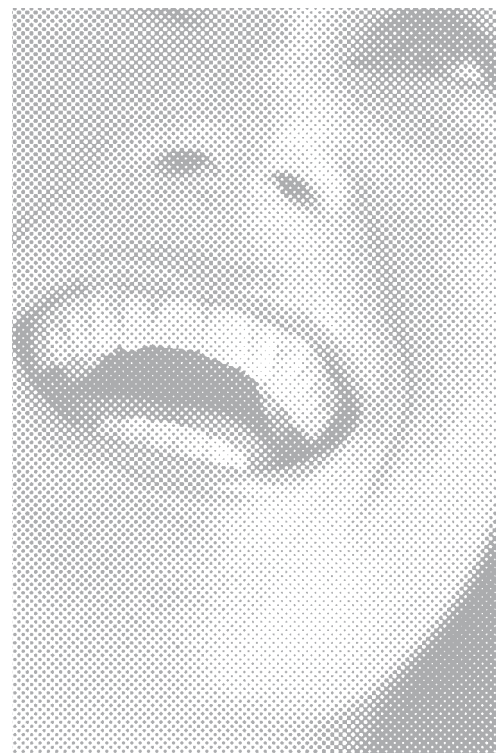


Annual Report 2005





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*

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02 Financial Summary
06 Cinema Exhibition
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12 Radio
14 Film Distribution
16 Film Production
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20 Senior Management
21 Financial Report
99 Additional Information

Village Roadshow Limited
ABN 43 010 672 054

Front Cover: *Film Man*
sculpture by Andrew Rogers

Corporate Review

01



02



03



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

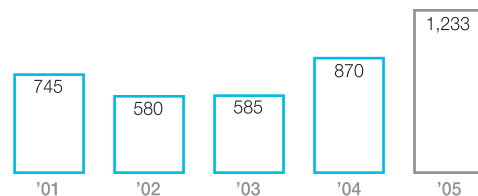
	2005	2004	% Change
\$M			
Reported EBITDA excluding Specific Items and Discontinuing Operations	206.3	233.6	(11.69)
Pre tax profit from continuing operations – including Specific Items	80.7	110.4	(26.90)
Pre tax profit from continuing operations – excluding Specific Items	90.9	115.3	(21.16)
Less			
Tax 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.

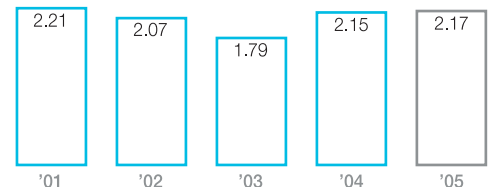
This has been another very demanding but productive year for the Company and our management and staff have risen to the challenge. At Village Roadshow

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.

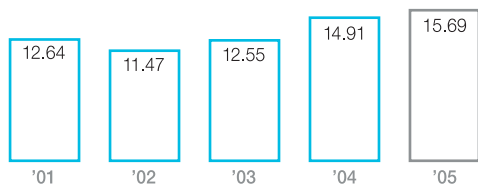
Further descriptions outlining the achievements of each division follow elsewhere in this Annual Report, but let us briefly summarise the performance and accomplishments of each.



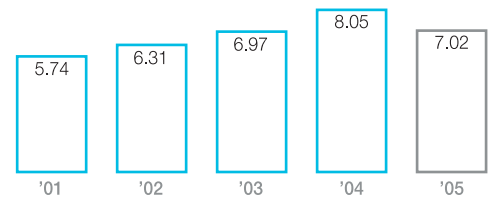
Total shareholder return – based on investing \$1,000 on 1 July 2000 (\$)



Net tangible assets (\$ per share)



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



Return on average total shareholders equity (%)



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



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



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



03



04



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

01



02



Village Cinemas Senior Management



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



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

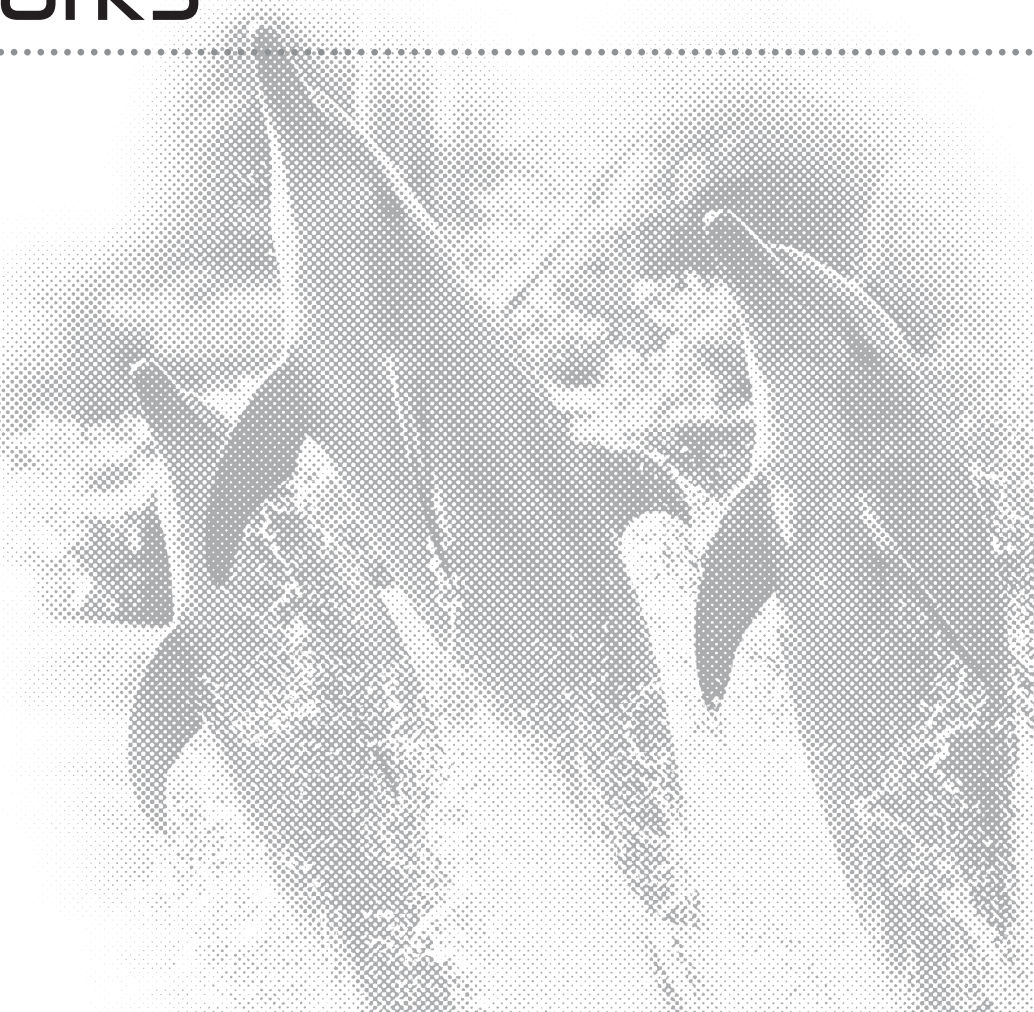
JOE MOODABE – Managing Director, Village Sky City Cinemas, New Zealand

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

01



02



Theme Park Senior Management



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



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

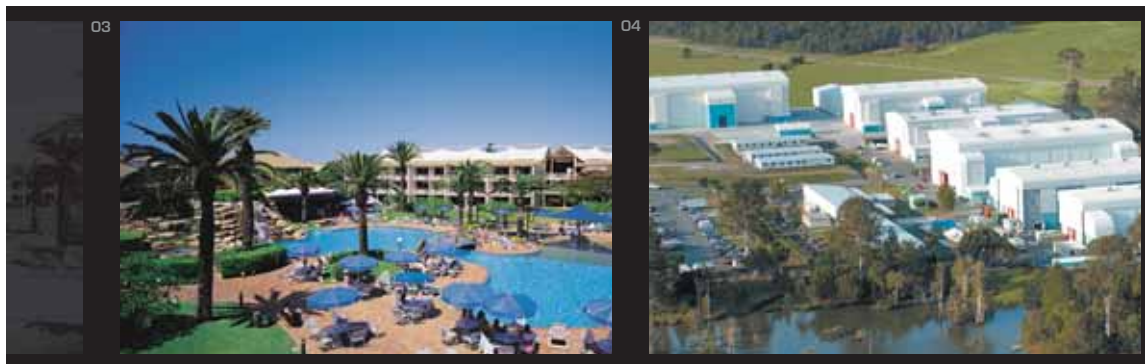
TREVOR LONG – Director Marine Sciences, Warner Village Theme Parks

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

MARIO SOPENA – Retail Manager, Warner Village Theme Parks

Theme Parks CONTINUED

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



- 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





01



02



05



06



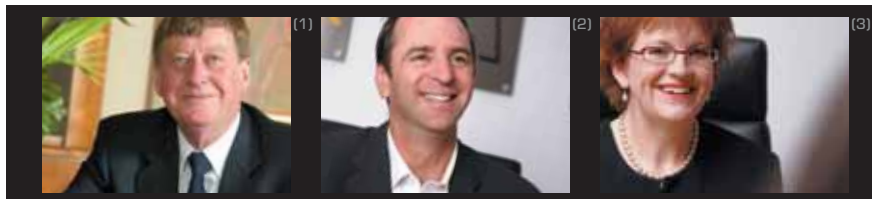
Radio

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



(1)



(2)



(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.