail Manager, Warner Village Theme Parks

Superman Escape will be an unprecedented rollercoaster ride experience with an exciting pre-show adventure themed around the world's most popular Super Hero.

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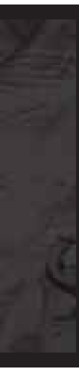
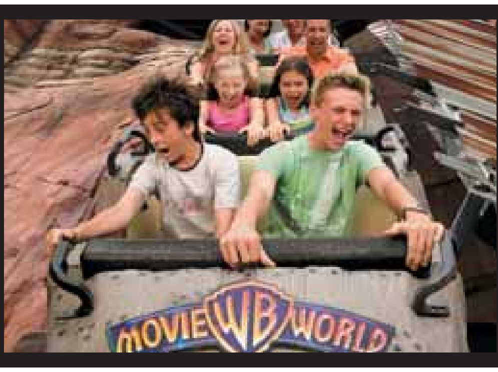
01 Wild West Falls Adventure Ride, Warner Bros. Movie World
02 Wet 'n' Wild Water World
03 Sea World Nara Resort Hotel
04 Warner Roadshow Studios
05 Shrek 4D Adventure# at Roxy Cinema, Warner Bros. Movie World
06 Warner Bros. Movie World
07 Sea World
08 Scooby Doo Spooky Coaster Ride, Warner Bros. Movie World
09 Polar Bear Shores, Sea World





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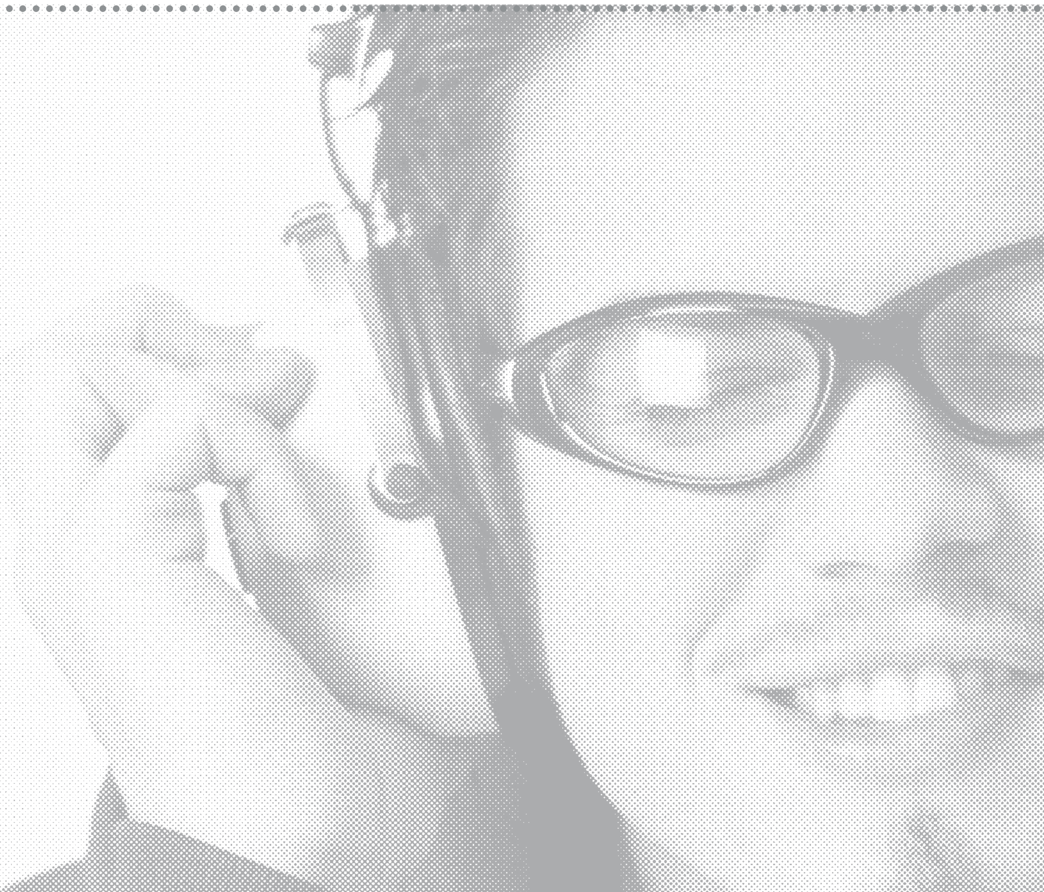
Radio

Austereo concluded the 2005 financial year as the clear leader in Australian commercial radio.

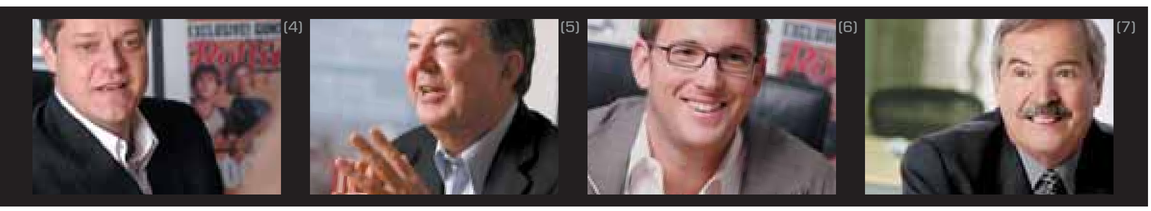


Austereo Senior Management

PETER HARVIE (1)
Executive Chairman, Austereo Group Ltd

MICHAEL ANDERSON (2)
Chief Executive Officer, Austereo Group Ltd

KATHY GRAMP (3)
Chief Financial Officer, Austereo Group Ltd



GUY DOBSON (4)
Group Programming Director, Austereo Group Ltd

DES DECEAN (5)
Director Engineering and IT, Austereo Group Ltd

PATRICK JOYCE (6)
General Manager Operations, Austereo Group Ltd

GEORGE CHAPMAN (7)
Director International Operations, Asia

JEREMY MACVEAN (8)
National Marketing Manager, Austereo Group Ltd

SARAH KEITH (9)
National Inventory Manager, Austereo Group Ltd

CAMERON PLANT (10)
Group Sales Operations Manager, Austereo Group Ltd

The Company's listed subsidiary, **Austereo Group Limited**, has continued its spectacular regrowth of the **Triple M Network** and pushed ahead with the strengthening of the **Today Network**. The radio group handled the increased competition and unprecedented marketing activities during the year with resilience and creative solutions.

Throughout the year Austereo has focused on brand personality, building audiences and securing listener loyalty. Austereo concluded the 2005 financial year as the clear leader in Australian commercial radio.

As at the final survey of the financial year (Nielsen Media Research Survey 4, 2005) Triple M had regained the lead in the key 25 – 39 demographic in Sydney, Melbourne and Brisbane for the first time since 2001. Austereo's leading market position over all its competitors was also demonstrated in the same survey, holding 23.4 percent of the 10+ (all listeners) segment, 36.9 percent of the under 40's and 30.2 percent of the 25 – 54 demographic.

Sales revenue grew 3.1 percent to $247.9 million, whilst commercial radio industry sales remained strong, growing by 11.28 percent, a similar percentage to the prior year.

These market share and audience results ensured Austereo's ongoing leadership, which has been consistently achieved for over a decade.

The Today Network introduced new programming, notably the *Kyle and Jackie O Breakfast Show* on 2Day in Sydney. During the year Fox in Melbourne maintained its place as the station with Australia's largest radio audience.

In keeping with Triple M's commitment to live music and support of Australian artists, Triple M conducted over 20 live *Garage Sessions* last year – free public performances by some of Australia's best acts, at outdoor locations.

Popular Triple M shows *The Cage* and *Shebang* contributed to the resurgence of the network during the year, with the network ranking as number one FM station in the 25 – 39 demographic in all eastern seaboard capital cities.

The joint venture operations in Canberra and Newcastle again reported excellent results, achieving market leadership in both audience and sales. The mcm entertainment joint venture enjoyed one of its most successful trading years ever, with strong programming sales to a significant number of capital city and non-metropolitan radio stations.

Austereo's Malaysian venture continued its strong growth. A new bilingual station broadcasting Bahasa Malaysia and Tamil languages was recently added to the group. The venture now operates eight nationwide commercial FM stations in Malaysia reaching over 70 percent of the available audience and securing over 80 percent of all radio advertising.

The Athens station, Village 88.3 had a more challenging year, with the advertising market softening post Olympics. The station continues to hold number one place amongst international broadcasters. The UK group, UKRD, in which Austereo has a small shareholding, achieved further growth during the year.

As part of the on-going restructure to focus on the core business of the radio division, Austereo sold its 50 percent interest in the Simon Richards Group in December 2004.

During the year Austereo received several awards from the Australian Commercial Radio Awards including Best Newcomer on Air, Best Station Produced Commercial, Best Station Produced Comedy Segment, Best Community Service Project, Best Sales Promotion, Best Sports Event Coverage and Best Documentary.

Austereo is one of the major players in Australian Media. The total media segment is undergoing dynamic change, marked by shifts in usage. Radio is riding the changes and, unlike some other media, has increased audiences in recent years. Austereo is also closely investigating the opportunities created by these changes including digital radio and new media fields including internet and podcasting.

The *Triple M Freq Club* is a key market differentiator for Austereo. It is a unique way that listeners are rewarded for their loyalty to their local radio station through providing *money-can't-buy* experiences based around radio promotions and contests. *Freq Club* is an example of Austereo's continued pursuit of new initiatives to create both audience growth and new revenue opportunities.

During the year Austereo undertook a series of share buybacks which has led to the Company's share of the radio group increasing from 59.9 percent to 64.4 percent at 30 June 2005. With the conclusion of Austereo's on-market buy back in September 2005, the Company's investment increased to 66.2 percent.

Austereo Senior Management continued

HELEN DAVIES – General Manager, Sydney

GARY PERT – General Manager, Melbourne

RICHARD BARKER – General Manager, Brisbane

SAM CICCARELLO – General Manager, Adelaide

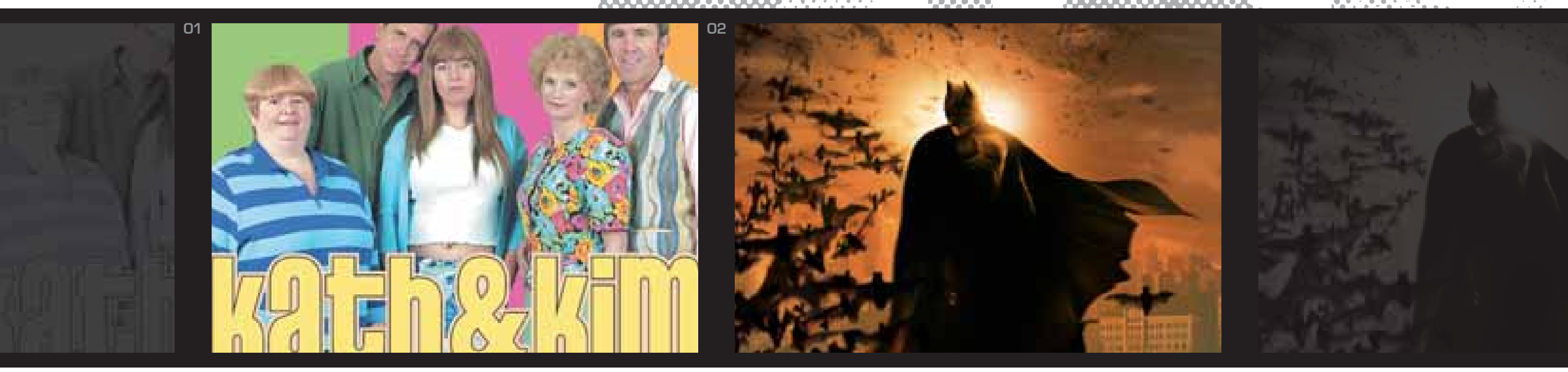
LINDA WAYMAN – General Manager, Perth

MARTIN JONES – Head of Multimedia

Film Distribution

Roadshow is strategically placed to continue as the number one theatrical and home entertainment distributor in Australia and New Zealand.

01 *Kath and Kim* Box Set Series 1, 2 & 3
02 Batman Begins



Roadshow Senior Management

CHRIS CHARD (1)
Managing Director, Roadshow Entertainment
JOEL PEARLMAN (2)
Managing Director, Roadshow Film Distributors
GRANT DEVONPORT (3)
Finance Director, Roadshow Films

NOEL BECKETT – Managing Director, Roadshow Entertainment New Zealand
KATHRYN CARROLL – General Manager Acquisitions, Roadshow Film Distributors
LISA HUBBARD – General Manager, Roadshow Film Distributors New Zealand
DEREK MALONE – Managing Director, Roadshow Television
PHIL ONEILE – National Marketing Manager, Roadshow Film Distributors
JAMES QUIGLEY – General Manager Finance & Operations, Roadshow Entertainment
BRETT ROSENGARTEN – National Sales Manager, Roadshow Film Distributors
NICK TUDOR – Marketing Director, Roadshow Entertainment
ROS WILSON – Corporate Affairs, Roadshow Entertainment

The Company's Australasian film distribution division, **Roadshow Films**, recorded another excellent year with net profit before tax increasing by nine percent. This demonstrates the strength of its current business considering Roadshow's 2004 financial year net profit before tax increased 56 percent on the prior year.

The Film Distribution division maintained its overall market leadership both in terms of market share and in innovation and development in the marketplace.

Roadshow Film Distributors, which provides films to cinema exhibitors throughout Australia and New Zealand, released several successful titles during the year including *Batman Begins, Polar Express,* and *The Aviator* from Warner Bros., as well as *Racing Stripes* and *Million Dollar Baby*. Roadshow also released Village Roadshow Pictures' *Ocean's Twelve* and *Constantine*. Both *The Aviator* and *Million Dollar Baby* received Academy Awards®, assisting their box office results considerably.

The new financial year has started strongly with the releases of *Monster In Law* and *Wedding Crashers* from New Line and *Charlie and the Chocolate Factory* and *The Dukes of Hazzard* from Village Roadshow Pictures. Roadshow looks forward to an excellent line up of movies for the rest of the 2006 year to maintain its number one position in the market, including *The Legend of Zorro*, the sequel to the blockbuster film *The Mask of Zorro*; *Memoirs of a Geisha*, directed by Rob Marshall, the Academy Award® nominated director of *Chicago* and based on the best selling book; and the fourth in the blockbuster Harry Potter franchise, *Harry Potter and the Goblet of Fire*. One of Roadshow's major summer releases will be Village Roadshow Pictures' *Rumor Has It*, a romantic comedy starring Jennifer Aniston, Kevin Costner and Shirley MacLaine. In the latter part of the financial year Roadshow will release Warner Bros.' *Superman Returns*, directed by Bryan Singer (*X-Men* and *X-Men 2*); and *Poseidon*, a remake of *The Poseidon Adventure* directed by Wolfgang Peterson (*The Perfect Storm* and *Troy*).

During the year Roadshow concluded further distribution arrangements with This Is That and with the Weinstein Company in securing the Australian film *Wolf Creek*. Roadshow continues to support Australian films with the release in 2006 of *Jindabyne* and *Boytown*. *Jindabyne* is directed by Ray Lawrence (*Lantana*), with an international cast including Laura Linney and Gabriel Byrne. *Boytown* continues a successful collaboration with Mick Molloy, and follows the 2002 Australian box office success of *Crackerjack*.

Roadshow Entertainment distributes DVD/VHS product to retail and rental markets. This division of Roadshow has finished another stellar year by renewing its highly valued distribution agreements with ABC and BBC for three years to July 2008. In addition, a new relationship with Hopscotch Entertainment was established. This relationship will assist the expansion of the Roadshow catalogue to include specialised films like *Fahrenheit 9/11*, *Downfall* and *Touching the Void*. A further new agreement was signed with Kennedy Miller to distribute their library of classic TV mini series including *Bodyline* and *Bangkok Hilton*, which are now available on the DVD format for the first time.

The DVD market continues to grow, although at a slower rate to previous years, with the format now representing 92 percent of the total sell thru market. VHS decline is almost complete, only now being available for children's product and selected releases.

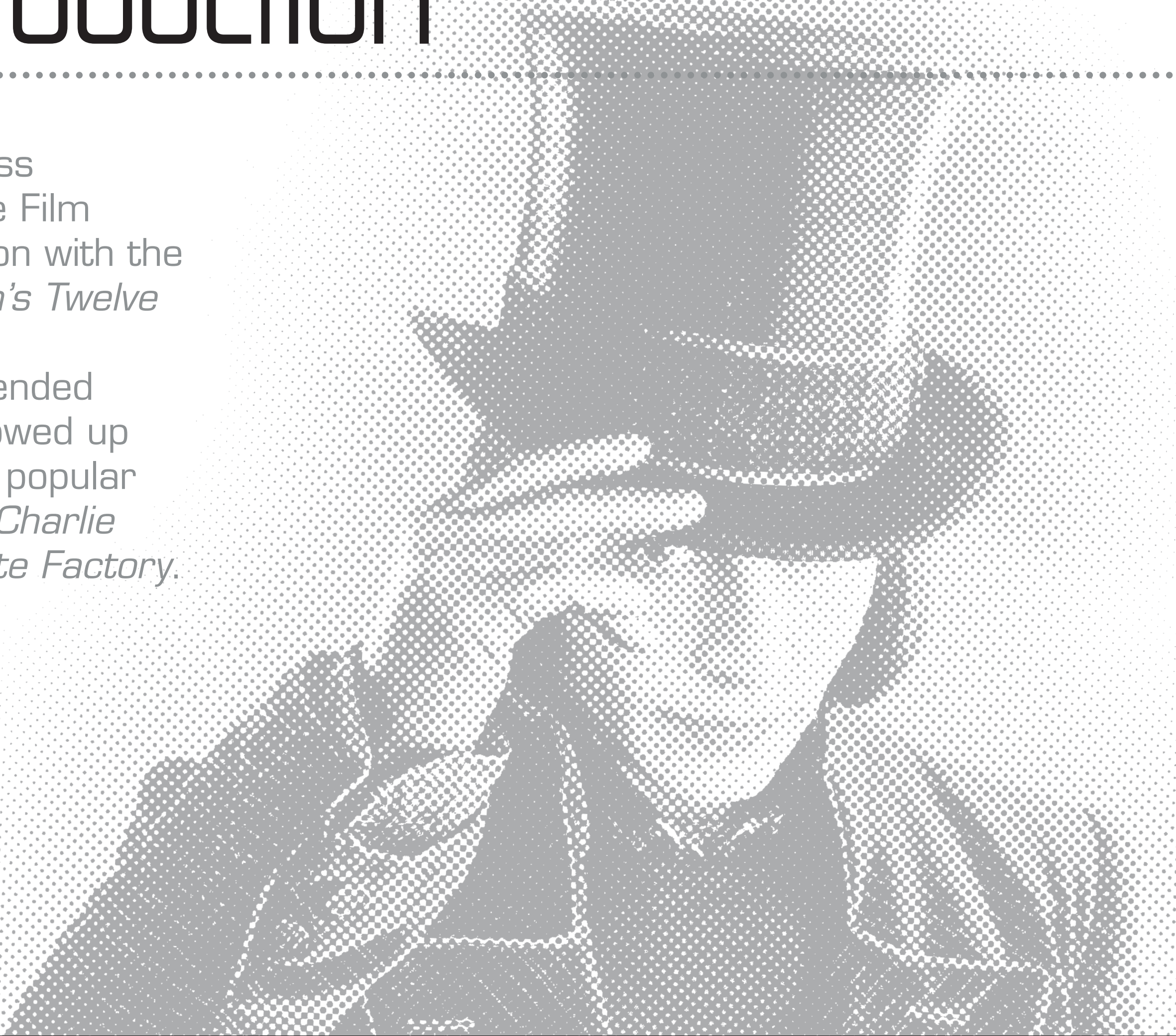
Excellent revenue results on key DVD releases in 2005 included the *Lord of the Rings* Extended Edition and boxed sets, *Racing Stripes*, *The Notebook, Blade Trinity, Mystic River* and *Ocean's Twelve*. Australia's favourite pre-school entertainers, *The Wiggles* and *Hi 5*, both enjoyed their strongest sales to date in DVD. The release of the third series of *Kath and Kim* was once again well received and the BBC's *Seven Wonders of the Industrial World* was an exceptional performer at Christmas.

Roadshow Television also maintained its position as the largest independent supplier of theatrical features to television in Australia and New Zealand. Results for the year reflect improved subscriber numbers for the Movie Network Channel, the Company's joint venture supplying three Pay TV movie channels.

Roadshow is currently investigating new technologies to complement existing media. These technologies include video on demand, high definition DVD (HD-DVD) and downloading. The Company's film distribution division continues to be at the cutting edge of media trends to ensure they continually activate the right media mix to find the right target audience for the division's film releases. By leveraging traditional media – television, radio and print – with interactive media, Web, email and SMS, Roadshow is strategically placed to continue as the number one theatrical and home entertainment distributor in Australia and New Zealand.

Film Production

Box office success continues for the Film Production division with the release of *Ocean's Twelve* and *Constantine* during the year ended June 2005, followed up by the massively popular current release *Charlie and the Chocolate Factory*.

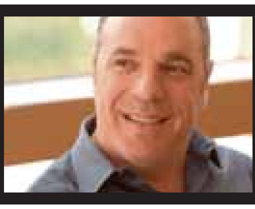


01 Miss Congeniality 2: Armed and Fabulous
02 Constantine

01

02

Village Roadshow Pictures Senior Management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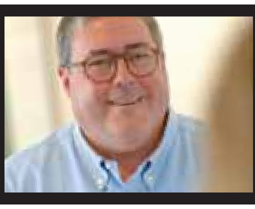
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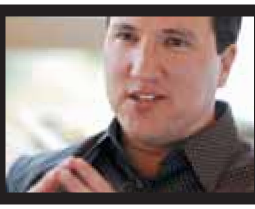

(3)


(4)


(5)

GREG BASSER (1)
Director Commercial & Legal, Group Executive in Charge of Production

BRUCE BERMAN (2)
Chairman & Chief Executive Officer, Village Roadshow Pictures Entertainment

STEVE KRONE (3)
President & Chief Operating Officer, Village Roadshow Pictures Entertainment

BRYCE WOLFE (4)
Finance Director, Village Roadshow Pictures Group

DANA GOLDBERG (5)
President of Production, Village Roadshow Pictures Entertainment

LEIGH BUTTERWORTH – Senior Business Analyst, Village Roadshow Film Administration
MIKE LAKE – Executive Vice President, Worldwide Feature Production, Village Roadshow Pictures Entertainment
REID SULLIVAN – Executive Vice President, Chief Financial Officer, Village Roadshow Pictures Entertainment
PHILLIP VELLA – Business & Legal Affairs Manager, Village Roadshow Film Administration

Village Roadshow Pictures ("VRP") now boasts perhaps the highest quality library of major motion pictures of any independent production and financing entity anywhere in the world. VRP's 43 releases (41 as of the close of the year under review) include worldwide blockbusters ranging from *The Matrix* trilogy to *Ocean's Eleven* and *Ocean's Twelve* to *Charlie and the Chocolate Factory*; highly successful, critically-acclaimed dramas like *Mystic River* and *Training Day*; and breakout comedy hits like *Analyze This, Two Weeks Notice* and *Miss Congeniality*.

VRP's consistent record of success – within the context of a business with inherent film-by-film volatility – has created an enterprise with strong long-term value. As announced on 27 July 2005, the Company reached agreement with Crescent Film Holdings Limited and Crescent Entertainment LLC, which it believes will unlock some of this value and also present significant new business opportunities for the Film Production division. Further details of these arrangements are outlined in the Directors' Report and Note 28 in the Financial Report.

VRP released five films during the financial year: *Catwoman, Ocean's Twelve, Constantine, Miss Congeniality 2: Armed & Fabulous* and *House of Wax*.

Ocean's Twelve and *Constantine* were clearly the outstanding performers of the year: *Ocean's Twelve* generated worldwide box office receipts in excess of US$360 million, and *Constantine* tipped the scales at nearly US$230 million at the box office. *Miss Congeniality 2* and *House of Wax* performed reasonably well relative to their production cost, the former achieving just over US$100 million in box office receipts and the latter just over US$67 million. *Catwoman* reached a disappointing result of US$82 million at the box office.

Film exploitation profits were lower than the previous year, due primarily to the poor performance of *Catwoman*. This was offset, however, by significantly lower interest costs and higher producer and overhead fees associated with our five released films and eight films in production.

VRP's releases for the 2006 financial year are off to an auspicious start. *Charlie and the Chocolate Factory* has already amassed worldwide box office receipts of over US$380 million, with many key markets still in release. *The Dukes of Hazzard* has performed very well in North America and Australia, but to mixed results in other international markets, with an expected worldwide box office of over US$100 million.

VRP's remaining four releases for the financial year will bring the total output to six films:

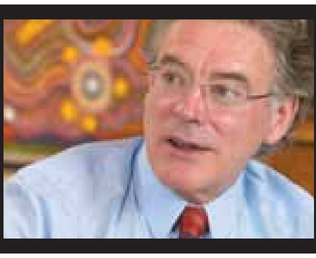
- *Rumor Has It* is a smart, sophisticated romantic comedy starring Jennifer Aniston, Kevin Costner, Shirley MacLaine and Mark Ruffalo and directed by Rob Reiner. Aniston plays a woman who learns that her family was the inspiration for the book and film *The Graduate* – and that she just might be the offspring of the well-documented event. *Rumor Has It* is scheduled for US release on 25 December;
- *The Lake House* stars Keanu Reeves and Sandra Bullock, who live in the same vacation home – but two years apart from each other – and fall in love through letters they leave for each other in the mysterious mailbox of the home. The film is scheduled for US release in February 2006;
- *Firewall* is a gripping thriller starring Harrison Ford as a security specialist forced into helping rob the bank that he's protecting after his family is kidnapped by the high-tech bandits. The movie also stars Paul Bettany and Virginia Madsen and is tentatively set for US release in March or April 2006; and
- *Lucky You*, from acclaimed director Curtis Hanson, tells the story of a compulsive gambler who comes to terms with his father when the two face off in the World Series of Poker championship in Las Vegas. The film stars Eric Bana, Robert Duvall and Drew Barrymore and is tentatively scheduled for an April 7 release in the US.

Looking beyond releases for the 2006 fiscal year, VRP has several additional exciting projects in production including:

- *The Reaping* stars two-time Academy Award® winning actress Hillary Swank as a miracle-debunker investigating what appears to be the ten plagues of Egypt being visited on a small Louisiana town. The film is tentatively scheduled for release in the US in September or October of 2006;
- *Happy Feet* is a toe-tapping, visually stunning animated comedy adventure set in the land of the Emperor Penguins in the heart of Antarctica, written and directed by the visionary George Miller (the *Babe* movies, *Lorenzo's Oil*, the *Mad Max* trilogy); and
- *The Visiting* is a science-fiction thriller starring Nicole Kidman as a Washington psychiatrist who uncovers the origin of an alien epidemic.

Board of Directors

Robert G Kirby
CHAIRMAN, EXECUTIVE DIRECTOR, AGE 54



First joined the Board on 12 August 1988, reappointed 5 July 2001

Holds a Bachelor of Commerce with over 30 years experience in the entertainment and media industry. Through the launch of Roadshow Home Video, Mr. Kirby was the driving force behind the Australian video revolution of the 1980's and 1990's. He is a pioneer of new cinema concepts in both Australia and internationally and has been at the forefront of Village Roadshow's successful diversification into theme parks, radio and production. Director Austereo Group Limited and Village Roadshow Corporation Limited. Currently Deputy Chairman of Peter MacCallum Cancer Foundation and Member of Patrons Council, Epilepsy Foundation, and Patron of Victorian Arts Centre.

Member Executive Committee

Chairman Nomination Committee

Other Listed Public Company Directorships in previous 3 years:

Austereo Group Limited, since 19 June 2001

John R Kirby
DEPUTY CHAIRMAN, EXECUTIVE DIRECTOR, AGE 58

Member of the Board since 12 August 1988

Holds a Bachelor of Economics and is a Certified Practising Accountant with over 35 years experience in the industry. Chairman Village Roadshow Limited 1990 to 1994 and 1999 to 2002. Deputy Chairman of Village Roadshow Limited 1994 to 1998, and from May 2002. Director, Austereo Group Limited, Sea World Management Limited and Chairman of Village Roadshow Corporation Limited.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years:

Austereo Group Limited, since 19 January 2001

Penfolds Buscombe Limited, from 14 January 2002 to 9 September 2002

Graham W Burke
MANAGING DIRECTOR, EXECUTIVE DIRECTOR, AGE 63

Member of the Board and Managing Director since 9 September 1988

Managing Director Village Roadshow Limited, a position he has held since 1988 with unrivalled experience in the entertainment and media industries. Mr Burke has been one of the strategic and creative forces behind Village Roadshow's development and founded Roadshow Distributors with Roc Kirby. He was also a founding director of radio station 2Day FM, and spent four years as the original Commissioner of the Australian Film Commission. Director Austereo Group Limited, Sea World Management Limited and Village Roadshow Corporation Limited.

Chairman Executive Committee

Member Remuneration Committee

Other Listed Public Company Directorships in previous 3 years:

Austereo Group Limited, since 19 January 2001

Peter E Foo
FINANCE DIRECTOR, EXECUTIVE DIRECTOR, AGE 50

Member of the Board since 12 February 1998

Holds a Bachelor of Economics with 27 years experience in the management and finance of all facets of the group. Joined Village Roadshow in 1978 and has served as Finance Director since 1998. Director Austereo Group Limited, Sea World Management Limited and all Village Roadshow's major subsidiaries.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years:

Austereo Group Limited, since 25 February 2004

Peter M Harvie
EXECUTIVE DIRECTOR, AGE 66

Member of the Board since
20 June 2000

Executive Chairman, Austereo Group Limited with over 45 years experience in the advertising, marketing and media industries. First entered radio in 1993 as Managing Director of the Triple M network before becoming Managing Director of the enlarged group following its merger with Austereo in 1994. Founder and Managing Director of the Clemenger Harvie advertising agency from 1974 to 1993. Serves on the Board of other Austereo joint ventures and is a Director, Mazda Foundation Limited and Art Exhibitions Australia Limited.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years:

Austereo Group Limited, since 16 January 2001

William J Conn
INDEPENDENT NON-EXECUTIVE DIRECTOR, AGE 59

Member of the Board since
12 March 1992

Holds a Bachelor of Commerce (Hons) from the University of Melbourne and a MBA from Columbia University. Mr Conn has over 35 years experience in investment banking with Potter Warburg Limited and McIntosh Securities Limited. He is Chairman of Grand Hotel Group, Palm Springs Limited and the Foundation for Young Australians. He is Director of the National Academy of Music and is a consultant to Merrill Lynch International (Australia) Limited.

Chairman Audit Committee

Chairman Remuneration Committee

Member Nomination Committee

Other Listed Public Company Directorships in previous 3 years:

Grand Hotel Group Limited, since 17 April 1996

Palm Springs Limited, since 26 March 2001

Homeloans Limited, from 11 January 2001 to 30 June 2003

Becton Property Group Limited, since 1 July 2005

Berren Asset Management Limited (as Responsible Entity for the International Wine Investment Fund), since 3 November 2004

Peter D Jonson
INDEPENDENT NON-EXECUTIVE DIRECTOR, AGE 59

Member of the Board since
24 January 2001

Holds a Bachelor of Commerce and Master of Arts with a Ph D from the London School of Economics. Following a 16 year career with the Reserve Bank of Australia including 7 years as Head of Research, entered the private sector with roles at leading Australian financial institutions. Positions included Head of Research, James Capel Australia; Managing Director, Norwich Union Financial Services; and Chairman, ANZ Funds Management. Currently Chair of Bionomics Ltd, Australian Institute for Commercialisation Ltd, Australian Aerospace and Defence Innovations Ltd and the Federal Government's Cooperative Research Centre Committee. Serves on the Boards of other companies including Sequoia Capital Management Ltd and Pro Medicus Ltd.

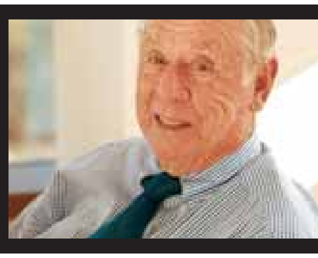
Member Audit Committee

Other Listed Public Company Directorships in previous 3 years:

Bionomics Ltd, since 11 November 2004

Pro Medicus Limited, since October 2000

D Barry Reardon
INDEPENDENT NON-EXECUTIVE DIRECTOR, AGE 74



Member of the Board since
24 March 1999

Holds a Bachelor of Arts, Holy Cross College and MBA, Trinity College. Over 40 years in the motion picture business. Formerly Executive Vice President and Assistant to the President, Paramount Pictures. Between 1975 and 1978, Mr Reardon held the positions of Executive Vice President, General Cinema Theatres and between 1978 and 1999 was President, Warner Bros. Distribution. Serves on the board of various United States companies and organisations and is a Director of Village Roadshow Pictures International Pty Ltd.

Member Audit Committee

Member Remuneration Committee

Member Nomination Committee

Other Listed Public Company Directorships in previous 3 years:

Loewes Cineplex Inc., since September 2003

Tribune Media Inc., since 1999

Senior Management

EXECUTIVE COMMITTEE

Robert Kirby*
CHAIRMAN

John Kirby*
DEPUTY CHAIRMAN

Graham Burke*
MANAGING DIRECTOR

Peter Foo*
FINANCE DIRECTOR

Peter Harvie*
CHAIRMAN, AUSTEREO GROUP LIMITED

***Photograph in Board of Directors Section**

Phil Leggo (1)
GROUP COMPANY SECRETARY

Julie Raffe (2)
CHIEF FINANCIAL OFFICER

Greg Basser (3)
DIRECTOR – COMMERCIAL & LEGAL,
GROUP EXECUTIVE IN CHARGE OF PRODUCTION

Tony Pane (4)
CHIEF TAX COUNSEL

Simon Phillipson (5)
GENERAL COUNSEL

Tim Carroll (6)
CHIEF MARKETING DIRECTOR


(1)


(2)


(3)


(4)


(5)


(6)

COMPANY SECRETARIES

Philip S Leggo
GROUP COMPANY SECRETARY, AGE 51

A Chartered Accountant holding a Bachelor of Business Studies from Royal Melbourne Institute of Technology and is a Fellow of the Australian Institute of Company Directors. Mr Leggo has over 20 years experience in the media and entertainment industries, is a member of the Company's Executive Committee and Secretary and Director of all of Village Roadshow's major subsidiaries.

Shaun L Driscoll
CO COMPANY SECRETARY & GROUP MANAGER CORPORATE SERVICES, AGE 50

Holds a Bachelor of Arts and Bachelor of Laws from University of Natal and is a Fellow of the Institute of Chartered Secretaries. Mr Driscoll has diverse industry experience including over 15 years with Village Roadshow and is also Secretary of all of Village Roadshow's major subsidiaries and associated entities.

CORPORATE MANAGEMENT

Anita Cox
HUMAN RESOURCES MANAGER

Peter Davey
HEAD OF CORPORATE DEVELOPMENT

Samantha Douglas
MANAGER STRATEGY & DEVELOPMENT

Shaun Driscoll
CO COMPANY SECRETARY
& GROUP MANAGER CORPORATE SERVICES

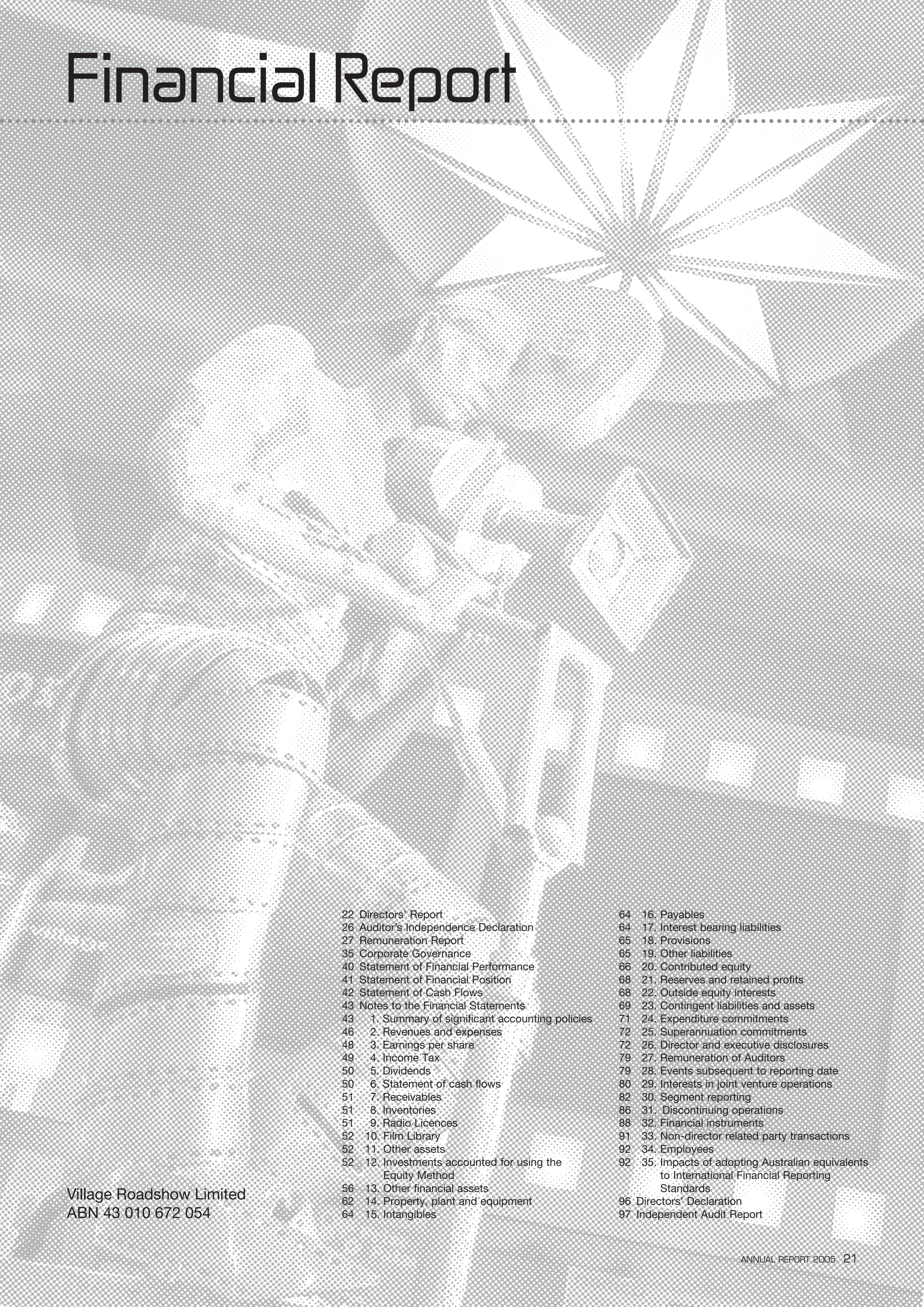
Lee Ewe
GENERAL MANAGER RISK ASSESSMENT & COMPLIANCE

Peter Harris
CORPORATE FINANCIAL CONTROLLER

Andrew Hutchinson
GENERAL MANAGER GROUP TAX

David Kindlen
GROUP MANAGER IT & T

Financial Report



Village Roadshow Limited
ABN 43 010 672 054

Directors' Report

Your Directors submit their report for the year ended 30 June 2005.

Directors and Secretaries

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

Directors:

Robert G. Kirby (Chairman)	William J. Conn
John R. Kirby	Peter D. Jonson
Graham W. Burke	D. Barry Reardon
Peter E. Foo	
Peter M. Harvie	

Secretaries:

Philip S. Leggo	Shaun L. Driscoll

The qualifications and experience of the Directors and Secretaries and the special responsibilities of the Directors are set out on pages 18 to 20.

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

Name of Director	Village Roadshow Corporation Limited		Village Roadshow Limited			Austereo Group Limited
	Ordinary Shares	Preference Shares	Ordinary Shares	Preference Shares	Ordinary Options	Ordinary Shares
Robert G. Kirby	6,878,706	41,972	106,799,698	–	–	251,562,594
John R. Kirby	6,878,706	41,972	106,799,698	–	–	251,616,054
Graham W. Burke	6,878,956	41,972	106,799,698	–	6,000,000	251,562,594
Peter E. Foo	–	–	–	–	–	5,000
Peter M. Harvie	–	–	257,400	242,900	–	1,030,001
William J. Conn	–	–	191,563	1,153,019	–	–
Peter D. Jonson	–	–	10,000	33,236	–	–
D. Barry Reardon	–	–	10,000	8,552	–	–

Corporate Information

Village Roadshow Limited is a company limited by shares that is incorporated and domiciled in Australia. The registered office of the Company is located at Warner Roadshow Movie World Studios, Pacific Motorway, Oxenford Queensland 4210, with the principal administrative office at 206 Bourke Street, Melbourne Victoria 3000.

Principal Activities

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

- Cinema Exhibition
- FM Radio Operations
- Film Production
- Theme Park Operations
- Film, DVD and Video Distribution

Operating and Financial Review

Overview

Village Roadshow Limited ("VRL") recorded a net profit after tax, Specific Items and Discontinuing Operations of $40.7 million for the 2005 financial year. This result compares to a profit of $52.2 million in the previous corresponding period. Excluding Specific Items and Discontinuing Operations, operating profit after tax was $46.5 million.

Specific Items in the current period totalled a loss after tax of $3.9 million and included the profit on sale of Eye Shop, deferred proceeds in relation to the sale of VRL's investment in Val Morgan in 2004 and legal expenses relating to the Film Production division.

Discontinuing Operations in the current period generated a net loss of $1.9 million and included losses from Germany and Austria as well as a profit arising from the sale of Taiwan. Total earnings per share, excluding Specific Items and Discontinuing Operations, increased by 5% to 15.69 cents.

Operational Performance

Cinema Exhibition

Profit before tax, excluding Specific Items and Discontinuing Operations for the Cinema Exhibition division was $8.9 million, a decline of approximately 68% over the previous year's result of $27.6 million.

A significant portion of the differential between the two years relates to the Greece distribution business. This operation had a stellar 2004 due to a strong performance from *A Touch of Spice* which was produced and distributed by Village Greece.

The decline in result for Australia and New Zealand was largely product driven.

Underlying EBITDA of $60.6 million was 20% lower than the previous corresponding period's EBITDA of $75.3 million, consistent with the reduction in revenue. Reported EBITDA was $36.1 million, 38% lower than last year.

Operating and Financial Review *continued*

Operational Performance *continued*

Cinema Exhibition Box Office and Underlying EBITDA from Continuing Operations[1] – A$'000

	Year Ended June 2005			Year Ended June 2004		
		Underlying EBITDA			Underlying EBITDA	
Geographical Segment	Gross Box Office	100%	VRL Share	Gross Box Office	100%	VRL Share
Australia	294,713	67,992	28,607	314,790	81,083	37,344
Asia/New Zealand	86,168	24,142	11,129	88,702	25,151	10,682
Europe	152,592	21,586	17,296	166,350	32,086	23,628
South America	15,431	6,541	3,597	17,168	6,664	3,665
Total	548,904	120,261	60,629	587,010	144,984	75,319

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.

Four new sites opened during the year in Australia including state of the art multiplexes at Bondi and Karingal. Two sites also closed at Parramatta and Cranbourne. VRL's share of capital expenditure of $28.5 million (compared with $24.8 million in the previous corresponding period) also included Gold Class upgrades at Crown Casino, Indooroopilly, Garden City, Innaloo and Macquarie, all in Australia.

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

	As at June 2004		Opened/(Closed/Sold) During 2004/05		As at June 2005		To be Developed During 2005/06	
	Sites	Screens	Sites	Screens	Sites	Screens	Sites	Screens
Australia	69	569	2	15	71	584	2	21
Argentina	6	69	–	–	6	69	1	9
Czech Republic	2	22	–	–	2	22	–	–
Fiji	2	10	–	–	2	10	–	–
Greece	4	44	–	–	4	44	3	28
Italy	14	146	–	–	14	146	2	21
New Zealand	13	84	–	3	13	87	2	16
Singapore	8	58	–	–	8	58	–	–
United Kingdom	5	41	–	–	5	41	–	–
Total	123	1,043	2	18	125	1,061	10	95

1. Includes all screens in which Village Roadshow has an economic interest, taking no account of ownership structure. Not included in the above chart are 18 screens in 2 sites in Austria which has been treated as a Discontinuing territory.

During the year the restructuring of the Cinema Exhibition business continued, with an increase in ownership in Italy from 45% to 50% when, together with Warner Bros., VRL acquired the 10% minority shareholding from the local partner.

In addition, in February 2005, VRL completed the sale of its Taiwan circuit for A$26 million, resulting in a post-tax profit of A$2.6 million, which is included in the 2005 Discontinuing Operations results.

Film Production

Operating profit before tax and specific items for the year ended 30 June 2005 was $13.4 million compared with a loss of $0.8 million in the previous corresponding period. After charging Specific Items, the current year result is a loss of $11.5 million.

Film exploitation profits were lower than the previous year, due primarily to the poor performance of *Catwoman*. However this was offset by lower interest costs and higher producer and overhead fees. The division released five films during the year – *Catwoman*, *Ocean's 12*, *Miss Congeniality 2*, *Constantine* and *House of Wax*. The division also earned producer and overhead fees on eight other films in production.

On 27 July 2005, VRL announced a financial restructure of the Film Production division with Crescent Entertainment being granted options to acquire a 50% shareholding in the Hollywood film production and related film exploitation business, Village Roadshow Production Group ("VRPG"). Crescent will advance US$115 million by way of a Promissory Note to VRPG which is repayable with a coupon of 8% out of the net cash flow of VRPG only. Once the note has been repaid, VRL will be entitled to receive US$115 million plus a coupon of 8% from the net cash flow and will receive any further cash flow until Crescent exercises the options. This restructure is subject to conditions precedent and is expected to complete in October 2005.

In July 2005 the Film Production division also negotiated for the release of the US$70 million cash deposit, provided as security for the US$900 million film financing facility, in favour of a letter of credit. US$20 million of the cash released to the division from the security deposit has been used to repay a third party loan.

In addition to cash released to VRL, these transactions significantly reduce the reliance of the Film Production division on the position of VRL as a whole and provide new strategic growth opportunities for the business.

Operating and Financial Review *continued*

Operational Performance *continued*

The release of *Charlie and the Chocolate Factory* in July 2005 and *Dukes of Hazzard* in August has provided a strong start to the 2006 financial year. Other films set for release include *Rumor Has It*, *Firewall*, *The Lakehouse*, *Lucky You* and *The Reaping*.

Film Distribution

Film Distribution recorded a 9% increase in profit before tax and Specific Items of $15.8 million for the year ended 30 June 2005, compared with the previous corresponding period's result of $14.5 million.

Sales of ABC and BBC product were again strong, buoyed by significant interest in the third series of *Kath and Kim*, *Seven Wonders of the Industrial World* and *Little Britain*. The highly valued distribution agreements with both ABC Enterprises and BBC Worldwide were renewed for a further three years from 1 July 2005. In addition the contract with Channel 9 and Cricket Australia has been renewed for a further two years.

Despite the previous year's Entertainment result benefiting from two *Lord of the Rings* titles and two *Matrix* films, strong sales and profits were achieved this year as a result of sales success across the theatrical back catalogue.

New distribution agreements have been signed with Hopscotch Entertainment, providing a new supply of feature films as well as additional catalogue for the sell-through market, and Kennedy Miller are to distribute their archive of classic TV mini series such as *Bodyline*, *The Dismissal* and *Bangkok Hilton*.

Roadshow remains the number one DVD distributor with an Australian market share of 14.4%. Theatrical titles that performed well during the year included *Ocean's 12*, *Batman Begins* and *Racing Stripes*. Television performed well, benefiting from higher Movie Network Channel subscribers.

Theme Parks

Operating profit before tax for the Theme Parks division was $16.7 million, up 45% on last year's result of $11.5 million. Reported EBITDA of $24.7 million was marginally higher than the previous corresponding period of $24.0 million.

Strong trading at Sea World included the first Christmas trading period for *Shark Bay* which resulted in attendances growing by 4.6%. Higher average spend per patron also contributed to operating profit before tax for Sea World being 19.8% higher than in the previous corresponding period.

Attendances at Warner Bros. Movie World were down 2.5% on the previous corresponding period, reflecting the lack of new attractions. A new *Superman* ride and *Shrek 4-D* attraction opening before Christmas 2005 are expected to provide a significant boost to performance in the 2006 financial year.

Trading performance and operating profit for Wet 'n' Wild was in line with the previous corresponding period. New attractions and expansion of the park in the 2006 financial year are expected to boost attendances.

Sea World Nara Resort's result was in line with the previous corresponding period with slightly lower occupancy offset with a higher average room rate.

Despite the loss of sound stage eight for nine months of the year following a fire in June 2004, the Warner Roadshow Studios achieved 60% growth in operating profit before tax as a result of higher occupancy.

Radio

In a competitive commercial radio market, Austereo stood its ground during the 2005 financial year, with sales revenue increasing $7.5 million to $247.9 million. Increased marketing and new programming saw EBIT ease by a marginal 4% to $68.4 million, against previous year. This result was at the top end of estimates previously provided to the market by Austereo. Importantly, operating costs from continuing operations were below inflation at 2% and EBITDA margin was 31%. In the period, the mainland capital city radio market increased by 11.28%.

Austereo led the market in all key audience demographics, winning 23.4% of all 10+ listeners, 30.2% of the 25-54 audience and 36.9% of the under 40's.*

In the last survey of the period*, The Triple M Network won the key 25-39 demographic in all eastern seaboard capital cities and the network's rejuvenation, together with strong yields, drove a solid 23% increase in its sales over the previous year. The strength of the network's leading programs 'The Cage', 'Tough Love' and 'The Shebang' have triggered the audience increases for the iconic Triple M brand.

During the year the Today Network was re-launched with new branding, new shows and repositioning of music format. 2Day FM saw early ratings gains with its new Kyle and Jackie O Breakfast Show in Sydney. In Melbourne, Fox FM continued to hold Australia's highest audience.

Other operations returned positive outcomes. mcm entertainment achieved an excellent result. Offshore, a new 10 year agreement was signed with Austereo's Malaysian venture partners and in Athens, the station Village 88.3 had a more challenging year, with softening post-Olympics advertising.

During the year, Austereo undertook two on-market share buybacks totalling 28.3 million shares at a cost of $45 million. VRL did not participate in these buy backs and consequently has increased its shareholding in Austereo from 59.9% at the beginning of the year to 64.4% at 30 June 2005.

** AC Nielsen Survey 4, 2005*

Capital Management & Dividends

As reported in the half year results announcement, VRL successfully completed two on-market buy backs of ordinary shares with a buy back of approximately 10% of ordinary capital in August 2004 at a cost of $45.3 million, followed by a buy back of approximately 20% of ordinary capital in November 2004 at a cost of $94.8 million. There are currently 168.4 million ordinary shares and 108.7 million preference shares on issue.

This, combined with earlier buybacks of preference shares (totalling 56%) during 2004, reduced surplus cash on hand in the VRL Group leading to reduced interest income for the financial year. The Directors have considered both a further buyback of capital and the recommencement of dividends however they have decided that it is premature to recommend either having regard for the business opportunities currently under consideration and the current financial position of the Company.

Dividends

The Directors do not recommend payment of a dividend. There were no dividends paid during the year.

Earnings per Share

Basic earnings per share were 21.85 cents (2004 22.23 cents) and before Specific Items and Discontinuing Operations, basic earnings per share were 24.96 cents (2004 28.98 cents). There were no potential ordinary shares that were dilutive in the years ended 30 June 2005 or 30 June 2004.

Significant Changes in State of Affairs

Total shareholders' equity of the economic entity decreased by $176.9 million to $771.8 million during the year. This was attributable to decreases in share capital of $143.9 million (mainly related to the buybacks of ordinary shares), reserves of $44.4 million and outside equity interests of $27.8 million, partly offset by an increase in retained profits of $39.2 million.

Retained profits increased by $39.2 million mainly as a result of the net profit of $40.7 million, partly offset by transfers from the foreign currency translation reserve of negative $12.3 million (in relation to realised losses that had been taken up in that reserve prior to realisation). The foreign currency translation reserve decreased by $13.2 million mainly as a result of further adverse movements from translation of accounts of controlled entities of $22.8 million, partly offset by the transfer of realised losses of $12.3 million to retained profits. The controlled entity share buyback reserve decreased by $31.1 million as a result of further buybacks by Austereo Group Limited during the year.

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.

Subsequent to 30 June 2005, as notified to Australian Stock Exchange Ltd. on 27 July 2005, Village Roadshow Ltd. has reached agreement with Crescent Film Holdings Limited and Crescent Entertainment LLC for a financial restructure of VRL's film production division, Village Roadshow Pictures. Refer Note 28 of the Financial Report for further details.

Likely Developments and Expected Results

In accordance with the economic entity's strategy of continually improving each individual division's operating performance through the continued development of innovative and competitive products and services, it is anticipated that the economic entity's diversified businesses will continue to operate profitably.

Share Options

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 20 of the Financial Report. Details of share and option transactions in relation to Directors of the economic entity are set out in Note 26 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 $385,320 (2004 $947,495) 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.

Remuneration Report

The Remuneration Report is set out on pages 27 to 34.

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	Remuneration	Nomination	Formal	Audit	Remuneration	Nomination
Graham W. Burke	7	–	4	–	7	–	4	–
William J. Conn	12	3	4	1	11	3	4	1
Peter E. Foo	12	–	–	–	12	–	–	–
Peter M. Harvie	12	–	–	–	9	–	–	–
Peter D. Jonson	12	3	–	–	12	3	–	–
John R. Kirby	7	–	–	–	6	–	–	–
Robert G. Kirby	7	–	–	1	6	–	–	1
D. Barry Reardon	12	3	4	1	8	2	4	1

During the year Messrs. R.G. and J.R. Kirby and G.W. Burke were ineligible to attend 5 meetings of the board due to their association with Village Roadshow Corporation Limited.

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

Tax Consolidation

A description of the economic entity's position in relation to Australian Tax Consolidation legislation is set out in Note 4 of the Financial Report.

Auditor Independence

The Auditor's Independence Declaration to the Directors of Village Roadshow Limited is set out below.

Non-audit Services Provided by Auditor

Details of the non-audit services provided by the Auditor are set out in Note 27 of the Financial Report. The non-audit services summarised in Note 27 were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Rounding

The amounts contained in this report and in the financial statements have been rounded (where applicable) to the nearest thousand dollars 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 9th day of September 2005.

Signed

Graham Burke

G.W. Burke
Director

Auditor's Independence Declaration

ERNST & YOUNG

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

In relation to our audit of the financial report of Village Roadshow Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

David McGregor

D R McGregor
Partner
Melbourne
9 September 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

Remuneration Report

This report outlines the remuneration arrangements in place for Directors and senior managers of the Company and of other senior managers of the Village Roadshow Limited consolidated entity for the year ended 30 June 2005 in accordance with Section 300A of the Corporations Act 2001. The remuneration of 'specified Directors' of the Company and the 'specified executives' with the greatest authority for the strategic direction and management of the consolidated entity as required by AASB 1046 are set out in Note 26 of the Financial Report.

1. Board Policy

The performance of the Company depends upon the quality of its Directors, and its Secretaries and senior executives ("senior managers"). To prosper the Company must attract, motivate and retain highly skilled Directors and senior managers. The remuneration structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

To this end the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract and retain high calibre Directors and senior managers who are dedicated to the interests of the Company;
- Link executive remuneration to the achievement of the Company's financial and operational performance;
- All Executive Directors and senior managers have a portion of their remuneration 'at risk' by having 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 or other pre-determined personal performance indicators and benchmarks; and
- Establish appropriate, demanding, personalised performance hurdles in relation to variable executive remuneration and bonuses.

The framework of the Company's remuneration policy provides for a mix of fixed pay and variable ('at risk') pay:

- Fixed Remuneration;
- Other benefits and compensation such as superannuation; and
- Variable Remuneration:
  - Short Term performance Incentive Bonus ('STI'); and
  - Long Term equity-linked performance Incentive ('LTI').

2. Remuneration Committee

The Remuneration Committee's Charter provides for the review of remuneration of the Company's Directors and senior managers, including any equity participation by Executive Directors and senior managers. The Committee makes recommendations and takes external advice from time to time on the remuneration of the Executive Directors and senior managers with the overall objective of motivating and appropriately rewarding performance.

The Charter, role, responsibilities, operation and membership of the Remuneration Committee of the Board are set out in the "Corporate Governance" section of the Company's Annual Report.

The remuneration arrangements of the separately ASX listed controlled entity, Austereo Group Limited ("Austereo"), are determined by that entity's Remuneration Committee.

3. Non-executive Director Remuneration

a) Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain appropriately qualified and experienced Non-executive Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The Company operates a complex business in fiercely competitive markets and the duties and obligations of Non-executive Directors are becoming increasingly onerous.

b) Structure

The Constitution of the Company and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by shareholders in general meeting. An amount not exceeding the annual amount so determined is then divided between the Non-executive Directors as agreed.

The latest determination was at the Annual General Meeting held on 24 November 1998 when shareholders approved an aggregate remuneration level for Non-executive Directors of $800,000 per annum. This aggregate fee level includes any remuneration paid to Non-executive Independent Directors who may serve on Boards of the consolidated entity, including those Non-executive Independent Directors of Austereo, which are paid directly by those entities. Aggregate payments to Non-executive Directors have never exceeded the total pool approved by shareholders.

Each Non-executive Director receives a fee for being a Director of the Company. An additional fee is also paid for each Board Committee on which a Non-executive Director sits. The payment of additional fees for serving on a Committee recognises the additional time commitment required by Directors who serve on one or more Committees.

Non-executive Directors' fees do not incorporate any bonus or incentive element.

During the period to 31 March 2005, Non-executive Independent Directors were paid at the rate of $60,000 per annum plus $12,000 per annum for each Board Committee on which they had served, payable quarterly in arrears.

From 1 April 2005, this annual rate has been increased to $70,000 per annum plus $15,000 per annum for each Board Committee on which they serve. When undertaking the review process the Board benchmarked the fees paid to Non-executive Directors of comparable companies.

The Company does not have and never has had a retirement benefit scheme for Non-executive Directors, other than their individual statutory superannuation benefits which are included as part of their total Director's fee remuneration.

In addition, it is considered good governance for Directors to have a stake in the Company on whose board he or she sits and the Company encourages Executive and Non-executive Directors to hold shares in the Company. Subject to any necessary approvals as may be required by law or ASX Listing Rules, 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 advised to the Australian Stock Exchange in accordance with the Listing Rules and Corporations Act requirements and are set out on page 22 of the Directors' Report.

The remuneration of Non-executive Independent Directors for the period ending 30 June 2005 is detailed on page 33 of this Remuneration Report.

4. Executive Director and Senior Manager Remuneration

The names and positions of the Executive Directors, and of the five highest paid senior managers of the Company and of the consolidated entity for the period ending 30 June 2005 ("relevant senior managers") are detailed on pages 33 and 34 of this Remuneration Report. Note that the five senior managers of the consolidated entity with the highest remuneration includes the Company executives Messrs G. Basser and T. Pane.

a) Objective

The Company aims to reward Executive Directors and senior managers with a level and mix of remuneration commensurate with the seniority of their position and responsibilities within the Company, so as to:

- reward for Company or divisional performance against targets set by reference to appropriate benchmarks;
- align the interests of the Executive Directors and senior managers with those of the Company and of its shareholders;
- link their rewards to the strategic goals and performance of the Company or relevant division; and
- ensure total remuneration is competitive by market standards.

b) Structure

In determining the level and make-up of Executive Director and senior manager remuneration, the Remuneration Committee seeks independent advice of external consultants as required to advise on market levels of remuneration for comparable roles from time to time.

The remuneration of Executive Directors and senior managers consists of one or more of the following key elements:

- Fixed Remuneration;
- Other compensation such as superannuation; and
- Variable Remuneration:
  – Short Term Incentive Bonus ('STI'); and
  – Long Term Incentive ('LTI').

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is monitored by the Remuneration Committee, taking into account the Company's then present circumstances and its future short-term and longer-term goals.

The details of the fixed and variable components (and the relevant percentages) of each individual Executive Director and relevant senior manager of the Company and of the consolidated entity are set out on pages 33 and 34 of this Remuneration Report.

The remuneration and terms and conditions of employment for the Executive Directors and senior managers are often but not always specified in individual contracts of employment. The details of each contract of the relevant Executive Director and relevant senior managers are outlined on pages 31 and 32 of this Remuneration Report.

c) Fixed Remuneration

i) Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is appropriate to the seniority of the position and to be competitive in the market.

Fixed remuneration (defined as the base remuneration payable to an individual and which is not dependent on the outcome of specific criteria) is reviewed annually by the Remuneration Committee. As noted earlier, the Committee has access to independent external advice.

ii) Structure

The Executive Directors and senior managers receive their fixed (primary) remuneration in a variety of forms including cash, superannuation and taxable value of fringe benefits such as motor vehicles and other non-cash benefits. The fixed remuneration component of each Executive Director and relevant senior manager for the period ended 30 June 2005 is detailed on pages 33 and 34 of this Remuneration Report.

d) Variable Remuneration – Short Term Incentive ('STI') Bonus

i) Objective

The objective of the STI bonus program is to link the achievement of the Company or divisional annual operational targets with the remuneration received by the Executive Directors and senior managers charged with meeting those targets. The total potential STI bonus available is set at a level so as to provide sufficient incentive to the Executive Director or senior manager to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

ii) Structure

All Executive Directors and senior managers are eligible to participate in the Company's annual STI bonus scheme after at least six months of service. Actual STI bonus payments made to each Executive Director and senior manager depend on the extent to which specific budgeted operating targets or other criteria set at the beginning of each financial year are met.

The Company has predetermined performance benchmarks which must be met in order to trigger payments under the STI bonus scheme. These performance conditions were chosen so as to align the STI payments to the operational performance of the Company or the division.

The operational targets consist of a number of Key Performance Indicators ("KPI's") as part of the annual budget setting processes for financial measures of performance supporting the Company's annual targets. For Messrs R.G. Kirby, J.R. Kirby and G.W. Burke, these measures include criteria relating to profitability, cash flow, and share price growth. In 2005 Mr. P.M. Harvie elected to defer his STI bonus until further notice. Recommended STI bonus payments for Executive Directors and senior managers are approved by the Remuneration Committee.

As future STI bonuses are dependent on the future share price of the Company's securities and the financial performance of the consolidated entity, it is not possible to estimate the minimum or maximum bonuses that might be payable in subsequent financial years.

The STI bonus payments made to each of the Executive Directors and relevant senior managers in the financial period ending 30 June 2005 are detailed on pages 33 and 34 of this Remuneration Report.

e) Variable Remuneration – Long Term Incentive ('LTI')

i) Objective

The objective of the LTI plan is to reward Executive Directors and senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth.

Over the past five years there have been four different LTI plans within the consolidated entity:

- The issue of options over ordinary shares;
- The Company's Executive Share Plan and Loan Facility ('ESP');
- Austereo Group Limited's Executive Share Plan and Loan Facility ('AESP'); and
- The Company's legacy Executive and Employee Option Plan ('EOP').

4. Executive Director and Senior Manager Remuneration *continued*

Participation in the LTI plans listed above for the Company's specified Directors and specified executives are set out in Note 26 of the Financial Report.

The LTI plans are not designed specifically to remunerate Executive Directors or senior managers, unlike their fixed remuneration or their STI bonus arrangements, and have no specific performance conditions for the vesting of such benefits other than tenure and share price performance. Instead the LTI's are intended to encourage a sense of ownership with those Executive Directors and senior managers to whom the LTI's are granted and to align their long term interests with those of shareholders, and may be regarded as a partial retention mechanism by the Company.

The benefits, if any, under the LTI's are linked to the performance of the Company via its share price. The Company considers that the five year period over which the ESP shares (or four year period for the AESP as applicable) are 'earned' and the long term horizon of the loans from the consolidated entity for the ESP, AESP and EOP for the duration of Executive Directors' and senior managers' employment are appropriate given the shorter term performance hurdles to which they are subject. Similarly, the three, four and five year vesting periods of the ordinary options granted to Mr. G.W. Burke and the significant uplift of the exercise price thresholds of each tranche of options are designed to encourage performance from the Company's Managing Director and to closely align Mr. Burke's interests with those of shareholders.

The details of these various LTI plans are detailed below.

ii) Structure

A) Option Plan for Managing Director

The LTI grant to Mr. G.W. Burke was delivered in the form of six million ordinary share options, approved by special resolution of the Company's shareholders on 15 May 2001.

Two million options are exercisable at an exercise price of $3.00 not earlier than 15 May 2004; two million options are exercisable at an exercise price of $4.00 not earlier than 15 May 2005 and two million options are exercisable at an exercise price of $5.00 not earlier than 15 May 2006. All the options are exercisable no later than 30 November 2007 or two years following the cessation of Mr. Burke's employment with the Company, whichever is the earlier.

No options have been granted, exercised or lapsed during the reporting period. Details of unissued shares under option, and shares issued as a result of the exercise of options are set out in Note 20 of the Financial Report. Details of share and option transactions in relation to specified Directors and specified executives of the Company are set out in Note 26 of the Financial Report.

The Company has used the fair value measurement provisions of AASB 1046 *Director and Executive Disclosures by Disclosing Entities* and the pending AASB 2 *Share-based Payment* prospectively for all options granted to Directors and relevant executives, which have not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of Director and senior manager remuneration on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (i.e. forfeitures).

From 1 July 2003, options granted as part of Director and senior manager remuneration have been valued using the Black Scholes option-pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

The fair value of each option is estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions used for grants made on 15 May 2001:

- Expected volatility: 30%;
- Historical volatility: 30%;
- Risk-free interest rate: 5.53% (options vesting 15 May 2004) and 5.66% for the remainder;
- Expected life of options: 5 years (options vesting 15 May 2004) and 6 years for the remainder.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The resulting fair values per option for those options vesting after 1 July 2003 are:

Number of Options	Grant Date	Vesting Date	Fair Value
2,000,000	15 May 2001	15 May 2004	$0.172
2,000,000	15 May 2001	15 May 2005	$0.152
2,000,000	15 May 2001	15 May 2006	$0.107

Currently, these fair values are not recognised as expenses in the financial statements. However, should these grants be expensed, they would be amortised over the vesting periods resulting in an increase in employee benefits expense of $111,234 for the 2005 financial year (2004: $222,626). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. options that do not vest). The notional adjusted equity value of Mr. Burke's options and the percentage of his total remuneration is detailed on page 33 of this Remuneration Report.

B) Executive Share Plan and Loan Facility ('ESP')

The Company's ESP was approved by shareholders on 19 November 1996 and allows for the issue of up to 5% of the Company's issued A Class Preference shares to executives and employees of the consolidated entity and significant associated entities. Directors of the Company are not eligible to participate in the ESP. All grants to Mr. P.M. Harvie under the ESP were in his capacity as an executive of the consolidated entity and were prior to him becoming a Director of the Company.

Offers are at the discretion of the Directors and fully paid A Class preference shares are issued at the 5-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The shares are held directly by the executive who pays for the allotment by obtaining a loan from the consolidated entity which holds the ESP shares as security.

The shares are 'earned' at the rate of 20% per year over five years from date of grant. The loan bears interest at ten cents per share per annum and the first ten cents of every dividend per share is used to repay the interest accrued and 50% of the remaining dividend per share is used to repay the capital amount of the loan.

If the executive resigns or is dismissed, the restricted and 'unearned' shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by Directors. In circumstances where the market value of the remaining ESP shares at the end of the six month period is less than the amount owing on the loan, then the Company will buy-back the shares and cancel them in repayment of the loan without further recourse to the executive.

4. Executive Director and Senior Manager Remuneration *continued*

C) Austereo Group Limited's Executive Share Plan and Loan Facility ('AESP')

The AESP, and the specific grant of shares to Mr. P.M. Harvie and Mr. M.E. Anderson, was approved by shareholders of Austereo on 19 January 2001 and allows for the issue of up to 5% of Austereo's issued ordinary shares to executives and employees of the Austereo consolidated entity. Executive Directors of Austereo are eligible to participate in the AESP.

Offers are at the discretion of the Austereo Directors and fully paid ordinary shares are issued at the five-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The shares are held directly by the Austereo executive who pays for the allotment by obtaining a loan from the Austereo consolidated entity which holds the AESP shares as security.

The shares are 'earned' at the rate of 25% per year over four years from date of grant. The loan bears interest at six cents per share per annum and the first six cents of every dividend per share is used to repay the interest accrued and 50% of the remaining dividend per share is used to repay the capital amount of the loan.

If the executive resigns or is dismissed, the restricted and 'unearned' shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by Austereo's Directors. In circumstances where the market value of the remaining AESP shares at the end of the six month period are less than the amount owing on the loan, then Austereo will buy-back the shares and cancel them in repayment of the loan without further recourse to the executive.

D) Executive and Employee Option Plan ('EOP')

The Company's EOP was approved by shareholders in November 1993 and allows for the issue of options over the Company's issued ordinary and A Class preference shares to executives and employees of the consolidated entity. Directors of the Company were not eligible to participate in the EOP. All grants to Mr. P.M. Harvie under the EOP were in his capacity as an executive of the consolidated entity and were prior to him becoming a Director of the Company. The options were exercisable at the end of years one, two, three, four and five after the date of grant and were often exercised by obtaining a loan from the consolidated entity which held the resulting shares as security.

Dividends are used to repay the interest accrued with any surplus dividend payment used to repay the capital amount of the loan. The EOP is a legacy equity-linked performance plan as further allotments under the EOP were discontinued when the ESP was introduced in 1996, but existing shares and loans held by participants remain.

E) Holdings of Executive Directors and Senior Managers

Other than the allotment of 150,000 A Class preference shares on 17 March 2005 granted to Mr. P.S. Leggo under the ESP, there have been no allotments to Executive Directors or senior managers under the ESP, AESP or EOP during the financial period.

The loans held by specified Directors and specified executives of the Company, including their personally-related entities, under the ESP, AESP or EOP during the financial period are set out in Note 26 of the Financial Report.

Allotments to any specified Director or specified executive including their personally related entities under the ESP, AESP or EOP during the financial period and the relevant loans during the financial period are set out in Note 26 of the Financial Report.

Discussions are continuing between the Company and Mr. P.E. Foo for the potential issue of one million ordinary shares and one million A Class preference shares under a Senior Executive Share Plan and Loan Facility on similar terms and conditions as the Company's existing ESP. It is anticipated that this Senior Executive Share Plan and Loan Facility will be put to the Company's shareholders for approval at a future general meeting.

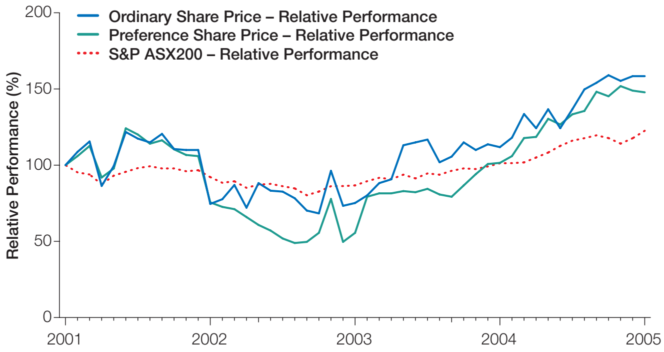
The number of shares in the Company and in Austereo during the financial year in which the specified Directors and specified executives of the Company have a relevant interest, including their personally-related entities, are set out in Note 26 of the Financial Report.

F) Other benefits

The Company has other compensation arrangements with some executives and senior managers such as travel and entertainment reimbursement for business purposes only, relocation and expatriate related costs, health insurance expenses and either Company maintained vehicles or car allowances.

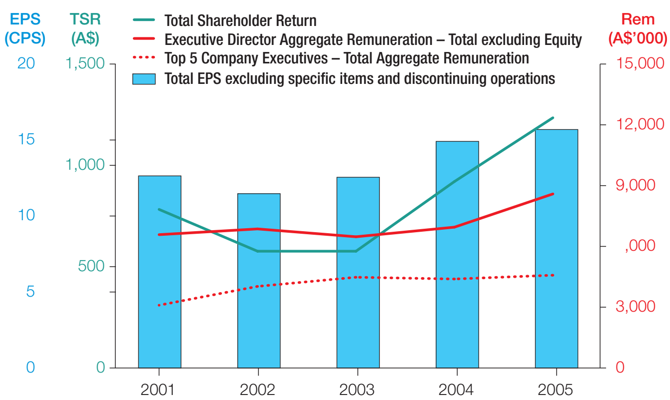
In addition the payment of superannuation or retirement benefit amounts within prescribed statutory limits are made, including various ancillary insurance covers, depending on the jurisdiction in which the Executive Director or relevant senior manager is based and the local market practices applicable. The details of the value of these benefits are set out on pages 33 and 34 of this Remuneration Report.

5. Company Performance



ASX200 month end closing price history – Commonwealth Securities Limited

The above chart shows the relative performance in percentage terms of the Company's ordinary and preference share prices against the performance of the ASX200 index since July 2001. In 2002 the Company suspended dividends on ordinary shares and in 2003 on preference shares, which remains the position as at the date of this report.



Total Shareholder Return – Macquarie Bank Limited

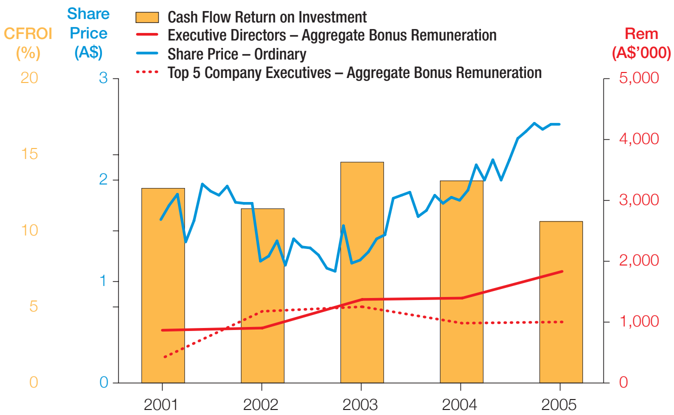
The above chart reflects the Total Shareholder Return ("TSR") of the Company for the current reporting period and in each of the four preceding years. It is based on the investment of $1,000 on ordinary

5. Company Performance *continued*

shares on 1 July 2000 and demonstrates the impact on shareholders of investing in ordinary shares over that five year time frame. The chart also shows the growth in Earnings Per Share ("EPS"), shown in cents per share, over the same five year period – this is the total EPS as at 30 June over each of the five years excluding Specific Items and Discontinuing Operations measured against the weighted average ordinary and preference shares on issue at each 30 June year-end.

Overlaid over the TSR and EPS data is the total aggregate annual remuneration of the four continuing Executive Directors, excluding Mr. P.M. Harvie who is remunerated by Austereo, and excluding the notional equity value of Mr. Burke's 6,000,000 ordinary options issued in May 2001 described above. Similarly, the total aggregate annual remuneration of the five continuing Company relevant senior managers is superimposed over the TSR and EPS performance of the Company. It is inappropriate to directly link the individual remuneration of the relevant senior managers of the consolidated entity to the performance of the Company as a whole due to their individual divisional performance criteria.

The movement in total Executive Director remuneration since 2003 has broadly followed the increase in TSR and EPS. The trend line also recognises the voluntary 20% cut in base salary taken by Messrs R.G. Kirby, J.R. Kirby, G.W. Burke and P.E. Foo in September 2002. Growth in underlying shareholder value, measured by TSR, in the last financial year has outstripped any rise in total Executive Directors' remuneration.



Ordinary share price month end closing price history – Commonwealth Securities Limited

The above chart reflects the total aggregate annual STI bonus remuneration of the four continuing Executive Directors, excluding Mr. P.M. Harvie who is remunerated by Austereo, for the current reporting period and in each of the four preceding years. Similarly, the total aggregate annual STI bonus remuneration of the five continuing relevant senior managers of the Company is also shown. Due to the individual divisional performance bonus criteria applicable to the relevant senior managers of the consolidated entity, it is inappropriate to reflect their STI bonus payments measured against the overall performance of the Company as a whole.

The bonus amounts shown for the Executive Directors are those accrued for the year to which the payment relates. However the STI bonuses of senior managers shown above and set out in the table on page 34 of this Remuneration Report are payable at the end of each calendar year and hence relate to the performance of the Company in the prior period.

The calculation of annual bonuses for the Executive Directors is divided into two components; one is driven by Cash Flow Return on Investment ("CFROI") and the other is determined by share price performance. The two components together derive the movement in the Executive Directors' overall bonuses. For the purposes of calculating these Executive Directors' bonuses, the CFROI used relates to normalised EBITDA as a percentage of capital employed, and capital employed is represented by total shareholders capital plus net debt. Bonuses are calculated based on the growth in the ratio from year to year.

Similarly, the total aggregate annual STI bonus remuneration of the five continuing relevant senior managers of the Company has been broadly steady over the last several years. In addition it should be noted that the aggregate total bonus for the year ended 30 June 2001 does not include any bonus for Mr. G. Basser who joined the Company during that financial period and includes an additional 'transactional bonus' for Mr. Basser for the successful completion of the refinancing of the Company's film production division in the June 2003 reporting period.

6. Employment Contracts

Remuneration and other terms of employment for the Company's Managing Director, the Executive Chairman of Austereo Group Limited and the Company's five relevant senior managers and three relevant senior managers of the consolidated entity with the highest remuneration are formalised in service agreements.

The main terms of all major contracts and bonus payments are reviewed by the Remuneration Committee. The major provisions of the service agreements of these officers relating to remuneration are as set out below.

a) Executive Directors

The names of the Executive Directors and their titles and roles are set out on pages 18 and 19.

The option to extend Mr. G.W. Burke's five year contract with the Company as Managing Director for a further five years is currently under discussion. In addition to base salary, superannuation and motor vehicle, CPI adjusted, an annual incentive performance bonus is payable for achieving certain market capitalisation and CFROI levels. The contract also provides for the grant of six million options over ordinary shares (as described above) and a loan of up to $2 million on terms and conditions to be agreed by the Remuneration Committee of the Company. Other than a global twelve month non-compete clause, the contract does not provide for pre-determined compensation in the event of termination.

Mr. P.M. Harvie's five year contract with Austereo Pty Ltd as Executive Chairman of the Company's controlled entity, Austereo Group Limited, expires on 30 June 2007. In addition to base salary and superannuation, CPI adjusted, an annual discretionary performance bonus is payable together with participation in the ESP and AESP. Payment for termination without cause is equal to twelve months of salary. In 2005, Mr. Harvie elected to defer his STI bonus until further notice.

The Company's Finance Director Mr. P.E. Foo does not have a formal service agreement with the Company, however the Company is required to give Mr. Foo twelve months notice in writing of his termination, and vice versa.

Discussions are continuing between the Remuneration Committee and the Company's Executive Chairman, Mr. R.G. Kirby, and Executive Deputy Chairman, Mr. J.R. Kirby, for service agreements on similar terms and conditions to Mr. G.W. Burke's contract.

6. Employment Contracts *continued*

b) Company senior managers

The names and respective positions of the Company's five senior managers with the highest remuneration for the period ended 30 June 2005 are set out below:

Village Roadshow Limited

Name/Position	Employer
Philip S. Leggo *Group Company Secretary*	Village Roadshow Limited
Julie E. Raffe *Chief Financial Officer*	Village Roadshow Limited
Gregory Basser *Director – Commercial & Legal, Group Executive in charge of Production*	Village Roadshow Limited
Tony N. Pane *Chief Tax Counsel*	Village Roadshow Limited
Simon T. Phillipson *General Counsel*	Village Roadshow Limited

Messrs P.S. Leggo, J.E. Raffe, T.N. Pane and S.T. Phillipson all have service agreements with the Company expiring respectively on 30 November 2005, 30 November 2007, 14 January 2006 and 30 November 2006. Messrs Leggo's and Raffe's contracts have an option to extend for a further two years at the Company's option and Mr. Pane's for one year at his option. In addition to base salary and superannuation, and Company motor vehicle provided to Messrs Leggo and Raffe, all four above named Company executives are eligible to be paid an annual discretionary performance bonus. Payment for redundancy under these employment contracts for Messrs Leggo and Raffe is equal to twelve months of salary and equal to nine months of salary for Mr. Phillipson. None of the contracts for the four named Company executives provide for pre-determined compensation in the event of termination.

Mr. G. Basser has two contracts with the Company – one executive employment agreement and a separate Consulting Agreement with Greg Basser Pty Ltd for legal services to the economic entity. Both contracts expire on 30 April 2007 and are currently being renegotiated. The Company's options to extend both contracts have been exercised, however several minor issues are currently being renegotiated. The employment agreement provides for base salary and superannuation, CPI adjusted, including a motor vehicle allowance, together with an annual discretionary performance bonus. The Consultancy Agreement provides for the payment of an annual retainer which is adjusted by CPI or $50,000 per annum whichever is greater, together with an additional performance based retainer and reimbursement of reasonable administrative costs and out of pocket expenses. Neither contract provides for pre-determined compensation in the event of termination. If the Company breaches and either contract is terminated by the other party, it may claim for monies and benefits payable until expiry of the contract, subject to an obligation to mitigate.

Messrs P.S. Leggo and G. Basser were entitled under their contracts during the last 36 months to the issue of preference shares under the ESP. Due to the fact that the Company had embarked on buy-backs of all preference shares, this issue was deferred. As these shares would have been in profit from the perspective of Messrs Leggo and Basser, the Company is in discussions on how to compensate them for these circumstances.

The Company may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the senior manager is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested ESP shares will immediately be forfeited.

c) Consolidated entity senior managers

The names and respective positions of the five relevant senior managers of the consolidated entity with the highest remuneration for the period ended 30 June 2005 are set out below:

Village Roadshow Limited consolidated entity

Name/Position	Employer
Bruce Berman *Chairman & Chief Executive Officer*	Village Roadshow Pictures Entertainment Inc
Steve Krone *Executive Vice President & Chief Operating Officer*	Village Roadshow Pictures Entertainment Inc
Michael E. Anderson *Chief Executive Officer*	Austereo Pty Limited
Gregory Basser *Director – Commercial & Legal, Group Executive in charge of Production*	Village Roadshow Limited
Tony N. Pane *Chief Tax Counsel*	Village Roadshow Limited

The top five relevant senior managers of the consolidated entity include the Company executives Messrs G. Basser and T. Pane whose contract details are provided above.

Mr. M.E. Anderson, the CEO of Austereo, is employed under contract to Austereo Pty Ltd. The current employment contract commenced 1 July 2005 and terminates 30 June 2009. At the end of the third year of the contract Austereo and Mr. Anderson may choose to commence negotiation to enter into a new employment contract. His previous contract commenced 11 August 2003 and was for a term of three years and has been replaced by his current employment contract. Under both the current and previous contracts, in addition to base salary and superannuation, Mr. Anderson is entitled to an annual performance bonus payable of $200,000 and $150,000 respectively, on the achievement of Austereo Board approved budgeted EBIT. In the event that Austereo over achieves the budgeted EBIT result by 10%, an additional incentive of $200,000 is payable. In addition Mr. Anderson participates in the AESP.

Both Messrs B. Berman and S. Krone are employed by Village Roadshow Pictures Entertainment Inc with contracts expiring on 30 June 2007. In addition to base salary and ancillary benefits, both Messrs Berman and Krone are eligible to be paid an annual discretionary bonus linked to the performance of the Company's film production division. There are no provisions for pre-determined compensation in the event of termination for either executive, however if Mr. Krone is terminated without cause he may claim for monies and benefits payable until expiry of the contract, subject to an obligation to mitigate. In addition Mr. Krone participates in the ESP. Should Mr. Berman's contract be terminated without cause, the Company is obliged to pay the greater of the remuneration due for the remainder of the contract or three months remuneration, without an obligation to mitigate by Mr. Berman. In addition, if the majority of the Company's equity in Village Roadshow Pictures is floated or sold during the employment of Mr. Berman, he will be entitled to 2.5% of the equity (at no cost) or the sales proceeds thereof.

Attached are the following tables:

Remuneration of Directors of the Company for the period ended 30 June 2005

Remuneration of the 5 Highest Remunerated Executives of the Company for the period ended 30 June 2005

Remuneration of the 5 Highest Remunerated Executives of the consolidated entity for the period ended 30 June 2005

Remuneration of Directors of the Company for the period ended 30 June 2005

Name of Director	Position * from / to	Year	Salary & Fees	Non-cash benefits	Subtotal	Primary benefits Cash Bonus S.T.I.	Post Employment Super-annuation	Retirement benefits	Equity based L.T.I.	Other	Total
Robert G Kirby	Executive Chairman since 02/05/2002	2005	1,608,125	160,000	1,768,125	402,031	95,980	–	–	–	2,266,136
		%	70.96	7.06	78.02	17.74	4.24	–	–	–	100.00
		2004	1,190,160	200,279	1,390,439	298,700	91,149	–	–	–	1,780,288
		%	66.85	11.25	78.10	16.78	5.12	–	–	–	100.00
John R. Kirby	Executive Deputy Chairman since 02/05/2002	2005	1,608,125	160,000	1,768,125	402,031	95,980	–	–	–	2,266,136
		%	70.96	7.06	78.02	17.74	4.24	–	–	–	100.00
		2004	1,190,160	193,223	1,383,383	298,700	91,149	–	–	–	1,773,232
		%	67.12	10.90	78.01	16.84	5.14	–	–	–	100.00
Graham W. Burke	Managing Director since 09/09/1988	2005	1,608,125	160,000	1,768,125	402,031	95,980	–	111,234	–	2,377,370
		%	67.64	6.73	74.37	16.91	4.04	–	4.68	–	100.00
		2004	1,190,160	176,031	1,366,191	298,700	91,149	–	222,626	–	1,978,666
		%	60.15	8.90	69.05	15.10	4.61	–	11.25	–	100.00
Peter E. Foo	Finance Director since 12/02/1998	2005	1,021,808	56,301	1,078,109	625,000	87,982	–	–	–	1,791,091
		%	57.05	3.14	60.19	34.89	4.91	–	–	–	100.00
		2004	1,063,246	46,268	1,109,514	496,000	34,254	–	–	–	1,639,768
		%	64.84	2.82	67.66	30.25	2.09	–	–	–	100.00
Peter M. Harvie	Executive Director since 20/06/2000	2005	585,792	83,519	669,311	–	25,000	–	–	–	694,311
		%	84.37	12.03	96.40	–	3.60	–	–	–	100.00
		2004	585,792	81,363	667,155	100,000	25,000	–	–	–	792,155
		%	73.95	10.27	84.22	12.62	3.16	–	–	–	100.00
William J. Conn	Independent Director since 12/03/1992	2005	92,430	–	92,430	–	8,320	–	–	–	100,750
		%	91.74	–	91.74	–	8.26	–	–	–	100.00
		2004	88,072	–	88,072	–	7,928	–	–	–	96,000
		%	91.74	–	91.74	–	8.26	–	–	–	100.00
Peter D. Jonson	Independent Director since 21/01/2001	2005	69,037	15,990	85,027	–	6,213	–	–	–	91,240
		%	75.67	17.53	93.19	–	6.81	–	–	–	100.00
		2004	66,056	20,813	86,869	–	5,944	–	–	–	92,813
		%	71.17	22.42	93.60	–	6.40	–	–	–	100.00
D. Barry Reardon	Independent Director since 24/03/1999	2005	130,750	–	130,750	–	–	–	–	–	130,750
		%	100.00	–	100.00	–	–	–	–	–	100.00
		2004	126,000	–	126,000	–	–	–	–	–	126,000
		%	100.00	–	100.00	–	–	–	–	–	100.00

* The start dates shown above for Positions held do not necessarily coincide with commencement dates – the dates of appointment of Directors are set out on pages 18 and 19.

Remuneration of the 5 Highest Remunerated Executives of the Company for the period ended 30 June 2005

			Primary benefits				Post Employment				
Name of Executive	Position * from / to	Year	Salary & Fees	Non-cash benefits	Subtotal	Cash Bonus S.T.I.	Super-annuation	Retirement benefits	Equity based L.T.I.	Other	Total
Gregory Basser	Director, Commercial & Legal since 01/02/1999	2005	1,196,908	12,456	1,209,364	250,000	38,702	–	–	–	1,498,066
		%	79.90	0.83	80.73	16.69	2.58	–	–	–	100.00
		2004	1,132,266	7,435	1,139,701	250,000	36,754	–	–	–	1,426,455
		%	79.38	0.52	79.90	17.53	2.58	–	–	–	100.00
Tony N. Pane	Chief Tax Counsel since 17/01/2000	2005	1,001,854	579	1,002,433	250,000	11,585	–	–	–	1,264,018
		%	79.26	0.05	79.31	19.78	0.92	–	–	–	100.00
		2004	956,178	–	956,178	250,000	11,002	–	–	–	1,217,180
		%	78.56	–	78.56	20.54	0.90	–	–	–	100.00
Simon T. Phillipson	General Counsel since 13/05/1996	2005	424,607	759	425,366	200,000	38,175	–	–	–	663,541
		%	63.99	0.11	64.11	30.14	5.75	–	–	–	100.00
		2004	374,447	9,260	383,707	200,000	33,675	–	–	–	617,382
		%	60.65	1.50	62.15	32.39	5.45	–	–	–	100.00
Philip S. Leggo	Group Company Secretary since 23/02/1993	2005	333,039	63,304	396,343	150,000	80,040	–	–	–	626,383
		%	53.17	10.11	63.27	23.95	12.78	–	–	–	100.00
		2004	360,508	56,951	417,459	140,000	32,419	–	–	–	589,878
		%	61.12	9.65	70.77	23.73	5.50	–	–	–	100.00
Julie E. Raffe	Chief Financial Officer since 28/09/1992	2005	297,540	37,293	334,833	150,000	26,758	–	–	–	511,591
		%	58.16	7.29	65.45	29.32	5.23	–	–	–	100.00
		2004	277,648	88,535	366,183	140,000	24,938	–	–	–	531,121
		%	52.28	16.67	68.95	26.36	4.70	–	–	–	100.00

Remuneration of the 5 Highest Remunerated Executives of the consolidated entity for the period ended 30 June 2005#

			Primary benefits				Post Employment				
Name of Executive	Position * from / to	Year	Salary & Fees	Non-cash benefits	Subtotal	Cash Bonus S.T.I.	Super-annuation	Retirement benefits	Equity based L.T.I.	Other	Total
Bruce Berman	Chairman & CEO Village Roadshow Pictures Entertainment Inc. since 01/01/2000	2005	1,787,943	54,341	1,842,284	662,690	36,448	–	–	–	2,541,422
		%	70.35	2.14	72.49	26.08	1.43	–	–	–	100.00
		2004	1,961,460	61,469	2,022,929	–	38,231	–	–	–	2,061,160
		%	95.16	2.98	98.15	–	1.85	–	–	–	100.00
Steve Krone	President & COO Village Roadshow Pictures Entertainment Inc. since 31/03/2003	2005	801,755	60,481	862,236	265,076	36,448	–	–	–	1,163,760
		%	68.89	5.20	74.09	22.78	3.13	–	–	–	100.00
		2004	824,588	57,973	882,561	262,369	38,231	–	–	–	1,183,161
		%	69.69	4.90	74.59	22.18	3.23	–	–	–	100.00
Michael E. Anderson	Chief Executive Officer Austereo Group Limited since 11/08/2003	2005	806,566	63,361	869,927	150,000	38,702	–	–	–	1,058,629
		%	76.19	5.99	82.17	14.17	3.66	–	–	–	100.00
		2004	780,248	89,683	869,931	150,000	36,754	–	–	–	1,056,685
		%	73.84	8.49	82.33	14.20	3.48	–	–	–	100.00

Top 5 Executives of the consolidated entity [as per Corporations Act section 300A (1)(c)(iii)] includes Company executives Messrs Basser and Pane whose details are provided above.

* The start dates shown above for Positions held do not necessarily coincide with employment commencement dates.

Corporate Governance

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year in accordance with Listing Rule 4.10.3 and how those practices relate to the Principles of Good Corporate Governance and Best Practice Recommendations issued by the Australian Stock Exchange Corporate Governance Council ("ASX Recommendations").

In ensuring the highest standards of ethical behaviour and accountability, the Board has included in its corporate governance policies those matters contained in the ASX Recommendations where applicable. However, the Board also recognises that full adoption of the above ASX Recommendations may not be practical nor provide the optimal result given the particular circumstances and structure of the Company.

Board of Directors – Role and Responsibilities

The role of the Board is to provide leadership and direction to management and to agree with management the aims, strategies and policies of the Company. It is also responsible for the overall corporate governance of the Company.

In particular, the functions and responsibilities of the Board include:

- Final approval of corporate strategy and performance objectives;
- Reviewing and ratifying of the risk management and internal control framework, codes of conduct and legal and other internal compliance programs;
- Approval and monitoring of significant capital expenditure, capital management, acquisitions and divestitures in excess of A$10m;
- Approval and monitoring of significant financial and other reporting;
- Appointment and removal of the Managing Director; and
- Monitoring compliance with corporate governance policies and assessing the appropriateness and adequacy of corporate governance policies and implementing changes or additions that are deemed fitting.

In fulfilling this responsibility the Board is supported by a number of committees whose composition is reviewed periodically. All Board Committees provide recommendations to the Board however the Executive Committee has specific powers delegated to it by the Board. With the exception of the Executive Committee, all Committees shall comprise a majority of Independent Directors and shall be suitably resourced.

Board of Directors – Composition and Membership

The composition of the Board is determined in accordance with the following principles:

- The Board shall comprise at least six Directors with an appropriate balance of Executive, Independent and Shareholder Directors, the definitions of which are:

  Executive Director – one in full time employment by the Company, either directly or through a consultancy;

  Independent Director – one who is not a substantial shareholder or associated directly with a substantial shareholder, is non-executive and is not or has not been employed in an executive capacity nor principal of a material professional advisor or consultant within the last 2 years, is not a material supplier or customer, has no material contractual relationship other than as a Director, is free from any interest or business or relationship which could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company and who derives minimal or zero income (excluding Directors' Fees) from the Company compared to income from other sources;

  Shareholder Director – one with a prescribed direct, indirect or representative shareholding interest exceeding 5% of the total issued ordinary capital of the Company;
- The Board shall comprise Directors with an appropriate range of qualifications and specific industry expertise that will enable them to make a contribution to the deliberations of the Board.
- The Board shall meet at least six times per year. Meeting guidelines ensure that Directors are provided with all necessary information to participate fully in an informed discussion of all agenda items.
- Informal meetings of Independent Directors are held to discuss matters of mutual interest when necessary.

During the financial year the names of each Director, their respective role, appointment date and classification were:

Name/Role	Appointed	Classification
Robert G. Kirby *Chairman*	July 2001	Shareholder, Executive
John R. Kirby *Deputy Chairman*	August 1988	Shareholder, Executive
Graham W. Burke *Managing Director*	September 1988	Shareholder, Executive
Peter E. Foo *Finance Director*	February 1998	Executive
Peter M. Harvie *Executive Director*	June 2000	Executive
William J. Conn *Non-executive Director*	March 1992	Independent *
D. Barry Reardon *Non-executive Director*	March 1999	Independent
Peter D. Jonson *Non-executive Director*	January 2001	Independent

* Mr. Conn meets 6 of the 7 'independence' criteria as defined in Box 2.1 of the ASX Recommendations. Notwithstanding Mr. Conn has served as a Director for over 13 years, the Company does not consider that Mr. Conn's tenure on the Board of the Company in any way adversely impacts on his independence.

The Company's constitution 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.

Membership of the Board is the exclusive responsibility of the full Board of Directors, subject to the approval of the Company's shareholders in general meeting, based on recommendations from the Nomination Committee.

A formal Letter of Appointment is provided to incoming Directors together with such appropriate induction as may be required by the incoming Director.

All Directors have access to the Company Secretary and are entitled to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairperson, such approval not to be unreasonably withheld.

The Chairperson of the Company is determined by the Board of Directors, recognising the Company's ownership structure. In addition, the Board is comprised of a majority of Executive Directors. These matters are at variance to ASX Recommendations 2.1 and 2.2.

The Board is of the opinion that the executive roles of the Shareholder Directors (including the Chairperson) in the day to day operations of the Company adds value to the Company due to their material financial commitment and considerable experience in the

Board of Directors – Composition and Membership *continued*

Company's businesses. Notwithstanding the number of Independent Directors presently on the Board, the Company considers that there is adequate monitoring of the Executive Directors.

Audit Committee

The Company established an Audit Committee in 1991. In accordance with its Charter, all 3 members of the Audit Committee are Independent Directors with appropriate skills, expertise and experience. The Chairperson of the Audit Committee is an Independent Director who is not the chairperson of the Board. The Audit Committee reports directly to the Board.

The role and responsibilities of the Audit Committee includes:

- Reviewing all external reporting (published financial statements including interim statements and year-end audited statements, preliminary announcement of results prior to publication) with management and the external auditors prior to their approval by the Board, focusing in particular on:
  - Significant changes in accounting policies and practices;
  - Major judgmental areas and significant audit adjustments;
  - Adequacy and reliability of financial information provided to shareholders; and
  - Compliance with Statutory and Australian Stock Exchange reporting requirements;
- Discussing any matters arising from the audit with the external auditor;
- Reviewing the nomination, performance, independence and competence of the external auditor – Ernst & Young were appointed on 12 April 1989 and the audit partner was rotated off following completion of the 2003 financial year end audit;
- Approving the Internal Audit plan bi-annually and assessing the performance of the internal audit function;
- Receiving reports from the Corporate Governance and Compliance Committee and to assess the adequacy and effectiveness of the financial internal control framework and risk management procedures; and
- Discussing the scope and effectiveness of the audit with the external auditor.

The Managing Director and Finance Director provide written representations to the Board that the Company's financial reports present a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

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

Name	Appointed	Role
William J. Conn	August 1992	Chairman, Independent Director
D. Barry Reardon	April 2000	Independent Director
Peter D. Jonson	February 2001	Independent Director

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

The Committee invites the audit partner to its meetings and senior Company executives as required. In addition the Audit Committee meets at least twice a year with the external auditor without management being present and the auditor is provided with the opportunity, at their request, to meet the Board of Directors without management being present.

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. In accordance with its Charter, the 3 members of the Nomination Committee include the Chairperson of the Company and comprise a majority of Independent Directors.

The role of the Nomination Committee is to monitor the composition of the Board in light of corporate governance best practice, and to periodically make recommendations to the full Board.

The responsibilities of the Nomination Committee include recommending new nominees to the Board, taking into account the required skill set, relevant industry expertise and experience of potential candidates to complement that of existing Board members. Consideration is also given to the size and shareholder structure of the Company such that an incoming director would be able to make an overall positive contribution to the deliberations of the Board without adversely impacting on efficient decision making by the Board as a whole.

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

Name	Appointed	Role
Robert G. Kirby	May 2002	Chairman
William J. Conn	July 1998	Independent Director
D. Barry Reardon	April 2000	Independent Director

The Nomination Committee meets at least annually and the Board is appraised by the Chairperson as appropriate on any relevant developments. The Board has recognised that based on its size and composition, a formal committee structure and procedures may not be optimal, and accordingly, the Nomination Committee may meet informally, on a 'needs' basis as and when a suitable candidate may be available for nomination.

Given the Company's ownership structure and the composition of the Board, the assessment of the Board's overall performance and its own succession plan has been previously conducted informally by the Chairperson and Directors on an ad hoc basis. In August 2004 a formal evaluation process under the guidance of the Nomination Committee was undertaken. Whilst this is at variance to ASX Recommendation 8.1, for the financial year ended June 2005, the Directors consider that at the date of this report an appropriate and adequate evaluation of Directors has been implemented.

Executive Committee

In 1990 the Board established an Executive Committee which monitors and reports on the major risks affecting each business segment and develops, subject to approval of the full Board, strategies to mitigate these risks. The Executive Committee deals with all other matters apart from those matters specifically reserved for the Board, or its Audit Committee, Nomination Committee and Remuneration Committee.

The key functions and responsibilities of this Executive Committee include:

- Development of the strategic plan which encompasses the Company's vision, mission and strategy statements and stakeholders' needs;
- Implementation of operating plans and budgets by management and monitoring progress against budget as well as monitoring all significant areas of the business;

Executive Committee *continued*

- Approval and monitoring of capital expenditure, capital management, acquisitions and divestitures, and approval of contracts less than A$10m;
- Establishment of committees to monitor and report on all aspects of risk management including environmental issues and health and safety matters;
- Review cash flow projections and gearing;
- Treasury responsibility including advising the Board on liquidity, currency and interest rate risk and credit policies; and
- Review the Company's code of conduct and corporate governance compliance.

The Management of the Company's various business segments annually bring to the Executive Committee detailed budget proposals for consideration, the final consolidated version of which is submitted to the full Board of Directors each year.

The Executive Committee and various Divisional Boards of the Company's subsidiaries and associates derive their mandate and operate in accordance with the Group's formal Delegation of Authority document. The Delegation of Authority document is reviewed and updated on an annual basis, with major changes approved by the Board.

During the financial year the members of this Committee were:

Name		
Graham W. Burke (Chairperson)		Robert G. Kirby
John R. Kirby	Peter E. Foo	Peter M. Harvie
Philip S. Leggo	Julie E. Raffe	Gregory Basser
Simon T. Phillipson	Tony N. Pane	Tim Carroll

The Executive Committee meets at frequent intervals.

Remuneration Committee

The Company established a Remuneration Committee in April 1994. The Committee's Charter provides for the review of remuneration of the Company's Executive Directors, including any equity participation by such Executive Directors.

The Committee comprises 3 Directors, the majority of whom are Independent Directors. The Committee invites senior management to meetings when requiring input on management and divisional performance.

The Committee makes recommendations on the remuneration of the Executive Directors with the overall objective of motivating and appropriately rewarding performance. The recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team.

The Chairman, Deputy Chairman, Managing Director and Finance Director are responsible for recommending the compensation arrangements for senior divisional and corporate executives using similar criteria.

The Remuneration Committee is responsible for the remuneration overview for all senior executives and reviews all future material changes to senior divisional and corporate executives' remuneration, as recommended by the Executive Directors.

The Company and the Committee periodically obtain independent advice from external consultants and utilise benchmarks from comparable organisations.

At the commencement of each year the Executive Directors will submit a business plan for the forthcoming year to the Remuneration Committee for review and adoption. This will be the basis of reviewing performance at the end of the year.

All Executive Directors and senior executives have the opportunity to participate in the Company's bonus scheme where specified criteria are met based on achievement of key executive performance criteria and Company performance in relation to profitability, cash flow, share price growth and other performance indicators.

The Company considers that the remuneration paid to Directors and senior executives is reasonable and fair having regard to comparable companies and the performance and responsibilities of each respective Director and senior executive.

When there is a material or significant variation in the remuneration arrangements of the Company's Executive Directors, as appropriate, this is promptly disclosed to the Australian Stock Exchange under the Company's continuous disclosure policy.

The Committee meets at least twice per year.

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

Name	Appointed	Role
William J. Conn	April 1994	Chairman, Independent Director
D. Barry Reardon	August 1999	Independent Director
Graham W. Burke	April 2000	Managing Director

Mr. Burke absents himself from any meeting of the Committee where his own remuneration is to be discussed.

The total cash remuneration of Independent Directors (being Directors' Fees paid to anyone not in an Executive capacity), is distinguished from that of Executive Directors and is approved in aggregate by shareholders in general meeting from time to time. From April 2005, Independent Directors receive $70,000 per annum plus $15,000 per annum for each Board Committee on which they serve, payable quarterly in arrears. In addition Independent Directors may receive additional fees for serving on Boards of subsidiary companies.

The Company does not have and never has had a retirement benefit scheme for Non-executive Directors, other than their individual statutory superannuation benefits which are included as part of their total Director's Fee remuneration.

In addition, the Company encourages Executive and Non-executive Directors to hold shares in the Company. Subject to any necessary approvals as may be required by law or ASX Listing Rules, 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 and any changes are advised to the Australian Stock Exchange in accordance with the Listing Rules and Corporations Act 2001 requirements and are set out in the Directors' Report.

Shareholder Meetings and Communication

The Company's constitution sets out the procedures to be followed regarding:

- The convening of meetings;
- The form and requirements of the notice;
- Chairperson and quorums; and
- Voting procedures, proxies, representatives and polls.

Notices of meetings of shareholders will comply with all legal requirements and current best practice guidelines and the format of resolutions 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 so presented.

Shareholder Meetings and Communication

continued

The format of proxies will be such that shareholders will be able to clearly indicate their voting intentions and full directions on the completion of proxies will be contained in both the proxy form itself and in the notice of meeting, including any relevant voting exclusion statements.

The Directors believe that, in accordance with the Company's constitution, 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 or by the Chairperson. The constitution sets out the circumstances in which a poll may be called by the Chairperson or by shareholders whether present in person or by proxy or by representative.

The Chairperson of meetings of shareholders shall allow a reasonable opportunity for shareholders to ask questions on those matters on the agenda that are before shareholders for consideration and to enable informed participation and voting by shareholders in the meeting.

In addition, the external auditor shall attend the Company's annual general meeting and be available to answer questions about the conduct of the audit and the auditor's report on the Company's financial statements. This will include any written questions forwarded to the Company more than one week prior to the meeting.

The Company is supportive of developments by the share registry industry to facilitate the option of electronic communication with shareholders, and will monitor progress in this area.

The Company established a corporate website at **www.villageroadshow.com.au** in 1999 which contains relevant information for shareholders about the Company, its operations, corporate profile, structure and other supporting information including from July 2004 reporting against the ASX Recommendations in a clearly marked corporate governance section. In addition shareholders can email queries to the Company through the website, or by facsimile, by mail or by telephone.

Continuous Disclosure

The Directors ensure that the market is fully informed on a timely basis of all material, price sensitive information regarding the Company. In support of this objective, the Company has procedures in place to ensure that it meets its reporting and continuous disclosure obligations.

In this regard, the Company supports the ASX Recommendation 5.1 and Australian Securities and Investment Commission's "Better Disclosure for Investors" guidance principles and believes its practices are consistent with these guidance principles.

The Company Secretaries are the Company's nominated Communications Officers for liaising with the Australian Stock Exchange and are responsible for ensuring the Company's compliance with its legal and Stock Exchange reporting and disclosure obligations.

No communication is permitted to any external third party about an announcement until confirmation that the communication has been released to the market has been received from the Australian Stock Exchange. Once confirmation has been received, the Company provides a copy of its release on its corporate website as soon as possible.

Communication by the Company with external parties is the responsibility of a limited number of authorised spokespersons to ensure the consistency of information provided and to safeguard against inadvertent disclosure of price sensitive information. All communications are monitored by the Communication Officers to ensure that no material information has been inadvertently released.

In particular, the Communications Officers ensure that no price sensitive information is provided in discussions with broking analysts, investors or to the media unless it has first been released through the Australian Stock Exchange.

Corporate Code of Conduct

The Board of Directors insist on the highest ethical standards from all officers and employees of the Company and are vigilant to ensure appropriate corporate professional conduct at all times.

Standards setting out the Company's Code of Conduct by which Employees are expected to act are contained in the Employee Guide and formal contracts and letters of employment. They include:

- Insider trading and employee security trading;
- Conflicts of interest;
- Use of market power and pricing practices;
- Confidentiality and Privacy Policy;
- Compliance with Laws and Regulations;
- Employment practices including Occupational Health & Safety; and
- Maintenance, quality and safety of goods and services.

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 purchases of major consumables are obtained by all business segments of the Company by a periodic competitive tendering process.

Certain inter-company arrangements have been entered into between the Company and Austereo Group Limited ("Austereo"). Historically the Company and Austereo have maintained various financial and administrative arrangements and have regularly engaged in transactions with each other and their respective affiliates.

This relationship is governed by the Intercompany Agreement dated 19 January 2001 between the Company and Austereo. The Intercompany Agreement specifically states that it is the intention of both parties that the relationship between them and their respective affiliates prior to Austereo's listing on ASX will continue on the same basis while the Company continues to hold a controlling interest in Austereo.

The Intercompany Agreement requires each party to make services available to the other, either without charge, on a reduced cost basis or on a recharge basis, depending on how such services were provided prior to listing. Where costs are to be recharged, the charge is to be determined in accordance with established accounting principles, and failing agreement, the dispute will be referred to an independent person appointed by the President of the Law Institute of Victoria whose decision shall be final in determining the quantum of costs to be allocated.

In respect of the Intercompany Agreement and all other matters between the Company and Austereo, the Directors will be required to comply with the requirements of the Company's constitution and the Corporations Act 2001 governing any conflicts of interest that may arise.

Securities Trading Policy

All Directors have a written contractual obligation to the Company to immediately advise the Company of all changes to their interests in shares, options and debentures, if any, in the Company and its associates for the timely reporting of any changes to the Australian Stock Exchange by the Company Secretaries.

In addition to all Directors of the Company, all members of the Executive Committee and other key corporate and divisional executives of the Village Roadshow group who are involved in material transactions concerning the Company are included in the definition of "Designated Officers". These Designated Officers 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 end profit announcement.

Outside of those periods, no Designated Officers may 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 Designated Officers in circumstances where any doubt exists.

All Directors of the Company, and of the Village Roadshow group of companies including Austereo ('the Group'), 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 Group upon appointment as a Director. All notices are tabled and recorded in the minutes of each Directors' meeting and entered into a register which is open for inspection by all Directors and is available to all future incoming directors.

Risk Management

The Board is responsible for the approval and review of the group's risk management and internal controls framework and policies in accordance with its Group Risk Management policy. However management of operational risk and the implementation of appropriate controls to mitigate such risks is the responsibility of management.

To assist the Board in discharging its responsibilities in relation to risk management, the Board has delegated the control of risk management to the Audit Committee in accordance with its Charter.

The Company's formal Risk Management Methodology incorporates a holistic and structured approach to the identification and mitigation of business risks by key business units. This risk approach covers strategic, operational and financial risks of each strategic business unit and accountability for managing such risks rests with the CEO and CFO of each business unit, including Corporate Head Office. In accordance with the Risk Management Methodology, which was adopted by the Audit Committee in 1998, formal risk assessments are conducted twice a year, with reporting to the Audit Committee on major risks and action plans.

The Company is progressing with the completion of the Business Impact Analysis and Risk Assessment of its Business Continuity Management project with a view to reducing the risk of business disruption arising from its dependency on building infrastructure and IT&T systems and services to a pragmatic and acceptable level. In addition independent Occupational Health and Safety Compliance Reviews are conducted on an annual basis in key businesses within the Company.

The Company's financial structure includes a number of covenants to various lenders, requiring a structured level of monitoring and management to ensure compliance. The Company's Treasury Risk Policy articulates 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 parameters of the Treasury Risk Management Policy are periodically reviewed by the Audit Committee to ensure the Policy addresses current issues.

The Company's Group Internal Audit function, which is totally independent of all operating business units, performs regular reviews on significant areas of risk within business units to ensure that the internal control framework is adequate and remains effective. In addition, reviews by Internal Audit also monitor internal compliance with policies adopted by the Board including compliance with the Group Delegation of Authority policy document.

The Internal Audit Plan is approved six monthly at Audit Committee meetings. A summary of major audit findings, and control weaknesses not adequately addressed by management, is reported directly to the Audit Committee.

In July 2003 the Company established a Corporate Governance and Compliance Committee to monitor the implementation and effectiveness of sound governance policies and procedures across the Group in line with ASX Recommendations. Such policies and procedures include the risk management and internal controls framework, the code of conduct and the compliance process adopted by management.

The responsibilities of the Committee include the formulation of annual Compliance Programs for Audit Committee approval and the co-ordination and monitoring of such programs to ensure timely implementation and review. The Committee will report on all material aspects to the Audit Committee and to the Managing Director and Finance Director on the effectiveness of compliance programs.

Statement of Financial Performance

for the Year ended 30 June 2005

		CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	Notes	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenues from ordinary activities	(2)	1,567,317	2,226,463	116,774	65,362
Expenses from ordinary activities excluding borrowing costs expense	(2)	(1,444,095)	(2,082,193)	(57,996)	(48,126)
Borrowing costs expense	(2)	(76,683)	(76,091)	(7,676)	(4,054)
Share of net profits of associates and joint ventures accounted for using the equity method	(2)	32,208	31,215	–	–
Profit from ordinary activities before income tax expense		78,747	99,394	51,102	13,182
Income tax revenue (expense)	(4)	(24,995)	(30,425)	11,131	8,053
Net profit after income tax expense		53,752	68,969	62,233	21,235
Profit attributable to outside equity interest		13,061	16,752	–	–
Net profit attributable to members of Village Roadshow Limited		40,691	52,217	62,233	21,235
Net exchange difference on translation of accounts and net investments in foreign controlled and associated entities	(21)	(25,543)	(13,833)	–	859
Net increase (decrease) in capital profits reserve & general reserve	(21)	(65)	201	–	–
Net (decrease) in controlled entity share buyback reserve	(21)	(31,106)	(1,602)	–	–
Other revenue, expense and initial adjustments recognised directly in equity	(21)	10,771	555	–	–
Total revenues, expenses and valuation adjustments attributable to members of Village Roadshow Limited and recognised directly in equity		(45,943)	(14,679)	–	859
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Village Roadshow Limited		(5,252)	37,538	62,233	22,094
Basic earnings per share (cents per share)	(3)	21.85	22.23		
Diluted earnings per share (cents per share)		21.85	22.23		

Additional Disclosures – Dissection of Continuing & Discontinuing Results:

	CONTINUING OPERATIONS		DISCONTINUING OPERATIONS		CONSOLIDATED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Profit (loss) from ordinary activities before income tax expense	80,676	110,401	(1,929)	(11,007)	78,747	99,394
Income tax revenue (expense)	(24,995)	(30,425)	–	–	(24,995)	(30,425)
Net profit (loss) after income tax	55,681	79,976	(1,929)	(11,007)	53,752	68,969
Profit (loss) attributable to outside equity interest	13,061	16,752	–	–	13,061	16,752
Net profit (loss) attributable to members of Village Roadshow Limited (note 2)	42,620	63,224	(1,929)	(11,007)	40,691	52,217

Statement of Financial Position

as at 30 June 2005

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	VILLAGE ROADSHOW LIMITED 2005 $'000	VILLAGE ROADSHOW LIMITED 2004 $'000
CURRENT ASSETS					
Cash assets	(6)	99,654	110,076	8	32
Receivables	(7)	277,231	313,869	485	60
Inventories	(8)	2,832	2,669	231	208
Film library	(10)	287,368	250,822	–	–
Current tax assets		11,905	1,619	9,446	–
Other	(11)	21,042	23,073	459	822
Total current assets		700,032	702,128	10,629	1,122
NON-CURRENT ASSETS					
Receivables	(7)	130,520	198,236	501,979	1,046,817
Radio licences	(9)	463,177	464,635	–	–
Film library	(10)	423,143	523,104	–	–
Investments accounted for using the equity method	(12)	114,273	105,221	–	–
Other financial assets	(13)	10,235	7,601	1,182,916	737,924
Property, plant & equipment	(14)	233,053	251,547	10,046	10,502
Deferred tax assets		29,818	24,916	23,442	17,904
Intangible assets	(15)	66,508	74,105	–	–
Other	(11)	100,803	111,785	–	–
Total non-current assets		1,571,530	1,761,150	1,718,383	1,813,147
Total assets		2,271,562	2,463,278	1,729,012	1,814,269
CURRENT LIABILITIES					
Payables	(16)	215,321	231,509	2,608	1,894
Interest bearing liabilities	(17)	299,550	268,987	1,676	1,463
Current tax liabilities		9,325	12,513	–	1,213
Provisions	(18)	17,857	18,994	2,751	2,523
Other	(19)	2,377	2,513	–	–
Total current liabilities		544,430	534,516	7,035	7,093
NON-CURRENT LIABILITIES					
Payables	(16)	51,898	53,750	12,500	123
Interest bearing liabilities	(17)	763,530	765,216	1,065	2,733
Convertible notes	(17)	14,102	13,461	14,102	13,461
Deferred and other tax liabilities		115,792	127,191	–	15,343
Provisions	(18)	9,172	17,888	3,245	2,533
Other	(19)	875	2,538	525	800
Total non-current liabilities		955,369	980,044	31,437	34,993
Total liabilities		1,499,799	1,514,560	38,472	42,086
Net assets		771,763	948,718	1,690,540	1,772,183
EQUITY					
Parent entity interest					
Contributed equity	(20)	611,475	755,351	611,475	755,351
Convertible notes	(20)	14,866	14,866	14,866	14,866
Reserves	(21)	(114,357)	(69,947)	4,703	4,703
Retained Profits	(21)	154,505	115,347	1,059,496	997,263
Total parent interest in equity		666,489	815,617	1,690,540	1,772,183
Total outside equity interest	(22)	105,274	133,101	–	–
Total Equity		771,763	948,718	1,690,540	1,772,183

Refer Note 31 for details of the assets and liabilities relating to the Discontinuing Operations included in the Statement of Financial Position.

Statement of Cash Flows

for the Year ended 30 June 2005

	Notes	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	VILLAGE ROADSHOW LIMITED 2005 $'000	VILLAGE ROADSHOW LIMITED 2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers		1,541,791	2,196,281	–	–
Payments to Suppliers and Employees *		(1,405,968)	(1,825,699)	(25,251)	(27,641)
Dividends and Distributions Received		19,142	6,992	89,542	17,325
Interest Received		8,819	10,764	1	28,176
Borrowing Costs		(76,683)	(77,469)	(7,677)	(5,054)
Income Taxes Paid		(56,451)	(32,760)	(32,323)	(7,160)
Partnership Profits Received		9,765	7,698	–	–
Net cash flows from operating activities	(6)	40,415	285,807	24,292	5,646
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of Property, Plant & Equipment		(33,885)	(25,789)	(2,279)	(1,158)
Sale of Property, Plant & Equipment		17,420	12,614	1	170
Purchase of Investments		(6,651)	(31,640)	8	–
Sale of Investments		27,143	7,670	–	–
Loans to Controlled Entities		–	–	–	–
Loans to Other Entities		(51,844)	(46,385)	–	–
Loans Repaid by Other Entities		84,219	66,962	119,510	174,939
Other		(1,698)	(221)	–	–
Net cash flows from (used in) investing activities		34,704	(16,789)	117,240	173,951
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings		760,660	809,788	–	–
Repayment of Borrowings		(647,892)	(962,633)	(1,456)	(9,699)
Dividends Paid		(11,669)	(12,141)	–	–
Buy-back of shares		(185,164)	(169,870)	(140,100)	(169,870)
Net cash flows (used in) financing activities		(84,065)	(334,856)	(141,556)	(179,569)
Net increase (decrease) in cash held		(8,946)	(65,838)	(24)	28
Cash at Beginning of Year		110,076	177,730	32	4
Effects of exchange rate changes on cash		(1,476)	(1,816)	–	–
Cash at end of year	(6)	99,654	110,076	8	32

Refer Note 31 for details of the net cash flows relating to the Discontinuing Operations included in the Consolidated Statement of Cash Flows.

* Payments to suppliers include amounts to acquire film copyrights from third parties. Revenues earned from these copyright assets are derived over several years hence significant timing differences in cash flows can occur. During the year ended 30 June 2005, $289.7 million was expended on copyright assets (year ended 30 June 2004: $272.7 million.)

Notes to the Financial Statements

for the Year ended 30 June 2005

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with. The financial statements have been prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(b) Principles of Consolidation

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 as from the date the chief entity obtains control until such time as control ceases. Subsidiary acquisitions are accounted for using the purchase method of accounting.

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) Recoverable Amount of Non-current Assets

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. Recoverable amounts are determined on the basis of expected future net cash flows derived from their use and subsequent disposal. The expected cash flows have 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 bank overdrafts.

(f) Property, Plant and Equipment

Cost and Valuation

All classes of property, plant and equipment including freehold land and buildings on freehold land are measured at cost.

Depreciation and Amortisation

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

Plant, equipment and vehicles are depreciated over periods of between three and 20 years using the straight line or reducing balance method.

Leasehold improvements are amortised over the unexpired occupancy periods generally between five and eight years 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, generally between three and five years.

These depreciation rates remain unchanged from the prior period.

(g) 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

Refer to note 1(s).

Sale of Other Goods

Control of the goods and the associated risks of ownership has passed to the buyer.

Rendering of Services

Control of a right to be compensated for the services has been attained. Where contracts span more than one reporting period, the stage of completion is based on an assessment of the value of work performed at that date. Income derived from airtime sales is recognised based on when services to the customers are rendered, that is when the advertising is aired. Where services are yet to be rendered, amounts are recorded as unearned revenue.

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.

(h) 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, except for unrealised foreign currency gains or losses on long-term loans which form part of the net investment in self-sustaining foreign operations, which are taken to the foreign currency translation reserve.

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(i) 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.

(j) 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.

(k) 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 Statement of Financial Position. Interest in joint venture entities/partnerships where joint control exists are carried at the lower of the equity accounted amount and recoverable amount in the consolidated financial report.

(l) 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 classified as 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.

(m) Radio Licences

Austereo's Radio Licences are carried at original cost. This value is supported by an independent valuation which is commissioned annually and updated six monthly. The independent valuation employs as its primary valuation methodology a discounted cash flow analysis ("DCF") of the future projected cash flows of Austereo provided by management for six years adjusted for a termination value based on current market estimates. These are then discounted at rates which reflect Austereo's weighted average cost of capital as at the most recent balance date. The independent valuation also cross references its DCF-based valuation with a number of secondary valuation methodologies which are intended to determine the fair market value of the licences of Austereo's radio stations.

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. The depreciable amount is being amortised over a period of 20 years for the purpose of the financial statements.

(n) 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.

(o) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date.

These benefits include wages and salaries, annual leave and long service leave.

In respect of the economic entity's superannuation and retirement plans described in Note 25, any contributions made to the plans by the entities within the economic entity are charged against profits when due.

(p) Earnings per Share

Basic earnings per share is determined by dividing the net profit attributable to members and after preference dividends by the weighted average number of ordinary shares adjusted for any bonus element.

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, adjusted for any bonus element.

(q) 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. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a deferred tax asset or a deferred tax liability. The net deferred tax asset relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

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.

Income from film production activities earned in offshore jurisdictions is evaluated on an annual basis. A determination is made as to the likelihood of repatriation of profits to Australia, and where it is virtually certain that no repatriation will occur in the foreseeable future the income is not tax effected for Australian purposes.

Tax Consolidation

For Australian income tax purposes, various entities in the economic entity have formed Tax Consolidated groups, and have executed combined Tax Sharing and Tax Funding agreements ("TSA's") in order to allocate income tax expense to the relevant wholly-owned entities on a stand-alone basis. In addition, the TSA's provide for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office.

The relevant head entities of the Tax Consolidated groups recognise current and deferred tax amounts relating to transactions, events and balances of the relevant wholly-owned entities in the relevant tax group as if those transactions, events and balances were their own, in addition to the current and deferred tax amounts arising in relation to their own transactions, events and balances. Expenses and revenues arising under the TSA's are recognised as components of income tax expense (revenue) in each wholly-owned entity.

Under the terms of the TSA's, the wholly-owned entities reimburse the relevant head entities for any income tax amounts receivable or payable in respect of stand-alone activities. Amounts receivable or payable under the TSA's are included with other amounts receivable or payable between group entities.

Refer also Note 4 for additional disclosures relating to tax consolidation.

(r) Financial Instruments

Accounting policies with respect to financial instruments including derivatives are included in Note 32.

(s) Film Production

(i) Producer & Overhead Fees Receivable

Only Producer & Overhead fees receivable from parties other than Village Roadshow Films (BVI) Limited ("VRF") have been recognised as income, and Producer & Overhead fees receivable by the Village Roadshow Limited Group from VRF have been eliminated against the Film Cost asset shown in the Statement of Financial Position.

(ii) Recognition of Film Production Revenue and Expenses

Revenue and Expenses – General

All revenue and expenses (except Film Production costs) are recognised in the Statement of Financial Performance as they are incurred. Revenue includes Producer & Overhead fees from parties other than VRF and film exploitation revenues. Expenses include prints & advertising, sub-distribution fees, participations & residuals, studio participations, divisional overheads and financing costs.

Film Production Costs

Film Production costs relate to the acquisition of film rights from third parties, in relation to all territories excluding USA and Canada.

Amortisation of Film Production Costs

Film Production Costs are capitalised in the Statement of Financial Position and amortised in accordance with Accounting Standard 1009: Construction Contracts. The progressive amortisation required is calculated to reflect expected ultimate profits on a pro-rata basis, dependent on the ratio of revenue earned to balance date as a percentage of total revenue expected to be earned over the lifetime of all films comprising the relevant film portfolio. In the event an ultimate loss is projected for all films in the portfolio, an amount equivalent to this loss will be written-off immediately.

Revenue expected to be earned over the lifetime of each film includes theatrical, DVD/video & television streams.

(t) Provisions

Provisions are recognised when the consolidated entity has a legal, equitable and constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends have been declared, determined or publicly recommended, and if necessary, shareholder approval has been obtained, on or before the reporting date.

(u) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	VILLAGE ROADSHOW LIMITED 2005 $'000	VILLAGE ROADSHOW LIMITED 2004 $'000
(2) Revenues and Expenses					
(a) Reconciliation of Operating Profit					
Profit (loss) from ordinary activities before income tax expense		78,747	99,394	51,102	13,182
Less: Discontinuing Operations profit (loss) before tax	(31)	(1,929)	(11,007)	–	–
Less: Specific Items profit (loss) before tax	(2(e))	(10,198)	(4,857)	–	–
Profit (loss) before tax excluding Discontinuing Operations & Specific Items		90,874	115,258	51,102	13,182
Income tax revenue (expense) excluding Discontinuing Operations & Specific Items		(31,339)	(30,425)	11,131	8,053
Profit attributable to Outside Equity Interests excluding Discontinuing Operations & Specific Items		(13,061)	(16,752)	–	–
Net profit (loss) attributable to members excluding Discontinuing Operations & Specific Items		46,474	68,081	62,233	21,235
(b) Revenues from ordinary activities					
Revenues from operating activities					
Revenue from sale and exploitation of film productions		792,496	1,475,446	–	–
Rendering of other services		671,807	685,217	–	2,470
		1,464,303	2,160,663	–	2,470
Revenues from non-operating activities					
Commissions/Fees **		11,947	8,509	27,202	11,323
Dividends from —					
Controlled entities		–	–	89,542	17,325
Other entities		2	144	–	–
Interest from —					
Other entities		7,244	10,512	1	2
Associated entities (cinema interests)		2,187	1,043	–	–
Controlled entities		–	–	–	28,174
Sale of other non-current assets *		51,563	16,675	1	170
Rental income		2,504	3,761	–	1
Other income		27,567	25,156	28	5,897
		103,014	65,800	116,774	62,892
Total revenues from ordinary activities		1,567,317	2,226,463	116,774	65,362

* Includes $25.9 million in 2005 (2004: nil) relating to Discontinuing Operations of the Cinema Exhibition division in Taiwan, and $21.9 million in 2005 (2004: $5.7 million) relating to Specific Items (refer Note 2(e)).

**The Chief Entity disclosure includes $10.6 million in 2005 (2004: nil) for recharging of legal expenses in relation to outstanding matters of the Film Production division (refer Note 2(e)).

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	VILLAGE ROADSHOW LIMITED 2005 $'000	VILLAGE ROADSHOW LIMITED 2004 $'000
Share of net profits (losses) of associates and joint venture entities/partnerships accounted for using the equity method					
Share of associates' net profits	(12 (a))	29,620	27,896	–	–
Share of joint venture entities'/partnerships' net profits	(12 (b))	2,588	3,319	–	–
		32,208	31,215	–	–

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(2) Revenues and Expenses *continued*				
(c) Expenses				
Employee expenses —				
Employee benefits	14,729	12,745	2,060	1,138
Remuneration and other employee expenses	173,558	172,731	24,222	21,678
Total employee expenses	188,287	185,476	26,282	22,816
Cost of goods sold	20,257	24,356	–	–
Occupancy expenses —				
Operating lease rental – minimum lease payments	67,242	62,671	889	836
Operating lease rental – contingent rental payments	1,471	1,496	–	–
Other occupancy expenses	36,190	34,123	599	491
Total occupancy expenses	104,903	98,290	1,488	1,327
Film hire and other film expenses	590,351	972,786	–	–
Depreciation of —				
Buildings & improvements	1,186	1,286	–	–
Plant, equipment & vehicles	26,128	26,861	1,362	1,004
Amortisation of —				
Goodwill	3,255	3,251	–	–
Leasehold improvements	7,489	7,794	58	28
Finance lease assets	2,971	3,526	900	1,273
Goodwill on consolidation	1,464	1,641	–	–
Deferred expenditure	1,650	1,158	1,069	742
Radio licences	300	300	–	–
Other intangibles	681	20	–	–
Film library	272,576	564,108	–	–
Total depreciation and amortisation	317,700	609,945	3,389	3,047
Net book value of assets sold *	36,639	21,009	10	174
Net realised foreign currency (gains) losses	2,262	(3,763)	–	–
Deferred expenditure and developments costs written off	8	3,466	1	3,408
Legal settlement – Film Production division (refer Note 2(e))	10,621	–	–	–
Legal expenses in relation to outstanding matters – Film Production division (refer Note 2(e))	14,278	–	10,576	–
Write-down of assets and loans	–	–	–	669
Management and services fees paid	7,847	5,592	732	–
Advertising and promotions	34,878	24,495	–	14
Regulatory and licencing fees	16,256	14,773	298	114
Settlement and other discounts	18,667	17,241	–	–
Telecommunications	6,719	7,511	677	685
General and administration expenses				
Provision for doubtful debts	774	2,768	–	–
Bad debts written off – other	252	(619)	10	25
Other general and administration expenses	73,396	98,867	14,533	15,847
Total general and administration expenses	74,422	101,016	14,543	15,872
Total expenses excluding borrowing costs expense	1,444,095	2,082,193	57,996	48,126
Borrowing costs expense —				
Associate and other entities	21,794	18,183	7,416	3,594
Finance lease interest	593	773	228	313
Other borrowing expenses	54,296	57,135	32	147
Total borrowing costs expense	76,683	76,091	7,676	4,054

Refer Note 31 for details of revenues and expenses from discontinuing operations included in the above revenues and expenses.

* Includes $23.2 million in 2005 (2004: nil) relating to discontinuing operations of the Cinema Exhibition division in Taiwan, and $7.2 million in 2005 (2004: $9.7 million) relating to Specific Items (refer Note 2(e)).

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(2) Revenues and Expenses *continued*				
(d) Losses and gains				
Net profit (loss) on sale of:				
Property, plant & equipment	1,807	(6,683)	(8)	(4)
Investments	13,117	2,399	–	–
Profit on redemption of convertible notes	–	4,467	–	4,467
(e) Specific items				
The following items are relevant in explaining the financial performance of the group.				
Profit (loss) on disposal of assets	14,701	(4,857)	–	–
Legal settlement – Film Production division (refer Note 23(a)(xiii))	(10,621)	–	–	–
Management fees – recharge of legal expenses to controlled entities in relation to outstanding matters – Film Production division	–	–	10,576	–
Legal expenses in relation to outstanding matters – Film Production division (refer Notes 23(a)(ix) & 23(a)(xii))	(14,278)	–	(10,576)	–
Total profit (loss) from specific items before tax	(10,198)	(4,857)	–	–
Income tax revenue	6,344	–	–	–
Total (loss) from specific items after tax	(3,854)	(4,857)	–	–
Outside Equity Interest	–	–	–	–
Total attributable (loss) from specific items after tax	(3,854)	(4,857)	–	–

(3) Earnings per Share

	CONSOLIDATED	
	2005 $'000	2004 $'000
(a) Earnings Per Share:		
Basic EPS	21.85 cents	22.23 cents
Total EPS (Note i)	13.74 cents	11.44 cents
(b) Earnings Per Share adjusted to eliminate Discontinuing Operations and Specific Items from the calculations (Note ii):		
Basic EPS	24.96 cents	28.98 cents
Total EPS (Note i)	15.69 cents	14.91 cents

Weighted average number of issued ordinary shares during the year used in determining earnings per ordinary share (basic) was 186,229,622 (2004: 234,885,861). The weighted average number of total issued shares during the year used in determining total earnings per share (basic) was 296,127,368 (2004: 456,586,624).

There are no potential ordinary shares that are dilutive.

(i) Total EPS represents Earnings Per Share on total ordinary and A Class preference shares. This is an alternative form of measurement to Basic EPS.

(ii) Alternative disclosure based on attributable net profit of $46.474 million (2004 $68.081 million) – refer Note 2(a).

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(4) Income Tax				
Prima facie income tax attributable to reported profit from ordinary activities	23,624	29,818	15,331	3,955
Which is adjusted for —				
Tax effect of permanent differences				
Non tax deductible expenses	2,483	1,213	518	388
Other deductible amounts	(11,110)	(4,415)	–	–
Rebatable & other non-assessable dividends	–	–	(26,863)	(5,198)
Non taxable income	(3,284)	–	–	–
Adjustments relating to overseas subsidiaries	18,384	3,591	–	–
Current losses not booked	–	6,607	–	–
Prior year adjustment	(3,203)	–	–	–
Prior year losses not previously brought to account	–	–	–	(7,198)
After-tax equity (profits) losses included in pre-tax profit	(4,647)	(5,779)	–	–
After-tax partnership (profits) losses included in pre-tax profit	(776)	(995)	–	–
Other	3,524	385	(117)	–
Total income tax expense (revenue)	24,995	30,425	(11,131)	(8,053)
The following future income tax benefits arising from tax losses of the Village Roadshow Limited ("VRL") Tax Consolidated Group have not been brought to account as realisation of those benefits is not virtually certain —				
Benefits for revenue losses *	–	–	–	–
Benefits for capital losses	17,370	10,170	17,370	10,170

* The amount of revenue losses for the VRL Tax Consolidated Group for the year ended 30 June 2005 is still being finalised.

These benefits will only be obtained if:

(a) the VRL Tax Consolidated Group 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 VRL Tax Consolidated Group from realising the benefits of deductions for the losses.

Austereo Group Limited – Tax Consolidation

Effective from 1 July 2002, Austereo Group Limited ("AGL") and its relevant wholly-owned entities have formed a Tax Consolidated group. Members of the group have entered into a combined Tax Sharing and Tax Funding agreement ("TSA") in order to allocate income tax expense to the wholly-owned entities on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations to the Australian Taxation Office. At balance date, the possibility of default is remote. The head entity of the Tax Consolidated group is AGL. AGL has formally notified the Australian Tax Office of its adoption of the tax consolidation regime.

Village Roadshow Limited – Tax Consolidation

Effective from 1 July 2003, Village Roadshow Limited ("VRL") and its relevant wholly-owned entities have formed a Tax Consolidated group. Members of the Tax Consolidated group have entered into a TSA in order to allocate income tax expense to the wholly-owned entities on a stand-alone basis. In addition, the TSA provides for the allocation of income tax liabilities between the entities should the head entity default on its income tax payment obligations to the Australian Taxation Office. At balance date, the possibility of default is remote. The head entity of the Tax Consolidated group is VRL. VRL has formally notified the Australian Taxation Office of its adoption of the tax consolidation regime.

The VRL group has reset the tax values of some of the assets of its wholly-owned entities, which has not resulted in any material impact on the financial statements of VRL or the VRL group for the year ended 30 June 2005.

The economic entity has determined that it will not transfer any revenue or capital losses into the VRL Tax Consolidation group. These losses, subject to various restrictions, remain available to offset any additional assessable income in relation to tax years ending on or before 30 June 2003.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(5) Dividends				
(a) Dividends paid during the year				
A Class preference Shares:				
No dividends were paid in respect of preference shares in the year ended 30 June 2005 (2004: nil)	–	–	–	–
Ordinary Shares:				
No dividends were paid in respect of ordinary shares in the year ended 30 June 2005 (2004: nil).	–	–	–	–
	–	–	–	–
Franking credit balance as at the end of the financial year (at 30%)			47,217	16,809
(6) Statement of Cash Flows				
(a) Reconciliation of cash				
Cash balance comprises:				
Cash on hand and at bank	68,579	45,421	8	7
Deposits at call	31,075	64,655	–	25
	99,654	110,076	8	32
(b) Reconciliation of operating profit after tax to net operating cash flows				
Net operating profit (loss)	53,752	68,969	62,233	21,235
Adjust for:				
Depreciation	27,314	28,147	1,362	1,004
Amortisation	290,386	581,798	2,027	2,043
Provisions	2,289	2,888	940	932
(Profit) loss on disposal of assets	(14,924)	4,334	8	4
Exchange (profit) loss	1,958	(74)	–	–
Share of equity accounted profits not received as dividends or distributions	(3,304)	(16,668)	–	–
Profit on conversion of convertible notes	–	(4,467)	–	(4,467)
Impact of tax consolidation regime on tax balances	–	–	(2,330)	(12,441)
Changes in assets & liabilities:				
Trade receivables	13,370	(23,688)	(424)	1,899
Trade creditors	235	(79,986)	714	(627)
Tax payable	(16,975)	1,343	(18,747)	–
Unearned income	305	(1,575)	–	–
Other payables and provisions	(8,599)	(1,231)	262	1,826
Film library (refer Note 1 to Note 6(b))	(289,700)	(272,707)	–	–
Inventories	3,230	165	(22)	(208)
Capitalised borrowing costs	–	(1,334)	–	–
Non-current tax liabilities	(14,482)	(3,679)	(22,094)	(3,984)
Prepayments and other assets	(4,440)	3,572	363	(1,570)
Net operating cash flows	40,415	285,807	24,292	5,646

Note 1. Payments to suppliers showing in the Statement of Cash Flows include amounts to acquire film copyrights from third parties. Revenues earned from these copyright assets are derived over several years hence significant timing differences in cash flows can occur. During the year ended 30 June 2005, $289.7 million was expended on copyright assets (year ended 30 June 2004: $272.7 million).

(c) Undrawn credit facilities

The economic entity has undrawn credit facilities at balance date of $583.7 million (2004: $687.1 million) which includes $392.2 million (2004: $491.3 million) relating to Village Roadshow Films (BVI) Limited.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(7) Receivables				
Current:				
Trade and other debtors	298,827	327,951	554	130
Provision for doubtful debts	(22,922)	(23,906)	(69)	(70)
	275,905	304,045	485	60
Due from associated entities	365	8,927	–	–
Other advances	961	897	–	–
	277,231	313,869	485	60
Non-current:				
Unsecured advances – other	19,367	34,571	78	53
Provision for non recovery	(1,137)	(1,137)	–	–
	18,230	33,434	78	53
Secured advances – executive loans [1] (refer also Note 26)	20,259	25,866	–	–
Provision for non recovery [2]	(1,928)	(1,572)	–	–
	18,331	24,294	–	–
Owing by —				
Associated entities [3]	94,560	176,083	179	–
Provision for non recovery	(601)	(35,575)	–	–
	93,959	140,508	179	–
Controlled entities – secured	–	–	501,722	1,046,764
	93,959	140,508	501,901	1,046,764
	130,520	198,236	501,979	1,046,817

1 Under the terms of the Executive & 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.

Under the terms of the Austereo Group Limited Executive Share Plan & Loan Facility, the first 6 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.

2 Provision for non-recovery against secured advances – executive loans, relates to the non-declaration of dividends by Village Roadshow Limited, which impacts the recovery of accrued interest.

3 Amounts owing by associated entities includes a loan to Village Cinemas SA, the group's associated company in Argentina, of A$21.6 million, based on 30 June 2005 exchange rates. The carrying value of this loan is susceptible to further changes in the Peso/AUD exchange rate.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(8) Inventories				
Current:				
Merchandise held for resale – cost	2,832	2,669	231	208
(9) Radio Licences				
At cost	464,677	465,835	–	–
Less amortisation	(1,500)	(1,200)	–	–
	463,177	464,635	–	–

As at 30 June 2005, Austereo Group Limited reflect the value of Radio Licenses at cost (less accumulated amortisation) of $925.2 million. This value is supported by an independent valuation which is commissioned annually and updated six monthly. The carrying value of Radio Licences by Austereo Group Limited is currently below the lower end of the range of estimates provided by the independent valuer. The Village Roadshow Limited group has continued to record these Radio Licences at original cost (less accumulated amortisation) of $463.2 million. Both the $925.2 million and $463.2 million amounts referred to above represent 100% of the Radio Licences.

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	VILLAGE ROADSHOW LIMITED 2005 $'000	VILLAGE ROADSHOW LIMITED 2004 $'000
(10) Film Library *					
Current:					
Film library – at cost		617,036	462,585	–	–
Less amortisation		(329,668)	(211,763)	–	–
		287,368	250,822	–	–
Non-current:					
Film library – at cost		952,651	964,749	–	–
Less amortisation		(529,508)	(441,645)	–	–
		423,143	523,104	–	–

* Refer Note 23(a)(x) for details of the security provided by the film library.

	NOTES	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000	VILLAGE ROADSHOW LIMITED 2005 $'000	VILLAGE ROADSHOW LIMITED 2004 $'000
(11) Other Assets					
Current:					
Film projects, production advances and other work in progress (net)		185	3,343	–	–
Prepayments		10,130	7,531	459	822
Distribution rights (net) and other assets		10,727	12,199	–	–
		21,042	23,073	459	822
Non-current:					
Security deposits		93,304	102,739	–	–
Other assets		7,499	9,046	–	–
		100,803	111,785	–	–
(12) Investments Accounted For using the Equity Method					
Non-current:					
Investments in associates – unlisted shares		123,207	107,853	–	–
Provision for diminution in value		(12,012)	(12,012)	–	–
	12 (a)	111,195	95,841	–	–
Investments – joint venture entities/partnerships	12 (b)	3,078	9,380	–	–
		114,273	105,221	–	–

	CONSOLIDATED 2005 $'000	CONSOLIDATED 2004 $'000
(a) Investments in associates		
(i) Share of associates' profits (losses)		
Operating profits (losses) before income tax	41,800	40,733
Income tax (expense) benefit attributable to operating profits (losses)	(10,837)	(11,040)
Operating profits (losses) after income tax	30,963	29,693
Amortisation of goodwill on acquisition	(1,343)	(1,797)
Share of associates' profits (losses)	29,620	27,896

(12) Investments Accounted For using the Equity Method *continued*

(a) Investments in associates *continued*

(ii) Summarised contribution to profits (losses) by entity:

Entity	EQUITY SHARE OF PROFITS (LOSSES) AFTER TAX 2005 $'000	2004 $'000
Ballarat Cinemas Pty. Limited	(202)	(207)
Dartina Developments Limited	895	2,940
Golden Village Regional Pte. Limited	(684)	(599)
Radio Newcastle Pty. Limited	1,908	1,484
Roadshow Distributors Pty. Limited	15,506	14,427
Roadshow Unit Trust	–	942
Sea World Property Trust	11,416	6,946
Tri-Village Developments BV	–	(257)
Village Cinemas SA	–	–
Warner Village Cinemas SPA	–	(29)
Warner Village Exhibition Limited	316	(91)
Val Morgan Holdings Pty. Limited	–	2,568
Village Roadshow Film Distributors SA	–	(85)
Warner Village (Design & Build) Limited	(6)	200
Other	471	(343)
	29,620	27,896

	CONSOLIDATED 2005 $'000	2004 $'000
(iii) Equity accounted share of associates:		
Accumulated profits (losses):		
At beginning of year	2,004	(3,458)
At end of year	15,887	2,004
Other reserves:		
At beginning of year	(6,789)	(7,378)
At end of year	(9,655)	(6,789)
(iv) Carrying amount of investments in associates:		
Balance at beginning of year	95,841	104,613
Net increase (decrease) in cost of investments	4,916	(4)
Investments no longer equity accounted	–	(2,155)
Investments sold	(342)	(15,139)
Share of associates' profit (loss)	29,620	27,896
Dividends from associates	(15,998)	(24,540)
Other movements	(2,842)	5,170
Balance at end of year	111,195	95,841

(12) Investments Accounted For using the Equity Method *continued*

(a) Investments in associates *continued*

(iv) Carrying amount of investments in associates *continued:*

Equity accounted carrying amount of investments in associates represented by:

			CONSOLIDATED CARRYING VALUES	
Name	Principal Activity	% Owned	2005 $'000	2004 $'000
All Asia Radio Technologies Sdn Bhd	Music media	50.00%	62	72
Ballarat Cinemas Pty. Limited	Cinema owner	50.00%	3,801	4,002
Cinematografica Junin SA [1]	Cinema investor	55.00%	–	–
Dartina Development Limited	Multiplex investor	50.00%	1,817	3,163
Five Hundred Chapel Street Pty. Limited	Nominee company	50.00%	158	158
Golden Village Regional Pte. Limited	Cinema investor	50.00%	–	825
Perth FM Facilities Pty. Limited [1]	Radio transmitter	66.70%	468	489
Radio Newcastle Pty. Limited	Radio broadcaster	50.00%	5,000	5,145
Roadshow Distributors Pty. Limited	Film distributors	50.00%	52,689	37,124
Roadshow Unit Trust [2]	Film distributor to TV	–	–	–
Sea World Property Trust	Theme park lessor	50.00%	39,837	30,290
Subiaco Cinemas Unit Trust	Cinema operator	24.90%	184	242
Sydney FM Facilities Pty. Limited	Radio transmitter	50.00%	501	502
Tri-Village Developments BV	Cinema developer	–	–	–
Val Morgan Holdings Pty. Limited [3]	Cinema advertiser	–	–	–
Village Cinemas SA [1]	Cinema operator	55.00%	–	–
Village Sky City Cinemas Limited	Cinema manager	50.00%	801	795
Village Roadshow Film Distributors SA [4]	Film distribution	–	–	–
Warner Village (Design & Build) Limited	Cinema design & building	50.00%	14	1,446
Warner Village (D&B) Limited	Cinema design & building	49.99%	17	279
Warner Village Cinemas SPA	Cinema owner/operator	50.00%	5,191	–
Warner Village Exhibition Limited	Cinema operator	49.99%	232	11,061
Other equity accounted entities in aggregate	N/A	N/A	423	248
			111,195	95,841

1 Although the economic entity has ownership interests of more than 50% in the issued share capital of Village Cinemas SA (and its subsidiary, Cinematografica Junin SA) and Perth FM Facilities Pty. Limited, it does not control the voting rights. Consequently, it has been determined with reference to AASB 1016: Accounting for Investments in Associates, that the economic entity has significant influence over these entities as opposed to control. They have therefore been accounted for as associates.

2 The 50% investment in the Roadshow Unit Trust was sold to Roadshow Distributors Pty. Ltd. effective 30 June 2004.

3 Effective 24 December 2002, the Village Roadshow Ltd. group acquired 33.33% of the Val Morgan Holdings Pty. Ltd. group, with the other 66.67% acquired by two other cinema exhibition groups equally. This acquisition resulted from the restructure of the screen advertising business conducted by Val Morgan (Australia) Pty. Ltd. and MEG Holdings Ltd. As part of the regulatory approvals for this acquisition, two of the three parties were required to divest their interests by no later than 24 June 2004. The Village Roadshow Ltd. group disposed of its 33.33% interest effective 27 February 2004.

4 Effective 15 January 2004, the Village Roadshow Ltd. group acquired the remaining 50% of the shares in Village Roadshow Film Distributors SA (previously Warner Roadshow Film Distributors Greece SA), and from that date onwards consolidated that entity.

(v) Share of net assets of associates

The economic entity's share of net assets of associates in aggregate is:

	CONSOLIDATED	
	2005 $'000	2004 $'000
Current assets	145,815	172,332
Non-current assets	241,111	272,172
Current liabilities	(113,435)	(127,981)
Non-current liabilities	(167,878)	(241,929)
Net assets	105,613	74,594

(12) Investments Accounted For using the Equity Method *continued*

(a) Investments in associates *continued*

(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:

Sea World Property Trust	31 December
Warner Village Cinemas Company 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 Investments Limited	30 November
Warner Village Trustees Limited	30 November

(b) Interests in joint venture entities/partnerships

(i) Share of joint venture entities'/partnerships' profits (losses):

	CONSOLIDATED	
	2005 $'000	2004 $'000
Operating profits (losses) before income tax	3,708	4,741
Income tax revenue (expense) attributable to operating profits (losses)	(1,120)	(1,422)
Share of joint venture entities'/partnerships' profits (losses) after income tax	2,588	3,319

(ii) Summarised contribution to profits (losses) by entity:

	EQUITY SHARE OF PROFITS (LOSSES) AFTER TAX	
Entity	2005 $'000	2004 $'000
Albury Regent Cinemas Partnership	151	372
Sea World Aviation Partnership	19	80
Sea World Enterprises Partnership	(30)	15
Tasmanian Cinemas Partnership	(114)	(92)
Warner Village Exhibition Management Partnership	(7)	390
Warner Village Cinema Management Partnership	–	12
Warner Village Theme Parks Partnership	2,569	2,542
	2,588	3,319

	CONSOLIDATED	
	2005 $'000	2004 $'000
(iii) Equity accounted share of joint venture entities/partnerships:		
Accumulated profits (losses):		
At beginning of year	18,345	21,106
At end of year	3,451	18,345
Other reserves:		
At beginning of year	–	–
At end of year	–	–
(iv) Carrying amount of investment in joint venture entities/partnerships:		
Balance at beginning of year	9,380	11,879
Share of operating profit before tax	3,708	4,741
Net distributions	(9,765)	(7,549)
Change in carrying value due to currency revaluation	(245)	309
Balance at end of year	3,078	9,380

(12) Investments Accounted For using the Equity Method *continued*

(b) Interests in joint venture entities/partnerships *continued*

(iv) Carrying amount of investment in joint venture entities/partnerships *continued:*

			CONSOLIDATED CARRYING VALUES	
Name	Principal Activity	% Owned	2005 $'000	2004 $'000
Albury Regent Cinemas	Cinema operator	50.00%	277	567
Sea World Aviation	Helicopter ride operator	50.00%	650	686
Tasmanian Cinemas	Cinema operator	50.00%	2,356	2,519
Warner Village Cinema Management	Non-operating	–	–	1,683
Warner Village Exhibition Management	Non-operating	50.00%	–	4,051
Warner Village Theme Parks	Theme park operator	50.00%	(205)	(126)
			3,078	9,380

(v) Share of net assets of joint venture entities/partnership interests

The economic entity's share of net assets of partnership interests in aggregate is:

	CONSOLIDATED	
	2005 $'000	2004 $'000
Current assets	12,771	12,331
Non-current assets	5,370	10,402
Current liabilities	(11,539)	(11,349)
Non-current liabilities	(3,141)	(1,908)
Net assets	3,461	9,476

(vi) Events Subsequent to Reporting Date:

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

(vii) The annual balance date of joint venture entities/partnership interests is 30 June except for the following:

Sea World Aviation	30 November
Warner Village Cinema Management	30 November
Warner Village Exhibition Management	30 November
Warner Village Investments Limited	30 November
Warner Village Theme Parks	30 November

(13) Other Financial Assets

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Non-current:				
Investments at cost comprise:				
Shares – Unlisted	10,235	7,601	16	24
– Controlled Entities	–	–	1,087,696	737,696
– Associated Entities	–	–	95,204	204
	10,235	7,601	1,182,916	737,924

(13) Other Financial Assets *continued*

(a) Investments in controlled entities:

Name	Incorporated In	% Owned	VILLAGE ROADSHOW LIMITED CARRYING VALUES 2005 $'000	2004 $'000
2 Day FM Australia Pty. Limited	Australia	100.00%	–	–
AEO Co Pty. Limited	Australia	64.42%	–	–
Allehondro Pty. Limited	Australia	100.00%	–	–
Animus No. 2 Pty. Limited	Australia	100.00%	–	–
Ants at Work AE	Greece	100.00%	–	–
Aqua Del Rey International Pty. Limited	Australia	100.00%	1	1
Aras Park Pty. Limited	Australia	100.00%	–	–
Austereo Broadcast Data Pty. Limited	Australia	64.42%	–	–
Austereo Capital FM Pty. Limited	Australia	64.42%	–	–
Austereo Direct Marketing Pty. Limited	Australia	64.42%	–	–
Austereo Entertainment Pty. Limited	Australia	64.42%	–	–
Austereo ESP Finance Pty. Limited	Australia	64.42%	–	–
Austereo Group Limited (Listed)	Australia	64.42%	465,390	465,390
Austereo International Pty. Limited	Australia	64.42%	–	–
Austereo Investments Pty. Limited	Australia	64.42%	–	–
A-Live Worldwide Pty. Limited	Australia	64.42%	–	–
Austereo Mall Advertising Pty. Limited	Australia	64.42%	–	–
Austereo Narrowcast Pty. Limited	Australia	–	–	–
Austereo Pty. Limited	Australia	64.42%	–	–
Austereo Television Productions Pty. Limited	Australia	64.42%	–	–
B105 FM Pty. Limited	Australia	100.00%	–	–
Baltimore House Pty. Limited	Australia	100.00%	–	–
Belfast Odyssey Cinemas Limited	United Kingdom	100.00%	–	–
Blackstone Pty. Limited	Australia	–	–	–
Blouseman Productions Inc.	United States	100.00%	–	–
Broadcast FM Pty. Limited	Australia	64.42%	–	–
C0015744X Pty. Limited	Australia	–	–	–
Cinema Investments Italia SPA	Italy	100.00%	–	–
Cinemax SA	Greece	100.00%	–	–
Colorado Bay Pty. Limited	Australia	100.00%	–	–
Consolidated Broadcasting System (WA) Pty. Limited	Australia	64.42%	–	–
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%	–	–
Emperion Pty. Limited	Australia	100.00%	–	–
Entertainment and Leisure Operations Inc.	British Virgin Islands	–	–	–
Entertainment of The Future Pty. Limited	Australia	100.00%	–	–
Entertainment Research Pty. Limited	Australia	64.42%	–	–
Euramo Pty. Limited	Australia	–	–	–
Feature Productions Pty. Limited	Australia	100.00%	–	–
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	–	–	–
FM Media Overseas Pty. Limited	Australia	100.00%	–	–
FM Operations Pty. Limited	Australia	100.00%	–	–
Fortress Films Pty. Limited	Australia	100.00%	–	–
Fortress Films II Pty. Limited	Australia	100.00%	–	–
		c/fwd	465,461	465,461

(13) Other Financial Assets *continued*

(a) Investments in controlled entities *continued***:**

Name	Incorporated In	% Owned	VILLAGE ROADSHOW LIMITED CARRYING VALUES 2005 $'000	2004 $'000
		b/fwd	465,461	465,461
Fortress Production Services Pty. Limited	Australia	–	–	–
Fox FM Pty. Limited	Australia	100.00%	–	–
Grand Prix FM Pty. Limited	Australia	100.00%	–	–
Hale Equipment Leasing Limited	Cyprus	100.00%	–	–
Hotel No.2 Trust	Australia	–	–	–
Hotel No.3 Trust	Australia	–	–	–
Intencity Operations Inc.	Labuan	–	–	–
Intencity Pty. Limited	Australia	100.00%	–	–
International Equipment Supplying Limited	Hungary	100.00%	–	–
International Theatre Equipment Leasing Pty. Limited	Australia	100.00%	–	–
Intertasman Entertainments Limited	New Zealand	100.00%	–	–
Jantar PLC SA	British Virgin Islands	100.00%	–	–
Jaran Bay Pty. Limited	Australia	100.00%	–	–
Jimbolla Pty. Limited	Australia	100.00%	–	–
Kaiser Finance and Investments Limited	Cayman Islands	–	–	–
Leisure Industries Inc.	British Virgin Islands	–	–	–
Madison Hall Pty. Limited	Australia	100.00%	–	–
Maiden NZ Productions Limited	New Zealand	99.00%	–	–
Marketing Austereo Village Integrated Solutions Pty. Limited	Australia	64.42%	–	–
Medborne Proprietary Limited	Australia	100.00%	–	–
Melbourne FM Radio Pty. Limited	Australia	100.00%	–	–
Meskan House Pty. Limited	Australia	–	–	–
Mount Gambier Broadcasters Pty. Limited	Australia	100.00%	–	–
Multiplex Cinemas Magdeburg GmbH	Germany	–	–	–
Multiplex Cinemas Munchen GmbH	Germany	100.00%	–	–
Multiplex Cinemas Oberhausen GmbH	Germany	–	–	–
MX Promotions Pty. Limited	Australia	100.00%	–	–
MX Services 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%	–	–
Paradise Beach Productions Pty. Limited	Australia	100.00%	–	–
Paradise Road Films Pty. Limited	Australia	100.00%	–	–
Perth FM Radio Pty. Limited	Australia	64.42%	–	–
Pietman Pty. Limited	Australia	100.00%	–	–
PLB Entertainment Inc.	United States	100.00%	–	–
Radio & Research Pty. Limited	Australia	64.42%	–	–
Reidhaven Holdings Pty. Limited	Australia	100.00%	–	–
Roadshow, Coote & Carroll Pty. Limited	Australia	100.00%	684	684
Sincled Investments 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	–	–	–
The Triple-M Broadcasting Company Pty. Limited	Australia	100.00%	–	–
Today FM Brisbane Pty. Limited	Australia	64.42%	–	–
Today FM Sydney Pty. Limited	Australia	64.42%	–	–
Today Radio Network Pty. Limited	Australia	64.42%	–	–
Triple M Adelaide Pty. Limited	Australia	64.42%	–	–
Triple M Brisbane Pty. Limited	Australia	64.42%	–	–
Triple M Melbourne Pty. Limited	Australia	64.42%	–	–
Triple M Network Pty. Limited	Australia	64.42%	–	–
		c/fwd	466,145	466,145

(13) Other Financial Assets *continued*

(a) Investments in controlled entities *continued***:**

Name	Incorporated In	% Owned	VILLAGE ROADSHOW LIMITED CARRYING VALUES 2005 $'000	2004 $'000
		b/fwd	466,145	466,145
Triple M Sydney Pty. Limited	Australia	64.42%	–	–
Triple M Radio Holdings Pty. Limited	Australia	100.00%	–	–
VEESS Pty. Limited	Australia	100.00%	–	–
Village 88 FM SA	Greece	64.42%	–	–
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	225,000
Village Cinemas (NZ) Pty. Limited	Australia	100.00%	–	–
Village Equipment Distribution Australia Pty. Limited	Australia	–	–	–
Village Leisure Company Pty. Limited	Australia	100.00%	–	–
Village Online Investments 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 (Singapore) Pte. Limited	Singapore	100.00%	–	–
Village Roadshow (Thailand) Pty. Limited	Australia	100.00%	–	–
Village Roadshow Australian Films 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 (M) Sdn Bhd	Malaysia	100.00%	–	–
Village Roadshow Distribution Netherlands BV	Netherlands	100.00%	–	–
Village Roadshow Distribution Pty. Limited	Australia	100.00%	–	–
Village Roadshow Distribution UK Limited	United Kingdom	100.00%	–	–
Village Roadshow Distribution USA Inc.	United States	100.00%	–	–
Village Roadshow Dynasty Productions Pty. Limited	Australia	99.00%	–	–
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	–	–	–
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 Administration Management Pty Ltd	Australia	100.00%	–	–
Village Roadshow Film Distributor Pty. Limited	Australia	100.00%	–	–
Village Roadshow Film Distributors Greece EPE	Greece	–	–	–
Village Roadshow Film Distributors SA	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 BVI Limited	British Virgin Islands	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
		c/fwd	736,706	736,706

(13) Other Financial Assets *continued*

(a) Investments in controlled entities *continued***:**

			VILLAGE ROADSHOW LIMITED CARRYING VALUES	
Name	Incorporated In	% Owned	2005 $'000	2004 $'000
		b/fwd	736,706	736,706
Village Roadshow FM Pty. Limited	Australia	100.00%	987	987
Village Roadshow Germany GmbH	Germany	100.00%	–	–
Village Roadshow GJ Productions Pty. Limited	Australia	99.00%	–	–
Village Roadshow GmbH	Austria	–	–	–
Village Roadshow Greece SA	Greece	100.00%	–	–
Village Roadshow Grundstucksentwicklungs 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%	–	–
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 Investments Pty. Limited	Australia	100.00%	–	–
Village Roadshow IP Pty. Limited (previously Village Roadshow Project Management Pty. Limited)	Australia	100.00%	–	–
Village Roadshow Italy Holdings SRL	Italy	100.00%	–	–
Village Roadshow J2 Productions Pty Limited	Australia	99.00%	–	–
Village Roadshow Jam Factory Pty. Limited	Australia	100.00%	–	–
Village Roadshow KP Productions Limited	New Zealand	100.00%	–	–
Village Roadshow Leisure Pty. Limited	Australia	100.00%	–	–
Village Roadshow Licensing & Finance Limited	United Kingdom	100.00%	–	–
Village Roadshow Lily Productions Pty. Limited	Australia	99.00%	–	–
Village Roadshow Luxembourg SA	Luxembourg	100.00%	–	–
Village Roadshow Manakau Cinemas Pty. Limited	Australia	100.00%	–	–
Village Roadshow Mauritius Limited	Mauritius	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 NW Productions Pty. Limited	Australia	99.00%	–	–
Village Roadshow Operations (BVI) Limited	British Virgin Islands	100.00%	–	–
Village Roadshow Operations Greece SA	Greece	100.00%	–	–
Village Roadshow Pictures (Australia) Pty. Limited	Australia	100.00%	–	–
Village Roadshow Pictures (BVI) Limited	British Virgin Islands	100.00%	–	–
Village Roadshow Pictures (U.S.A.) Inc.	United States	100.00%	–	–
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 PP Productions Pty. Limited	Australia	99.00%	–	–
Village Roadshow Production Services Pty. Limited	Australia	99.00%	–	–
Village Roadshow Productions (BVI) Ltd.	British Virgin Islands	100.00%	–	–
Village Roadshow Productions Hellas SA	Greece	100.00%	–	–
Village Roadshow Productions Inc.	United States	100.00%	–	–
Village Roadshow Production Management Pty. Limited	Australia	100.00%	–	–
Village Roadshow Properties (Malaysia) Sdn Bhd	Malaysia	–	–	–
Village Roadshow Properties Limited	Guernsey	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%	–	–
		c/fwd.	737,696	737,696

(13) Other Financial Assets *continued*

(a) Investments in controlled entities *continued***:**

Name	Incorporated In	% Owned	VILLAGE ROADSHOW LIMITED CARRYING VALUES 2005 $'000	2004 $'000
		b/fwd	737,696	737,696
Village Roadshow Retail Stores Pty. Limited	Australia	100.00%	–	–
Village Roadshow SW Productions Pty. Limited	Australia	99.00%	–	–
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%	350,000	–
Village Roadshow UK Holdings Pty. Limited	Australia	100.00%	–	–
Village Roadshow Warehousing Services Pty. Limited	Australia	–	–	–
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%	–	–
Village Themepark Management Pty. Limited	Australia	100.00%	–	–
Village Twin Cinemas (Morwell) Pty. Limited	Australia	100.00%	–	–
VR (Matrix) Films Pty. Limited	Australia	–	–	–
VR Animation Pty. Limited	Australia	–	–	–
VR (Asia) Pty. Limited	Australia	–	–	–
VRB Pty. Limited	Australia	64.42%	–	–
VR DSAW Productions Limited	British Virgin Islands	–	–	–
VR DTE Distribution USA Inc	United States	100.00%	–	–
VR DTE Productions 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	Australia	100.00%	–	–
VRL Aluminium Pty. Limited	Australia	100.00%	–	–
VRP Film Entertainment Inc.	United States	100.00%	–	–
VRP International Distribution Pty. Limited	Australia	100.00%	–	–
VRPPL Pty. Limited	Australia	100.00%	–	–
VRP Production Services Pty. Limited	Australia	–	–	–
VRP Treasury BVI Ltd	British Virgin Islands	100.00%	–	–
VRPTV Financing Inc.	United States	100.00%	–	–
VRS Holdings Pty. Limited	Australia	100.00%	–	–
VR Zoo Distribution USA Inc	United States	100.00%	–	–
VR Zoo Productions Limited	British Virgin Islands	100.00%	–	–
Warner Bros. Studio Store Australia Pty. Limited	Australia	–	–	–
Worldwide Films Pty. Limited	Australia	100.00%	–	–
			1,087,696	737,696

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

(13) Other Financial Assets *continued*

(b) Investments in associated entities:

			VILLAGE ROADSHOW LIMITED CARRYING VALUES	
Name	Principal Activity	% Owned	2005 $'000	2004 $'000
Roadshow Distributors Pty. Limited	Film distributors	50.00%	95,000	–
Other	N/A	N/A	204	204
			95,204	204

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(14) Property, Plant & Equipment				
Land:				
At cost	20,718	21,133	–	–
Buildings & improvements:				
At cost (completed)	44,872	43,021	–	–
Less depreciation	(12,927)	(12,233)	–	–
	31,945	30,788	–	–
Capital work in progress	11,247	13,807	1,200	2,483
Leasehold improvements:				
At cost	147,777	148,219	1,246	1,139
Less amortisation	(68,108)	(66,607)	(133)	(75)
	79,669	81,612	1,113	1,064
Equipment & vehicles (owned):				
At cost	264,807	262,938	11,181	8,903
Less depreciation	(183,065)	(168,918)	(6,004)	(4,606)
	81,742	94,020	5,177	4,297
Equipment & vehicles (leased):				
At cost	21,382	22,280	5,367	4,417
Less amortisation	(13,650)	(12,093)	(2,811)	(1,759)
	7,732	10,187	2,556	2,658
	233,053	251,547	10,046	10,502

(a) Valuations

Effective 1 July 2000, the consolidated entity elected to use the original cost basis for measurement of each class of non-current assets.

As at 30 June 2004, the Directors valued interests in land and buildings, based on a market appraisal by qualified valuers, at $119.7 million (economic entity). These interests are recorded in the accounts (after aggregate depreciation) as follows:

	2005 $'000
Freehold land	20,718
Buildings and improvements	31,674
	52,392

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(14) Property, Plant & Equipment *continued*				
(b) Reconciliations				
Land:				
Carrying amount at beginning	21,133	21,490	–	–
Net foreign currency movements arising from self-sustaining foreign operations	(415)	93	–	–
Disposals	–	(450)	–	–
Carrying amount at end	20,718	21,133	–	–
Buildings & improvements:				
Carrying amount at beginning	30,788	39,167	–	–
Additions/transfers	4,718	351	–	–
Net foreign currency movements arising from self-sustaining foreign operations	(1,255)	335	–	–
Disposals/Transfers	(1,120)	(7,779)	–	–
Depreciation expense	(1,186)	(1,286)	–	–
Carrying amount at end	31,945	30,788	–	–
Capital work in progress:				
Carrying amount at beginning	13,807	6,017	2,483	2,757
Additions/transfers	21,954	12,698	1,294	–
Net foreign currency movements arising from self-sustaining foreign operations	(15)	37	–	–
Disposals/Transfers	(24,499)	(4,945)	(2,577)	(274)
Carrying amount at end	11,247	13,807	1,200	2,483
Leasehold improvements:				
Carrying amount at beginning	81,612	80,823	1,064	1,084
Additions/Transfers	9,546	7,073	107	8
Net foreign currency movements arising from self-sustaining foreign operations	(2,519)	655	–	–
Disposals/Transfers	(1,481)	855	–	–
Amortisation expense	(7,489)	(7,794)	(58)	(28)
Carrying amount at end	79,669	81,612	1,113	1,064
Equipment & vehicles (owned):				
Carrying amount at beginning	94,020	120,177	4,297	3,766
Additions/Transfers	22,200	13,581	2,386	1,676
Net foreign currency movements arising from self-sustaining foreign operations	(669)	1,123	–	–
Disposals/Transfers	(7,681)	(14,000)	(144)	(141)
Depreciation expense	(26,128)	(26,861)	(1,362)	(1,004)
Carrying amount at end	81,742	94,020	5,177	4,297
Equipment & vehicles (leased):				
Carrying amount at beginning	10,187	13,084	2,658	3,610
Additions	1,615	645	950	349
Net foreign currency movements arising from self-sustaining foreign operations	(262)	49	–	–
Disposals/Transfers	(837)	(65)	(152)	(28)
Amortisation expense	(2,971)	(3,526)	(900)	(1,273)
Carrying amount at end	7,732	10,187	2,556	2,658

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(15) Intangibles				
Goodwill purchased	72,490	78,922	–	–
Less amortisation	(16,272)	(13,805)	–	–
	56,218	65,117	–	–
Goodwill on consolidation	21,896	18,905	–	–
Less amortisation	(13,317)	(11,853)	–	–
	8,579	7,052	–	–
Other intangibles	3,813	2,075	–	–
Less amortisation	(2,102)	(139)	–	–
	1,711	1,936	–	–
	66,508	74,105	–	–
(16) Payables				
Current:				
Trade and sundry creditors	213,177	229,430	2,608	1,894
Owing to —				
Associated entities	652	1,435	–	–
Other	1,492	644	–	–
	215,321	231,509	2,608	1,894
Non-current:				
Owing to —				
Associated entities	29,822	27,513	11,761	–
Other	22,076	26,237	739	123
	51,898	53,750	12,500	123
(17) Interest Bearing Liabilities				
Current:				
Secured borrowings	295,659	264,232	–	–
Unsecured borrowings	–	–	–	–
Finance lease liabilities	3,891	4,755	1,676	1,463
	299,550	268,987	1,676	1,463
Non-current:				
Secured borrowings	759,611	757,905	–	–
Finance lease liabilities	3,919	7,311	1,065	2,733
	763,530	765,216	1,065	2,733
Convertible notes	14,102	13,461	14,102	13,461

Terms and conditions relating to the above financial instruments:

The chief entity has a $100,000,000 (2004: $100,000,000) long term finance facility. These borrowings are secured by a specific share mortgage against the chief entity's shareholding in Austereo Group Limited and by guarantees from various wholly-owned subsidiaries.

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, the Austereo Group Limited economic entity and the economic entity's share of the assets of the Australian Theatres Joint Venture. 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.

Village Roadshow Pictures International Pty Ltd has a US$20,000,000 (2004: US$25,000,000) long term finance facility. These borrowings are secured by a floating charge over the chief entity assets, subordinated to ANZ. As detailed in Note 28, these borrowings were repaid subsequent to 30 June 2005.

Refer Note 23(a)(x) for details of the security relating to the Film Production financing facility.

Refer Note 32 (a)(ii) for additional information concerning finance lease terms and conditions.

(17) Interest Bearing Liabilities *continued*

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 Exchangeable for Stock℠ ("PRIDES℠") 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.

At the commencement of the year, 413,300 PRIDES remained issued by the Company. During the year ended 30 June 2005, no PRIDES were redeemed for cash. During the year ended 30 June 2004, 167,650 PRIDES were redeemed for cash. The Company realised a profit of $nil for the cash redemptions (2004: $4.5 million).

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(18) Provisions				
Current:				
Employee benefits	11,574	12,650	2,751	2,523
Other	6,283	6,344	–	–
	17,857	18,994	2,751	2,523
Non-current:				
Employee benefits	8,813	6,401	3,245	2,533
Other	359	11,487	–	–
	9,172	17,888	3,245	2,533
Employee benefit liabilities				
Provision for employee benefits				
Current	11,574	12,650	2,751	2,523
Non-current	8,813	6,401	3,245	2,533
Aggregate employee benefit liability	20,387	19,051	5,996	5,056
(a) Reconciliations				
Other provisions:				
Carrying amount at the beginning of the financial year	17,831	19,315	–	28
Additional provision	981	2,952	–	–
Amounts utilised during the year	(11,047)	(3,371)	–	(28)
Net foreign currency movements arising from self-sustaining foreign operations	(1,123)	(1,065)	–	–
Carrying amount at the end of the financial year	6,642	17,831	–	–
(19) Other Liabilities				
Current:				
Unearned revenue	2,180	2,024	–	–
Other liabilities	197	489	–	–
	2,377	2,513	–	–
Non-current:				
Unearned revenue	217	1,501	–	–
Other liabilities	658	1,037	525	800
	875	2,538	525	800

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(20) Contributed Equity				
Issued & fully paid up capital:				
Ordinary shares	159,459	121,058	159,459	121,058
A Class preference shares	452,016	39,768	452,016	39,768
Other – ex-former share premium account	–	594,525	–	594,525
	611,475	755,351	611,475	755,351
Convertible notes	14,866	14,866	14,866	14,866

During the 2005 and 2004 years, movements in fully paid shares on issue were as follows:

	CONSIDERATION		NO. OF SHARES	
	2005 $'000	2004 $'000	2005 '000	2004 '000
(a) Ordinary shares —				
Beginning of the financial year	121,058	121,931	234,419	234,903
Share buybacks —				
June 2004 at $1.80	–	(873)	–	(484)
July 2004 at $1.84 to $1.95	(24,430)	–	(12,519)	–
August 2004 at $1.89 to $2.00	(20,877)	–	(10,487)	–
November 2004 at $2.18 to $2.20	(90,718)	–	(41,151)	–
December 2004 at $2.20	(4,075)	–	(1,849)	–
Other – ex-share premium account	178,501	–	–	–
End of the financial year	159,459	121,058	168,413	234,419
(b) A Class preference shares —				
Beginning of the financial year	39,768	208,765	110,129	250,215
Share plan issue —				
March 2005 at $1.92	288	–	150	–
Share buybacks —				
March 2004 at $1.12 to $1.16	–	(104,500)	–	(90,086)
May 2004 at $1.28 to $1.30	–	(64,497)	–	(50,000)
April 2005 at $1.58 to $3.22	(3,685)	–	(1,590)	–
Other – ex-share premium account	416,024	–	–	–
Other movements	(379)	–	–	–
End of the financial year	452,016	39,768	108,689	110,129

Share issue:

During the year, the Company issued 150,000 A Class preference Shares at $1.92 per share.

Share buyback:

During the year, the Company bought back on market and cancelled 1,590,000 A Class preference Shares (being 1.4% of the Class on issue) at prices ranging from $1.58 to $3.22 per share, and 66,005,797 ordinary shares (being 28.2% of the class on issue) at prices ranging from $1.84 to $2.20 per share.

(20) Contributed Equity *continued*

Issued Options:

In accordance with a special resolution of the Company's shareholders on 15 May 2001, 6 million options over ordinary shares were allotted to Mr. Graham W. Burke, the Managing Director. 2 million options are exercisable at an exercise price of $3.00 not earlier than 15 May 2004; 2 million options are exercisable at an exercise price of $4.00 not earlier than 15 May 2005; and 2 million options are exercisable at an exercise price of $5.00 not earlier than 15 May 2006. All the options are exercisable no later than 30 November 2007 or 2 years following cessation of Mr. Burke's employment with the Company, whichever is the earlier. 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.

As at 30 June 2005, the details of outstanding options over ordinary shares were as follows:

Number of options	Expiry date	Exercise price per option
2,000,000	30 November 2007	$3.00
2,000,000	30 November 2007	$4.00
2,000,000	30 November 2007	$5.00

Terms and conditions of contributed equity

Preference shares

Preference shares have the right to receive dividends declared to a minimum of 10.175 cents per share or 3 cents above the ordinary dividend, whichever is higher. Preference share dividends have priority over ordinary dividends. In the event of winding up the Company, preference shares rank in priority to all other classes of shares and in addition, holders of such shares have the right to participate in the distribution of any surplus assets of the Company equally with each fully paid ordinary share in the capital of the Company.

Preference shares entitle their holder to the following voting rights:

• 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 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; and

(e) on a proposal for the sale of the Company's undertaking.

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, holders of such shares have the right to participate in the distribution of any surplus assets of the Company equally with each fully paid preference share in the capital of the Company.

Ordinary shares entitle their holder to the following voting rights:

• 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

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(21) Reserves and Retained Profits				
Foreign currency translation reserve: The foreign currency translation reserve is used to record exchange differences arising from the translation of self-sustaining foreign operations and on equity accounting of associates.				
Balance at beginning of year	(59,343)	(88,288)	4,703	3,844
Amount relating to translation of accounts & net investments	(22,750)	(14,422)	–	859
Transfer to Retained profits	12,304	42,778	–	–
Post acquisition share of associates	(2,793)	589	–	–
Balance at end of year	(72,582)	(59,343)	4,703	4,703
General reserve: A number of overseas controlled entities are required by local regulations to allocate 5% of current year profits into a general reserve, up to certain maximum limits.				
Balance at beginning of year	275	94	–	–
Other movements	8	181	–	–
Balance at end of year	283	275	–	–
Capital profits reserve: The capital profits reserve is used to accumulate realised capital profits arising from the equity accounting of associates.				
Balance at beginning of year	81	61	–	–
Post acquisition share of associates	(73)	20	–	–
Balance at end of year	8	81	–	–
Controlled entity share buyback reserve The controlled entity share buyback reserve is used to take up differences in shares bought back by controlled entities in excess of the calculated outside equity interest share of those buybacks.				
Balance at beginning of year	(10,960)	(9,358)	–	–
Movements from buybacks during the year	(31,106)	(1,602)	–	–
Balance at end of year	(42,066)	(10,960)	–	–
Total reserves	(114,357)	(69,947)	4,703	4,703
Retained profits:				
Balance at the beginning of year	115,347	105,353	997,263	976,028
Net profit (loss) attributable to members of Village Roadshow Limited	40,691	52,217	62,233	21,235
Other revenue, expense and initial adjustments recognised directly in equity	10,771	555	–	–
Transfer from Foreign Currency Translation Reserve	(12,304)	(42,778)	–	–
Total available for appropriation	154,505	115,347	1,059,496	997,263
Dividends provided or paid	–	–	–	–
Balance at end of year	154,505	115,347	1,059,496	997,263
(22) Outside Equity Interests				
Outside equity interests in controlled entities:				
Issued & paid up capital	82,108	111,212	–	–
Reserves	(159)	(34)	–	–
Profit & loss appropriation	23,325	21,923	–	–
	105,274	133,101	–	–

(23) Contingent Liabilities and Assets

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(a) Contingent liabilities				
Estimated maximum amounts relating to:				
(i) Termination benefits under personal services agreements for 267 (consolidated) group executives and consultants (2004: 236 (consolidated) group executives and consultants)	50,597	42,764	17,565	6,366
(ii) Bank guarantees for financial obligations				
(a) Guarantees for unsecured credit facilities of controlled entities	–	–	108	307
(iii) Corporate guarantees for financial obligations				
(a) Guarantees for secured credit facilities of associated entities	42,126	48,924	42,126	48,924
(iv) Bank guarantees for operating lease commitments				
(a) Guarantees for controlled entities	13,440	14,795	12,962	14,317
(b) Guarantees for associated entities	25	25	–	–
(c) Guarantees for joint ventures	243	243	–	–
(v) Several corporate guarantees for operating lease commitments				
(a) Guarantees for controlled entities	–	–	241,344	258,326
(b) Guarantees for associated entities	90,391	103,548	–	3,085
(c) Guarantees for joint ventures	–	–	10,515	14,920
(vi) Joint and several obligations for operating lease commitments of joint venture partners *	107,804	112,296	–	–
(vii) Other corporate guarantee commitments				
(a) Guarantees in respect of partnership commitments	1,458	1,458	4,125	4,125
	306,084	324,053	328,745	350,370

* refer Note 23(b)(i) for corresponding amount reflecting the related contingent assets.

(viii) Claims – General:
A number of claims have been lodged against the economic entity in relation to various matters, totalling approximately $1.0 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.

(ix) Claims – Village Roadshow Pictures (USA) Inc.:
A formal judgement was entered into against Village Roadshow Pictures (USA) Inc ("VRP USA"), a non-core US subsidiary of Village Roadshow Limited ("VRL"), for approximately USD 32 million in January 2003. VRP USA's appeal against the judgement to the Supreme Court of California was rejected by that Court, and the judgement is final. The full amount of the judgement against VRP USA, plus interest to 30 June 2005, is USD 38.8 million. In August 2004, the plaintiffs filed a motion seeking to add VRL as a judgement debtor to the VRP USA judgement. A hearing on this motion was held in November 2004, and in December 2004 the Judge decided against the plaintiffs and in favour of VRL. In April 2005, the plaintiffs sought to compel VRL to arbitrate the matter. That motion was denied by the Court. The plaintiffs have sought to appeal both these decisions.

New legal proceedings were commenced in 2003 by the plaintiffs against VRL and a number of other companies in the VRL group. The VRL companies deny liability in those proceedings and are defending them. The original trial date scheduled for January 2005 has been postponed until November 2005. The case is proceeding through final pre-trial steps.

VRL does not believe that the judgement against VRP USA or the new legal proceedings against VRL will have any material effect on VRL's net asset position.

(x) Other contingent liabilities – Film Production:
The revolving USD 900 million film financing facility of Village Roadshow Films (BVI) Limited ("VRF BVI") is secured against its film library and the proceeds from exploitation. The Village Roadshow Limited ("VRL") and Village Roadshow Limited group ("VRL group") exposure is limited to USD 100 million equity contributed to VRF BVI as support for the film financing facility (by way of subordinated loan). In addition, VRL (and the VRL group) are liable to repay any cash film exploitation profits received by the VRL group, except for the first USD 5 million. This contingent liability as at 30 June 2005 was USD 26.5 million and will not increase. Based on the films released to 30 June 2005 and the continuation of business by Village Roadshow Pictures, being the group of companies comprising the production division of the VRL group, the Directors do not believe that any material permanent difference will result from this arrangement.

VRL continues to provide support for the potential liability for profit-sharing, predominantly to Warner Bros. Given current forecasts, it is unlikely that any such support from VRL should be required.

Refer also to Note 28 for details of the restructuring of the Film Production division which occurred subsequent to 30 June 2005.

(23) Contingent Liabilities and Assets *continued*

(a) Contingent liabilities *continued*

(xi) Other contingent liabilities – Income Tax:
The Australian Taxation Office ("ATO") advised on 31 March 2003 that it had completed a prolonged income tax audit of the economic entity which covered a five year period to June 30, 1998. The ATO advised that the audit was limited to specific issues and concluded that an adjustment was warranted to increase the 1994 taxable income of the economic entity or, alternatively, the economic entity's 1993 taxable income. ATO alternative assessments of $85.1 million (1994) and $110.1 million (1993) were received and objections were lodged contesting the ATO adjustments. Additional General Interest Charges to 30 June 2004 increased these alternative assessments to $101.9 million (in relation to 1994) and $132.0 million (in relation to 1993).

As advised to Australian Stock Exchange Ltd. on 22 December 2004, these disputed alternative assessments were settled with the Commissioner of Taxation. It was also advised that the settlement terms were confidential, however the settlement would have no material impact on the Village Roadshow Limited financial position, net profit after tax for the year ended 30 June 2005 nor a material impact on its forecast cash flows.

The economic entity anticipates that further ATO audits may occur, and is also currently subject to routine tax audits in certain overseas jurisdictions. The ultimate outcome of the tax audits cannot be determined with an acceptable degree of reliability at this time. Nevertheless, the economic entity believes that it is making adequate provision for its taxation liabilities in its Financial Statements (including amounts shown as deferred and other tax liabilities in the Statement of Financial Position) and is taking reasonable steps to address potentially contentious issues. If adjustments result in taxation liabilities significantly in excess of the economic entity's provisions, there could be a significant impact on the economic entity. Finally, it is noted that the chief entity has provided an indemnity in favour of Austereo Group Limited in relation to tax losses previously transferred to subsidiaries of Austereo Group Limited.

(xii) Claim received from the service company of Mr. Peter Ziegler:
In September 2003, Village Roadshow Limited ("VRL") received a Statement of Claim from the service company of a former executive, Mr. Peter Ziegler. The total Claim has been amended and is now for approximately $87 million plus a claim of a 7.5% ownership interest in the Village Roadshow Pictures division ("VRP") and the right to 7.5% of the profits of VRP. The vast majority of the Claim relates to an allegation that VRL failed to pay Mr. Ziegler's service company a termination payment. Mr. Ziegler's service company contends that this termination payment was payable upon the expiry of its contract through effluxion of time. VRL maintains that a termination payment was only payable if VRL terminated the contract early. On the basis of legal advice, VRL strongly believes that the termination payment claim will fail. The trial commenced in March 2005, is scheduled to conclude in September 2005, and the judge will then deliver a judgement.

(xiii) Other contingent liabilities – Claim received from Members and former Members of KPMG:
On 23 December 2003, Village Roadshow Limited ("VRL") and two of its subsidiaries, Medborne Pty Ltd and VR International Pictures Pty Ltd, were served with proceedings in the Supreme Court of Victoria by companies associated with members and former members of accounting firm KPMG, in respect of those companies' investments in a film partnership with the two subsidiaries relating to the film, *The Matrix*. This matter was settled in October 2004, and the settlement amount and related legal fees have been expensed in the year ended 30 June 2005 (refer Note 2(e) – Specific Items).

(b) Contingent assets

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. Specifically, the economic entity has a contingent asset for the amount of the following joint and several operating lease commitments in the event that it is called upon to meet liabilities of the other joint venturers:

		CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
		2005 $'000	2004 $'000	2005 $'000	2004 $'000
(i)	Right of recourse in relation to joint and several obligations for operating lease commitments of joint venture partners*	107,804	112,296	–	–

* refer Note 23(a)(vi) for corresponding amount reflecting the related contingent liabilities.

(ii) Other contingent assets – Sale of UK Cinema Exhibition circuit:
As a result of the sale of the 50% owned UK Exhibition circuit in May 2003, the Village Roadshow Limited group ("VRL group") may be entitled to further proceeds in the future, based on a formula relating to admissions of the sold circuit. The maximum amount receivable by the VRL group over time is GBP 9.9 million, however due to the uncertainty of future admissions, it is not possible to estimate what amount (if any) is likely to be received. Therefore, this amount is not considered to be a contingent asset. An amount of GBP 1.0 million was received in July 2005 in relation to the admissions performance to date, however this amount may be refunded to the purchaser based on admissions for the remainder of the relevant period, and will be treated as unearned revenue in the year ending 30 June 2006.

(iii) Other contingent assets – Sale of shares in Val Morgan Holdings Pty. Ltd.:
Effective 27 February 2004, the economic entity disposed of its interest in the Val Morgan Holdings Pty. Ltd. group, for consideration of $6.0 million plus working capital. The additional consideration of $7.0 million which was receivable on 1 June 2008 in the event that certain conditions were met is now likely to be received before 30 June 2006, and therefore this amount has been taken up in the economic entity's accounts as a receivable as at 30 June 2005.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000

(24) Expenditure Commitments

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(a) Finance leases —				
Payable within 1 year	4,112	4,954	1,799	1,463
Payable between 1 and 5 years	4,009	7,455	1,095	2,733
Payable after 5 years	–	–	–	–
	8,121	12,409	2,894	4,196
Less future finance charges	(311)	(343)	(153)	–
Total finance lease liabilities	7,810	12,066	2,741	4,196
(b)(i) Operating leases – Minimum lease payments				
Payable within 1 year	80,861	88,934	592	579
Payable between 1 and 5 years	295,040	308,740	1,036	1,592
Payable after 5 years	523,857	617,796	–	–
	899,758	1,015,470	1,628	2,171
(b)(ii) Operating leases – Percentage based lease payments				
Payable within 1 year	3,498	2,946	–	–
Payable after 1 year	40,189	33,780	–	–
	43,687	36,726	–	–
Total operating lease commitments	943,445	1,052,196	1,628	2,171

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.

Refer to Note 31 for details of operating lease commitments relating to Discontinuing Operations included in the above expenditure commitments.

(c) Other expenditure commitments —

Estimated capital expenditure contracted for at balance date but not provided for

	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Payable not later than one year				
– joint ventures	85,638	25,764	–	–
– associates	6,698	1,600	–	–
– other	35,808	34,754	–	–
	128,144	62,118	–	–
Payable later than one year but not later than five years				
– joint ventures	17,010	49,746	–	–
– associates	9,426	6,246	–	–
– other	–	1,387	–	–
	26,436	57,379	–	–
Total other expenditure commitments	154,580	119,497	–	–

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(24) Expenditure Commitments *continued*				
(c) Other expenditure commitments *continued*				
Joint venture commitments shown above represent the total capital expenditure amounts, not the Village Roadshow Limited group share. The segment dissection of the amounts shown above, using the VRL group share of joint ventures, are as follows:				
– Theme Parks	25,625	6,350	–	–
– Cinema Exhibition	76,897	75,092	–	–
– Other	735	–	–	–
Total other expenditure commitments – VRL group share	103,257	81,442	–	–

(25) 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.

(26) Director and Executive Disclosures

Directors

The following persons were specified Directors of Village Roadshow Limited during the financial year:

Executive Directors

Robert G. Kirby, Chairman
John R. Kirby, Deputy Chairman
Graham W. Burke, Managing Director
Peter E. Foo, Finance Director
Peter M. Harvie, Executive Director

Non-executive Directors

William J. Conn
D. Barry Reardon
Peter D. Jonson

Executives (other than Directors) with the greatest authority for strategic direction and management

The following persons were the executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

Name	Position	Employer
Philip S. Leggo	Group Company Secretary	Village Roadshow Limited
Julie E. Raffe	Chief Financial Officer	Village Roadshow Limited
Gregory Basser	Director – Commercial & Legal, Group Executive in charge of Production	Village Roadshow Limited
Tony N. Pane	Chief Tax Counsel	Village Roadshow Limited
Simon T. Phillipson	General Counsel	Village Roadshow Limited

All of the above persons were also specified executives during the year ended 30 June 2004.

Refer also to the Remuneration Report set out on pages 27 to 34 for other disclosures.

Remuneration of Directors and specified executives

Remuneration policy

The Remuneration Committee of the Board of Directors of Village Roadshow Limited is responsible for determining and reviewing compensation arrangements for the Company's Executive Directors. The Remuneration Committee makes recommendations on the remuneration of the Executive Directors with the overall objective of motivating and appropriately rewarding performance. The recommendations are made in line with the Company's present circumstances and goals to ensure maximum shareholder benefits from the attraction and retention of a high quality Board and senior management team.

(26) Director and Executive Disclosures *continued*

Remuneration of Directors and specified executives *continued*

The Chairperson, Deputy Chairperson, Managing Director and Finance Director are responsible for determining the compensation arrangements for senior divisional and corporate executives (including the above specified executives) using similar criteria. The Remuneration Committee is kept informed of any major amendments to remuneration arrangements for senior divisional and corporate executives.

All Executive Directors and senior executives have the opportunity to participate in the Company's bonus scheme after at least six months of service where specified criteria are met based on achievement of key executive performance criteria and Company performance in relation to profitability, cash flow, share price growth and other performance indicators.

The total cash remuneration of Independent Directors (being Directors' fees paid to anyone not in an executive capacity) is distinguished from that of Executive Directors and is approved in aggregate by shareholders in general meetings from time to time.

Details of remuneration

Details of the remuneration of each specified Director of Village Roadshow Limited and each of the specified executives of the consolidated entity, including their personally-related entities, are set out in the following tables:

Directors of Village Roadshow Limited

Total remuneration of specified Directors of Village Roadshow Limited for the year ended 30 June 2005 is set out below.

		Primary			Post Employment	Equity	
Name	Note	Base salary/ fees & allowances	Annual cash bonus	Non-monetary benefits	Super-annuation	Options	Total
		$	$	$	$	$	$
Robert G. Kirby	1, 5	1,608,125	402,031	160,000	95,980	–	2,266,136
John R. Kirby	1, 5	1,608,125	402,031	160,000	95,980	–	2,266,136
Graham W. Burke	1, 3, 5	1,608,125	402,031	160,000	95,980	111,234	2,377,370
Peter E. Foo		1,021,808	625,000	56,301	87,982	–	1,791,091
Peter M. Harvie	2, 4	585,792	–	83,519	25,000	–	694,311
William J. Conn	6	92,430	–	–	8,320	–	100,750
Peter D. Jonson	6	69,037	–	15,990	6,213	–	91,240
D. Barry Reardon	6	130,750	–	–	–	–	130,750
Total		6,724,192	1,831,093	635,810	415,455	111,234	9,717,784

1. Bonus amounts represent 2004/05 bonus due and payable. Director bonuses are calculated by reference to a cash flow return on investment measure together with a formula to reward superior weighted average share price and market capitalisation growth.
2. Includes amounts paid by Austereo Group Limited in relation to Executive Chairman position. In 2005, Mr. Harvie elected to defer his bonus until further notice.
3. In accordance with a special resolution of the Company's shareholders on 15 May 2001, 6 million options over ordinary shares were allotted to Mr. Graham W. Burke. Two million options are exercisable at an exercise price of $3.00 not earlier than 15 May 2004; 2 million options are exercisable at an exercise price of $4.00 not earlier than 15 May 2005; and 2 million options are exercisable at an exercise price of $5.00 not earlier than 15 May 2006. All the options are exercisable no later than 30 November 2007 or 2 years following cessation of Mr. Burke's employment with the Company, whichever is the earlier. The above options were granted in accordance with the terms of Mr. Burke's Employment Contract dated November 2000. Refer to the option valuation disclosures in the Remuneration Report.
4. Includes non-monetary benefits for the value of interest between deemed market rate and actual interest rate charged on loans for shares held under the Company's and Austereo Group Limited's Executive Share Plans and the Company's Executive and Employee Option Plan.
5. With effect from 1 April 2005, the Remuneration Committee of the Board of Directors approved a 15% increase in Base Salary for each of Messrs R.G. Kirby, J.R. Kirby and G. W. Burke to $1,782,500 per annum.
6. With effect from 1 April 2005, the annual Non-executive Directors' fees were increased from $60,000 to $70,000 and the Committee fees from $12,000 to $15,000.

(26) Director and Executive Disclosures *continued*

Details of remuneration *continued*

Total remuneration of specified Directors of Village Roadshow Limited for the year ended 30 June 2004 is set out below.

		Primary			Post Employment	Equity	
Name	Note	Base salary/ fees & allowances	Annual cash bonus	Non-monetary benefits	Super-annuation	Options	Total
		$	$	$	$	$	$
Robert G. Kirby	1, 5	1,190,160	298,700	200,279	91,149	–	1,780,288
John R. Kirby	1, 5	1,190,160	298,700	193,223	91,149	–	1,773,232
Graham W. Burke	1, 3, 5	1,190,160	298,700	176,031	91,149	222,626	1,978,666
Peter E. Foo		1,063,246	496,000	46,268	34,254	–	1,639,768
Peter M. Harvie	2, 4	585,792	100,000	81,363	25,000	–	792,155
William J. Conn		88,072	–	–	7,928	–	96,000
Peter D. Jonson		66,056	–	20,813	5,944	–	92,813
D. Barry Reardon		126,000	–	–	–	–	126,000
Total		5,499,646	1,492,100	717,977	346,573	222,626	8,278,922

1. Bonus amounts represent 2003/04 bonus due and payable. Director bonuses are calculated by reference to a cash flow return on investment measure together with a formula to reward superior weighted average share price and market capitalisation growth.
2. Includes amounts paid by Austereo Group Limited in relation to Executive Chairman position.
3. In accordance with a special resolution of the Company's shareholders on 15 May 2001, 6 million options over ordinary shares were allotted to Mr. Graham W. Burke. Two million options are exercisable at an exercise price of $3.00 not earlier than 15 May 2004; 2 million options are exercisable at an exercise price of $4.00 not earlier than 15 May 2005; and 2 million options are exercisable at an exercise price of $5.00 not earlier than 15 May 2006. All the options are exercisable no later than 30 November 2007 or 2 years following cessation of Mr. Burke's employment with the Company, whichever is the earlier. The above options were granted in accordance with the terms of Mr. Burke's Employment Contract dated November 2000. Refer to the option valuation disclosures in the Remuneration Report.
4. Includes non-monetary benefits for the value of interest between deemed market rate and actual interest rate charged on loans for shares held under the Company's and Austereo Group Limited's Executive Share Plans and the Company's Executive and Employee Option Plan.
5. With effect from 1 July 2004, the Remuneration Committee of the Board of Directors approved an increase in Base Salary for each of Messrs R.G. Kirby, J.R. Kirby and G. W. Burke to $1,550,000 per annum.

Specified executives of the consolidated entity

Total remuneration of specified executives for the year ended 30 June 2005 is set out below.

		Primary			Post Employment	Equity	
Name	Note	Base salary/ fees & allowances	Annual cash bonus	Non-monetary benefits	Super-annuation	Options	Total
		$	$	$	$	$	$
Philip S. Leggo		333,039	150,000	63,304	80,040	–	626,383
Julie E. Raffe		297,540	150,000	37,293	26,758	–	511,591
Gregory Basser	1, 2	1,196,908	250,000	12,456	38,702	–	1,498,066
Tony N. Pane		1,001,854	250,000	579	11,585	–	1,264,018
Simon T. Phillipson		424,607	200,000	759	38,175	–	663,541
Total		3,253,948	1,000,000	114,391	195,260	–	4,563,599

1. Bonus amount relates to amounts paid pursuant to discretionary consulting agreement.
2. Includes non-monetary benefits for the value of interest between deemed market rate and actual interest rate charged on loans for shares held under the Company's Executive Share Plan.

(26) Director and Executive Disclosures *continued*

Details of remuneration *continued*

Total remuneration of specified executives for the year ended 30 June 2004 is set out below.

		Primary			Post Employment	Equity	
Name	Note	Base salary/ fees & allowances	Annual cash bonus	Non-monetary benefits	Super-annuation	Options	Total
		$	$	$	$	$	$
Philip S. Leggo		360,508	140,000	56,951	32,419	–	589,878
Julie E. Raffe		277,648	140,000	88,535	24,938	–	531,121
Gregory Basser	1, 2	1,132,266	250,000	7,435	36,754	–	1,426,455
Tony N. Pane		956,178	250,000	–	11,002	–	1,217,180
Simon T. Phillipson		374,447	200,000	9,260	33,675	–	617,382
Total		3,101,047	980,000	162,181	138,788	–	4,382,016

1. Bonus amount relates to amounts paid pursuant to discretionary consulting agreement.
2. Includes non-monetary benefits for the value of interest between deemed market rate and actual interest rate charged on loans for shares held under the Company's Executive Share Plan.

Service Agreements

Remuneration and other terms of employment for the Company's Managing Director, the Executive Chairman of Austereo Group Limited and the Company's specified executives are formalised in service agreements. The names of these officers and positions held are set out above. The main terms of all major contracts and bonus payments are reviewed by the Remuneration Committee. The major provisions of the agreements of these officers relating to remuneration are as set out below:

The option to extend Mr. G. W. Burke's five year contract with the Company as Managing Director for a further five years is currently under discussion. In addition to base salary, superannuation and motor vehicle, CPI adjusted, an annual incentive performance bonus is payable for achieving certain market capitalisation and cash flow return on investment levels. The contract also provides for the grant of six million options over ordinary shares (as described above) and a loan of up to $2 million on terms and conditions to be agreed by the Remuneration Committee of the Company. Other than a global 12 month non-compete clause, the contract does not provide for pre-determined compensation in the event of termination.

Mr. P. M. Harvie's five year contract with Austereo Pty Ltd as Executive Chairman of the Company's controlled entity, Austereo Group Limited, expires on 30 June 2007. In addition to base salary and superannuation, CPI adjusted, an annual discretionary performance bonus is payable together with participation in the Company's and Austereo's Executive Share Plans. Payment for termination without cause is equal to 12 months of salary. In 2005, Mr. Harvie elected to defer his bonus until further notice.

Messrs P. S. Leggo, J.E. Raffe, T. N. Pane and S. T. Phillipson all have service agreements with the Company expiring respectively on 30 November 2005, 30 November 2007, 14 January 2006 and 30 November 2006. Messrs Leggo's and Raffe's contracts have an option to extend for a further 2 years at the Company's option, and Mr. Pane's for 1 year at his option. In addition to base salary and superannuation, and Company motor vehicle provided to Messrs Leggo & Raffe, all 4 above named specified executives of the Company are eligible to be paid an annual discretionary performance bonus. Payments under these employment contracts for redundancy for Messrs Leggo and Raffe is equal to 12 months of salary and equal to nine months of salary for Mr. Phillipson. None of the contracts for the 4 named specified executives provide for pre-determined compensation in the event of termination.

Mr. G. Basser has two contracts with the Company – one executive employment agreement and a separate Consulting Agreement with Greg Basser Pty Ltd for legal services to the economic entity. Both contracts expire on 30 April 2007 and are currently being renegotiated. The Company's options to extend both contracts have been exercised, however several minor issues are currently being renegotiated. The employment agreement provides for base salary and superannuation, CPI adjusted, including a motor vehicle allowance, together with an annual discretionary performance bonus. The Consultancy Agreement provides for the payment of an annual retainer which is adjusted by CPI or $50,000 per annum whichever is greater, together with an additional performance based retainer and reimbursement of reasonable administrative costs and out of pocket expenses. Neither contract provides for pre-determined compensation in the event of termination. If the Company breaches and either contract is terminated by the other party, it may claim for monies and benefits payable until expiry of the contract, subject to an obligation to mitigate.

Messrs. P.S. Leggo and G. Basser were entitled under their contracts during the last 36 months to the issue of preference shares under the Employee Share Plan. Due to the fact that the Company had embarked on buy backs of all preference shares, this issue was deferred. As these shares would have been in profit from the perspective of Messrs. Leggo and Basser, the Company is in discussions on how to compensate them for these circumstances.

The Company may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the specified executive is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested shares under the Company's Executive Share Plan will immediately be forfeited.

Executive Director Mr. P. E. Foo does not have a formal service agreement with the Company, however the Company is required to give Mr. Foo 12 months notice in writing of his termination and vice versa. Discussions are continuing between the Company and Mr. Foo for the potential issue of 1 million ordinary shares and 1 million A Class preference shares under a Senior Executive Share Plan and Loan Facility on similar terms and conditions as the Company's existing Executive Share Plan. It is anticipated that this Senior Executive Share Plan and Loan Facility will be put to the Company's shareholders for approval at a future general meeting.

Discussions are continuing between the Remuneration Committee and the Company's Executive Chairman, Mr. R. G. Kirby, and Executive Deputy Chairman, Mr. J.R. Kirby, for service agreements on similar terms and conditions to Mr. G. W. Burke's contract.

(26) Director and Executive Disclosures *continued*

Equity instrument disclosures relating to Directors and specified executives

Options provided as remuneration

No options over ordinary shares in the Company were provided as remuneration to any specified Director of Village Roadshow Limited or any specified executive of the consolidated group during the financial year. All options on issue at the beginning of the financial year had fully vested.

Shares provided on exercise of remuneration options

No options were exercised during the financial year.

Option holdings

The number of options over ordinary shares in the Company held during the financial year by each specified Director of Village Roadshow Limited and each of the specified executives of the consolidated entity, including their personally-related entities, are set out below.

Name	Balance at beginning of period	Granted as remuneration	Options Exercised	Net Change Other	Balance at end of period	Vested and exercisable at the end of the year
Specified Directors						
Graham W. Burke	6,000,000	–	–	–	6,000,000	6,000,000
Specified executives						
Nil						

No options are vested and unexercisable at the end of the year.

Shareholdings

The number of shares in the Company during the financial year in which each specified Director of Village Roadshow Limited and each of the specified executives of the consolidated entity has a relevant interest, including their personally-related entities, are set out below.

Name	Balance at the start of the year		Granted as remuneration		On exercise of options		Net change other		Balance at the end of the year	
	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference
Specified Directors										
Robert G. Kirby	118,619,515	–	–	–	–	–	(11,819,817)	–	106,799,698	–
John R. Kirby	118,619,515	–	–	–	–	–	(11,819,817)	–	106,799,698	–
Graham W. Burke	118,619,515	–	–	–	–	–	(11,819,817)	–	106,799,698	–
Peter E. Foo	–	–	–	–	–	–	–	–	–	–
Peter M. Harvie	257,400	242,900	–	–	–	–	–	–	257,400	242,900
William J. Conn	191,563	1,153,019	–	–	–	–	–	–	191,563	1,153,019
Peter D. Jonson	10,000	33,236	–	–	–	–	–	–	10,000	33,236
D. Barry Reardon	10,000	8,552	–	–	–	–	–	–	10,000	8,552
Specified executives										
Philip S. Leggo	64,350	364,300	–	–	–	–	–	150,000	64,350	514,300
Julie E. Raffe	–	350,000	–	–	–	–	–	–	–	350,000
Gregory Basser	–	800,000	–	–	–	–	–	–	–	800,000
Tony N. Pane	–	450,000	–	–	–	–	–	–	–	450,000
Simon T. Phillipson	–	300,000	–	–	–	–	–	–	–	300,000

(26) Director and Executive Disclosures *continued*

Equity instrument disclosures relating to Directors and specified executives *continued*

The number of shares in Austereo Group Limited during the financial year in which each specified Director of Village Roadshow Limited and each of the specified executives of the consolidated entity has a relevant interest, including their personally-related entities, are set out below.

Name	Balance at the start of the year	Granted as remuneration	On exercise of options	Net change other	Balance at the end of the year
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
Specified Directors					
Robert G. Kirby	251,562,594	–	–	–	251,562,594
John R. Kirby	251,616,054	–	–	(53,460)	251,562,594
Graham W. Burke	251,562,594	–	–	–	251,562,594
Peter E. Foo	–	–	–	5,000	5,000
Peter M. Harvie	1,030,001	–	–	–	1,030,001
William J. Conn	–	–	–	–	–
Peter D. Jonson	–	–	–	–	–
D. Barry Reardon	–	–	–	–	–
Specified executives					
Philip S. Leggo	–	–	–	–	–
Julie E. Raffe	–	–	–	–	–
Gregory Basser	27,026	–	–	–	27,026
Tony N. Pane	6,054	–	–	–	6,054
Simon T. Phillipson	2,702	–	–	–	2,702

With the exception of 27,026, 6,054 and 2,702 Austereo Group Limited shares held by Messrs. G. Basser, T. N. Pane and S. T. Phillipson respectively, all shares held by Messrs. P. M. Harvie, P. S. Leggo, J. E. Raffe, G. Basser, T. N. Pane and S. T. Phillipson are held under the Company's and Austereo Group Limited's Executive Share Plans and the Company's Executive and Employee Option Plan.

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out above.

All equity transactions with specified Directors and executives other than those held under the Company's Executive Share Plan and Executive and Employee Option Plan have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Loans to Directors and specified executives

Details of loans made to Directors of Village Roadshow Limited and the specified executives of the consolidated entity, including their personally-related entities, are set out below. Movements in the tables below exclude most movements in principal, and accordingly may not reconcile.

Aggregates for specified Directors and specified executives

2005

Group	Balance at the start of the year	Interest charged	Interest not charged	Write-off	Balance at the end of the year	Number in group at the end of the year
	$	$	$	$	$	No.
Directors of Village Roadshow Limited *	3,432,054	119,180	75,421	–	3,482,947	1
Specified executives of the consolidated entity	4,559,776	239,047	11,697	–	4,986,611	5

* (only includes Mr. P.M. Harvie).

2004

Group	Balance at the start of the year	Interest charged	Interest not charged	Write-off	Balance at the end of the year	Number in group at the end of the year
	$	$	$	$	$	No.
Directors of Village Roadshow Limited *	3,380,597	119,107	73,265	–	3,432,054	1
Specified executives of the consolidated entity	4,325,061	234,715	7,435	–	4,559,776	5

* (only includes Mr. P.M. Harvie).

(26) Director and Executive Disclosures *continued*

Loans to Directors and specified executives *continued*

Individuals with loans above $100,000 during the financial year

2005 Group	Balance at the start of the year	Interest charged	Interest not charged	Write-off	Balance at the end of the year
	$	$	$	$	$
Specified Director					
Peter M. Harvie	3,432,054	119,180	75,421	–	3,482,947
Specified executives					
Philip S. Leggo	835,611	49,047	–	–	1,172,445
Julie E. Raffe	613,392	35,000	–	–	648,392
Gregory Basser	1,795,983	80,000	11,697	–	1,775,983
Tony N. Pane	788,879	45,000	–	–	833,879
Simon T. Phillipson	525,911	30,000	–	–	555,911

2004 Group	Balance at the start of the year	Interest charged	Interest not charged	Write-off	Balance at the end of the year
	$	$	$	$	$
Specified Director					
Peter M. Harvie	3,380,597	119,107	73,265	–	3,432,054
Specified executives					
Philip S. Leggo	790,896	44,715	–	–	835,611
Julie E. Raffe	578,392	35,000	–	–	613,392
Gregory Basser	1,715,983	80,000	7,435	–	1,795,983
Tony N. Pane	743,879	45,000	–	–	788,879
Simon T. Phillipson	495,911	30,000	–	–	525,911

Terms and conditions of loans

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.

Under the terms of the Austereo Group Limited Executive Share Plan and Loan Facility, the first 6 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.

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

No write-downs or allowances for doubtful receivables have been recognised in relation to the principal amounts of any loans made to specified Directors or specified executives.

Other transactions and balances with specified Directors and specified executives

There was no reimbursement of rental and vehicle expenses (2004 $41,600) to Vinden Lodge Pty. Limited, a company in which Mr. P.E. Foo has a significant interest.

Various companies associated with Mr. R. G. Kirby compensated the Village Roadshow Limited group in return for services provided. These transactions were carried out under arm's length terms and conditions, were trivial in nature and ceased with effect from 1 April 2005.

The economic entity purchases water from Palm Springs Limited, an entity in which Mr. W.J. Conn has a 16% economic interest. These transactions are carried out under arm's length terms and conditions and are trivial in nature.

During the year the Company subscribed for 4,000,000 ordinary fifty cent shares in Becton Property Group Limited of which Mr. W. J. Conn is to become a Director and shareholder. Subsequent to year-end the consolidated entity was allotted 3,000,000 ordinary shares in Becton Property Group Limited for a cost of $1.5 million.

The economic entity purchased wine (both directly and indirectly) from Yabby Lake International Pty. Ltd. ("Yabby Lake"), Drummonds Lane Pty. Ltd. ("Drummonds Lane") and Escarpment Vineyard Martinborough Limited ("Escarpment"). Mr. R.G. Kirby has economic interests of 100% in Yabby Lake and 50% in both Drummonds Lane and Escarpment. The total purchases were $393,916 for the year ended 30 June 2005 (February – June 2004: $36,110). The wine purchased was for the Cinema Exhibition division's Gold Class and Europa cinemas, as well as for Corporate functions. These transactions are carried out under arm's length terms and conditions.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
(27) 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	1,247	1,068	170	150
Other services [1]	1,773	1,103	155	140
Other auditors —				
Auditing accounts	293	181	–	–
Other services [1]	363	494	–	–
	3,676	2,846	325	290
[1] Dissection of Other Services:				
Tax (including Tax Consolidation matters)	1,211	870	130	120
Corporate Finance	431	129	–	20
Assurance related	470	597	25	–
Other	24	1	–	–
	2,136	1,597	155	140

(28) 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.

Subsequent to 30 June 2005, as notified to Australian Stock Exchange Ltd. on 27 July 2005, Village Roadshow Ltd. ("VRL") has reached agreement with Crescent Film Holdings Limited and Crescent Entertainment LLC (together "Crescent") for a financial restructure of VRL's film production division, Village Roadshow Pictures ("VRP").

Restructure Agreement

The restructure will result in:

- Crescent being granted options to acquire 50% of the shares in the head companies in the entities of VRP which constitute and carry on the "Hollywood" film production and related film distribution business of the VRP group ("VRPG").
- Crescent advancing US$115 million by way of Promissory Note to VRPG to enable it to repay an inter-company loan of US$100 million owed to VRL with the balance of US$15 million being applied to transaction costs and in payment of a dividend to VRL.
- The Promissory Note is repayable to Crescent with a coupon of 8% out of the net cash flow of VRPG – there is no recourse to VRL or any other member of the Village Roadshow group outside VRPG for repayment of this Note, and based on current VRP management projections, it is expected that VRPG cash flow will see this Note being repaid in the short to medium term.
- Once the Note has been repaid, Village is entitled to receive all of the net cash flow of VRPG until such time as VRL receives at least US$115 million together with a coupon of 8% p.a., and Crescent exercises the options (if ever). (This means that whilst the options remain unexercised VRL will be entitled to 100% of the net cash flow.)

VRL will remain responsible for the existing clawback in respect of film profits received by VRP prior to 1 July 2005. This contingent liability as at 30 June 2005 was US$26.5 million and will not increase. Based on current projections, the contingent liability is not expected to crystallise.

The transaction, together with the new Letter of Credit Facility set out below, is expected to give rise to an accounting loss before tax (recognised in the 2006 financial year under Australian equivalents to International Financial Reporting Standards ("AIFRS")) of approximately A$26 million (post-tax loss A$20 million). This loss represents transaction costs arising from the re-engineering and a realised net foreign exchange loss of approx. A$6 million. Under Australian Accounting Standards in force as at 30 June 2005 ("AGAAP"), the estimated pre-tax and post-tax loss would both be reduced by approximately A$6.4 million, due to the different treatment of foreign exchange results under AGAAP and AIFRS.

Notwithstanding this loss, the VRL Board firmly believes the transaction is both a strategic necessity and financially prudent having regard to the alignment of its investment profile in VRPG to that of the rest of the VRL operating divisions. In addition operating profits from VRPG will be reduced in the short to medium term mostly due to the 8% coupon on the Crescent Note, whilst offsetting this to a large extent will be interest income from the proceeds received.

Completion of this transaction is expected to occur in October 2005. The restructure is subject to various conditions precedent. The Company has had preliminary discussions with all parties concerned and believes that it is reasonable to expect that all conditions will be met.

(28) Events Subsequent to Reporting Date *continued*

Letter of Credit Facility

VRP also reached agreement with Dresdner Bank AG, New York Branch for the provision of a US$70 million Letter of Credit Facility to replace the US$70 million cash deposit currently provided by VRP as credit support for its US$900 million film financing facility. This new facility was executed in July 2005, and the US$70 million cash deposit was released back to VRP which has used the proceeds to repay an outstanding inter-group loan to Village Roadshow Pictures International Pty Ltd ("VRPI"), a wholly-owned subsidiary of VRL. In addition repayment of an existing third party loan to VRPI of US$20 million from CIBC Inc has been completed utilising part of these proceeds.

This Letter of Credit facility is being provided to Village Roadshow Distribution (BVI) Limited ("VRD") and will be serviced by VRD out of its cash flow from operations without any credit support from or recourse to VRL or any other member of VRPG or the Village Roadshow group. It is important to note that this Letter of Credit has been negotiated with Dresdner Bank AG and the banking syndicate, and is independent of the Crescent transaction. This US$70 million credit support is an ongoing requirement for the credit facility that finances VRPG's slate of movies.

Effect of Re-Engineering Transactions

These two transactions, after third party debt repayments and transaction costs of approximately US$15 million, are anticipated to result in an inflow of funds of approximately US$150 million (A$200 million) to the parent company, VRL. This, together with earlier profit distributions from VRPG, has repaid all of the funds (US$170 million) advanced to VRP as part of the credit support required for the February 2003 re-financing.

(29) Interests in Joint Venture Operations

Interests in joint venture operations:

Names and principal activities of joint venture operations, the percentage interest held by entities in the economic entity and the contributions of those joint venture operations to results after tax —

			CONTRIBUTIONS TO OPERATING PROFIT AFTER TAX	
Name	Principal Activity	% Owned	2005 $'000	2004 $'000
Adelaide Nova / Palace	Cinema operator	25.00%	63	47
Austereo / Simon Richards	Direct marketing	29.96%	(995)	(591)
Austereo TV	TV production	50.00%	–	–
Australian Theatres	Multiplex cinema operators	50.00%	16,554	15,812
Browns Plains Multiplex Cinemas	Multiplex cinema operators	33.33%	59	91
Canberra FM Radio	Radio broadcasting	29.96%	1,856	2,074
Carlton Nova / Palace	Cinema operator	25.00%	350	433
Castle Towers Multiplex Cinemas	Multiplex cinema operators	33.33%	1,267	1,420
Damodar Village Force Cinemas	Cinema operator	33.33%	476	559
Damodar & VAGH Village Force Cinemas	Cinema operator	33.33%	12	20
Data Sell Teleservices	Teleservices	29.96%	–	–
Eye Village	Mall advertising	50.00%	–	–
Geelong Cinema	Cinema operator	50.00%	78	178
Jam Factory Cinema	Cinema operator	50.00%	398	299
Jam Factory Shopping Centre	Non-operating	50.00%	14	11
Luna/Palace Cinema	Cinema operator	25.00%	172	198
mcm entertainment	Music media	29.96%	364	357
Morwell Multiplex Cinemas	Cinema operator	75.00%	305	273
Movieline	Cinema ticket seller	33.33%	–	(207)
Mt. Gravatt Multiplex Cinemas	Cinema operator	33.33%	766	1,049
Parramatta Cinemas	Cinema operator	50.00%	(4,287)	(179)
Queen Street, New Zealand	Cinema operator	33.33%	629	804
Rialto Cinemas	Cinema operator	25.00%	76	234
Village Sky City Cinemas (previously Village Force Entertainment)	Cinema operator	50.00%	2,543	4,110
Village / GUO / BCC Cinemas	Cinema operator	50.00%	1,425	3,577
Village / GUO / Victorian Multiplex Cinemas [1]	Cinema operator	–	–	573
Village / Sali Cinemas Bendigo	Cinema operator	50.00%	498	628
Village Anderson Cinemas	Cinema operator	50.00%	620	678
Village Palace Cinemas	Cinema operator	50.00%	(1,090)	(374)
Village Warrnambool Cinemas	Cinema operators	50.00%	133	190
		c/fwd.	22,286	32,264

(29) Interests in Joint Venture Operations *continued*

Interests in joint venture operations *continued*

			CONTRIBUTIONS TO OPERATING PROFIT AFTER TAX	
Name	Principal Activity	% Owned	2005 $'000	2004 $'000
		b/fwd.	22,286	32,264
Movie World Holdings	Theme park, Queensland	33.33%	4,114	4,914
Warner Village Cinema Operating Assets	Property owner/lessor	50.00%	–	(85)
Warner Village Cinema Properties	Property owner/lessor	50.00%	582	(1,541)
Warner Village Exhibition Operating Assets	Property owner/lessor	49.99%	–	257
Warner Village Exhibition Properties	Property owner/lessor	49.99%	–	(463)
			26,982	35,346

[1] Effective 1 July 2004, the assets and operations of the above joint venture were transferred into the Australian Theatres Joint Venture.

	CONSOLIDATED	
	2005 $'000	2004 $'000
Aggregate share of assets in joint ventures —		
Current assets:		
Cash	12,926	8,603
Receivables	7,089	9,392
Inventories	850	832
Other	1,033	356
Non-current assets:		
Property, plant & equipment	131,035	130,901
Radio licence	8,961	8,961
Receivables	71,491	81,790
Other	19,272	24,935
	252,657	265,770

(30) Segment Reporting

(a) Reporting by business segments[1,2] (Notes: refer page 84)

	CINEMA EXHIBITION		THEME PARKS	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts including specific items & discontinuing operations				
Revenue from external customers	397,479	419,664	17,476	18,287
Share of associates net profit (loss)	431	4,967	14,429	9,537
Total segment revenue	397,910	424,631	31,905	27,824
Segment result	5,491	14,689	20,313	16,319
Income tax revenue (expense)				
Net profit				
Profit attributed to outside equity interest				
Net profit attributable to members				
Depreciation and amortisation expense	27,174	28,259	3,828	3,685
Non-cash expenses other than depreciation	1,585	1,985	6	100
Segment assets	395,342	451,757	89,362	81,974
Segment liabilities	97,871	116,525	579	36
Investments in associates included in segment assets	15,091	30,808	40,422	31,005
Acquisition of property, plant & equipment and intangible assets	35,884	22,233	11,411	2,859

	CINEMA EXHIBITION		THEME PARKS	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts excluding specific items & discontinuing operations				
Revenue from external customers	385,532	407,999	17,476	18,287
Share of associates net profit (loss)	431	4,967	14,429	9,537
Total segment revenue	385,963	412,966	31,905	27,824
Segment result	10,187	26,538	20,313	16,319
Income tax revenue (expense)				
Net profit excluding specific items & discontinuing operations				
Profit attributed to outside equity interest				
Net profit excluding specific items and discontinuing operations attributable to members				

	RADIO		FILM PRODUCTION		FILM DISTRIBUTION		UNALLOCATED		TOTAL	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
	249,761	241,307	829,745	1,498,065	–	–	72,856	49,140	1,567,317	2,226,463
	1,894	1,479	–	–	15,506	15,369	(52)	(137)	32,208	31,215
	251,655	242,786	829,745	1,498,065	15,506	15,369	72,804	49,003	1,599,525	2,257,678
	67,445	71,058	50,996	76,296	15,766	15,369	(81,264)	(94,337)	78,747	99,394
									(24,995)	(30,425)
									53,752	68,969
									13,061	16,752
									40,691	52,217
	8,900	8,060	273,097	564,721	–	–	4,701	5,220	317,700	609,945
	898	(140)	(3)	(591)	–	–	498	464	2,984	1,818
	544,984	553,372	981,229	1,092,089	52,484	56,313	208,161	227,773	2,271,562	2,463,278
	55,089	55,150	84,602	116,847	24,796	–	1,236,862	1,226,002	1,499,799	1,514,560
	6,346	6,490	–	–	52,484	37,123	(70)	(205)	114,273	105,221
	8,225	4,506	338	1,771	–	–	5,045	5,015	60,903	36,384

	249,761	241,307	829,745	1,498,065	–	–	25,017	43,404	1,507,531	2,209,062
	1,894	1,479	–	–	15,506	15,369	(52)	(137)	32,208	31,215
	251,655	242,786	829,745	1,498,065	15,506	15,369	24,965	43,267	1,539,739	2,240,277
	67,445	71,058	75,895	76,296	15,766	15,369	(98,732)	(90,322)	90,874	115,258
									(31,339)	(30,425)
									59,535	84,833
									13,061	16,752
									46,474	68,081

(30) Segment Reporting *continued*

(b) Reporting by geographic segments[2]

	AUSTRALIA		USA		BRITISH VIRGIN ISLANDS		NEW ZEALAND	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Amounts including specific items & discontinuing operations								
Revenue from external customers	413,679	511,276	981	288	932,080	1,497,594	29,163	27,497
Share of associates net profit (loss)	31,548	28,820	–	–	–	–	123	107
Total segment revenue	445,227	540,096	981	288	932,080	1,497,594	29,286	27,604
Segment assets	933,302	890,095	4,412	2,672	904,978	1,085,948	25,809	25,045
Acquisition of property, plant & equipment and intangible assets	57,325	29,409	–	37	–	–	710	760
Amounts excluding specific items & discontinuing operations								
Revenue from external customers	413,305	506,827	981	288	932,080	1,497,594	29,163	32,242
Share of associates net profit (loss)	31,548	28,820	–	–	–	–	123	107
Total segment revenue	444,853	535,647	981	288	932,080	1,497,594	29,286	32,349

Notes (for business and geographic segment reporting):

1 Description of Business Segments:

Cinema Exhibition:	Cinema exhibition operations.
Theme Parks:	Theme park operations.
Radio:	FM radio operations.
Film Production:	Film production operations.
Film Distribution:	Film, DVD & video distribution operations.

2 For primary segment reporting purposes, Leisure and Greece/Singapore Distribution business unit results are combined with Cinema Exhibition, and the Australian and New Zealand Distribution results are separately reported as Film Distribution.

The definition of segment revenues, segment result, segment assets and segment liabilities restricts the segment disclosures to operating activities and therefore excludes certain financing and investing transactions. The 'unallocated' column therefore combines financial information which is not reported in one of the primary business segments and transactions excluded from the segment definitions. The exclusions from segment definitions are mainly comprised of:

- Segment Revenue: interest revenue, proceeds on disposal of assets.
- Segment Result: interest revenue & expense, profit/loss on disposal of assets.
- Segment Assets: cash, investments which are not equity accounted, loans receivable (other than loans to associates), tax assets.
- Segment Liabilities: borrowings, loans payable (other than loans from associates), tax liabilities.

ASIA		SOUTH AMERICA		EUROPE		UNALLOCATED		TOTAL	
2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
3,552	4,221	–	–	152,839	165,877	35,023	19,710	1,567,317	2,226,463
220	2,335	–	–	317	(47)	–	–	32,208	31,215
3,772	6,556	–	–	153,156	165,830	35,023	19,710	1,599,525	2,257,678
22,357	58,147	21,561	23,663	170,010	174,872	189,133	202,836	2,271,562	2,463,278
–	79	–	–	2,868	6,099	–	–	60,903	36,384

3,552	1,749	–	–	141,266	156,387	(12,816)	13,975	1,507,531	2,209,062
220	2,335	–	–	317	(47)	–	–	32,208	31,215
3,772	4,084	–	–	141,583	156,340	(12,816)	13,975	1,539,739	2,240,277

(31) Discontinuing Operations

During the year ended 30 June 2005, the economic entity discontinued the cinema operations in Taiwan as a result of sale. The economic entity also continued to wind down the operations which were discontinued in prior periods, and it is noted that progressive asset sales in relation to Germany were completed during the year, and exit options are still being progressed in relation to Austria. The cinema operations of both Germany and Austria were classified as Discontinuing Operations in previous financial years. The results of discontinuing cinema operations are included in the Cinema Exhibition business segment. These disposals and cessation of activities are part of a major restructuring program which is aimed at improving the return on assets across the economic entity.

	GERMANY	AUSTRIA	TAIWAN	TOTAL CINEMA EXHIBITION	TOTAL GROUP
	2005 $'000	2005 $'000	2005 $'000	2005 $'000	2005 $'000
(i) Financial Performance Information					
Sales revenue	–	11,293	–	11,293	11,293
Other revenue	21	275	26,297	26,593	26,593
Share of net profits (losses) of associates	–	–	–	–	–
Interest expense	–	–	–	–	–
Other expenses	2,117	14,376	23,322	39,815	39,815
Operating profit (loss) from discontinuing operations before tax	(2,096)	(2,808)	2,975	(1,929)	(1,929)
Income tax revenue (expense)	–	–	–	–	–
Operating profit (loss) from discontinuing operations after tax	(2,096)	(2,808)	2,975	(1,929)	(1,929)
(ii) Cash flow Information					
The consolidated net cash flows of the discontinuing operation during the reporting period were as follows:					
Net operating cash flows	(2,667)	(439)	374	(2,732)	(2,732)
Net investing cash flows	–	–	26,073	26,073	26,073
Net financing cash flows	–	–	–	–	–
Total net cash flows	(2,667)	(439)	26,447	23,341	23,341
(iii) Financial Position/Other Information					
Assets – carrying amount at balance date	2,318	637	–	2,955	2,955
Liabilities at balance date	3,977	6,948	–	10,925	10,925
Net assets (liabilities) at balance date	(1,659)	(6,311)	–	(7,970)	(7,970)
Net assets disposed of	–	–	23,322	23,322	23,322
Selling price of net assets disposed	–	–	25,923	25,923	25,923
Profit (Loss) on disposal of net assets	–	–	2,601	2,601	2,601
Tax expense (credit) relating to disposal of net assets	–	–	–	–	–
(iv) Expenditure commitments:					
Operating leases – minimum lease payments					
Payable within 1 year					3,677
Payable between 1 and 5 years					14,710
Payable after 5 years					45,501
					63,888

(31) Discontinuing Operations *continued*

	GERMANY	AUSTRIA	TAIWAN	TOTAL CINEMA EXHIBITION	TOTAL GROUP
	2004 $'000	2004 $'000	2004 $'000	2004 $'000	2004 $'000
(i) Financial Performance Information					
Sales revenue	–	10,664	–	10,664	10,664
Other revenue	486	106	426	1,018	1,018
Share of net profits (losses) of associates	–	–	–	–	–
Interest expense	–	21	–	21	21
Other expenses	9,073	13,595	–	22,668	22,668
Operating profit (loss) from discontinuing operations before tax	(8,587)	(2,846)	426	(11,007)	(11,007)
Income tax revenue (expense)	–	–	–	–	–
Operating profit (loss) from discontinuing operations after tax	(8,587)	(2,846)	426	(11,007)	(11,007)
(ii) Cash flow Information					
The consolidated net cash flows of the discontinuing operation during the reporting period were as follows:					
Net operating cash flows	(5,927)	(906)	426	(6,407)	(6,407)
Net investing cash flows	–	–	–	–	–
Net financing cash flows	–	–	–	–	–
Total net cash flows	(5,927)	(906)	426	(6,407)	(6,407)
(iii) Financial Position/Other Information					
Assets – carrying amount at balance date	2,912	1,500	29,079	33,491	33,491
Liabilities at balance date	5,272	5,847	–	11,119	11,119
Net assets (liabilities) at balance date	(2,360)	(4,347)	29,079	22,372	22,372
Net assets disposed of	–	–	–	–	–
Selling price of net assets disposed	–	–	–	–	–
Profit (Loss) on disposal of net assets	–	–	–	–	–
Tax expense (credit) relating to disposal of net assets	–	–	–	–	–
(iv) Expenditure commitments:					
Operating leases – minimum lease payments					
Payable within 1 year					4,073
Payable between 1 and 5 years					16,291
Payable after 5 years					54,465
					74,829

(32) 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 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 Statement of Financial Performance on an accrual basis.

Secured and unsecured advances
Secured and unsecured advances are shown at cost. Interest, when charged, is recognised in the Statement of Financial Performance on an accrual basis.

(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 statement of financial performance on an accrual basis.

Secured and unsecured borrowings:
Borrowings are carried at the principal amount. Interest is recognised in the Statement of Financial Performance on an accrual basis. Bank loans are repayable either monthly, quarterly, bi-annually, annually or at expiry with terms ranging from less than one year to greater than 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 17.

Convertible Notes
Refer Note 17 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: Leases. 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% p.a.

(iii) Equity

Ordinary shares:
From 1 July 1998, ordinary share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buyback cost (including direct buyback costs). 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 20.

Preference shares:
From 1 July 1998, preference share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buyback cost (including direct buyback costs). 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 20.

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 objective 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 $956 million. These swaps covered approximately 89% of total borrowings of the economic entity drawn down at balance date. The majority of the swaps mature in the medium to long term.

(32) 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:

	Floating Interest Rate		Fixed Interest Rate Maturing In: 1 Year or Less		Over 1 Year to 5 Years		More than 5 Years		Non-interest Bearing		Total Carrying Amount as per Statement of Financial Position		Weighted Average Effective Interest Rate	
Financial Instruments	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 %	2004 %
(i) Financial assets														
Cash	99,654	110,076	–	–	–	–	–	–	–	–	99,654	110,076	4.01%	4.11%
Receivables – trade debtors	–	–	–	–	–	–	–	–	275,905	304,045	275,905	304,045	N/A	N/A
Receivables – associated entities and other advances	–	–	–	–	–	–	–	–	95,285	150,332	95,285	150,332	N/A	N/A
Secured advances	18,331	24,294	–	–	–	–	–	–	–	–	18,331	24,294	4.55%	4.42%
Unsecured advances	–	–	–	–	–	–	–	–	18,230	33,434	18,230	33,434	N/A	N/A
Security deposits	91,659	101,611	–	–	–	–	–	–	1,645	1,128	93,304	102,739	2.73%	0.75%
Total financial assets	209,644	235,981	–	–	–	–	–	–	391,065	488,939	600,709	724,920		
(ii) Financial liabilities														
Trade and sundry creditors	–	–	–	–	–	–	–	–	213,177	229,430	213,177	229,430	N/A	N/A
Accounts payable – associated and other entities	–	–	–	–	–	–	–	–	54,042	55,829	54,042	55,829	N/A	N/A
Secured and unsecured borrowings (refer Note 1)	92,799	64,093	363,556	258,080	578,027	639,615	20,888	60,349	–	–	1,055,270	1,022,137	6.39%	6.19%
Convertible notes	–	–	–	–	14,102	13,461	–	–	–	–	14,102	13,461	6.50%	6.50%
Finance lease liabilities	–	–	3,891	4,755	3,919	7,311	–	–	–	–	7,810	12,066	6.80%	6.84%
Interest rate swaps	–	–	–	–	–	–	–	–	–	–	*	*	N/A	N/A
Total financial liabilities	92,799	64,093	367,447	262,835	596,048	660,387	20,888	60,349	267,219	285,259	1,344,401	1,332,923		

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

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

Note 1. The majority of the economic entity's debt subject to a fixed interest rate is split between an interest rate swap and an interest rate cap. The floating market rate is applied to that proportion of the debt covered by the interest rate cap where it is less than the cap rate.

(32) 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 STATEMENT OF FINANCIAL POSITION		AGGREGATE NET FAIR VALUE	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Financial assets:				
Cash	99,654	110,076	99,654	110,076
Receivables – trade debtors	275,905	304,045	275,905	304,045
Receivables – associated entities and other advances	95,285	150,332	81,546	128,655
Secured advances	18,331	24,294	14,844	20,562
Unsecured advances	18,230	33,434	18,230	33,434
Security Deposits	93,304	102,739	93,304	97,492
Total financial assets	600,709	724,920	583,483	694,264
Financial liabilities:				
Trade and sundry creditors	213,177	229,430	213,177	229,430
Accounts payable – associated and other entities	54,042	55,829	54,042	55,829
Secured and unsecured borrowings	1,055,270	1,022,137	965,849	925,356
Convertible notes	14,102	13,461	13,672	13,050
Finance lease liabilities	7,810	12,066	7,421	12,020
Interest rate swaps (refer Note 1)	*	*	15,827	6,353
Total financial liabilities	1,344,401	1,332,923	1,269,988	1,242,038

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

Note 1. A major swap represented $15.9 million of the unrecognised interest rate swap liability as at 30 June 2005. Valuations performed subsequent to that balance date indicated that the liability had reduced to $10.1 million by 31 August 2005 in accordance with an increase in market interest rates.

Receivables from associated entities and other advances, secured advances and security deposits, 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.

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.

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.

(32) Financial Instruments *continued*

(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 a liability of $15.8 million (2004: $6.4 million). Refer also note 1 to Note 32(c) above, which details a reduction in the net fair value of the 2005 swap liability subsequent to the 30 June 2005 balance date.

Concentrations of credit risk:

The majority of the value of the Production segment's trade debtors are with one entity, which is located in the United Kingdom. This trade accounts receivable amount is guaranteed by a substantial wholly-owned subsidiary of the United Kingdom entity's parent company. That parent entity is listed on the New York Stock Exchange, and there are a large number of underlying customers which make up this trade accounts receivable amount within the Film Production segment, which are located in a large number of countries.

In relation to the remaining segments, 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. The customers in the remaining segments are mainly concentrated in Australia. Refer also to Note 30 – Segment reporting.

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

	MAXIMUM CREDIT RISK EXPOSURE FOR EACH CONCENTRATION	
	PERCENTAGE OF TOTAL TRADE DEBTORS	CONSOLIDATED TOTAL BALANCE
Industry Segment:	2005 %	2005 $'000
Cinema Exhibition	16	43,655
Theme parks	2	6,534
Radio	18	50,405
Film Production	60	166,633
Film Distribution	–	–
Other	4	8,678
	100	275,905

Credit risk in trade receivables is managed in the following ways:

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

(33) Non-Director 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 Positive Investments Pty. Limited which is incorporated in Australia.

(b) Controlled entities:

The Company and Austereo Group Limited entered into an intercompany agreement in 2001 for the provision of corporate services that will maintain the relationship between Village Roadshow and Austereo in a manner that is consistent in all material respects with past practices. The results of the economic entity for the period include an amount of $250,000 (2004: $250,000) received by the Company in respect of this agreement.

During the financial year, Austereo Group Limited recorded sales revenue of $727,000 (2004 $1,159,000) from the Village Roadshow Ltd. group and a further $1,177,000 (2004: $1,645,000) from the Roadshow Distributors Pty. Ltd. group (included in sales revenue disclosures for associated entities below).

(33) Non-Director Related Party Transactions *continued*

(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):

	CONSOLIDATED 2005 $'000	2004 $'000
Dividend and trust distribution revenue:		
Sea World Property Trust	1,868	14,205
Tri-Village Developments BV	–	7,112
Warner Village Exhibition Limited	10,460	–
Other	1,682	1,701
	14,010	23,018
Management & service fee revenue		
Roadshow Distributors Pty. Ltd.	5,486	2,595
Other	1,063	1,080
	6,549	3,675
Interest revenue (refer Note 1)	2,187	1,043
Commissions & fee revenue	26	30
Sales revenue	1,177	3,317
Borrowing costs paid	938	1,174

Note 1 – refer Note 32(b) for interest rate risk on loans to associated entities.

Effective 30 June 2004, the Village Roadshow Ltd. economic entity sold its investment in the Roadshow Unit Trust to Roadshow Distributors Pty. Ltd., for a total consideration of $24.965 million. The consideration was based on a valuation which utilised the same methodology as used in a recent independent valuation of the Roadshow Unit Trust. The Village Roadshow Ltd. economic entity has eliminated the profit on this transaction.

(34) Employees

The number of full-time equivalents employed as at 30 June 2005 is 1,249 (2004: 1,292).

(35) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

Village Roadshow Limited (VRL) is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2004, the Company allocated internal resources and engaged expert consultants to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. As a result, VRL established a project team to address each of the areas in order of priority.

An AIFRS steering committee was established to oversee the progress of the project team and make necessary decisions. Priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004 being VRL's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when VRL prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

This financial report has been prepared in accordance with Australian accounting standards and other Australian financial reporting requirements (AGAAP). Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and VRL's best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on the VRL group net profit for the year ended 30 June 2005.

The figures disclosed are VRL's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project team; (b) potential amendments to AIFRS and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of AIFRS to that comparative period. Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

(35) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

continued

(a) Impact of transition to AIFRS on Equity as at 30 June 2005 and Profit for the year ended 30 June 2005

The key potential implications of the conversion to AIFRS on VRL identified to date are as follows:

(i) Consolidated accounts

Intangible assets

Under AASB 3 *Business Combinations* goodwill would not be permitted to be amortised but instead is subject to impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment, focusing on the cash flows of the related cash generating unit or entity. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight-line basis over the period during which the benefits are expected to arise and not exceeding a period of 20 years.

The VRL group has elected not to apply AASB 3 retrospectively and hence, prior year amortisation would not be written-back as at the date of transition.

The current best estimate of the adjustments due to non-amortisation of intangibles are as follows:

- no adjustment to equity on transition to AIFRS as no retrospective application of AASB 3
- increase to profit for the year ended 30 June 2005 of $4.7 million
- cumulative increase to equity to 30 June 2005 of $4.7 million

Impairment of assets

Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The Group's current accounting policy is to determine the recoverable amount of non-current assets on the basis of discounted cash flows based on a class of assets. On transition to AIFRS and at each subsequent reporting date, the majority of assets (both current and non-current) have been tested for impairment either at the individual asset or cash generating unit level as appropriate. Further, AASB 136 requires that in the determination of value in use, pre-tax cash flows and an asset specific pre-tax discount rate are required to be used. This differs from the current accounting policy which determines recoverable amount by reference to after-tax cash flows and the after-tax weighted average cost of capital.

The current best estimate of the adjustments due to impairment are as follows:

- adjustment to reduce equity on transition to AIFRS of $18.1 million
- increase in profit for the year ended 30 June 2005 of $0.7 million
- cumulative reduction to equity to 30 June 2005 of $17.4 million

Decommissioning Provisions

Under AASB 116 *Property, Plant and Equipment*, the Group would be required to include as part of the cost of its leasehold improvements, an estimate of the costs to remove those improvements at the end of the lease term where such an obligation exists to the lessor. These costs are not recognised under AGAAP. A corresponding liability would also be recognised under AIFRS in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

The current best estimate of the adjustments for decommissioning costs are as follows:

- adjustment to reduce equity on transition to AIFRS of $1.5 million
- reduction to profit for the year ended 30 June 2005 of $0.2 million
- cumulative reduction to equity to 30 June 2005 of $1.7 million

Foreign currency translation

Under AASB 121 *The Effects of Changes in Foreign Exchange Rates*, each entity is required to determine its functional currency and measure its results and financial position in that currency. In addition, an entity must select a presentation currency which may or may not be its functional currency. Any individual entity within the consolidated group whose functional currency differs from the presentation currency must translate assets and liabilities at the closing rate, and profit and loss items at the rate applied at the date of the transaction. Exchange differences are to be recognised as a separate component of equity. Should a foreign entity subsequently be sold, partially disposed of, or any part of its net investment repaid, any accumulated translation difference in equity must be recognised in the Statement of Financial Performance. This accounting practice is not permitted under the current Australian accounting standards, which requires any accumulated translation difference to be taken directly to retained earnings rather than being recycled through the profit and loss account.

The current best estimate of the adjustments due to 'recycling' of translation differences is as follows:

- no adjustment to equity upon transition to AIFRS
- increase to profit for the year ended 30 June 2005 of $5.8 million
- no cumulative adjustment to equity to 30 June 2005

In addition, VRL currently intends to apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 121 *The Effects of Changes in Foreign Exchange Rates* in respect of cumulative translation difference that existed as at the date of transition to AIFRS. In utilising this exemption, the cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to AIFRS and any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to AIFRS and shall include later translation differences. As at 1 July 2004, the balance of the Foreign Currency Translation Reserve, which is currently intended to be transferred to retained earnings, was negative $59.3m.

Income tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the 'balance sheet' method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the Statement of Financial Position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss, and current and deferred taxes cannot be recognised directly in equity.

The AIFRS Implementation project team is in the process of determining the impact that adopting the standard will have on the financial statements of the Group. As such, quantification is not currently available of either the impact on equity upon transition to AIFRS or the cumulative impact on equity to 30 June 2005, with the exception of the likely impact of Radio Licences owned by the Austereo Group Limited economic entity (Austereo).

(35) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

continued

(a) Impact of transition to AIFRS on Equity as at 30 June 2005 and Profit for the year ended 30 June 2005 *continued*

(i) Consolidated accounts *continued*

Income tax continued

Austereo is a partly-owned controlled entity of the VRL group.

Under AASB 112 *Income Taxes*, deferred tax is calculated on the basis of comparison of the accounting book values of Austereo's assets and liabilities with the respective tax values. The tax base assigned to radio licences has been attributed based on the capital gains tax values which gives rise to a deferred tax liability of approximately $45.4 million for Austereo.

As the VRL group has retained the original cost of these radio licences, based on the capital gains tax values used by Austereo, the VRL group would have a deferred tax asset of approximately $93.2 million, which is unlikely to be taken up in the VRL group accounts under AIFRS due to the probability of recovery of this asset.

Recent debate amongst regulators of accounting standards suggest an alternative view of a zero tax cost base for indefinite life intangibles may be taken. Although subject to ongoing debate, should this view be taken, this will result in a deferred tax liability of approximately $139.0 million for the VRL group, which would be required to be taken up in the VRL group accounts, and would reduce equity by this amount at 30 June 2004 and cumulatively to 30 June 2005.

Derivatives and hedging

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments must be recognised in the Statement of Financial Position and all derivatives must be carried at fair value. Further, in order to qualify for hedge accounting, certain strict designation, effectiveness and documentation criteria must be satisfied.

VRL has decided to apply the exemption provided in AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation and Disclosures* and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005. The AIFRS Implementation project team is in the process of determining the impact that adopting the standards would have on the financial statements of the VRL group.

Employee Share Scheme

The VRL group will apply the exemption in AASB 1 *First time Adoption of Australian equivalents to International Financial Reporting Standards* which permits the group's Employee Share Plan Schemes to be grandfathered from the requirements of AIFRS, as they were in place prior to November 2002. However in the event any future share loans are provided to employees, under AASB 2 *Share-based Payment*, the share plan loans are considered in substance share options and the VRL group will need to recognise the fair value of these options granted to employees as remuneration expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

The current best estimate of the adjustments due to the re-classification of employee share loans to equity is as follows:

- adjustment to reduce equity upon transition to AIFRS of $24.3 million
- no adjustment to profit for the year ended 30 June 2005
- cumulative reduction to equity to 30 June 2005 of $18.3 million

(ii) Outside Equity Interests

In March 2001, the VRL group sold 42.5% of its shareholding in the VRB Pty. Ltd. group, as part of the flotation of Austereo Group Limited ("AGL") on the Australian Stock Exchange. At that time, the VRL group recognised a profit on this partial sale of $191.3m. Since that time, there have been a number of changes to the equity of AGL, primarily relating to on-market share buybacks. As VRL has not been participating in these AGL buybacks, the outside equity interest ("OEI") percentage has been decreasing, and as at 30 June 2005, was 35.58%. Under AGAAP as in force to 30 June 2005, this increase in ownership by VRL for no consideration resulted in the recognition of operating profit and other direct increases to retained earnings.

Under AASB 127 *Consolidated and Separate Financial Statements*, any gains or losses which result from transactions between the economic entity and OEI are required to be treated as equity transactions, and not reflected in operating profit or loss or retained earnings.

The current best estimate of the adjustments to outside equity interest are as follows:

- no adjustment to equity on transition to AIFRS
- reduction to profit for the year ended 30 June 2005 of $2.6 million
- no cumulative reduction to equity to 30 June 2005

To 30 June 2005, the cumulative change within equity, which will be transferred from retained profits to a reserve account within equity, is estimated to be $212 million.

(iii) Equity accounting

Long Term Loans

Under AASB 128: *Investments in Associates*, an investor's interest in an associate includes the carrying amount of the investment together with any long-term interests that, in substance, form part of the investors investment in the associate (e.g. long term loans). Losses recognised under the equity method in excess of the investor's investment in ordinary shares are applied to the other components of the investor's interest in an associate in the reverse order of their priority in liquidation. The current accounting policy excludes long term receivables with associates from being considered part of the interest in the associate.

The current best estimate of the adjustments to the equity carrying value of investments in associates due to the inclusion of long terms loans is as follows:

- adjustment to reduce equity on transition to AIFRS of $33.0 million
- increase to profit for the year ended 30 June 2005 of $20.9 million
- cumulative reduction to equity to 30 June 2005 of $12.1 million

(35) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards

continued

(a) Impact of transition to AIFRS on Equity as at 30 June 2005 and Profit for the year ended 30 June 2005 *continued*

(iii) Equity accounting *continued*

Other Equity Accounting Adjustments
In addition to the AIFRS requirement to include long term loans receivable in the calculation of the equity carrying value of an investment in an associate, there have also been adjustments to the underlying accounts of the associates due to the transition to AIFRS. Such adjustments have resulted in additional adjustments to the equity carrying value of the VRL group's investments in associates as follows:

Impairment of Assets
As noted above, under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of its net selling price and value in use. The Group's current accounting policy is to determine the recoverable amount of non-current assets on the basis of discounted cash flows based on a class of assets. On transition to AIFRS and at each subsequent reporting date, the majority of assets (both current and non-current) have been tested for impairment either at the individual asset or cash generating unit level as appropriate. Further, AASB 136 requires that in the determination of value in use, pre-tax cash flows and an asset specific pre-tax discount rate are required to be used. This differs from the current accounting policy which determines recoverable amount by reference to after-tax cash flows and the after-tax weighted average cost of capital.

The current best estimate of the adjustments to the equity carrying value of investments in associates due to impairment of assets in the underlying entity is as follows:

- adjustment to reduce equity on transition to AIFRS of $26.2 million
- increase to profit for the year ended 30 June 2005 of $1.0 million
- cumulative reduction to equity to 30 June 2005 of $25.2 million

Investment Property
Under AASB 140 *Investment Property*, an entity that chooses to apply the cost model to the measurement of investment property must measure all of its investment property in accordance with the requirements of AASB 116: *Property, Plant and Equipment*. AASB 116 requires that investment property be depreciated. This differs to the current accounting policy of the associate whereby AGAAP did not require depreciation of investment property.

The current best estimate of the adjustments to the equity carrying value of investments in associates due to depreciation of investment property in the underlying entity is as follows:

- adjustment to reduce equity on transition to AIFRS of $12.6 million
- reduction to profit for the year ended 30 June 2005 of $1.0 million
- cumulative reduction to equity to 30 June 2005 of $13.6 million

Intangible assets
As noted above, under AASB 3 *Business Combinations*, goodwill would not be permitted to be amortised but instead is subject to impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment, focusing on the cash flows of the related cash generating unit or entity. This will result in a change to the current accounting policy, under which goodwill is amortised on a straight-line basis over the period during which the benefits are expected to arise and not exceeding a period of 20 years.

The VRL group has elected not to apply AASB 3 retrospectively and hence, prior year amortisation would not be written-back as at the date of transition.

The current best estimate of the adjustments due to non-amortisation of intangibles are as follows:

- no adjustment to equity on transition to AIFRS as no retrospective application of AASB 3
- increase to profit for the year ended 30 June 2005 of $1.6 million
- cumulative increase to equity to 30 June 2005 of $1.6 million

The total AIFRS adjustments in respect of the equity accounted carrying value of investments in associates is summarised as follows:

- adjustment to reduce equity on transition to AIFRS of $71.8 million
- increase to profit for the year ended 30 June 2005 of $22.5 million
- cumulative reduction to equity to 30 June 2005 of $49.3 million

(iv) Chief Entity accounts

Employee Share Scheme
Village Roadshow Limited will apply the exemption in AASB 1 *First time Adoption of Australian equivalents to International Financial Reporting Standards* which permits the group's Employee Share Plan Schemes to be grandfathered from the requirements of AIFRS, as they were in place prior to November 2002. However in the event any future share loans are provided to employees, under AASB 2 *Share-based Payment*, the share plan loans are considered in substance share options and the VRL group will need to recognise the fair value of these options granted to employees as remuneration expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity.

The current best estimate of the adjustment due to the re-classification of employee share loans to equity is as follows:

- adjustment to reduce equity upon transition to AIFRS of $17.2 million
- no adjustment to profit for the year ended 30 June 2005
- cumulative reduction to equity to 30 June 2005 of $13.2 million

Other Adjustments

Management is currently assessing the impact of the transition to AIFRS on the chief entity accounts, as such, no quantification is currently available regarding AIFRS adjustments other than the impact of AASB 2 *Share-based Payment* as noted above.

(b) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

Directors' Declaration

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

(1) 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 Act 2001, including:
  - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

On behalf of the Board

Signed

Graham Burke

G.W. Burke
Director

Melbourne, 9 September 2005

Independent Audit Report

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Independent Audit Report to members of Village Roadshow Limited

Scope

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the company and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

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

(a) the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the financial position of Village Roadshow Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
  (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

David McGregor

D R McGregor
Partner
Melbourne
9 September 2005

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

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Additional Information

Village Roadshow Limited
ABN 43 010 672 054

Extract of Results: Film Production Exploitation

	2005 A$'000	2004 A$'000
Statement of Financial Performance		
Sales revenue (Note 1)	792,496	1,475,446
Expenses:		
Amortisation of film production costs (Note 2)	(272,576)	(564,108)
Other film expenses (Note 3)	(457,702)	(833,732)
Borrowing costs	(53,658)	(55,838)
Other	(1,749)	(2,825)
Net Profit from film exploitation (Note 4)	6,811	18,943
Statement of Financial Position		
Current assets		
Film library	287,368	250,822
Working capital	140,564	226,066
Non-current assets		
Film library	423,143	523,104
Security deposit	92,275	101,802
Current liabilities		
Borrowings	287,368	250,822
Working capital	74,534	82,081
Non-current liabilities		
Borrowings	498,915	564,334
Statement of Cash Flows		
Net Operating Cash Flows:		
Receipts from customers	846,676	1,454,088
Payments to suppliers and employees (Note 5)	(790,081)	(1,191,073)
Interest and other costs of finance paid	(53,658)	(55,838)
Net Financing Cash Flows:		
Proceeds from borrowings	569,817	677,857
Repayment of borrowings	(518,229)	(837,006)

Note 1: Sales Revenue consists of film hire revenue from box office attendances in addition to exploitation revenue from video/DVD and television. Excluded from this analysis are non-studio producer and overhead fees which have been eliminated on consolidation following the acquisition of Village Roadshow Films (BVI) Limited in February 2003.

Note 2: Film production costs are capitalised in the Statement of Financial Position and amortised in accordance with Accounting Standard 1009: *Construction Contracts*. The progressive amortisation required is calculated to reflect expected ultimate profits on a pro-rata basis, dependent on the ratio of revenue earned to balance date as a percentage of total revenue expected to be earned over the lifetime of all films comprising the relevant film portfolio. In the event an ultimate loss is projected for all films in the portfolio, an amount equivalent to this loss will be written-off immediately. Revenue expected to be earned over the lifetime of each film includes theatrical, DVD/video & television streams.

Note 3: Other film costs include prints and advertising expenses, sub-distribution fees, participations and residuals, studio participations and other direct film costs.

Note 4: In the year ended 30 June 2005, portfolio film exploitation profit of $6.8 million was recognised (30 June 2004: $18.9 million).

Note 5: Includes film acquisition costs of $289.7 million (2004: $272.7 million).

Cinema Exhibition Division Information

Ownership Information:

TERRITORY	GROUP OWNERSHIP	PARTNERS	STRUCTURE	MAIN ASSOCIATE AND JOINT VENTURE ENTITIES
Australia	Multiplex 50%	Greater Union 50%	Joint Venture	Australian Theatres JV
	Arthouse 50%	Palace 50%	Joint Venture	Palace Cinemas JV
	Traditional 50%–100%	Greater Union 50% Other 50%	Various	Various
New Zealand	50%	Sky City Leisure 50%	Joint Venture	Village Force Cinemas JV
Fiji	33.3%	Sky City Leisure 33.3% Local 33.3%	Joint Venture	Damodar Village Force Cinemas JV
Singapore	50%	Golden Harvest 50%	Associate	Dartina Developments Limited
Italy	50%	Warner Bros. 50%	Associate	Warner Village Cinemas SPA
Greece	100%		Subsidiary	
Czech	100%		Subsidiary	
UK	100%		Subsidiary	
Argentina	55%	Sky City Leisure 25% Local 20%	Associate	Village Cinemas SA

Financial information:

	AUSTRALIA		ASIA/NEW ZEALAND		EUROPE		SOUTH AMERICA	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
100%								
Gross Box Office	294,713	314,790	86,168	88,702	152,592	166,350	15,431	17,168
Operating Revenue	418,299	432,627	120,160	123,057	226,457	240,388	25,128	26,424
Underlying EBITDA	67,992	81,083	24,142	25,151	21,586	32,086	6,541	6,664
Village Roadshow Limited Share								
Underlying EBITDA	28,607	37,344	11,129	10,682	17,296	23,628	3,597	3,665
Underlying Rent Expense	30,465	29,534	7,274	7,711	27,795	26,391	212	263
Operating Lease Commitments	356,576	356,811	35,319	41,130	396,365	373,415	7,314	1,705

EBITDA Analysis

Reconciliation of segment result and reported EBITDA analysis from continuing operations (excluding specific items)

	SEGMENT RESULT[1]		OPERATING RESULT[1]		REPORTED EBITDA[2]	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Segment result, Operating result & Reported EBITDA[2] by business						
Cinema Exhibition	10,187	26,538	8,884	27,635	36,079	57,998
Theme Parks	20,313	16,319	16,714	11,527	24,713	23,992
Radio	67,445	71,058	57,611	60,356	76,523	78,935
Film Production	75,895	76,296	13,403	(815)	76,395	76,910
Film Distribution	15,766	15,369	15,766	14,474	16,780	16,248
Other (includes corporate overheads)	(98,732)	(90,322)	(21,504)	2,081	(24,201)	(20,466)
Total	90,874	115,258	90,874	115,258	206,289	233,617
Calculation of Reported EBITDA						
Operating profit before specific items and tax					90,874	115,258
Add:						
Amortisation of intangibles					5,400	4,912
Depreciation and amortisation (excluding intangibles)					312,300	605,034
Film Library and other production amortisation					(272,576)	(564,108)
Interest expense					76,683	76,070
Tax on unit trust distributions					560	4,772
Tax on partnership profits					1,120	1,422
Goodwill on equity profits					1,343	1,797
Less:						
Interest income					(9,415)	(11,540)
Reported EBITDA (before Outside Equity Interests)					206,289	233,617

Cinema Exhibition box office and underlying EBITDA[2] from continuing operations – $'000

	YEAR ENDED JUNE 2005			YEAR ENDED JUNE 2004		
		UNDERLYING EBITDA			UNDERLYING EBITDA	
Geographical Segment	GROSS BOX OFFICE	100%	VILLAGE SHARE	GROSS BOX OFFICE	100%	VILLAGE SHARE
Australia	294,713	67,992	28,607	314,790	81,083	37,344
Asia/New Zealand	86,168	24,142	11,129	88,702	25,151	10,682
Europe	152,592	21,586	17,296	166,350	32,086	23,628
South America	15,431	6,541	3,597	17,168	6,664	3,665
Total	548,904	120,261	60,629	587,010	144,984	75,319

[1] As outlined in the segment reporting note, certain financing and investing transactions are excluded from the definition of 'segment result' under the revised AASB 1005 *Segment Reporting*. These transactions, which comprise interest income, interest expense, proceeds from sale of assets and the carrying value of assets sold, have been treated as unallocated for 'segment result' purposes, but are included in each segment's 'operating result' above. Operating result includes the items which are excluded from the new segment result definitions, and represents the basis under the previous segment accounting standard. EBITDA has been calculated from each segment's operating result.

[2] 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.

Reconciliation of reported EBITDA to profit before tax by division – continuing operations (excluding Specific Items) – 2005

	REPORTED EBITDA	AMORTISATION/ DEPRECIATION	NET INTEREST	TAX INCLUDED IN PRE-TAX PROFIT	OTHER	PROFIT BEFORE TAX
	$'000	$'000	$'000	$'000	$'000	$'000
Cinema Exhibition	36,079	(27,175)	158	(23)	(155)	8,884
Theme Parks	24,713	(3,828)	(2,385)	(1,657)	(129)	16,714
Radio	76,523	(8,900)	(10,012)	–	–	57,611
Film Production	76,395	(521)	(62,471)	–	–	13,403
Film Distribution	16,780	–	–	–	(1,014)	15,766
Other (includes corporate overheads)	(24,201)	(4,700)	7,442	–	(45)	(21,504)
Total	206,289	(45,124)	(67,268)	(1,680)	(1,343)	90,874

Reconciliation of reported and underlying Cinema Exhibition EBITDA – continuing operations

	2005 $'000	2004 $'000
Underlying EBITDA	60,629	75,319
Less: Depreciation in equity territories	(10,955)	(8,646)
Less: Interest in equity territories	(3,912)	(2,530)
Less: Tax in equity territories	(2,664)	(286)
Other [1]	(7,019)	(5,859)
Reported EBITDA	36,079	57,998

[1] Mainly represents profits/losses from associated entities where equity accounting has ceased.

Ten Year Financial Summary

	2005	2004	2003
OPERATING RESULTS ($'000)			
(from continuing operations only from 2000 onwards)			
Sales revenue	1,453,010	2,149,999	1,263,686
EBITDA before specific items	206,289	233,617	201,629
EBIT before specific items	161,165	187,779	147,489
Net interest expense / (credit)	67,268	64,530	38,497
Tax expense / (credit) on ordinary earnings	31,339	30,425	24,376
Net profit excluding specific items attributable to members	46,474	68,081	61,050
Total dividends declared (ordinary & preference)	–	–	–
BALANCE SHEET ($'000)			
Total shareholders' equity	771,763	948,718	1,077,993
Net borrowings	963,426	924,127	1,064,650
Funds employed	1,749,291	1,886,306	2,168,241
Total assets	2,271,562	2,463,278	2,904,651
OTHER MAJOR ITEMS ($'000)			
Capital expenditure	40,536	57,429	106,643
Depreciation & amortisation, excluding production amortisation	45,124	45,838	54,140
RATIOS			
Return on average total shareholders' equity (%)	7.02	8.05	6.97
EBIT/average funds employed (%)	8.93	9.08	8.64
Net borrowings/total shareholders' equity (%)	124.83	97.41	98.76
Interest cover (times)	2.10	2.47	3.17
PER SHARE CALCULATIONS			
Total EPS pre-specific items and discontinuing operations (cents per share)	15.69	14.91	12.55
Total EPS including specific items and discontinuing operations (cents per share)	13.74	11.44	(5.35)
Dividends – ordinary shares (cents per share)	–	–	–
Dividends – preference shares (cents per share)	–	–	–
Net tangible assets ($ per share)	2.17	2.15	1.79
OTHER			
Accumulation index* – Ordinary shares (index base 1,000 as at June 1996)	544.7	384.5	258.5

*Represents value of $1,000 invested in June 1996 with all dividends reinvested

	2002	2001	2000	1999	1998	1997	1996
	699,784	662,038	565,944	617,256	441,664	392,570	297,119
	175,535	165,215	184,941	161,145	139,791	112,267	94,606
	123,749	123,796	125,402	111,504	109,662	81,276	73,251
	11,776	29,246	26,947	25,010	23,981	909	1,938
	29,746	23,110	10,751	10,493	12,697	8,293	6,610
	55,310	59,337	82,145	75,418	68,126	58,030	47,489
	25,640	41,379	40,634	51,068	48,499	44,404	30,452
	1,201,609	1,225,274	1,029,254	1,017,225	938,188	830,202	754,999
	20,156	14,893	432,959	388,839	270,293	344,214	(106,159)
	1,247,408	1,274,140	1,497,870	1,515,883	1,368,574	1,174,416	648,840
	2,191,357	2,116,218	1,968,549	1,954,429	1,792,681	1,482,496	1,126,436
	139,889	179,126	211,214	211,851	107,382	310,438	161,075
	51,786	41,419	59,539	49,641	30,129	30,991	21,355
	6.31	5.74	7.81	7.17	7.70	9.09	10.48
	9.82	8.93	8.32	7.73	8.62	8.92	12.77
	1.68	1.22	42.07	38.23	28.81	41.46	(14.06)
	4.86	3.07	3.57	3.13	3.40	6.09	6.01
	11.47	12.64	17.99	17.33	16.24	15.18	14.10
	10.60	11.74	16.54	6.24	16.70	15.74	14.10
	–	7.175	7.175	10.00	10.00	9.50	8.50
	10.175	10.175	10.175	13.00	13.00	12.50	11.50
	2.07	2.21	2.09	2.00	2.13	1.97	1.73
	252.0	345.2	424.4	501.6	537.2	866.4	1,000.0

Share Register Information and Directory

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

Substantial Shareholders

Notices of substantial shareholders received and the number of ordinary shares held as at 19 September 2005.

NAME OF SUBSTANTIAL SHAREHOLDER	ORDINARY SHARES	%
Village Roadshow Corporation Limited	106,799,689	63.415

Distribution of security holders as at 19 September 2005

CATEGORY OF HOLDING	NUMBER OF HOLDINGS	%	NUMBER OF SHARES	%
Ordinary Shares				
1 – 1,000	2,856	50.48	1,755,576	1.04
1,001 – 5,000	2,213	36.11	5,500,165	3.27
5,001 – 10,000	365	6.45	2,745,136	1.63
10,001 – 100,000	196	3.46	4,595,073	2.73
100,001 and over	28	0.50	153,817,157	91.33
Total	5,658	100.00	168,413,107	100.00
Number of holdings less than a marketable parcel	282		22,264	
A Class Preference Shares				
1 – 1,000	2,007	68.29	596,159	0.55
1,001 – 5,000	611	20.79	1,474,927	1.36
5,001 – 10,000	139	4.73	1,091,995	1.00
10,001 – 100,000	137	4.66	4,229,363	3.89
100,001 and over	45	1.53	101,296,589	93.20
Total	2,939	100.00	108,689,033	100.00
Number of holdings less than a marketable parcel	1,122		88,077	

Voting rights on Ordinary Shares

On a show of hands – one vote per every member present in person or by proxy. On a poll – one vote for every share held.

Voting rights on A Class Preference Shares

On a show of hands – one vote per 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 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.

20 Largest security holders as at 19 September 2005

Ordinary Shares

NAME OF HOLDER	SHARES	%	RANK
Village Roadshow Corporation Limited	100,000,000	59.38	1
Westpac Custodian Nominees Limited	8,941,774	5.31	2
J P Morgan Nominees Australia Limited	8,880,066	5.27	3
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/c>	7,245,881	4.30	4
Canberra Theatres Limited	6,544,167	3.89	5
Citicorp Nominees Pty Limited	5,799,043	3.44	6
ANZ Nominees Limited <Cash Income A/c>	4,156,648	2.47	7
National Nominees Limited	3,922,237	2.33	8
Pan Australian Nominees Pty Limited	3,217,576	1.91	9
Willow Grange Pty Ltd <Van Der Sluys Family A/c>	770,560	0.46	10
Warnford Nominees Pty Limited <No 2 Account>	711,417	0.42	11
Palace Investment Holdings Pty Ltd	550,000	0.33	12
Cynosura Investments Pty Ltd	473,231	0.28	13
Janway Limited	280,000	0.17	14
CSFB Fourth Nominees Pty Ltd <unpaid A/c>	277,279	0.16	15
Citicorp Nominees Pty Limited <CFSIL Cwlth SML COS 3 A/c>	260,889	0.15	16
Braidswood Pty Ltd	257,400	0.15	17
HSBC Custody Nominees (Australia) Limited	219,360	0.13	18
Mr John Kirby	192,131	0.11	19
Amalgamated Holdings Limited	180,000	0.11	20
Total	152,879,659	90.78	

A Class Preference Shares

NAME OF HOLDER	SHARES	%	RANK
ANZ Nominees Limited <Cash Income A/c>	41,533,441	38.21	1
Cheyne Special Situations Fund LP Walker House	15,062,693	13.86	2
Westpac Custodian Nominees Limited	9,686,575	8.91	3
Mrs Shamala Sanchana Sethu	6,500,000	5.98	4
National Nominees Limited	5,699,873	5.24	5
Citicorp Nominees Pty Limited	3,205,101	2.95	6
J P Morgan Nominees Australia Limited	3,030,021	2.79	7
UBS Nominees Pty Ltd <Prime Broking A/c>	2,338,350	2.15	8
Australian United Investment Company Limited	2,000,000	1.84	9
Pan Australian Nominees Pty Limited	1,679,331	1.55	10
Diversified United Investment Limited	1,500,000	1.38	11
Clevedon Proprietary Limited	1,133,889	1.04	12
CSFB Third Nominees Pty Ltd <SBABT A/c>	1,105,676	1.02	13
Mr Greg Basser & Onbass Pty Ltd	533,334	0.49	14
Mr Philip S Leggo & Ms Elizabeth Leggo	500,000	0.46	15
Beta Gamma Pty Ltd <Walsh Street Superfund A/c>	436,685	0.40	16
Mr Tony Pane	350,000	0.32	17
Cogent Nominees Pty Limited	310,000	0.29	18
Mr Simon Phillipson & Ms Yolande Phillipson	300,000	0.28	19
Mr Andrew Roy Newbery Sisson	284,000	0.26	20
Total	97,188,969	89.42	

Share Register Information and Directory CONTINUED

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 Motorway Oxenford Qld 4210 Australia Ph: 07 5585 9666 Fax: 07 5573 3698	Australian Stock Exchange Limited Riverside Centre 123 Eagle Street Brisbane Qld 4000 Australia Ph: 1300 300 279 Fax: 1300 300 021

Divisional offices

Cinema Exhibition	Radio	Theme Parks
Village Cinemas Level 1, 1 Garden Street South Yarra Vic 3141 Australia Ph: 03 9281 1000 Fax: 03 9251 5360	Austereo Group Limited 180 St Kilda Road St Kilda Vic 3182 Australia Ph: 03 9230 1051 Fax: 03 9534 8011	Warner Village Theme Parks Pacific Motorway Oxenford Qld 4210 Australia Ph: 07 5573 3999 Fax: 07 5573 3698

Film Distribution	Film Production
Roadshow Films Level 1 500 Chapel Street South Yarra Vic 3141 Australia Ph: 03 9829 0666	Village Roadshow Pictures Sony Plaza 3400 Riverside Drive Suite 900 Burbank CA 91505 United States Ph 818 260 6000 Fax: 818 260 6001

Investor inquiries

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

Please contact the Company's share registry for all inquiries on your Village Roadshow shareholding, such as

– confirmation of shareholding details; and
– change of address advice.

Share register

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067
Australia
Ph: 1300 850 505
Fax: 03 9473 2500

DESIGN: COLLIER & ASSOCIATES STRATEGIC DESIGN FOR INVESTORS # 10829

VILLAGE ROADSHOW LIMITED