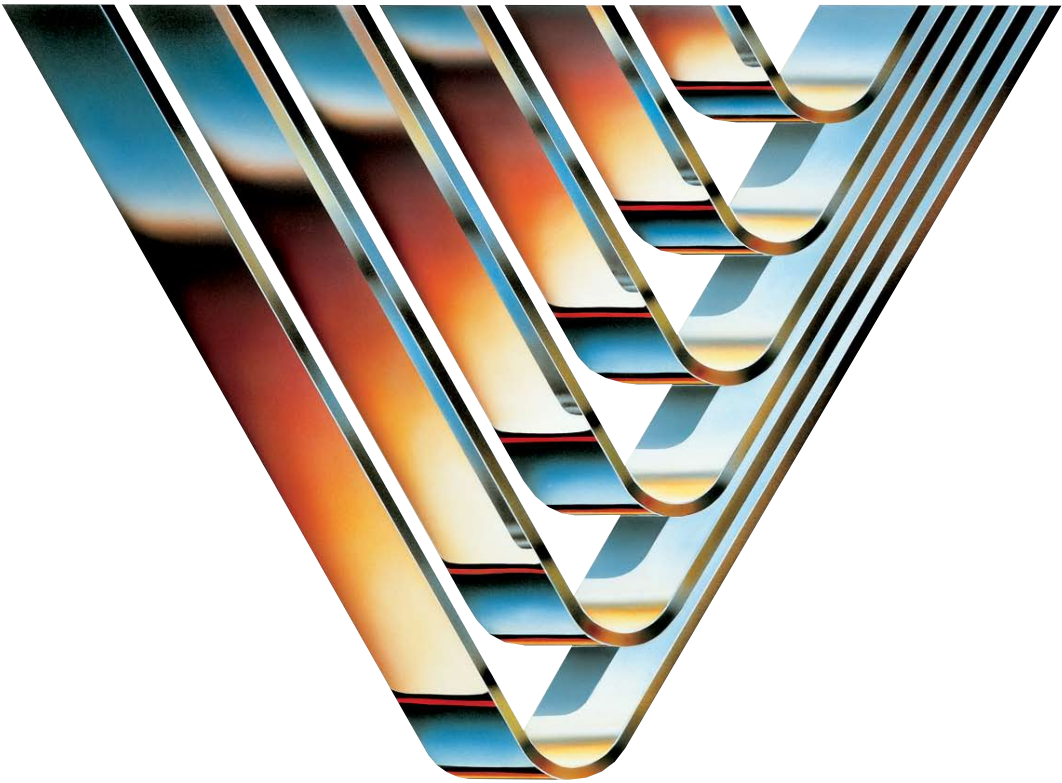


VILLAGE ROADSHOW LIMITED ANNUAL REPORT 2008



PROFILE

OUR COMPANY OF ENTERTAINMENT AND MEDIA BUSINESSES

Founded by Roc Kirby, Village Roadshow first commenced business in 1954 in Melbourne, Australia and has been listed on the Australian Securities Exchange since 1988. Still based in Melbourne, Village Roadshow is a leading international entertainment and media company with core businesses in Theme Parks, Film Distribution, Cinema Exhibition, Radio and Film Production and Music. All of these businesses are well recognised retail brands; together they create a diversified portfolio of entertainment and media assets with strong cash flows.

THEME PARKS

Village Roadshow Theme Parks has been involved in theme parks since 1989 and is Australia's largest theme park owner and operator.

On Queensland's Gold Coast we have:

- Warner Bros. Movie World;
- Sea World and Sea World Resort;
- Wet 'n' Wild Water World, one of the world's largest and most successful water parks;

- Australian Outback Spectacular;
- Paradise Country; and
- Warner Roadshow Studios.

- Sydney Attractions Group includes:
- Sydney Aquarium;
 - Sydney Wildlife World, recently voted Australia's Best Family Attraction;
 - Sydney Tower Observatory and Skywalk;
 - Manly Oceanworld; and
 - Koala Gallery on Hamilton Island.

Overseas attractions include:

- Kelly Tarlton's Antarctic Encounter & Underwater World in Auckland, New Zealand;
- Wet 'n' Wild Water World in Kapolei, Hawaii, USA; and
- Due to open in 2009, Wet 'n' Wild Water World in Phoenix, Arizona USA.

FILM DISTRIBUTION

Originally started by Village Roadshow in the late 1960's, Roadshow Films has grown into Australasia's largest independent film distributor - distributing films to all cinemas nationally as well as to major retailers with DVD.

Roadshow is a major force in film distribution in all mediums in Australia. Roadshow enjoys long standing distribution agreements and relationships with key film suppliers, such as Warner Bros. (since 1971),

ABC, BBC, The Weinstein Company and Village Roadshow Pictures.

The Company also has film distribution operations in Singapore and Greece.

CINEMA EXHIBITION

Showing movies has a long tradition with Village Roadshow, having started in 1954 with the first of its drive - in cinemas. Today Village Cinemas jointly owns and operates 507 screens across 50 sites in Australia, with a

further 157 screens at 17 sites in Singapore, Greece and the Czech Republic - over 38 million customers annually worldwide. The Company is leading the world with the emerging growth category of premium cinemas

and, with other international investors, will this year open the first of its premium luxury cinema concept, Village Roadshow Gold Class Cinemas, in the United States market.

RADIO

Village Roadshow started Australia's first FM radio station, 2Day FM, in 1979. Now, through a majority shareholding in the Australian listed Austereo Group Limited, the Company owns and operates Australia's leading

FM radio networks, Today FM and Triple M. With two radio stations in each key mainland capital city and a strong line-up of stars driving continued rating success, Austereo has over 4.5 million radio listeners

and up to 819,000 monthly unique browsers online, being the number one station in Sydney, Melbourne, Adelaide and Perth and second in Brisbane.*

*Source: Nielsen Media Research - survey 4 2008

FILM PRODUCTION AND MUSIC

Village Roadshow has been involved in the movie business since the 1960's. Jointly owned with other leading investors in the entertainment industry, Village Roadshow Entertainment Group comprises:

- The leading independent Hollywood movie producer, Village Roadshow

Pictures, having won 8 Academy Awards and 3 Golden Globe Awards for films including *Training Day*, *Mystic River* and *Happy Feet*. Village Roadshow Pictures has produced more than 60 films in the past 10 years with global box office takings of over US\$8.7 billion including

blockbuster hits such as *The Matrix* trilogy, the *Ocean's* trilogy, *Charlie and the Chocolate Factory*, *Happy Feet* and, most recently *I Am Legend* and *Get Smart*.

- Concord Music Group, one of the world's largest independent music companies, with over 5,000 albums.

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Village Roadshow Limited
 ABN 43 010 672 054

CORPORATE REVIEW



From left:

JOHN R KIRBY
Chairman

ROBERT G KIRBY
Deputy Chairman

GRAHAM W BURKE
Managing Director

To our shareholders,

We are pleased to report that Village Roadshow Limited has again produced a solid profit result for the year ended 30 June 2008. Our normalised profit after tax was up 10% to \$62.2 million¹ on the back of strong underlying divisional trading results.

Net profit after tax was \$256.9 million for the year ended 30 June 2008 compared to \$45.1 million for the prior year. This included after-tax profit of \$194.7 million² in 2008 from material items and discontinued operations, mainly arising from the de-consolidation of the Film Production division.

In addition to the fully franked dividends of 9 cents per Ordinary share and 12 cents per Preference share paid in December 2007, the Company paid its very first fully franked half-year dividend of 7.5 cents per share in April 2008. Furthermore, in partial recognition of the cash received on the merger of our Film Production division with Concord Music, a fully franked special dividend of 10 cents per share was also paid in April, 2008.

Total dividends paid in the 2008 financial year amounted to 26.5 cents per Ordinary share and 29.5 cents per Preference share.

Capital management initiatives during the year saw the Company complete a Preference share buy-back at a cost of approximately \$34.7 million and an Ordinary share buy-back of approximately \$39.9 million.

In total \$142.0 million has been returned to shareholders during the year in share buy-backs and dividends.

To top off the recent returns to shareholders, the Directors of the Company have also recommended a fully franked final dividend of 9 cents per Ordinary share and 12 cents per Preference share, payable in early December 2008.

A summary of the Company's financial performance is set out in the table on the following page and full financial details can be found in the Company's and the Group's financial report following on page 15.

The year was highlighted by exceptional trading from Cinema Exhibition, Film Distribution and Radio. On a like for like basis, these divisions increased their earnings before interest, tax, depreciation and amortisation (EBITDA) from their 2007 levels by 13.8%.

We also completed the merger of our Film Production division with Concord Music Group, realising \$53.8 million in cash, and we moved to 100% ownership of Roadshow Films and Sydney Attractions Group.

Our portfolio of businesses continues to produce strong cash flow and earnings. Growing and driving EBITDA in all our businesses is a major focus for the Board.

From an operating perspective, our businesses continued to benefit from a concentrated focus on improving sales margins, exercising cost restraint and managing underlying operational cash flows. With these robust cash flows and a strong balance sheet we have invested in further growth opportunities and incremental acquisitions in core businesses.

This included investing in new rides and attractions at the Company's existing Gold Coast theme parks as well as the successful completion and subsequent integration of our take-over of Sydney Attractions Group Limited following attaining control in February 2008.

We have also expanded our Theme Park business with acquisitions of water parks in Hawaii and Phoenix in the USA together with a development site on Queensland's Sunshine Coast. All these will be rebranded Wet 'N' Wild next year.

We also grew our aquarium operations with the purchase of an Auckland attraction.

The Company continued the refurbishment and rationalisation of its existing cinema chain and has embarked on the digital transformation of selected sites offering the state of the art digital technology including 3D digital cinema projection.

We also continued the work of rolling out our Gold Class cinema concept in the USA, leading in this emerging growth category of premium, intimate cinemas with the first two sites in Chicago, Illinois and Seattle, Washington opening by the end of this calendar year.

In August 2007 we completed the acquisition of the remaining 50% of the Company's Film Distribution arm, Roadshow Films, consolidating our interest in a business which has achieved strong and consistent growth and holds a commanding leadership of the theatrical and DVD distribution markets in Australia and New Zealand.

The Company's Australian Securities Exchange listed radio division, Austereo Group Limited, enjoyed another successful year, maintaining and increasing its leadership in capital city audiences³, in sales market share and online radio sites⁴. Austereo is also well prepared for the launch of digital radio in Australia in 2009.

In February this year Village Roadshow completed the previously announced merger of our Village Roadshow Pictures Group ('VRPG') business with Concord Music Group to form Village Roadshow Entertainment Group ('VREG') which is 40.9% owned by the Group. This merger resulted in VRPG being de-consolidated from the Company's results. VREG is forecasting more diversified earnings from the combined entity going forward and is due to complete a refinancing before the end of the calendar year.

Following the appointment of additional independent non-executive directors to the Board last year, in April the Company's long-serving independent director Mr. Bill Conn announced his retirement. His knowledge and counsel will be greatly missed and, on behalf of the Board, we pay tribute to his contribution to the Company over the past 16 years. The Company is committed to a Board comprised of majority independent directors and is currently considering a number of appropriate candidates with a view to appointing an independent director by the end of the calendar year.



FINANCIAL SUMMARY \$M (unless otherwise stated)

	2008	2007	% Change
Reported EBITDA excluding material items and discontinued operations	239.5	195.1	22.76
Attributed profit after tax, before material items and discontinued operations	256.9	45.1	469.62
Pre tax profit from continuing operations – excluding material items	62.2	56.7	9.70
Net material items and discontinuing operations after tax	194.7	(11.6)	n/a
Total parent interest in equity	609.5	469.9	29.71
Total earnings per share before material items and discontinuing operations (total shares) (cents)	25.58	21.83	17.18
Return on average equity (%)	12.55	13.01	(3.54)
Net tangible assets per share (\$) (includes radio licences and film library (2007 only))	0.77	1.01	(23.76)

We have also started our journey towards corporate environmental sustainability. Village Roadshow is committed to responsible environmental management and reducing our environmental footprint wherever commercially possible in all of our businesses. We are measuring and



monitoring our energy and water usage and, beyond future reporting compliance, we are also seeking to operate our businesses in the most resource efficient manner that suits their individual industry dynamics and constraints whilst continuing to maximise earnings.

We have for a long time engaged with our surrounding communities. We participated in Earth Hour last year and will do so in future as well as continuing our direct and indirect support for numerous charities and community activities including such ventures as the Sea World Research & Rescue Foundation, Sydney Aquarium Conservation Fund, and support to various charities of the likes of Peter McCallum Cancer Institute and the Gawler Foundation. In addition our radio business provides a very significant contribution to a wide range of community causes and through Community Service Announcements. Altogether our contribution to community, charitable, wildlife and conservation programs was approximately \$10 million this year.

We are taking a holistic approach to corporate social responsibility and sustainability with a view to moving towards reporting under the widely accepted Global Reporting Initiative in the next year. We believe that focusing on these important key performance indices and making a commitment to publicly report will invigorate our businesses to improve our collective economic, environmental and social performance over the longer term.

Village Roadshow will continue to grow through the strength of its cash flows and balance sheet. The businesses are robust and earnings are durable with growth opportunities both organically and from selective acquisitions. People will always want to be entertained and we are well positioned in all of our businesses to continue to entertain them. The businesses are performing well with sound prospects for further wealth creation for all shareholders.

We thank the loyal, talented and committed team of executives and staff for their outstanding contributions during the year and we thank you, our shareholders, for your support throughout the year.

JOHN R KIRBY
Chairman

ROBERT G KIRBY
Deputy Chairman

GRAHAM W BURKE
Managing Director



From left:

- A. Wet 'n' Wild Water World, Gold Coast Australia
- B. Village Roadshow Pictures' 2008 movie *I am Legend*
- C. Austereo's Hamish & Andy
- D. Village Roadshow Gold Class Cinemas
- E. Roadshow Film's distribution of the New Line Movie *Sex and the City*

¹ Excludes material items of income and expense and discontinued operations as explained in the financial report

² Includes a pre-tax trading loss of \$5.0 million for the period to the date of sale

³ Nielsen Media Research, Survey 4, June 2008

⁴ Nielsen NetRatings, June 2008

THEME PARKS

Village Roadshow cemented itself as Australia's largest theme park owner operator adding to its existing Gold Coast theme park attractions with acquisitions and greenfield sites during the year including aquarium and theme park operations in Australia, in Sydney and Queensland's Sunshine Coast, in New Zealand, and in Hawaii and Phoenix, Arizona in the United States.

The new additions to our Theme Parks portfolio are being integrated into the Village Roadshow Group with energised marketing expertise and with exciting development plans at all venues.

This has been complemented by the addition of the new whale watching experience at Sea World which commenced in June 2008 and by the huge overhead roof at Warner Bros. Movie World which makes this one of the largest undercover evening dinner venues for functions and conferences on the Gold Coast.

The Warner Roadshow Studios, adjacent to Warner Bros. Movie World, held its own during the year despite facing strong overseas competition for major film productions, a high local currency and the writers' and actors' strikes in the US.

As mentioned above, trading conditions for the Gold Coast theme park attractions were difficult during the year with extremely wet and monsoonal weather conditions affecting all Queensland tourism assets with attendances adversely impacted in the key summer season and January holiday period. The EBITDA result achieved was nevertheless still healthy and only marginally behind the record \$84.1 million set last year. The \$4.9 million contribution from the Sydney Attractions Group for the 5 months to June 2008 contributed to a total divisional EBITDA for the year of \$84.9 million.



The Gold Coast theme parks managed to hold attendances remarkably well despite the unfavourable weather, with overall attendances of 4.0 million compared to 4.2 million in the prior year. Well above average rainfall impacted all theme parks, particularly on Sea World and Wet 'N' Wild Water World.

We constantly strive to ensure that the parks are continuously reinvigorated to keep the experience fresh and entertaining for both new and previous visitors. This year will be no different with continued investment in new attractions at each of the main Gold Coast theme parks in the coming financial year. This includes the Kamikaze Double Sidewinder ride at Wet 'n' Wild which will be open by October 2008, the new Hollywood Stunt Driver show at Warner Bros. Movie World and the Jet Ski Rescue thrill ride at Sea World, both due to open in December 2008.

A number of new marketing initiatives have been introduced including the introduction of more multi-park pass ticketing options and the new digital entertainment platform, My Fun, both of which are expected to generate increased ticket purchases in the future.

Australian Outback Spectacular maintained a second full year of strong performances since opening in April 2006 with another outstanding record of successful operation. Despite the inclement weather Warner Bros. Movie World also experienced strong attendances with visitor numbers up on last year's stellar result whilst Sea World, Paradise Country and Wet 'N' Wild fell short of expectations. The 405 room Sea World Resort, adjacent to Sea World, produced a solid result given the weather related circumstances facing the South East Queensland tourism region.



During the year the Company undertook the successful take-over and subsequent delisting of Sydney Attractions Group. With this purchase in February 2008 came the award winning Sydney Aquarium, Sydney Wildlife World which was recently voted Australia's Best Family Attraction, Sydney Tower and the exhilarating Skywalk attraction, Oceanworld Manly and Koala Gallery on Hamilton Island.

Enhanced visitor experiences have been incorporated into exhibits which, with special new themed exhibits in progress, will revitalise the attractions and drive admissions. These businesses have been integrated with the Company's operations and aided with revised marketing programs, improvements in food, ticketing, merchandise offerings and expanded educational facilities to appeal to school groups and international tourists.

Village Roadshow cemented itself as Australia's largest theme park owner operator adding to its existing Gold Coast theme park attractions with acquisitions and greenfield sites during the year

The Company also moved to ownership in September 2008 of one of Auckland's top 5 tourist attractions, Kelly Tarlton's Antarctic Encounter & Underwater World. This iconic aquarium and attraction features one of the world's finest exhibits of King and Gentoo penguins including a successful breeding program which makes it a natural fit with the Company's Sea World and Sydney Aquarium assets.



From left:

- A. Superman Escape ride at Warner Bros. Movie World, Gold Coast Australia*
- B. Sydney Wildlife World, Sydney Australia
- C. Australian Outback Spectacular, Gold Coast Australia
- D. Sea World and Sea World Resort, Gold Coast Australia
- E. Hawaiian Waters water park, Hawaii USA
- F. Wet 'n' Wild Water World, Gold Coast Australia
- G. Sydney Aquarium, Sydney Australia

* WARNER BROS. MOVIE WORLD and logo and all related characters and elements are trademarks of and © Warner Bros. Entertainment Inc.



The Company has also taken steps during the year to significantly expand its water parks business. Water parks are an important part of the Company's growth strategy; they have become for the new millennium what a day at the beach was to yesteryear and are driving multiple visits among families and teens. For young people it has become a destination "where the boys are / where the girls are" and for families a safe environment with no sharks or stingers as well as with shade and quality amenities for parents.

In Australia this has seen the proposed development of Aussie World on Queensland's Sunshine Coast and the subsequent development application in August 2008 to open an Australian themed world class water park on the 23 hectare site.



the addition of some of the world's most exciting water oriented attractions.

Both Hawaii and Phoenix will be rebranded Wet 'N' Wild and relaunched in May 2009 to coincide with the US summer holiday season, and, subject to planning approval, the Sunshine Coast park will become a Wet 'N' Wild branded water park. Wet 'N' Wild on the Gold Coast went from approximately 150,000 admissions at the time of our initial acquisition to approximately one million visitors in 2007. With the rebranding of these new water parks, the addition of new attractions and inspiring marketing initiatives, we expect similar exciting performances from these new water parks.

FILM DISTRIBUTION

Village Roadshow's Australasian film and DVD distribution division, Roadshow Films, is Australia's and New Zealand's largest independent film distributor. Through its long standing supplier relationships with partners such as Warner Bros., The Weinstein Company, New Line, ABC, BBC and our own Village Roadshow

Very strong performances during the year were achieved from the Warner Bros. titles, *Harry Potter and the Order of The Phoenix* which achieved the largest opening day, weekend and week for any Harry Potter film released to date. It also achieved the fifth biggest opening day of all time. The prehistoric epic *10,000 BC*, *Bucket List* and *Sweeney Todd* were also strong performers.

One of the highlights of the financial year has been the extraordinary performance of *Sex and the City* – the Australasian box office results were the second highest among all territories outside of the



From left:

- A. *The Dark Knight* from Warner Bros. Pictures
- B. Australian Broadcasting Corporation's television comedy series, *Kath & Kim Series 4*
- C. *Teenage Mutant Ninja Turtles* from The Weinstein Company
- D. New Line's *Sex and the City*
- E. *Rush Hour 3*
- F. DVD of *Underbelly Uncut*



Pictures, Roadshow continues to be a leader in the distribution and marketing of theatrical films to cinemas, and of film product to DVD, pay and free television markets in Australia and New Zealand.

With total revenues of over \$400 million, all sectors of Roadshow – Theatrical, Entertainment and Television – have performed strongly throughout the year. The Film Distribution division, including the group's film distribution operations in Greece, produced a robust result in the 2008 financial year with an operating profit before tax of \$36.8 million.

Effective 25 July 2007 Village Roadshow moved to 100% ownership of Roadshow Films. Roadshow Films' theatrical sector finished the year strongly being 30% ahead of the prior year as well as holding the highest market share among all Australian film distribution companies.

domestic US market with only the UK market ahead of the result and is on target to secure a lifetime Australian box office of just under \$27 million. Other highlights during the financial year included the performance of the New Line titles *Hairspray*, which achieved the third biggest opening weekend of all time for a musical, *The Golden Compass* and *Rush Hour 3*.

The recently released blockbuster from Warner Bros., *The Dark Knight*, is helping to drive performance in the 2009 financial year and is on target to secure a lifetime Australian box office of over \$45 million.

Key upcoming titles include three movies from Warner Bros. Pictures, *Harry Potter and The Half Blood Prince*, *The Curious Case of Benjamin Button* and *Body of Lies*, plus *Journey to the Centre of The Earth* from New Line and Village Roadshow Pictures' *Yes Man*.

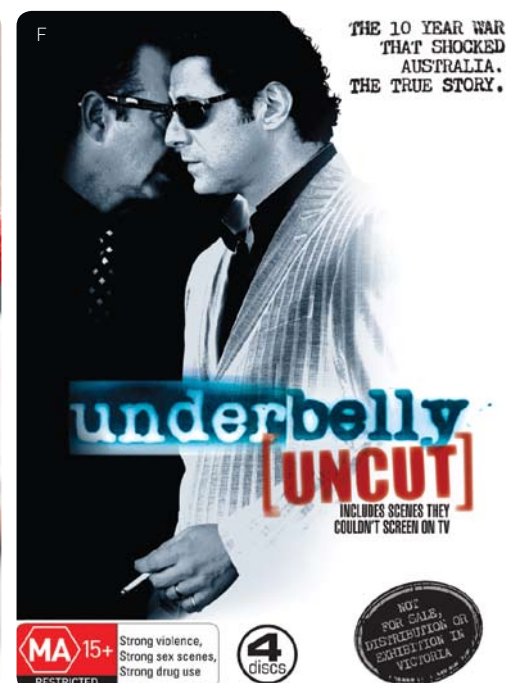


Roadshow continues to be a leader in the distribution and marketing of theatrical films to cinemas, and of film product to DVD, pay and free television markets in Australia and New Zealand.

The Roadshow Entertainment sector surpassed expectations this year delivering record trading results in both top line net revenue and a bottom line record profit.

The Australian DVD category is again in a positive position at the end of the financial year with retail sales growing at a rate of 15.2% to \$1.39 billion*. Roadshow's strong content portfolio achieved a growth rate of 33.2%* from the previous year, positioning Roadshow as the driving force in the Australian DVD market over the past 12 months. Roadshow retained market leadership, growing market share to 17.5% this year.

Roadshow's logistics and distribution facility in Sydney's west, which services its own large catalogue needs as well as that of both Paramount and Warner Bros, smashed last year's record result by shipping over 52 million units of product into the market place. This represents approximately 40% of the industry's total retail sales making the facility the single biggest distributor of DVD product in the Australian marketplace.



Major DVD titles sold during the year include *I Am Legend*, *Oceans 13*, *Teenage Mutant Ninja Turtles* and *Hairspray*. Television programming on DVD has continued to increase in popularity and Roadshow's long term relationship with leading broadcasters including the ABC, the BBC and Channel Nine has ensured a continuous supply of high value programming. Major success has been achieved this year with *Summer Heights High*, *Kath & Kim Series 4*, *Thank God You're Here Series 2 and 3* and the BBC's *Top Gear* and *Dr. Who* all selling strongly. In addition to the globally successful preschool band *The Wiggles* latest release, *You Make Me Feel Like Dancing*, exceeded expectations. The highlight for the year was undoubtedly *Underbelly Uncut*, which was the highest selling DVD title for the year, spending eight weeks as the number one selling title in the market with over 280,000 units being sold.

Looking ahead, future DVD titles in the new financial year include major pre-Christmas releases by Roadshow of *Sex And The City* and *Get Smart* as well as the release of new TV programming *Kenny's World* and *Very Small Business*. Roadshow will also extend its successful relationship with Working Dog with the release of the new ABC TV comedy *The Hollowmen*. The television distribution sector of Roadshow again turned in a strong performance in 2008, with solid results from Roadshow's traditional free-to-air television distribution as well as from its investment in the pay-TV channel, The Movie Network Company. The pay-TV increase was driven by a strong growth in subscriber base, improved fees, additional sales of product outside the license agreement as well as a strong mix of titles hitting the pay-TV window.

In addition to exploiting opportunities in all of its existing distribution mediums, Roadshow is also well placed to take advantage of alternative emerging distribution technologies such as video-on-demand and electronic sell-through. During the year Roadshow secured product distribution with Foxtel on their High Definition pay-per-view platform. Subsequent to year end the Australian launch of the i-Tunes movie and TV downloading service provides further opportunity for the digital distribution of our product.

* Source GFK.



PREVIOUS



START



END



NEXT



CONTENTS



PRINT



EXIT

CINEMA EXHIBITION

Village Roadshow's cinema exhibition division, Village Cinemas, had a very strong year with revenues exceeding \$600 million and EBITDA up 17.4% on the prior year to \$43.2 million. At June 2008 Village Cinemas wholly or jointly owned 507 screens in Australia at 50 cinema locations, as well as a further 157 screens at 17 locations internationally in Singapore, Greece and Czech Republic. With site rationalisation, close control of costs and marketing initiatives, the Australian cinema chain produced a

The digital revolution is a major undertaking that will deliver pristine screen presentation, operational efficiencies, and the ability for the Australian market to open more films in-line with US releases. It will also provide exciting programming flexibilities opening our market to alternative content such as in-cinema live concerts, live theatre, live sports and interactive material that ultimately widens our breadth of choice and repertoire of content.



profit before tax 18% up on the prior year. This was assisted by the ongoing success of the Company's **max** screens and Village Cinemas' premium luxury cinema experience, Gold Class, of which there will shortly be 33 screens over 12 sites. In addition five locations have been enabled with 3D digital projectors to capture a slice of this growing segment.

Village Cinemas will increase the number of 3D enabled digital projectors within the Australian cinema circuit and it is anticipated the circuit will become fully digitalised within 18-24 months. 3D is the next major revolution in state of the art technology that will change the way cinema entertains consumers providing an experience that cannot be rivalled at home thus providing a significant boost to overall cinema attendances world-wide.

During the year under-performing sites at Dandenong and Waverley Gardens in Victoria and Toombul in Queensland were closed and in October 2008 Village Cinemas will open its latest multiplex complex at Doncaster in Victoria. The Doncaster complex features a total of nine auditoriums incorporating three Gold Class cinemas and one huge **max** screen featuring stadium seating and Dolby Digital surround sound.

The strong profit result was driven by solid supply of quality product during the year with movies such as *Transformers*, *Harry Potter and The Order of the Phoenix*, *The Simpsons Movie*, *Bourne Ultimatum* and *Hairspray* in the first half followed by exceptional results from *The Golden Compass*, *I Am Legend*, *Alvin & The Chipmunks* and the blockbusters *Iron Man*, *Indiana Jones and The Kingdom of the Crystal Skull* and *Sex and the City*.



From left:
 A. B & C The Gold Class cinema experience
 D. Village Cinemas Southland's **max** cinema
 E. Gold Class Jam Factory, Victoria Australia
 F. Village Cinemas candy bar



CORPORATE REVIEW

THEME PARKS

FILM DISTRIBUTION

CINEMA EXHIBITION

RADIO

FILM PRODUCTION AND MUSIC

BOARD & SENIOR MANAGEMENT

The run of good product continues into the new financial year with *Get Smart*, *Kung Fu Panda*, *Hancock*, *Mamma Mia* and phenomenal results for Warner Bros.' *The Dark Knight*. Upcoming product later in calendar 2008 include *Mummy 3*, Pixar's *Wall-E*, followed by *Eagle Eye*, *Body Of Lies*, the next exciting James Bond instalment, *Quantum of Solace*, Baz Luhrmann's much anticipated blockbuster, *Australia*, starring Hugh Jackman and Nicole Kidman, and *Madagascar 2*.

In 2009 *Yes Man* starring Jim Carrey will release as well as Will Smith in *Seven Pounds*, *Monsters Vs Aliens in 3D*, *X-Men Wolverine*, *Angels & Demons* – the follow-up to *The Da Vinci Code*, *Night at the Museum 2* and *Terminator 4*.

The Company's cinema operations produced a robust trading performance that demonstrated the resilience and strength of this form of entertainment.

Record breaking attendances of nearly 8.3 million admissions in our Singapore cinemas, especially at the local **max** and Gold Class screens, delivered a positive performance on the back of strong product line up and improved marketing.

The Company's recently refurbished Greek cinema sites, supported by complementary revenues such as cafes and bowling operations, experienced a mixed trading result. During the year the Company completed the sale of its Maroussi

venture, together with our entertainment partner, Crescent Investments, is leading the emerging growth category of premium, intimate cinemas. Targeting the mass affluent US consumer, each Gold Class cinema will feature approximately 40 custom luxury reclining seats and state-of-the-art cinema technology with super-wide screens and digital audio sound. Village Roadshow Gold Class



Repeat visitation and brand allegiance continued to be promoted through the Village Movie Club which continues to deliver innovative ways to engage with cinema-goers. The Village Movie Club now has over 590,000 members and, with its cinema partners, over 990,000 members nationally with whom it communicates weekly and to whom it promotes member competitions and product offerings.

Online ticketing continues to be an emerging preference for cinema goers, and is building into a significant purchase method. Innovations such as Village Quicktix, where customers can buy tickets online, choose their seat and print their ticket at home, provide a competitive edge for Village Cinemas locations.

freehold site in Athens and used the proceeds to retire debt. The two Czech Republic sites performed to expectations in subdued trading conditions.

Given the difficult economic circumstances across the western world over the past period, the Company's cinema operations produced a robust trading performance that demonstrated the resilience and strength of this form of entertainment.

Village Cinemas is eagerly anticipating the opening in the next few months of its first two sites of Village Roadshow Gold Class Cinemas in the United States. This joint

Cinemas will also boast valet service, VIP concierge, a full-service bar and lounge and gourmet food with personal waiter service during each screening.

Having operated the Gold Class concept for over 11 years, it has proved very successful for Village Cinemas, having experienced strong trading in Australia, Singapore and Greece. To date 21 sites at premium locations throughout the US have been approved and are under construction across America. The first two of these sites to open are in South Barrington in Chicago, Illinois and Redmond in Seattle, Washington, with further sites to open in 2009 and others in the pipeline.

RADIO

Village Roadshow's radio assets are held through Austereo Group Limited, the separately listed Australian Securities Exchange company in which Village Roadshow owns over 51%.

The consistent strength of Austereo's radio audiences, growth in sales and growth in online and interactive usage have defined the 2008 financial year as one of significant success. Throughout the year, Austereo maintained its clear leadership of the capital city radio industry.

Austereo has rapidly expanded to become the Australian radio industry's largest cross-platform business, with over 4.5 million radio listeners and more than 819,000 monthly unique browsers online. This dynamic radio/online combination has significantly enhanced the sales opportunities of the group, with success achieved in bundled sales packages, across a broad range of advertising clients. Combined radio and online sales packages increased significantly for the year, consistent with the growing advertiser awareness of the enhanced results to be gained by combining these two powerful media.

The traditional strengths of radio – localism, breaking news and information, music and entertainment – have, to a greater degree, protected radio from erosion by emerging alternative media and technologies. Radio is recognised for its performance in less robust economic conditions, due to its cost effectiveness, audience reach and immediacy as an advertising medium, positioning it well in the immediate future.

Radio's natural synergy with online and interactive media has also opened up new distribution platforms. In the recent past, radio was delivered almost exclusively across standard receivers. Today, radio is also received through online streaming, iPods and mobile phones.



Our star talent line-up ensured that we led in FM radio * in Sydney, Melbourne, Adelaide and Perth and were second in Brisbane. The joint venture stations in Canberra and Newcastle also held number one places.

FOX FM Melbourne won Australia's largest radio audience, followed by 2DAY FM Sydney, with Austereo leading the FM market in both Sydney and Melbourne for the entire financial year. The Today Network's Hamish & Andy dominated the drivetime shift around capital cities and the Triple M Network's AFL broadcasts won the key male 25-54 demographic. Significantly, there was consistency in the audience ratings results, flowing through to increased advertiser support across the year.

Radio is recognised for its performance in less robust economic conditions... positioning it well in the immediate future.

The significance of these trends endorses the future strength of Austereo as it adapts to new technologies, new delivery platforms and becomes even more ubiquitous in its reach of audiences. This further broadens the horizons and opportunities for Austereo. The impending launch of digital radio is a further enhancement of Austereo's offering. Sales revenues for the period from ongoing operations increased by 5.4% year on year to \$260.5 million, reflecting strong advertiser support, with EBITDA increasing by 7.2% to \$94.4 million.

From left:

- A. Kyle & Jackie O of 2Day FM Sydney
- B. Matt & Jo of Fox FM Melbourne
- C. The Today Network's Hamish & Andy



The growth of Austereo is directly attributable to the strength of our on-air personalities, coupled with a focus on the topics that really matter to people. Kyle & Jackie O on 2DAY FM breakfast reach 532,000 committed listeners. In Melbourne, Matt & Jo on FOX FM breakfast have an audience of 642,000. Hamish & Andy on the TODAY Network drivetime program reach 1,682,000 listeners, having added 300,000 listeners – or over 20% – in the past year. These stars are joined by other equally talented on-air people across our national networks.

Localism is a key element in our programming strategy. Our audiences are hungry for information on local happenings and events, and Austereo has invested in the structures to provide a vast amount of local information.

Austereo also invests in the discovery and development of new talent, to ensure performance at the leading edge of popular culture and maintenance of our 'must listen' position in the market and is focused on finding the leading entertainers of tomorrow and guiding them in their growth.

At the same time, Austereo's support of Australian music is a corporate priority and we have continued to invest in the development of Australian Music through special programming initiatives and other initiatives to support homegrown music talent.

Austereo was an early mover into the online field, based upon our belief that a strong relationship existed between radio and internet. The division has expanded its interests to the extent that today our interactive business is not only the largest in the Australian Radio Industry, but also

Each of our stations are in a unique position to benefit its communities above and beyond our role of informing and entertaining our audiences. As part of Village Roadshow, we have a commitment to the improvement of our diverse communities and will continue to invest in this important policy, which currently sees all stations supporting a wide range of community causes.

ranked seventh in the overall online Entertainment category. During the year, both the Today and Triple M networks sites were relaunched on new enhanced platforms, with expanded content including video/audio interviews, live streaming of programs, downloads of podcasts and vodcasts, iTunes direct link, video player, music video clips, news, weather and blogs.

Every Today Network site was the number one local radio site in its capital city in April 2008. By the following month Austereo's unique browsers and page impressions had increased a further 13% and 33% respectively** and continue to grow. Site traffic has steadily increased over the year and is now 54% higher than last year. During this time the rich content of our sites delivered 96 million page impressions** over the year, an increase of 158% on the same period last year.

Austereo's Malaysian programming arrangement enjoyed another successful year whilst Austereo disposed of its radio investment in Greece during the year.

Austereo enters the new year in strong shape, with leading audience and sales market shares. We are continuing to build Austereo's online and interactive operations and lead in our category. Village Roadshow is confident in the ability of Austereo to perform well in the coming year and that it will continue to profit from expanding its reach across analogue and digital radio, as well as online and interactive platforms.

* Nielsen Research Survey 4 07 compared with Survey 4 08

** Nielsen NetRatings

FILM PRODUCTION AND MUSIC

The 2008 financial year saw the strategic merger in February 2008 of Village Roadshow Pictures Group ("VRPG") with Concord Music Group ("CMG") to form the enlarged Village Roadshow Entertainment Group ("VREG") with a focus on a growing content based business.

This transaction resulted in a one-off pre-tax profit to Village Roadshow of \$184.7 million*, and cash proceeds of \$53.8 million. In addition to bringing the music business into the wider Village Roadshow group, the main consequence of the merger was that the Company moved to 40.9% ownership of the combined VREG business and has hence deconsolidated VRPG's results effective from 31 January 2008.

The Company remains committed to the businesses within VREG and is expecting more diversified earnings from its VREG investment in the future.

Village Roadshow Pictures Group takes a portfolio approach to film making and, with the significant equity in its valuable film library, is currently renegotiating its revolving film finance facility seeking to extend the period to allow additional capacity for new films. This periodic renegotiation is expected to be completed later in the 2008 calendar year.

VRPG is the leading independent movie producer in Hollywood, with its 60 films over the past 10 years having grossed a global box office of over US\$8.7 billion with hits such as *The Matrix* trilogy, the *Ocean's* trilogy, *Charlie and the Chocolate Factory*, *Happy Feet* and most recently *I Am Legend* and *Get Smart*. VRPG has won 8 Academy Awards and 3 Golden Globe Awards for films such as *Training Day*, *Mystic River* and *Happy Feet*.

VRPG distributes its filmed entertainment through Village Roadshow affiliates in several territories around the world including Australia, New Zealand, Greece and Singapore.

This year VRPG saw mixed results with some exceptional performances from *I Am Legend* and *Get Smart*, and some less favourable performances from *Speed Racer* and *The Brave One*. Film production was heavily impacted by the writers' strike, which delayed production on a number of films during the period, with most titles deferred or rescheduled to later dates.

Village Roadshow Pictures Group is the leading independent movie producer in Hollywood, with its 60 films over the past 10 years having grossed a global box office of over US\$8.7 billion, and Concord Music Group is one of the World's largest independent music companies.



Production starts are slowly returning to the same level before the strike and should continue to increase and return to normal in the near future.

Films released during the year included *Get Smart*, based on the classic television series, starring Steve Carell in the lead role with Anne Hathaway as Agent 99 and the sci-fi thriller *I Am Legend*, starring Will Smith. *I Am Legend* has achieved box office sales of over US\$584 million worldwide and is the second highest grossing film in the ten year history of VRPG.



Films set for release in the 2009 financial year include *Nights In Rodanthe* with Richard Gere and Diane Lane, *Yes Man* with Jim Carrey and *Gran Torino*, directed by and starring Oscar winner Clint Eastwood. Further pictures for later release which are currently in production include *Where The Wild Things Are*, based on the popular children's book, *Cats and Dogs 2*, the sequel to the original which grossed over US\$200 million worldwide and *Sherlock Holmes* with Robert Downey, Jr. which has the potential to launch a successful film franchise.

Concord Music Group is one of the world's largest independent music companies, with over 5,000 albums in print and one of the largest and most prestigious catalogues of recorded music in the world encompassing an assortment of genres including classical, jazz, blues, R&B and rock music. Its catalogue of recordings include titles by such legendary artists as Ray Charles, Rosemary Clooney, Count Basie, Miles Davis, Duke Ellington, Little



From left:

- A. *Get Smart*, starring Steve Carell in the lead role with Anne Hathaway as Agent 99
- B. More adventures with Mumble in *Happy Feet 2*
- C. Will Smith starring in *I am Legend*
- D. *Yes Man*, starring Jim Carrey



Also in the release schedule are two animated films that are currently in the early stages of production. *Guardians of Ga'hoole* is a film based on a series of books about the classic battle of good versus evil that takes place in the owl kingdom. In addition *Happy Feet 2* directed by George Miller, is a sequel based on the original that grossed almost US\$400 million worldwide and won the Oscar for best animated feature film. The Company is particularly pleased that both these projects are being made in Australia and are to be produced by Village Roadshow.

Richard, Creedence Clearwater Revival and Ella Fitzgerald. CMG's recent recordings include such world-class artists as Paul McCartney, Joni Mitchell, James Taylor, Sia, George Benson, Dave Brubeck, and John Fogerty.

CMG continues to trade strongly and has a number of initiatives in planning including a closer integration with VRPG to cross sell both forms of entertainment. CMG also continues to work closely with its partner Starbucks Entertainment to produce and distribute music through Starbucks' worldwide network of over 16,000 stores. Upcoming releases from the partners' co-owned Hear Music label include *Life, Death Love and Freedom* from John Mellencamp and *Covers* from James Taylor.

* Includes a pre-tax trading loss of \$5 million for the period to the date of the sale.

BOARD AND SENIOR MANAGEMENT

VILLAGE ROADSHOW LIMITED BOARD

JOHN KIRBY

Executive Chairman

ROBERT KIRBY

Executive Deputy Chairman

GRAHAM BURKE

Managing Director

PETER HARVIE

Executive Chairman,
Austereo Group Limited

DAVID EVANS

Independent Non-executive
Director

PETER JONSON

Independent Non-executive
Director

ROBERT LE TET

Independent Non-executive
Director

BARRY REARDON

Independent Non-executive
Director

SENIOR MANAGEMENT EXECUTIVE COMMITTEE

PETER FOO

Group Chief Operating
Officer

JULIE RAFFE

Chief Financial Officer

TIM CARROLL

Chief Marketing Officer

PHIL LEGGO

Group Company Secretary

TONY PANE

Chief Tax Counsel

SIMON PHILLIPSON

General Counsel

PETER DAVEY

Managing Director Corporate
Development

DAVID KINDLEN

Chief Information Officer

CORPORATE SENIOR MANAGEMENT

SHAUN DRISCOLL

Co Company Secretary & Group
Manager Corporate Services

LEE EWE

General Manager Risk
Management & Compliance

PETER HARRIS

General Manager Finance

ANDREW HUTCHINSON

General Manager Group Tax

JORDANA JENSEN

Digital Marketing Director

JACINTA MACKEY

Group Manager CSR
& Sustainability

MICHAEL MCKEON

Marketing Director, Brand
Alliances, New Marketing
Business Development

LOUISE MILLER

Group Director
Human Resources

THEME PARKS DIVISION SENIOR MANAGEMENT

JOHN MENZIES

Chief Executive Officer, Village
Roadshow Theme Parks

GRAHAM McHUGH

Chief Financial Officer, Village
Roadshow Theme Parks

TIM FISHER

Chief Operating Officer, Village
Roadshow Theme Parks

JOHN HARNDEN

Chief Executive, International
Theme Parks

KEVIN BUSH

Chief Executive Officer, Sydney
Attractions Group

ERNST PFISTER

General Manager, Sea World
Resort

TREVOR LONG

Director Marine Sciences,
Village Roadshow Theme Parks

BOB WHITE

General Manager, USA Theme
Parks

FILM DISTRIBUTION DIVISION SENIOR MANAGEMENT

CHRIS CHARD

Managing Director, Roadshow
Entertainment and Roadshow
Television

JOEL PEARLMAN

Managing Director, Roadshow
Film Distributors

CAROLE BROWNLEE

Finance Director, Roadshow
Films

NOEL BECKETT

Managing Director Roadshow
Entertainment New Zealand

PETER BRYANS

Marketing Director, Roadshow
Entertainment

BRANDON HILL

Sales Director Roadshow
Entertainment

LISA HUBBARD

General Manager Roadshow
Film Distributors New Zealand

PHIL ONEILE

National Marketing Manager,
Roadshow Film Distributors

BRETT ROSENGARTEN

National Sales Manager,
Roadshow Film Distributors

GREG SNEDDON

Sales Director, Roadshow
Television

CINEMA EXHIBITION DIVISION SENIOR MANAGEMENT

KIRK SENIOR

Chief Executive Officer, Village
Cinemas

CHRIS JOHNSTONE

Director of Architecture,
Village Cinemas

CHRIS SHINE

General Manager Operations,
Village Cinemas Australia

ROB GOLDBERG

Chief Operating Officer,
Village Roadshow Gold Class
USA

DAVID GLASS

Managing Director, Golden
Village Cinemas, Singapore

HARRY ANTONOPOULOS

Managing Director, Village
Cinemas Greece

TOMAS PALICKA

General Manager, Village
Cinemas Czech Republic

RADIO DIVISION SENIOR MANAGEMENT

PETER HARVIE

Executive Chairman, Austereo
Group Limited

MICHAEL ANDERSON

Chief Executive Officer,
Austereo Group Limited

KATHY GRAMP

Chief Financial Officer, Austereo
Group Limited

GUY DOBSON

National Content Director,
Austereo Group Limited

GERAINT DAVIES

Chief Operations Officer,
Austereo Group Limited

NIKKI CLARKSON

National Marketing Director,
Austereo Group Limited

DES DECEAN

Director Engineering and IT,
Austereo Group Limited

GEOFF HILL

National Sales Director,
Austereo Group Limited

JILL JOHNSON

Head of Human Resources,
Austereo Group Limited

JEREMY MACVEAN

Head of Digital Strategy,
Austereo Group Limited

FILM PRODUCTION AND MUSIC DIVISION SENIOR MANAGEMENT

GREG BASSER

Chief Executive Officer, Village
Roadshow Entertainment Group

BRYCE WOLFE

Group Chief Financial Officer
& Finance Director, Village
Roadshow Entertainment Group

BRUCE BERMAN

Chairman & Chief Executive
Officer, Village Roadshow
Pictures Entertainment

DANA GOLDBERG

President of Production,
Village Roadshow Pictures
Entertainment

MATTHEW VELKES

Chief Financial Officer,
Village Roadshow Pictures
Entertainment

GLEN BARROS

Chief Executive Officer, Concord
Music Group

BOB VALENTINE

Senior Vice President of
Strategic Planning & Chief
Financial Officer, Concord
Music Group

GENE RUMSEY

General Manager, Concord
Music Group

JOHN BURK

Executive Vice President, A&R,
Concord Music Group

BURT BERMAN

Chief Executive Officer, Village
Roadshow Music Group