

FINANCIAL REPORT 2009

VILLAGE ROADSHOW LIMITED ABN 43 010 672 054

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2009.

CORPORATE INFORMATION

Village Roadshow Limited ("the Company" or "VRL") is a company limited by shares that is incorporated and domiciled in Australia. The registered office of the Company is located at Warner Roadshow Movie World Studios, Pacific Motorway, Oxenford, Queensland 4210, with the principal administrative office at Level 1, 500 Chapel Street, South Yarra, Victoria 3141.

DIRECTORS AND SECRETARIES

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

Directors:

John R. Kirby (Chairman)
Robert G. Kirby
Graham W. Burke
Peter M. Harvie
D. Barry Reardon
Peter D. Jonson
David J. Evans
Robert Le Tet

Secretaries:

Philip S. Leggo
Shaun L. Driscoll

The qualifications and experience of the Directors and Secretaries and the special responsibilities of the Directors are set out below:

Board of Directors



John R. Kirby

Chairman, Executive Director, Age 62

Member of the Board since 12 August 1988

Holds a Bachelor of Economics and is a Certified Practising Accountant with over 40 years experience in the entertainment industry. Chairman Village Roadshow Limited 1990 to 1994, 1999 to 2002 and from July 2006. Deputy Chairman of Village Roadshow Limited 1994 to 1998, and from 2002 to June 2006. Director Austereo Group Limited and Village Roadshow Corporation Pty Ltd.

Member Executive Committee

Chairman Nomination Committee

Other Listed Public Company Directorships in previous 3 years:
Austereo Group Limited, since 19 January 2001



Robert G. Kirby

Deputy Chairman, Executive Director, Age 58

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

Holds a Bachelor of Commerce with over 30 years experience in the entertainment and media industry. Through the launch of Roadshow Home Video, Mr. Kirby was the driving force behind the Australian video revolution of the 1980's and 1990's. He is a pioneer of new cinema concepts in both Australia and internationally and has

been at the forefront of Village Roadshow's successful diversification into theme parks, radio and film production. Chairman of Village Roadshow Limited 1994 to 1998, and from 2002 to June 2006. Deputy Chairman Village Roadshow Limited 1990 to 1994, 1999 to 2002 and from July 2006. Director Austereo Group Limited and Chairman of Village Roadshow Corporation Pty Ltd. Currently Deputy Chair of Peter MacCallum Cancer Foundation, Victoria Board of Directors and Member of Patrons Council, Epilepsy Foundation and Patron of Victorian Arts Centre.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years:
Austereo Group Limited, since 19 June 2001

Sydney Attractions Group Limited, from 19 December 2006 to 16 April 2007



Graham W. Burke

Managing Director, Executive Director, Age 67

Member of the Board and Managing Director since 9 September 1988

Managing Director Village Roadshow Limited, a position he has held since 1988 with unrivalled experience in the entertainment and media industries. Mr. Burke has been one of the strategic and creative forces behind Village Roadshow's development and founded Roadshow Distributors with Roc Kirby. He was

also a founding director of radio station 2Day FM, and spent four years as the original Commissioner of the Australian Film Commission. Director Austereo Group Limited and Village Roadshow Corporation Pty Ltd.

Chairman Executive Committee

Member Remuneration Committee

Other Listed Public Company Directorships in previous 3 years:
Austereo Group Limited, since 19 January 2001



Peter M. Harvie

Executive Director, Age 70

Member of the Board since 20 June 2000

Executive Chairman, Austereo Group Limited with over 45 years experience in the advertising, marketing and media industries. First entered radio in 1993 as Managing Director of the Triple M network before becoming Managing Director of the enlarged group following its merger with Austereo in 1994. Founder and Managing Director of the Clemenger Harvie advertising

agency from 1974 to 1993. Director Clemenger BBD0 1975 to 1992. Director Mazda Foundation Limited, Art Exhibitions Australia Limited and the Australian National Maritime Museum.

Member Executive Committee

Other Listed Public Company Directorships in previous 3 years:
Austereo Group Limited, since 16 January 2001



Peter D. Jonson

Independent Non-Executive Director, Age 63

Member of the Board since 24 January 2001 and Lead Independent Director from 26 November 2008

Holds a Bachelor of Commerce and Master of Arts degrees from Melbourne University and Ph D from the London School of Economics. Following a 16 year career with the Reserve Bank of Australia including 7 years as Head of Research, entered the private sector with

roles at leading Australian financial institutions. Positions included Head of Research, James Capel Australia; Managing Director, Norwich Union Financial Services; and Chairman, ANZ Funds Management. Founding Chair Australian Institute for Commercialisation Ltd (2002-2007). Currently Chair of Bionomics Ltd and the Federal Government's Cooperative Research Centre Committee.

Chairman Remuneration Committee

Member Audit & Risk Committee

Other Listed Public Company Directorships in previous 3 years:
Bionomics Ltd, since 11 November 2004
Pro Medicus Limited, since October 2000
Metal Storm Limited, from February 2006 to February 2009

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DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND SECRETARIES (continued)

Board of Directors (continued)



D. Barry Reardon
Independent Non-Executive Director, Age 77

Member of the Board since 24 March 1999

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

Bros. Distribution. Serves on the board of various United States companies and organisations and is a Director of Village Roadshow Pictures International Pty Ltd.

Member Remuneration Committee

Member Audit & Risk Committee

Other Listed Public Company Directorships in previous 3 years:

Loewe Cineplex Inc., since September 2003

Tribune Media Inc., since 1999

Sundance Cinema Corporation Inc, since January 2006



David J. Evans
Independent Non-Executive Director, Age 69

Member of the Board since 2 January 2007

Over 40 years international business experience in media and entertainment industries including CEO of GTV Channel Nine in Melbourne, President, COO at Fox Television and Executive Vice President News Corporation, both in the United States, including Sky Entertainment Services Latin America. Most recently President and CEO of Crown Media Holdings Inc, previously

Hallmark Entertainment Networks, since 1999. Serves on the board of John Fairfax Holdings Limited, British Sky Broadcasting Group Plc and the Australian Tissue Engineering Centre.

Member Nomination Committee

Other Listed Public Company Directorships in previous 3 years:

Fairfax Media Limited (formerly John Fairfax Holdings Limited), since 22 June 2005

British Sky Broadcasting Group Plc, since 21 September 2001



Robert Le Tet
Independent Non-Executive Director, Age 65

Member of the Board since 2 April 2007

Holds a Bachelor of Economics Degree from Monash University and is a qualified C.P.A. Founded and currently Executive Chairman of venture capital company, Questco Pty. Ltd. Over 35 years' experience in broadcasting, film and entertainment industries, including Director of television production company Crawford

Productions. Formerly Deputy Chairman of radio station EONFM and 20 years as Chairman and CEO of Australia's largest film and advertising production company, The Filmhouse Group. Previously Chairman of radio stations 3UZ and 3CV, WSA Communications Pty. Ltd. and Entertainment Media Pty. Ltd and Chairman of Metropolitan Ambulance Service in Melbourne. Served as Board Member of the Australian Broadcasting Authority and Chairman of its Audit Committee.

Chairman Audit & Risk Committee

Member Nomination Committee

Other Listed Public Company Directorships in previous 3 years:

Nil.

Company Secretaries

Philip S. Leggo

Group Company Secretary, Age 55

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

Shaun L. Driscoll

Co Company Secretary & Group Manager Corporate Services, Age 54

Holds a Bachelor of Arts and Bachelor of Laws from University of Natal and is a Fellow of the Institute of Chartered Secretaries. Mr. Driscoll has diverse industry experience including over 19 years with Village Roadshow, is a Secretary of all of Village Roadshow's subsidiaries and a Director of Village Roadshow's wholly owned subsidiaries.

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

NAME OF DIRECTOR	VILLAGE ROADSHOW LIMITED			AUSTEREIO GROUP LIMITED
	Ordinary Shares	Preference Shares	Ordinary Options	Ordinary Shares
John R. Kirby	77,859,352	-	-	181,093,856
Robert G. Kirby	77,859,352	-	-	181,093,856
Graham W. Burke	77,859,352	-	6,000,000	181,093,856
Peter M. Harvie	257,400	242,900	-	1,030,001
Peter D. Jonson	20,000	37,000	-	-
D. Barry Reardon	10,000	8,552	-	-
David J. Evans	80,000	-	-	-
Robert Le Tet	-	-	-	-

Messrs J.R. Kirby, R.G. Kirby and G.W. Burke each have a relevant interest in 100% of the issued capital of:

- Village Roadshow Corporation Pty. Limited, the immediate parent entity of the Company; and
- Positive Investments Pty. Limited, the ultimate parent entity of the Company.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its controlled entities ("VRL group" or "economic entity") during the financial year were:

- Theme park and other leisure attraction operations;
- Cinema exhibition operations;
- FM radio operations; and
- Film, DVD and video distribution operations.

During the 2008 financial year, the economic entity's Film Production operations were de-consolidated following the restructuring of Village Roadshow Pictures Group to form Village Roadshow Entertainment Group, which is 40.9% owned by the economic entity.

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OPERATING AND FINANCIAL REVIEW

OVERVIEW

The VRL group recorded an operating profit after tax before material items and discontinued operations for the year ended 30 June 2009 of \$58.5 million, compared to \$51.9 million for the prior year. EBITDA from operations grew 4.2% to \$247.4 million compared to \$237.4 million for the prior year.

Key Points:

- Improved trading in Theme Parks and Australian Cinema Exhibition.
- Successful launch of Phoenix Wet 'n' Wild.
- Conditional sale (regulatory and other approvals pending) of Greece businesses which will release approximately A\$80 million of cash proceeds.
- Interim dividend of 3.75 cents per share fully franked, paid in July 2009.
- Final dividend recommended of 6 cents per ordinary share and 9 cents per preference share fully franked, to be paid in December 2009.
- Gold Class USA performance disappointing, reducing overall positive impact from other Cinema Exhibition territories.
- Impairment of carrying value of assets including goodwill relating to acquisition of Sydney Attractions Group.

After including material items and discontinued operations, net profit after tax amounted to \$12.6 million, compared to \$256.9 million in the prior year. The 2008 financial year included the profit of \$181.6 million from part divestment, and subsequent de-consolidation, of the Group's investment in the Film Production and Music division.

Material items before tax and minority interests in the year ended 30 June 2009 comprised non-cash adjustments relating to:

- Impairment charges relating to recent acquisitions including goodwill on acquisition of Sydney Attractions Group and the VRL group's investment in the US Gold Class business, and other non-current asset write-downs, totalling \$59.2 million; and
- Unrealised losses on interest rate and foreign currency derivatives of \$20.5 million. VRL's policy is to partially hedge interest rates, generally using collars (caps and floors) on 50% of its debt for the term of the loan. These derivatives are commercially effective but are mostly deemed ineffective for accounting purposes. VRL believes its hedging policy remains appropriate for the business.

VRL's businesses continue to perform in more unpredictable economic times, and the management team remains focused on free cash flow generation and managing margins to drive strong returns.

The Gold Coast Theme parks have outperformed in the last half year, with results surpassing the prior period. Management have continued to focus on driving admissions and revenues through initiatives such as the Q150 and annual pass campaigns to give consumers an ongoing value proposition to their entertainment needs.

The group results have further been bolstered with improved returns from Australian Cinema Exhibition, which has benefited from outstanding product during the period including *The Dark Knight*, *Mamma Mia*, *Australia* and *Quantum of Solace 007*. The strength of product has continued into the new financial year with *The Hangover* and *Transformers: Revenge of the Fallen* both outperforming expectations.

The performance of Gold Class USA continues to be disappointing, clearly impacted by poor economic conditions. The Company is looking at strategies to improve the contribution of this business.

Although facing a tough retail environment, the Film Distribution business has maintained its position as number one distributor in Australia and achieved a small improvement on its prior year result.

Austereo faced a challenging year with the radio advertising market declining by 3.28% compared to the prior year. Through strong leadership and careful cost management, coupled with strength in ratings, Austereo achieved a result that was only marginally down on the prior year.

Village Roadshow Pictures, as previously announced, has restructured US\$900 million of film production finance through to September 2010. Village Roadshow Pictures is confident a longer term film finance structure will be negotiated in this interim period. Through to Christmas 2009 two productions will be released, the Spike Lee *Where The Wild Things Are* and the exciting *Sherlock Holmes* starring Robert Downey Jr.

VRL has taken rigorous measures to reduce costs across all of its divisions, which has resulted in improved margins in most areas. The group remains focused on maximising cash generation and careful capital investment. Other Wet 'n' Wild water park opportunities are being assessed by the Company both in Australia and overseas.

The group has entered into agreements to sell its investments in Greece and Czech Republic, which will realise approximately \$80 million in proceeds, and provide additional financial flexibility. The Greek agreement is subject to regulatory and other approvals.

Included in the debt facilities classified as current liabilities as at 30 June 2009 is \$215 million relating to term facilities which have expiry dates of less than 12 months from balance date. Subsequent to balance date, \$170 million of this amount has been successfully re-negotiated for a further three year term. The remaining \$45 million relates to the group's Australian Cinema Business, and negotiations with the banking syndicate are well advanced.

CAPITAL MANAGEMENT AND DIVIDENDS

A final dividend of 6 cents per ordinary share and 9 cents per preference share fully franked is recommended by the Board of Directors. The Board is considering its options regarding future capital management initiatives.

OPERATIONAL PERFORMANCE

Theme Parks

EBITDA for the Theme Parks division, which includes the Gold Coast Theme Parks, Sydney Attractions Group, Kelly Tarlton's Antarctic Adventure and Underwater World ("Kelly Tarlton's"), and US Water Parks, was \$101.1 million compared to \$84.9 million for the prior corresponding period. Operating profit before tax and material items for the Theme Parks division was \$42.7 million, compared to \$30.8 million for the prior corresponding period.

	EBITDA ¹		NPBT ¹	
	FY2009 \$'m	FY2008 \$'m	FY2009 \$'m	FY2008 \$'m
Gold Coast Theme Parks	82.4	80.2	35.6	29.2
Sydney Attractions Group/Kelly Tarlton's ²	19.8	4.9	10.2	2.0
US Water Parks	(1.1)	(0.2)	(3.1)	(0.4)
TOTAL	101.1	84.9	42.7	30.8

Note 1: Amounts before material items and discontinued operations.

Note 2: Control of Sydney Attractions Group was effective from 1 February 2008, and EBITDA and NPBT for the full 2008 financial year was \$17.1 million and \$6.9 million respectively. Control of Kelly Tarlton's was effective from 1 September 2008.

Gold Coast Theme Parks

The Gold Coast Theme Parks division includes Warner Bros. Movie World, Wet 'n' Wild, Sea World, Sea World Resort and Water Park, Paradise Country, Australian Outback Spectacular and Warner Roadshow Film Studios. For the current period overall attendances were 4.085 million, compared to 4.005 million in the prior year. EBITDA for the year was \$82.4 million which was up 2.7% from the prior year. The division performed below prior year for the first half of the financial year but recovered to achieve a strong second half.

Revenue growth in the second half of the year was a result of a number of key initiatives including the Q150 season pass which was aligned with Queensland's 150 year celebration activities and major cost reduction initiatives resulting from a renewed focus brought about by the recent appointments of Chairman John Menzies and CEO Tim Fisher and the implementation of a business restructuring program.

One-off redundancy and other restructuring costs in excess of \$1 million are reflected in these results. The new management structure has been able to realise growth in revenues as well as reducing costs through increasing efficiencies and reviewing operational practices. Each site is now under the control of newly appointed general managers, thereby bringing increased focus on individual operations.

The marketing campaigns initiated throughout the period included the release of the Q150 pass for Queensland residents, the Hollywood Stunt Driver show advertising campaign, and the MyFun Children's birthday promotion. All of these campaigns have assisted in driving the outstanding results for the division in the second half of the year.

The new Hollywood Stunt Driver show opened at Warner Bros. Movie World in December 2008 and has continued to be a crowd pleaser for the second half of the financial year. Other new attractions opened during the year include the Jet Ski Rescue thrill ride at Sea World which opened in December 2008 and the Kamikaze Double Sidewinder ride at Wet 'n' Wild which opened in September 2008.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (continued)

OPERATIONAL PERFORMANCE (continued)

Theme Parks (continued)

Sydney Attractions Group and Kelly Tarlton's

The Sydney Attractions Group includes Sydney Aquarium, Sydney Wildlife World, Sydney Tower and Manly Oceanworld. Kelly Tarlton's aquarium is based in Auckland, New Zealand. For the current period combined attendances were 2.6 million compared with 2.8 million in the prior period.

EBITDA contribution for the year was \$19.8 million which was up from \$4.9 million in the prior period, however Kelly Tarlton's was not included in the prior year results, having been acquired effective 1 September 2008, and the Sydney Attractions Group results were only included from 1 February 2008. On a like-for-like basis, the results for Sydney Attractions Group represented an increase of \$2.0 million EBITDA or 11% on 2008. This is a good result in the current environment which saw a decline in international tourists to Sydney, although the result did not match budget expectations.

The new Dugong attraction which opened at Sydney Aquarium in December 2008 has been a huge success and saw an immediate increase in domestic attendances. The exhibition, which is themed around Mermaids and Dugongs, has been a great addition to the Aquarium and coupled with the current Spongebob Squarepants promotion is expected to drive attendances into 2010.

Kelly Tarlton's has been impacted by the weak New Zealand economy and weaker international tourism. A number of promotional drives have been successful in encouraging attendances from the local market which has allowed Kelly Tarlton's to maintain a good result given the conditions.

Over the last financial year the focus for the Sydney Attractions Group and Kelly Tarlton's has been to strengthen management, and to bring the back office, marketing and operational expertise of the greater VRL group into these divisions.

US Water Parks

The US Water Parks division includes two water parks, Wet'n'Wild in Phoenix, Arizona and Wet'n'Wild on the island of Oahu, Hawaii. The Hawaiian water park was acquired by the group in May 2008 and re-launched as Wet'n'Wild Hawaii in June 2009. Wet'n'Wild Phoenix, a new park, opened for the first time to the public on 1 July 2009.

Following an accelerated development program, Wet'n'Wild Phoenix opened on budget at a total cost of around US\$29 million. The park features a wide array of high profile attractions, and extensive shade protection from the hot Phoenix sun. The park has been well received, and attendance in the first full month of operation has been very impressive. Pre-opening costs of \$1.5 million were incurred in the development of this park and are included in the FY2009 results. The Company is excited about the potential of this park, and looks forward to a full year's results in 2010.

Wet'n'Wild Hawaii's EBITDA for the year was \$1.9 million, which was slightly below expectations and impacted by a write-off of replaced rides of \$0.9 million. Admissions were 349,000 for the 2009 financial period against 318,000 in 2008. Admission numbers were adversely affected by reduced tourism to Hawaii particularly from the US market.

To fully capture the potential of this park going forward, and to properly rebrand and reposition this park as a true Wet'n'Wild water park, the group has invested in several new attractions for the property. This includes the Tornado, a waterslide that appeals to thrill-seekers, a family friendly Tipping Bucket for the children's play area, a Family Raft Ride and a teen-oriented Octopus. VRL believes that these new attractions will significantly enhance the park experience, and on that basis, increase the park's penetration of both the local and tourism markets.

The VRL group sees Water Parks as an area of significant growth and is currently studying a number of potential opportunities in Australia and overseas.

Film Distribution

The Film Distribution division includes Roadshow Entertainment, Roadshow Television and Roadshow Films, with operations in Australia, New Zealand and Greece. EBITDA for the year was \$57.0 million which was slightly up on the prior period. Strong product performances throughout the year helped achieve a solid result in what has been a challenging economic environment.

Roadshow Films' 2009 financial year started strongly with *The Dark Knight* performing at blockbuster levels and Roadshow's leadership position continued to be supported throughout the year with releases such as *Get Smart*, *The Curious Case of Benjamin Button*, *Gran Torino*, *17 Again*, *He's Just Not That Into You* and *The Hangover*, all performing better than initial expectations. Roadshow Films/Warner Bros. maintained its position as No.1 Distributor with 21.68% of the theatrical market as at June 2009.

The beginning of 2010 will see two key Australian theatrical releases with *Beautiful Kate* (directed by Rachel Ward and starring Ben Mendelson, Bryan Brown and Rachel Griffiths) released on 31 July 2009 and *Mao's Last Dancer* (directed by Bruce Beresford, from the Book by Li Cunxin and adapted for the screen by Jan Sardi) planned for release in October 2009. Supporting Australian film is a key goal for Roadshow, and the company has entered into three new deals, *Bran Nue Dae* which is expected to release at Christmas, *I Love You Too* in post production and *Red Dog* which is about to commence production.

Roadshow management is currently investigating a structure whereby Roadshow would become a foundation investor and seek other equity to execute a portfolio of films, and would obtain the distribution rights to those films. This is not only an excellent opportunity, but is also an offset to the reduced number of independent films available to Roadshow as a result of the financial crisis.

Roadshow Entertainment continued to be the leading supplier to the market with a 16.7% share of all retail sales. Even though it was a particularly tough trading year in the retail sector Roadshow achieved a number of highlights throughout the year with *Sex and The City*, the fifth highest selling film on DVD in the market. Outstanding results were also achieved within the TV category with the *Underbelly* franchise (season one and two) ranked as the number one licence in the Australian market and two of the BBC's global brands *Top Gear* and *Dr Who*, ranked at fifth and eighth respectively, with the ABC's *Summer Heights High* also continuing to perform well this year.

Roadshow Entertainment maintained a market leading 22% share of the entire TV on DVD category through its representation of the content catalogues from the BBC, the ABC, Working Dog, selected programs from Channel Nine and Southern Star.

As with the TV category, Roadshow Entertainment is the major supplier of Children's programming on DVD with a 41% share. Through its long-standing relationship with ABC Commercial, *The Wiggles* continue to be the number one selling Kid's DVD licence with just on \$10.0m in retail sales, and *Hi 5* was ranked at number three.

The new DVD format – Blu Ray – grew dramatically off a low base from the prior year. Total industry sales of \$42.5m indicates the emergence of a fertile new DVD market for the future. Both *The Matrix* franchise and the BBC's landmark documentary *Planet Earth* ranked in the Top 10 selling Blu Ray titles for the year.

The Television distribution business surpassed expectations with positive results coming from Roadshow's Pay TV channels joint venture – The Movie Network. An increasing subscriber base from both the Foxtel and Austar platforms in Australia and the Sky platform in New Zealand delivered revenue gains driving a strong net profit result. Pay per View and Video on Demand revenue was down slightly on budget for the year, however there is a strong expectation of improved trading with the successful conclusion of Roadshow's agreement with Apple i-Tunes movie download service.

Cinema Exhibition

The Cinema Exhibition division includes Village Cinemas, **max**, Gold Class, Village Digital 3D, Cinema Europa and other cinema operations, and includes locations in Australia, Singapore, Czech Republic, the United States and Greece. Subsequent to 30 June 2009, the VRL group has entered into agreements to sell its investments in Greece (subject to regulatory and other approvals) and Czech Republic.

EBITDA for the year of \$46.3 million was up from \$43.2 million for the prior year, primarily as a result of strong results from Australian Cinema Exhibition. Total admissions were 39.8 million, up from 38.4 million in the prior period.

The Australian division continued to produce outstanding results in the second half of the financial year with blockbuster titles including *Monsters V's Aliens*, *Gran Torino*, *X-Men Wolverine*, *The Hangover* and *Yes Man*. These films capitalised on the great line-up of titles in the first half of the year which included *The Dark Knight*, *Australia* and *Quantum of Solace 007*.

The 2010 financial year has started strongly with some long-awaited, powerful, bankable sequels: *Transformers: Revenge of the Fallen*, *Ice Age 3*, *Bruno* and *Harry Potter and the Half Blood Prince*. Australian July admissions were 7% higher than the prior year.

Australian Gold Class and **max** have continued to deliver premium results. Within the next 12 months, VRL along with its cinema exhibition partner, Greater Union, will be refurbishing several Gold Class sites as well as adding **max** screens, ensuring the partnership's positioning as the premium cinema operator and seeking to grow the already successful concepts.

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DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (continued)

OPERATIONAL PERFORMANCE (continued)

Cinema Exhibition (continued)

During the current year, Castle Hill in NSW was refurbished with a VMAX screen and 5 Gold Class screens, whilst Fountain Gate in Victoria converted a cinema to **max**. The Company's new cinema at Doncaster in Victoria, which opened during the period, continues to trade strongly.

List of Sites & Screens – Cinema Exhibition Division – Continuing Operations¹

	AS AT JUNE 2008		OPENED/(CLOSED/SOLD) DURING 2009		AS AT JUNE 2009		TO BE DEVELOPED DURING 2010	
	Sites	Screens	Sites	Screens	Sites	Screens	Sites	Screens
Australia	50	507	1	7	51	514	-	-
Czech Republic	2	22	-	-	2	22	-	-
Greece	6	62	-	-	6	62	-	-
Singapore	9	73	-	-	9	73	-	-
USA	-	-	2	15	2	15	3	22
Total	67	664	3	22	70	686	3	22

¹ Includes all screens in which Village Roadshow has an economic interest, taking no account of ownership structure.

In April 2009, Village Cinemas, along with Greater Union, commenced a deployment of a further 50 3D digital projectors to launch *Monsters V's Aliens*. The line up for 3D pictures over the coming 12 months includes *Avatar*, the Pixar animation release *UP*, Dreamworks' animated release *How To Train your Dragon*, *Cats and Dogs 2* and *Toy Story*.

During the year Village Cinemas' first two Gold Class USA sites opened in Redmond, Washington and South Barrington, Illinois. The performance of these sites has been disappointing. The economic crisis in the US occurring at a time when the Company was introducing a premium ticket offer has worked to great disadvantage. For 2009, Gold Class USA incurred an EBITDA loss of \$14.5 million against a loss of \$4.8 million for the prior year. Net operating loss before tax for 2009 was \$18.2 million against a prior year loss of \$5.1 million. These numbers represent 100% of this business, however VRL's equity ownership is 50%.

There are two further sites under construction – one at Bolingbrook, Chicago due to open November 2009 and the other at Pasadena, Los Angeles due to open December 2009. There are a further three sites anticipated in the 2010 calendar year.

During the financial year, Village Cinemas' partner in the US Gold Class business informed Village Cinemas that it would not contribute any further funding to the business. Since that time, Village Cinemas has provided additional funding to US Gold Class. Village Cinemas has commenced a search for a new partner or investor in US Gold Class and is in negotiations with a number of potential candidates. A merger with an existing cinema operator is also possible.

Radio

The Radio division comprises the group's majority shareholding in Austereo Group Limited ("Austereo"). VRL's ownership percentage as at 30 June 2009 was 52.52%, slightly up on the prior year level of 51.79%. EBITDA for the period was \$87.3 million, down on the prior period of \$94.4 million, mainly resulting from a decline in sales revenue from ongoing operations of 2.9% to \$258.9 million, which was less than the market decline of 3.28%.

Austereo won the FM radio first place positions in Brisbane, Sydney, Melbourne and Perth, second FM place in Adelaide, and leadership in the Newcastle and Canberra joint ventures. Total audience shares were consistent with the previous period and increased in the 18–24, 25–29 and under 40 demographics. The online unique browser numbers increased by 50% during the year to over 975,000 monthly. Podcasts also showed a significant increase with a monthly average of 2.6 million downloads, with a peak of over 3.3 million in June 2009.

Austereo's performance is a reflection of that group's focus on controlling costs, which combined with retention of 97.5% of its top forty clients, has allowed it to maintain a strong result. The Austereo ASX results release can be seen at: www.austereo.com.au.

Film Production and Music

The Film Production and Music division is held via the VRL group's 40.9% equity accounted investment in Village Roadshow Entertainment Group ("VREG"), which consists of Village Roadshow Pictures ("VRP") and Concord Music Group. During the year, no significant profit or loss has been recorded in the VRL group results in relation to VREG, in accordance with equity accounting requirements.

VRP successfully renegotiated its film finance facility on 8 May 2009 resulting in:

- Financial accommodation of US\$900 million; and
- Availability (subject to financial covenants) until 30 September 2010, with amortisation after that date, ultimately repayable by 30 September 2012.

The restructure of the facility has included the financing of the 2008 releases *Get Smart*, *Nights in Rodanthe*, *Yes Man* and *Gran Torino*, which were produced in partnership with Warner Bros.

VREG plans to extend the VRP film financing facility and is considering a number of strategic initiatives, including potential new partners. As part of the extension VREG is likely to seek additional funding, including from existing shareholders. VREG is aiming to conclude the finance extension during the first quarter of 2010. Funding of future films is dependent on the successful re-negotiation of the film finance facility, currently expiring in September 2010. VRP is confident a longer term film finance facility will be negotiated which will allow for the financing of the current line up of films in development (including *Happy Feet 2*).

VRP continues to explore new initiatives and opportunities to enhance this division's outlook and take it into the future, whilst managing the underlying risks of this business. The Directors believe this is a favourable time to be in the film industry. Due to the global financial crisis, some competitors may disappear and there will be a reduction in the number of films, creating a less competitive environment.

VREG, with a 12 year track record of success, is widely respected as the industry leader in its sector and is one of VRL's core businesses which provides considerable value to VRL and Roadshow Films. The VRL Board will consider any funding proposal at the appropriate time.

VRP's future line up of films either in production or development include:

- *Where The Wild Things Are* – principal photography in Melbourne and currently in editing. From the classic children's book by Maurice Sendak.
- *Sherlock Holmes* – directed by Guy Ritchie and starring Robert Downey Jr., Jude Law and Rachel McAdams.
- *Cats And Dogs 2* – sequel to the very successful *Cats and Dogs* which was released in 2001 and grossed \$201.1 million worldwide.
- *Guardians Of Ga'hoole* – a blockbuster family film from a series of best selling books, currently in production in Sydney. Directed by Zack Snyder.
- *Happy Feet 2* – George Miller is preparing the sequel to the much loved and very successful *Happy Feet*.

VRP is in the process of finalising further films for 2010 and 2011.

Finally, VRL is very proud that both *Guardians Of Ga'hoole* and *Happy Feet 2*, which VRP is co-funding, are being produced in Australia creating significant employment and assisting to develop a great future skill base.

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DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

In December 2008, a fully-franked final dividend of 9.0 cents per ordinary share and 12.0 cents per A Class preference share was paid, and in July 2009, a fully-franked interim dividend of 3.75 cents per ordinary and A Class preference share was paid. In the year ended 30 June 2008, fully-franked interim dividends of 16.5c per ordinary share and 19.5c per A Class preference share were paid, and a fully-franked special dividend of 10.0c per ordinary and A Class preference share was paid.

A fully-franked final dividend of 6.0 cents per ordinary share and 9.0 cents per A Class preference share has been recommended which, if approved by shareholders, will be paid in December 2009.

EARNINGS PER SHARE

Basic earnings per share were (2.17) cents (2008: 170.06 cents), basic earnings per share before discontinued operations were (2.17) cents (2008: 39.53 cents), and basic earnings per share before material items and discontinued operations were 33.97 cents (2008: 22.69 cents). There were no potential ordinary shares that were dilutive in the years ended 30 June 2009 or 30 June 2008. Total earnings per share before material items and discontinued operations were 26.04 cents (2008: 21.34 cents), based on a weighted average total of 224,741,215 (2008: 243,072,288) ordinary and A Class preference shares.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Total equity of the economic entity decreased by \$23.7 million to \$709.1 million during the year. This was mainly attributable to an increase in accumulated losses of \$24.4 million and a decrease in minority interests of \$3.2 million, partly offset by an increase in reserves of \$4.2 million. Net profit attributable to members of the parent was \$12.6 million, but after accounting for dividends paid and provided of \$31.6 million, and the transfer to accumulated losses of negative net reserve amounts of \$5.4 million, accumulated losses of the economic entity increased by \$24.4 million.

EVENTS SUBSEQUENT TO REPORTING DATE

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

(a) Agreement to sell VRL's Cinema Exhibition and Film Distribution/Production businesses in Greece:

As advised to the Australian Securities Exchange ("ASX") on 10 August 2009, the VRL group has agreed to sell its businesses in Greece, subject to a number of regulatory and other conditions, for total consideration of around \$80 million, which will result in a profit after tax of approximately \$20 million.

(b) Re-negotiation of Debt Facilities:

Included in the debt facilities classified as current liabilities as at 30 June 2009 is \$215 million relating to term facilities which have expiry dates of less than 12 months from balance date. Subsequent to balance date, \$170 million of this amount has been successfully re-negotiated for a further three year term. The remaining \$45 million relates to the VRL group's Australian Cinema Exhibition business, and negotiations with the banking syndicate are well advanced.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

The VRL group is not currently subject to any environmental regulations which have a material impact, however the introduction of the *National Greenhouse and Energy Reporting Act* is likely to impact the VRL group for the year ending 30 June 2010.

SHARE OPTIONS

Details of unissued shares under option, and shares issued as a result of the exercise of options, are set out in Note 19 of the Financial Report. Details of share, option and "in-substance option" transactions in relation to Directors of the economic entity are set out in Notes 25 and 26 of the Financial Report.

INDEMNIFYING AND INSURANCE OF OFFICERS AND AUDITORS

Since the commencement of the financial year, the Company has not, in respect of any person who is or has been an officer or auditor of the Company or related body corporate, indemnified or made any relevant agreement for indemnifying against a liability (including costs and expenses incurred in successfully defending legal proceedings) incurred as an officer or auditor, nor has the Company paid or agreed to pay a premium for insurance against any such liabilities incurred as an officer or auditor other than an un-allocated group insurance premium of \$192,699 (2008: \$179,482) which has been paid to insure each of the Directors and Secretaries of the Company against any liabilities for costs and expenses incurred in defending any legal proceedings arising out of their conduct as officers of the Company or related body corporate, other than conduct involving wilful breach of duty.

REMUNERATION REPORT

The Remuneration Report, which forms part of this Directors' Report, is set out on pages 17 to 31.

DIRECTORS' MEETINGS

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

NAME OF DIRECTOR	NUMBER OF MEETINGS HELD WHILE IN OFFICE				NUMBER OF MEETINGS ATTENDED			
	Formal	Audit & Risk	Remuneration	Nomination	Formal	Audit & Risk	Remuneration	Nomination
Graham W. Burke	10	-	4	-	9	-	2	-
David J. Evans	11	-	-	2	7	-	-	2
Peter M. Harvie	11	-	-	-	10	-	-	-
Peter D. Jonson	11	4	4	-	11	4	4	-
John R. Kirby	10	-	-	2	10	-	-	2
Robert G. Kirby	10	-	-	-	9	-	-	-
Robert Le Tet	11	4	-	2	11	4	-	2
D. Barry Reardon	11	4	4	-	10	4	4	-

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

FINANCIAL REPORT CONTENTS	STATEMENT OF CHANGES IN EQUITY	NOTES TO THE FINANCIAL STATEMENTS	DIRECTORS' DECLARATION	REMUNERATION REPORT	CORPORATE GOVERNANCE	INCOME STATEMENT	ADDITIONAL INFORMATION	CASH FLOW STATEMENT	STATEMENT OF CHANGES IN EQUITY	NOTES TO THE FINANCIAL STATEMENTS	DIRECTORS' DECLARATION	REMUNERATION REPORT	CORPORATE GOVERNANCE	INDEPENDENT AUDITOR'S REPORT	ADDITIONAL INFORMATION	DIRECTORY
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DIRECTORS' REPORT (CONTINUED)

TAX CONSOLIDATION

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

AUDITOR INDEPENDENCE

The Auditor's Independence Declaration to the Directors of Village Roadshow Limited, which forms part of this Directors' Report, is set out below.

NON-AUDIT SERVICES PROVIDED BY AUDITOR

Details of the non-audit services provided by the auditor are set out in Note 27 of the Financial Report. The non-audit services summarised in Note 27 were provided by the VRL group's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded (where applicable) to the nearest thousand dollars under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Directors at Melbourne this 14th day of September 2009.



J.R. Kirby
Director

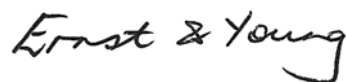
AUDITOR'S INDEPENDENCE DECLARATION



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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF VILLAGE ROADSHOW LIMITED

In relation to our audit of the financial report of Village Roadshow Limited for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Rodney Piltz
Partner
14 September 2009

Liability limited by a scheme approved under Professional Standards Legislation

REMUNERATION REPORT

The Directors of the Company present the Remuneration Report (the "Report") which details the compensation arrangements in place for Directors and senior managers of the Company and of other senior managers of the Village Roadshow Limited consolidated group for the year ended 30 June 2009 in accordance with Section 300A of the *Corporations Act 2001* ("the Act").

The relevant share-based payments for these Directors and Key Management Personnel are set out in Note 26 of the Financial Report.

The information provided in this Report has been audited as required by Section 308 (3C) of the Act. The Report forms part of the Directors' Report.

A. EXECUTIVE SUMMARY

1. Categories of Directors and Senior Management

The relevant Directors and senior managers to whose compensation arrangements this Report refers have been segregated into the following categories:

Categories and groupings of directors and executives referred to in Remuneration Report

Messrs John Kirby, Robert Kirby and Graham Burke = VRL Executive Director KMP	Executive Director KMP	Executive KMP = All members of Village Roadshow Limited's Executive Committee	"Key Management Personnel" of the Village Roadshow Limited Group
Mr. Peter Harvie	Executive Committee KMP		
All other non-Director members of Village Roadshow Limited's Executive Committee			
All Non-Executive Directors of Village Roadshow Limited	Non-Executive Director KMP		
Top 5 Most Highly Remunerated Executives of the Company, Village Roadshow Limited, and of the Village Roadshow consolidated group		Drawn from Executive Committee KMP	

(a) Executive KMP

These are executives who fall in the definition of Key Management Personnel of the Village Roadshow Limited consolidated Group, being those persons, including any Executive Director, with the authority and responsibility for planning, directing and controlling the activities of the Village Roadshow Limited consolidated Group, and are referred to in this report as "Executive KMP". All Executive KMP are the members of the Village Roadshow Limited Executive Committee.

In the case of Village Roadshow Limited, these Executive KMP are further split into 2 categories:

(i) Executive Director KMP

The Company's 4 Executive Directors are referred to in this report as "**Executive Director KMP**". Of these 4 Executive Director KMP, 3 Executive Directors, being Messrs. John R. Kirby, Robert G. Kirby and Graham W. Burke, have their remuneration set and are paid by Village Roadshow

Limited and are referred to as "**VRL Executive Director KMP**".

Mr. Peter M. Harvie's remuneration is set and paid by Austereo Group Limited, a controlled entity and part of the Village Roadshow Limited consolidated Group, which is separately listed on the Australian Securities Exchange ("ASX").

(ii) Executive Committee KMP

The non-director senior executives on the Village Roadshow Limited Executive Committee are referred to in this report as the "**Executive Committee KMP**", the 5 most highly remunerated of which are Messrs. Peter E. Foo, Timothy Carroll, Simon T. Phillipson, Philip S. Leggo and Ms. Julie E. Raffe.

The names, positions, dates of appointment, and dates of cessation (if ceasing prior to 30 June 2009), of these Executive KMP for the 2008 and 2009 financial periods are as follows:

Name	Title/Position	Appointment	Cessation	Category
John R. Kirby	Executive Chairman [#]	28 June 2006	-	VRL Executive Director KMP
Robert G. Kirby	Executive Deputy Chairman [^]	28 June 2006	-	VRL Executive Director KMP
Graham W. Burke	Managing Director [#]	9 September 1988	-	VRL Executive Director KMP
Peter M. Harvie	Executive Director	20 June 2000	-	Executive Director KMP
Peter E. Foo	Group Chief Operating Officer	19 March 2007	19 June 2009	Executive Committee KMP
Philip S. Leggo	Group Company Secretary	23 February 1993	-	Executive Committee KMP
Julie E. Raffe	Chief Financial Officer	28 September 1992	-	Executive Committee KMP
Tony N. Pane	Chief Tax Counsel	17 January 2000	31 December 2008	Executive Committee KMP
Simon T. Phillipson	General Counsel	13 May 1996	-	Executive Committee KMP
Timothy Carroll	Chief Marketing Officer	6 March 2000	-	Executive Committee KMP
Peter J. Davey	Managing Director Corporate Development	1 December 2005	-	Executive Committee KMP
David Kindlen	Chief Information Officer	1 December 2006	-	Executive Committee KMP

[#] Executive Directors since 1988

[^] Executive Director since July 2001

(b) Non-Executive Director KMP

Other than the Executive KMP referred to above, the Company's other KMP are referred to as "**Non-Executive Director KMP**".

The names, dates of appointment, and dates of cessation (if ceasing prior to 30 June 2009), of these Non-Executive Director KMP during the 2008 and 2009 financial periods are as follows:

Name	Title/Position	Appointment	Cessation	Category
William J. Conn	Independent Director	12 March 1992	29 April 2008	Non-Executive Director KMP
Peter D. Jonson	Independent Director	24 January 2001	-	Non-Executive Director KMP
D. Barry Reardon	Independent Director	24 March 1999	-	Non-Executive Director KMP
David J. Evans	Independent Director	2 January 2007	-	Non-Executive Director KMP
Robert Le Tet	Independent Director	2 April 2007	-	Non-Executive Director KMP

REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

2. Remuneration Outline

The 3 VRL Executive Director KMP receive base remuneration of \$1,832,175 each, unchanged from the prior year. In addition, the 3 VRL Executive Director KMP are eligible to earn up to 100% of their base remuneration in the form of an annual bonus. 50% of the bonus is based on cash flow return on investment ("CFROI") and 50% is based on earnings per share ("EPS") growth relative to the top 300 stocks listed on ASX. The CFROI bonus amounted to \$680,816 (2008: \$916,088) representing 37% (2008: 50%) of their base remuneration and, being due and payable, has been accrued for at 30 June 2008 and 2009. The EPS component of the bonus is not capable of being determined until approximately October of each year when the results of the ASX 300 EPS numbers are known – accordingly it has not been accrued at 30 June 2008 or 2009. The EPS component of the bonus for the 30 June 2008 financial year was \$733,337 and has been reflected as paid in the 30 June 2009 period.

Mr. Peter Harvie is Executive Chairman of Austereo Group Limited and is remunerated by that entity based on the performance of that entity.

All other Executive Committee KMP can also earn bonuses. In each case bonuses are based on a mix of the same metrics as for the bonuses for VRL Executive Director KMP together with specific individual KPIs for each Executive Committee KMP. Where the component of the bonus, if any, is based on CFROI and thus due and payable, this has been accrued for and reflected in the tables on pages 19 to 22. All other short term bonus amounts refer to bonuses paid during the year to Executive Committee KMP reflecting their performance for the year ended 30 June 2009 and 2008 respectively.

In addition the CEO, Mr. Graham Burke, is eligible to earn up to 6 million options over ordinary shares over the five years to March 2013. For the maximum number of options to vest the three year cumulative compound annual growth of normalised EPS and dividend per share ("DPS") must be 10% in each of calendar years 2011, 2012 and 2013. If the EPS and DPS cumulative annual growth rate is less than 5% then no options vest with a sliding scale of vesting of options between 5% and 10% growth on these two measures. This CEO Long Term Incentive Plan was approved by shareholders at a General Meeting held on 17 July 2008.

Other than this allotment of options over ordinary shares to Mr. Burke, no long term incentive plan allocations were made during the year to any Executive KMP.

The detailed compensation arrangements of all KMP for the years ended 30 June 2009 and 2008 are set out in the tables on pages 19 to 22.

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REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

2. Remuneration Outline (continued)

Compensation of Key Management Personnel of the Company for the period ended 30 June 2009

NAME DIRECTORS	POSITION from/to (positions do not necessarily co-incide with employment commencement dates)	YEAR	NOTE	SHORT TERM BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS		TERMINATION BENEFITS	L.T.I. SHARE-BASED PAYMENT	TOTAL	TOTAL % PERFORMANCE-RELATED PAY
				Salary & Fees	Cash Bonus S.T.I.	Non-monetary Benefits		Super-annuation	Retirement Benefits				
John R. Kirby	Executive Chairman since 28/06/2006	2009 %	7	1,832,175 52.26	1,414,153 40.33	129,206 3.69	100,000 2.85	- -	- -	- -	- -	3,506,043 100.00	40.33%
Robert G. Kirby	Executive Deputy Chairman since 28/06/2006	2009 %	6, 7	1,830,645 51.68	1,414,153 39.92	163,665 4.62	100,000 2.82	- -	- -	- -	- -	3,542,025 100.00	39.92%
Graham W. Burke	Managing Director since 09/09/1988	2009 %	3, 7	1,832,175 44.99	1,414,153 34.72	278,339 6.83	100,000 2.46	- -	- -	- -	417,511 10.25	4,072,688 100.00	44.97%
VRLExecutive Director KMP Subtotals				5,494,995	4,242,459	571,210	300,000	-	-	-	417,511	11,120,756	
Peter M. Harvie	Executive Director since 20/06/2000	2009 %	2, 5	742,120 71.57	100,000 9.64	12,556 1.21	100,000 9.64	- -	68,337 6.59	- -	- -	1,036,950 100.00	16.23%
Executive Director KMP Subtotals				6,237,115	4,342,459	583,766	400,000	-	68,337	105,458	-	12,157,706	
Peter D. Jonson	Independent Director since 24/01/2001	2009 %		132,645 90.32	- -	2,274 1.55	11,938 8.13	- -	- -	- -	- -	146,857 100.00	-
D. Barry Reardon	Independent Director since 24/03/1999	2009 %		150,000 100.00	- -	- -	- -	- -	- -	- -	- -	150,000 100.00	-
David J. Evans	Independent Director since 02/01/2007	2009 %		82,569 91.74	- -	- -	7,431 8.26	- -	- -	- -	- -	90,000 100.00	-
Robert Le Tet	Independent Director since 02/04/2007	2009 %		55,046 45.87	- -	- -	64,954 54.13	- -	- -	- -	- -	120,000 100.00	-
Non-Executive Director KMP Subtotals				420,260	-	2,274	84,323	-	-	-	-	506,857	
Director Subtotals				6,657,375	4,342,459	586,040	484,323	-	68,337	105,458	-	12,664,563	

Notes: refer page 20.

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REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

2. Remuneration Outline (continued)

Compensation of Key Management Personnel of the Company for the period ended 30 June 2009 (continued)

NAME EXECUTIVES	POSITION from/to (positions do not necessarily co-incide with employment commencement dates)	YEAR	NOTE	SHORT TERM BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS		TERMIN- ATION BENEFITS	L.T.I. SHARE- BASED PAYMENT	TOTAL	TOTAL % PERFORM- -ANCE RELATED PAY	
				Salary & Fees	Cash Bonus S.T.I.	Non- monetary Benefits		Other	Super- annuation					Retirement Benefits
Peter E. Foo	Chief Operating Officer from 19/03/07 to 19/06/2009 (as KMP)	2009 %	4, 6, 7, 8	1,177,201 36.57	1,571,363 48.81	132,794 4.13	5,163 0.16	100,045 3.11	- -	- -	168,703 5.24	3,219,098 100.00	54.05%	
Timothy Carroll	Chief Marketing Officer since 06/03/2000	2009 %	1, 6, 8	457,865 44.17	400,000 38.59	63,993 6.17	1,970 0.19	45,000 4.34	- -	- -	59,357 5.73	1,036,509 100.00	44.32%	
Simon T. Phillipson	General Counsel since 13/05/1996	2009 %	1, 6, 7, 8	476,180 48.03	414,739 41.83	1,000 0.10	2,440 0.25	49,470 4.99	- -	- -	39,572 3.99	991,443 100.00	45.82%	
Julie E. Raffe	Chief Financial Officer since 28/09/1992	2009 %	1, 6, 7, 8	409,932 41.78	414,047 42.20	38,958 3.97	5,136 0.52	37,080 3.78	- -	- -	69,250 7.06	981,263 100.00	49.25%	
Philip S. Leggo	Group Company Secretary since 23/02/1993	2009 %	1, 6, 7, 8	382,688 41.16	328,569 35.34	94,058 10.12	2,323 0.25	86,866 9.34	- -	- -	33,401 3.59	929,701 100.00	38.93%	
Top 5 Company Executives Subtotals				2,903,866	3,128,718	330,803	17,032	318,461	-	-	370,283	7,158,014		
Tony N. Pane	Chief Tax Counsel from 17/01/2000 to 31/12/2008 (as KMP)	2009 %	1, 6, 8	534,181 63.94	250,000 29.92	601 0.07	1,312 0.16	22,430 2.68	- -	- -	17,739 2.12	835,494 100.00	32.05%	
Peter J. Davey	Managing Director, Corporate Development since 01/12/2005	2009 %	1, 6, 8	411,898 71.26	100,000 17.30	1,567 0.27	1,324 0.23	13,745 2.38	- -	- -	49,464 8.56	577,998 100.00	25.86%	
David Kindlen	Chief Information Officer since 01/12/2006	2009 %	1, 6, 7, 8	199,974 42.42	182,733 38.76	3,274 0.69	2,132 0.45	49,800 10.56	- -	- -	29,679 6.30	471,422 100.00	45.06%	
Executive Committee KMP Subtotals				4,049,919	3,661,451	336,245	21,800	404,436	-	-	467,165	9,042,928		
Total for Key Management Personnel for 2009				10,707,294	8,003,910	922,285	24,860	888,759	-	-	68,337	207,370	21,707,491	

1. Includes amortised value of share-based payment from grant of preference shares under the Executive Share Plan.

2. Includes amounts paid by Austereo Group Limited in relation to Executive Chairman position.

3. Includes amortised value of share-based payment from grant of six million options over ordinary shares on 18 July 2008.

4. Includes amortised value of share-based payment from grant of one million ordinary shares and one million preference shares under the Senior Executive Share Plan.

5. Includes non-monetary incentive plan benefits for the value of interest between deemed market rate and actual interest rate charged on loans for shares held under the Group's Executive Share Plans other than those amortised as a share-based payment.

6. Includes other non-monetary benefit for cost of compulsory group salary continuance insurance premiums.

7. Includes amount for partial accrued STI bonus amounts for year ended 30 June 2009.

8. Includes STI bonus paid during the year in respect of performance in the prior period.

REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

2. Remuneration Outline (continued)

Compensation of Key Management Personnel of the Company for the period ended 30 June 2008

NAME DIRECTORS	POSITION from/to (positions do not necessarily co-incide with employment commencement dates)	YEAR	NOTE	SHORT TERM BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS		TERMIN- ATION BENEFITS	L.T.I. SHARE- BASED PAYMENT	TOTAL	TOTAL % PERFORM- ANCE RELATED PAY
				Salary & Fees	Cash Bonus S.T.I.	Non- monetary Benefits		Other	Super- annuation				
John R. Kirby	Executive Chairman since 28/06/2006	2008 %	7	1,829,864 60.81	916,088 30.45	102,752 3.41	2,311 0.08	- -	57,893 1.92	- -	- -	3,008,908 100.00	30.45%
Robert G. Kirby	Executive Deputy Chairman since 28/06/2006	2008 %	6, 7	1,830,656 60.48	916,088 30.27	141,533 4.68	3,038 0.10	- -	35,560 1.17	- -	- -	3,026,875 100.00	30.27%
Graham W. Burke	Managing Director since 09/09/1988	2008 %	3, 7	1,832,175 57.97	916,088 28.99	134,660 4.26	- -	- -	38,033 1.20	- -	139,552 4.42	3,160,508 100.00	33.40%
VRLExecutive Director KMP Subtotals				5,492,695	2,748,264	378,945	5,349	-	131,486	-	139,552	9,196,291	
Peter M. Harvie	Executive Director since 20/06/2000	2008 %	2, 5	742,120 75.32	- -	10,997 1.12	- -	100,000 10.15	118,313 12.01	- -	- -	985,272 100.00	12.01%
Executive Director KMP Subtotals				6,234,815	2,748,264	389,942	5,349	400,000	118,313	-	139,552	10,181,563	
William J. Conn	Independent Director from 12/03/1992 to 29/04/2008	2008 %		91,743 91.74	- -	- -	- -	8,257 8.26	- -	- -	- -	100,000 100.00	-
Peter D. Jonson	Independent Director since 24/01/2001	2008 %		119,266 90.24	- -	2,166 1.64	- -	10,734 8.12	- -	- -	- -	132,166 100.00	-
D. Barry Reardon	Independent Director since 24/03/1999	2008 %		133,333 100.00	- -	- -	- -	- -	- -	- -	- -	133,333 100.00	-
David J. Evans	Independent Director since 02/01/2007	2008 %		82,569 91.74	- -	- -	- -	7,431 8.26	- -	- -	- -	90,000 100.00	-
Robert Le Tet	Independent Director since 02/04/2007	2008 %		94,801 91.74	- -	- -	- -	8,532 8.26	- -	- -	- -	103,333 100.00	-
Non-Executive Director KMP Subtotals				521,712	-	2,166	-	34,954	-	-	-	558,832	
Director Subtotals				6,756,527	2,748,264	392,108	5,349	434,954	118,313	-	139,552	10,740,395	

Notes: refer page 22.

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REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

2. Remuneration Outline (continued)

Compensation of Key Management Personnel of the Company for the period ended 30 June 2008 (continued)

NAME EXECUTIVES	POSITION from/to (positions do not necessarily co-incide with employment commencement dates)	YEAR	NOTE	SHORT TERM BENEFITS			POST EMPLOYMENT	LONG TERM BENEFITS		TERMIN- ATION BENEFITS	L.T.I. SHARE- BASED PAYMENT	TOTAL	TOTAL % PERFORM- -ANCE RELATED PAY
				Salary & Fees	Cash Bonus S.T.I.	Non- monetary Benefits		Super- annuation	Retirement Benefits				
Peter E. Foo	Chief Operating Officer since 19/03/07	2008 %	4, 6, 8	1,218,435 60.87	300,000 14.99	55,144 2.75	4,582 0.23	100,000 5.00	- -	- -	283,388 14.16	2,001,765 100.00	29.14%
Tony N. Pane	Chief Tax Counsel since 17/01/2000	2008 %	1, 5, 6, 8	1,055,078 73.74	250,000 17.47	1,456 0.10	2,396 0.17	44,245 3.09	- -	2,879 0.20	51,546 3.60	1,430,758 100.00	21.28%
Simon T. Phillipson	General Counsel since 13/05/1996	2008 %	1, 5, 6, 7, 8	470,511 38.28	625,000 50.85	1,439 0.12	2,148 0.17	48,941 3.98	- -	1,624 0.13	68,728 5.59	1,229,067 100.00	56.58%
Timothy Carroll	Chief Marketing Officer since 06/03/2000	2008 %	1, 5, 6, 8	460,104 39.01	500,000 42.39	20,432 1.73	1,742 0.15	84,405 7.16	- -	1,467 0.12	103,092 8.74	1,179,591 100.00	51.25%
Julie E. Raffae	Chief Financial Officer since 28/09/1992	2008 %	1, 6, 7, 8	399,333 41.68	337,500 35.23	43,744 4.57	4,574 0.48	42,230 4.41	- -	- -	120,274 12.55	957,984 100.00	47.79%
Top 5 Company Executives Subtotals				3,603,461	2,012,500	122,215	15,442	319,821	-	5,970	627,028	6,799,165	
Philip S. Leggo	Group Company Secretary since 23/02/1993	2008 %	1, 5, 6, 7, 8	368,848 39.54	337,500 36.18	64,146 6.88	2,242 0.24	85,551 9.17	- -	5,674 0.61	58,324 6.25	932,733 100.00	43.05%
Peter J. Davey	Managing Director, Corporate Development since 01/12/2005	2008 %	1, 6, 8	406,651 55.30	225,000 30.60	3,477 0.47	1,178 0.16	13,129 1.79	- -	- -	85,910 11.68	735,345 100.00	42.28%
David Kindlen	Chief Information Officer since 01/12/2006	2008 %	1, 6, 7, 8	197,074 43.45	150,000 33.07	2,166 0.48	1,785 0.39	43,950 9.69	- -	- -	51,546 11.36	453,613 100.00	44.43%
Executive Committee KMP Subtotals				4,576,034	2,725,000	192,004	20,647	462,451	-	11,644	822,808	8,920,856	
Total for Key Management Personnel for 2008				11,332,561	5,473,264	584,112	25,996	897,405	-	129,957	962,360	19,661,251	

1. Includes amortised value of share-based payment from grant of preference shares under the Executive Share Plan.

2. Includes amounts paid by Austereo Group Limited in relation to Executive Chairman position.

3. Includes amortised value of share-based payment from grant of six million options over ordinary shares on 18 July 2008.

4. Includes amortised value of share-based payment from grant of one million ordinary shares and one million preference shares under the Senior Executive Share Plan.

5. Includes non-monetary incentive plan benefits for the value of interest between deemed market rate and actual interest rate charged on loans for shares held under the Group's Executive Share Plans other than those amortised as a share-based payment.

6. Includes other non-monetary benefit for cost of compulsory group salary continuance insurance premiums.

7. Includes amount for partial accrued STI bonus amounts for year ended 30 June 2008.

8. Includes STI bonus paid during the year in respect of performance in the prior period.

REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

3. Remuneration Summary

For the convenience of readers the main issues relevant to each of the above main categories of KMP are summarised below together with the relevant page reference within the Report where further details about each component can be found.

(a) Executive KMP

Issue	Summary	Reference In Report
Remuneration strategy and policy	<p>The performance of the Company depends upon the skills and quality of its Directors and senior executives. To prosper the Company must attract, motivate and retain highly skilled Directors and executives. The compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.</p> <p>The Company aims to reward Executive Director KMP and Executive Committee KMP with a level and mix of remuneration commensurate with the seniority of their position and responsibilities within the Company, so as to reward for Company performance against targets set by reference to appropriate benchmarks, align the interests of the Executive Director KMP and Executive Committee KMP with those of the Company and of its shareholders, link their rewards to the strategic goals and performance of the Company, and ensure total compensation is competitive by market standards.</p>	Page 25
Key changes for 2009	<p>There were two changes to the composition of the Executive KMP during the year: Mr. Peter Foo and Mr. Tony Pane retired from the Executive Committee on 19 June 2009 and 31 December 2008 respectively, ceasing as KMP from those dates. Mr. Foo's bonus arrangements were changed from 1 July 2008 from the previous discretionary method to the same CFROI and EPS bonus method applicable to the VRL Executive Directors. In addition, Mr. Philip Leggo was absent for personal health reasons for the majority of the 2009 period, with a resultant reduction in bonus amounts to be paid in the year ending 30 June 2010. Several employment contracts of Executive KMP were also renewed during the period.</p>	
Fixed Remuneration	<p>The level of fixed pay is set so as to provide a base level of compensation which is fair, reasonable and appropriate to the seniority of the position and to be competitive in the market. The Executive Director KMP and Executive Committee KMP receive their fixed (primary) compensation in a variety of forms including cash, superannuation and taxable value of fringe benefits such as motor vehicles and other non-monetary benefits.</p> <p>The fixed compensation component is not 'at risk', other than by performance of the individual, but is set by reference to competitive industry expectations and the scale and complexity of the different businesses together with appropriate benchmark information for the individual's responsibilities, performance, qualifications, experience and location.</p> <p>The Company's Remuneration Committee is responsible for approval of the level of fixed pay for Executive KMP.</p>	Page 26
Short-Term Incentive bonus	<p>The objective of the Short-Term Incentive bonus program ("STI") is to link the achievement of the Company's annual operational targets with the compensation received by the Executive KMP charged with meeting those targets, as well as some relevant personalised individual targets for some Executive Committee KMP.</p> <p>The total potential STI bonus available is set at a level so as to provide sufficient incentive to the Executive KMP to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances. Actual STI bonus payments made to each VRL Executive Director KMP and Executive Committee KMP depend on the extent to which specific budgeted operating targets, or other individual criteria set at the beginning of each financial year, are met.</p> <p>The STI is designed so that for all executives a large portion of their individual remuneration is 'at risk' against meeting targets linked to the Company's annual and mid-term business objectives, weighted so that the more senior the executive the larger the proportion of remuneration that is at risk. The operational targets consist of a number of Key Performance Indicators ("KPI's") as part of the annual budget setting processes for financial measures of performance supporting the Company's annual targets. For the VRL Executive Director KMP of Messrs J.R. Kirby, R.G. Kirby and G.W. Burke, these measures include criteria relating to profitability, cash flow, and share price growth.</p> <p>Some members of the Executive Committee KMP also have these criteria as part of their STI calculation. Only the component of STI bonus payment that can be accurately determined is accrued at balance date. Remaining components of STI bonus payments are calculated and accrued between balance date and 31 December each calendar year. Accordingly the STI amount shown in the Remuneration tables on pages 19 to 22 are a composite of both bonuses paid and accrued during the financial year.</p> <p>In addition, transaction based specific bonuses may be payable to one or more Executive KMP where specific medium term strategic challenges are encountered.</p> <p>All bonuses, including any recommended STI bonus payments for VRL Executive Director KMP and for Executive Committee KMP, are approved by the Company's Remuneration Committee.</p>	Page 26
Long-Term Incentive	<p>Over the past five years there have been six different LTI plans within the consolidated entity, all of which have been approved by shareholders at the time of their introduction. Grants are made from time to time as appropriate or whenever there have been movements in the composition of the management team, and all proposed grants to Executive Director KMP are put to shareholders for approval.</p> <p>The quantum of the LTI grants are made on a sliding scale reflective of the seniority of the position of the relevant executive and their ability to contribute to the overall performance of the Company. The more senior the Executive KMP the more their LTI is specifically designed as 'at risk' remuneration, for example the dividend and earnings per share performance hurdles relevant to the 2008 grant of options to the Managing Director. The LTI for less senior Executive KMP, with less influence over the performance of the Company, have no specific performance conditions for the vesting of the relevant LTI other than tenure based on continuing personal performance. Accordingly these LTI plans may be regarded as a partial retention mechanism by the Company to encourage a sense of ownership with those Executive Committee KMP to whom the LTI's are granted, assisting in aligning their long term interests with those of shareholders through the performance of the Company's share price. The success of these retention grants under the LTI plans is demonstrated by the relatively stable membership of the Executive Committee KMP over the past decade, with most Executive Committee KMP having served the Company for significant periods of time, including prior to becoming KMP.</p>	Page 27

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REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

3. Remuneration Summary (continued)

(a) Executive KMP (continued)

Issue	Summary	Reference In Report
Long-Term Incentive (continued)	<p>There are no provisions within any of the LTI plans for the automatic or full vesting of the relevant shares or options in the event of a change of control of the Company. Other than the 2008 grant of options to the Company's Managing Director, no options have been granted, exercised or lapsed during the reporting period. The amortised portion of the relevant fair value of the LTI for each Executive KMP has been shown in the table of remuneration details as share-based payment.</p> <p>The 3 main legacy LTI plans all feature loans limited to security over the relevant shares together with a buy-back option in the event the market value of the shares is less than the loan amount. Accordingly no hedging by Executive KMP is required, whether of vested or unvested LTI plan shares as the Company has full control over all loans and the repayment thereof and full control over all shares including through holding locks. Other than for the Managing Director's 2008 ordinary options, the terms of which specifically prohibit the hedging of unvested options by Mr. Burke, the Company has no policy on hedging or margin lending by Executive KMP.</p>	
Service agreements	<p>Mr. G.W. Burke's five year contract with the Company as Managing Director was extended in December 2007 and expires on 1 December 2012. In addition to base salary, CPI adjusted, superannuation and motor vehicle, an annual incentive performance bonus is payable for achieving certain earnings per share growth and cash flow return on investment ("CFROI") levels.</p> <p>Mr. P.M. Harvie's contract with Austereo Pty Ltd as Executive Chairman of the Company's controlled entity, Austereo Group Limited, expires on 30 June 2012. In addition to base salary and superannuation, CPI adjusted, an annual discretionary performance bonus is payable.</p> <p>Messrs. T. Carroll, S.T. Phillipson, P.S. Leggo, P. Davey and Ms. J.E. Raffe all have ongoing employment agreements. Mr. A.N. Pane's service agreement expires on 31 December 2011. In addition to base salary and superannuation, and a Company motor vehicle provided to Mr. Leggo and Ms. Raffe, all above named Company executives are eligible to be paid an annual performance bonus based on various financial and personal KPI's.</p> <p>The Company may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Executive KMP is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested LTI plan grants are immediately forfeited and all remaining loans over vested LTI shares must be repaid within 6 months of termination.</p>	Page 31
Remuneration details	Full details of the relevant components of the remuneration of Executive KMP for the current period and the previous corresponding period, together with explanatory notes, are set out in the tabular form as required by law.	Refer tables on pages 19 to 22
Link between remuneration and company performance	<p>Details of short term incentive hurdles are detailed in the table above.</p> <p>Total Shareholder Return ("TSR") of the Company, based on the investment of \$1,000 in ordinary shares on 1 July 2004 and demonstrating the impact on shareholders of investing in ordinary shares over a five year time frame, has been broadly satisfactory over the past five years, however it has been adversely impacted over the past couple of years by the overall global market downturn.</p> <p>Annual bonuses for the VRL Executive Directors and, from July 2007, for the 4 relevant Executive Committee KMP is divided into two components; one is driven by Cash Flow Return on Investment ("CFROI") and the other is determined by share price performance. The CFROI used relates to normalised EBITDA as a percentage of capital employed, and capital employed is represented by total shareholders capital plus net debt. The two components together derive the movement in the Executive KMP overall bonuses.</p> <p>Accordingly both the level of remuneration and the at risk components of STI and LTI payments are directly linked to specific performance metrics of the Company and are designed to align the interests of the Executive KMP with those of shareholders.</p>	Page 30

(b) Non-Executive Director KMP

Issue	Summary	Reference In Report
Remuneration strategy and policy	<p>The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain appropriately qualified and experienced Non-Executive Director KMP of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The Constitution of the Company requires that the aggregate remuneration of Non-Executive Director KMP is determined from time to time by shareholders in general meeting. An amount not exceeding the annual amount so determined is then divided between the Non-Executive Director KMP as agreed. The latest determination was at the Annual General Meeting held on 24 November 1998 when shareholders approved an aggregate remuneration level for Non-Executive Director KMP of \$800,000 per annum. Aggregate payments to Non-Executive Director KMP have never exceeded the total pool approved by shareholders.</p> <p>Each Non-Executive Director KMP receives a fee for being a Non-Executive Director of the Company. An additional fee is also paid for each Board Committee or major subsidiary on which a Non-Executive Director KMP sits. The payment of additional fees for serving on a Committee or subsidiary Board recognises the additional commitment required by that Non-Executive Director KMP. To preserve the independence and impartiality of Non-Executive Director KMP, no element of Non-Executive Director KMP remuneration is 'at risk' based on the performance of the Company and does not incorporate any bonus or incentive element.</p> <p>Board and Committee fees are set by reference to a number of relevant considerations including the responsibilities and risks attaching to the role, the time commitment expected of Non-Executive Director KMP, fees paid by peer-sized companies and independent advice received by external advisors. The remuneration arrangements of Non-Executive Director KMP are periodically reviewed by the Remuneration Committee to ensure it remains in line with general industry practice, the last review having taken effect from June 2006.</p>	Page 25

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REMUNERATION REPORT (CONTINUED)

A. EXECUTIVE SUMMARY (continued)

3. Remuneration Summary (continued)

(b) Non-Executive Director KMP (continued)

Issue	Summary	Reference In Report
Key changes for 2009	The Company's Board comprised a majority of independent Non-Executive Director KMP for most of the prior period until the retirement of Mr. William J. Conn at the end of April 2008. The retirement of this long serving Non-Executive Director KMP was also reflected in changes to the membership and composition of the Company's various Board Committees. The Company is considering the appointment of a further independent Non-Executive Director KMP to the Board. In accordance with good practice, where the Chairman of the Board is not an Independent Director, the Board designates an Independent Non-Executive Director as the Lead Independent Director. Dr. P.D. Jonson was appointed to this role in November 2008.	
Fixed Remuneration	From July 2007, Non-Executive Director KMP were paid at the rate of \$80,000 per annum, payable quarterly in arrears. In addition Non-Executive Director KMP received an additional \$20,000 per annum for each Board Committee on which they served, other than for the Nomination Committee which is set at 50% of the Committee fee. The Lead Independent Director receives an additional \$30,000 per annum and Committee Chairs are paid at a rate of 50% above other Committee members in recognition of the additional workload. The Company does not have and never has had a retirement benefit scheme for Non-Executive Director KMP, other than their individual statutory 9% superannuation benefits which, where applicable, are included as part of the aggregate fee for Non-Executive Director KMP as remuneration.	Page 26
Remuneration details	Full details of the relevant components of the remuneration of Non-Executive Director KMP for the current period and the previous corresponding period, together with explanatory notes, are set out in the tabular form as required by law.	Refer tables on pages 19 and 21
Alignment with shareholders' interests	Although not required by the Company's constitution, the Company considers it appropriate for Non-Executive Director KMP to have a stake in the Company on whose board they sit and the Company encourages Non-Executive Director KMP to hold shares in the Company. Subject to any necessary approvals as may be required by law or by ASX Listing Rules, Non-Executive Director KMP may be invited from time to time to participate in LTI plans offered by the Company. The various share, option and 'in substance option' entitlements of all Non-Executive Director KMP are advised promptly to ASX in accordance with the Listing Rules and Corporations Act requirements and are set out on page 11 of the Directors' Report.	

B. REMUNERATION STRATEGY AND POLICY

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

The objectives of the remuneration strategy are to:

- Reinforce the short, medium and long term financial targets and business strategies of the Group as set out in the strategic business plans of the Group and each operating division;
- Provide a common interest between executives and shareholders by aligning the rewards that accrue to executives to the creation of value for shareholders; and
- Be competitive in the markets in which the Group operates in order to attract, motivate and retain high calibre executives.

To implement this policy and seek to meet the specified objectives the Company embodies the following principles in its compensation framework:

- Provide competitive rewards to attract and retain high calibre Directors and senior executives who are dedicated to the interests of the Company;
- Link executive compensation to the achievement of the Company's or the relevant division's financial and operational performance;
- All Executive KMP have a portion of their compensation 'at risk' by having the opportunity to participate in the Company's bonus scheme where specified criteria are met including criteria relating to profitability, cash flow, share price growth or other pre-determined personal or divisional performance indicators and benchmarks; and
- Establish appropriate, demanding, personalised performance hurdles in relation to variable executive remuneration and bonuses.

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

- Short term, fixed compensation;
- Other benefits and post-employment compensation such as superannuation; and
- Variable Compensation:
 - Short Term performance Incentive Bonus ("STI"); and
 - Long Term equity-linked performance Incentive ("LTI").

The compensation arrangements of senior executives of the separately ASX listed controlled entity, Austereo Group Limited ("Austereo"), are determined by that entity's Remuneration Committee, and, since the completion of the merger to form Village Roadshow Entertainment Group (BVI) Limited ("VREG") in February 2008, the compensation arrangements of that division's senior executives has been determined by VREG's Remuneration Committee. VRL Executive Director KMP provide representation from the Company's Board at both Austereo's and VREG's Remuneration Committees.

The Charter of the Company's Remuneration Committee provides for the review of compensation of the Company's VRL Executive Director KMP, divisional CEO, COO and CFO (except for Austereo and VREG) and Executive Committee KMP, including any equity participation by VRL Executive Director KMP and Executive Committee KMP as well as other non-KMP executives. The Committee makes recommendations and takes external advice from time to time on the compensation of the VRL Executive Director KMP, Executive Committee KMP and non-KMP executives with the overall objective of motivating and appropriately rewarding performance.

The Charter, role, responsibilities, operation and membership of the Remuneration Committee of the Board are set out in the Corporate Governance Statement on pages 32 to 35.

C. NON-EXECUTIVE DIRECTOR KMP REMUNERATION

1. Objective

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

2. Structure

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

The latest determination was at the Annual General Meeting held on 24 November 1998 when shareholders approved an aggregate remuneration level for Non-Executive Director KMP of \$800,000 per annum. This aggregate

REMUNERATION REPORT (CONTINUED)

C. NON-EXECUTIVE DIRECTOR KMP REMUNERATION (continued)

2. Structure (continued)

fee level includes any compensation paid to Non-Executive Director KMP who may serve on Boards of the consolidated entity, excluding those Non-Executive Directors of Austereo, who are paid directly by Austereo. Aggregate payments to Non-Executive Director KMP have never exceeded the total pool approved by shareholders.

Each Non-Executive Director KMP receives a fee for being a Non-Executive Director of the Company. An additional fee is also paid for each Board Committee or major subsidiary on which a Non-Executive Director KMP sits. The payment of additional fees for serving on a Committee or subsidiary Board recognises the additional time commitment required by that Non-Executive Director KMP.

To preserve the independence and impartiality of Non-Executive Director KMP, no element of Non-Executive Director KMP remuneration is 'at risk' based on the performance of the Company and does not incorporate any bonus or incentive element.

Board and Committee fees are set by reference to a number of relevant considerations including the responsibilities and risks attaching to the role, the time commitment expected of Non-Executive Director KMP, fees paid by peer-sized companies and independent advice received by external advisors. The remuneration arrangements of Non-Executive Director KMP are periodically reviewed by the Remuneration Committee to ensure it remains in line with general industry practice, the last review having taken effect from June 2006.

From July 2007, Non-Executive Director KMP were paid at the rate of \$80,000 per annum, payable quarterly in arrears. In addition Non-Executive Director KMP received an additional \$20,000 per annum for each Board Committee on which they served, other than for the Nomination Committee which is set at 50% of the Committee fee. The Lead Independent Director receives an additional \$30,000 per annum and Committee Chairs are paid at a rate of 50% above other Committee members in recognition of the additional workload.

During the 2008 and 2009 years Mr. D. B. Reardon received an additional \$30,000 fee for his services on the Board of Village Roadshow Pictures International Pty Ltd and various USA based company boards.

The Company does not have and never has had a retirement benefit scheme for Non-Executive Director KMP, other than their individual statutory 9% superannuation benefits which, where applicable, are included as part of the aggregate fee for Non-Executive Director KMP as remuneration.

In addition, it is considered appropriate for Directors to have a stake in the Company on whose board he or she sits and the Company encourages Executive Director KMP and Non-Executive Director KMP to hold shares in the Company. Subject to any necessary approvals as may be required by law or by ASX Listing Rules, Directors may be invited from time to time to participate in share and 'in substance option' plans offered by the Company.

The various share, option and 'in substance option' entitlements of all Directors are advised to ASX in accordance with the Listing Rules and *Corporations Act* requirements and are set out on page 11 of the Directors' Report.

The remuneration of Non-Executive Director KMP for the periods ending 30 June 2009 and 30 June 2008 are detailed on pages 19 and 21 of this Report.

D. EXECUTIVE KMP COMPENSATION

The names and positions of the Executive KMP of the Company for the period ending 30 June 2008 and 2009 are detailed on page 17 of this Report.

1. Objective

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

- reward for Company performance against targets set by reference to appropriate benchmarks;
- align the interests of the Executive Director KMP and Executive Committee KMP with those of the Company and of its shareholders;
- link their rewards to the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards for the relevant industry.

2. Structure

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

The compensation of Executive Director KMP and Executive Committee KMP consists of the following key elements:

- Short term, fixed compensation;
- Other compensation such as post employment compensation (including superannuation); and
- Variable Compensation:
 - Short Term Incentive Bonus ("STI"); and
 - Long Term Incentive ("LTI").

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

The details of the fixed and variable components (and the relevant percentages) of each individual Executive Director KMP and Executive Committee KMP of the Company are set out on pages 19 to 22 of this Report.

The remuneration and terms and conditions of employment for the Executive Director KMP and the Executive Committee KMP are often but not always specified in individual contracts of employment. The details of each contract of the relevant Executive KMP are outlined on page 31 of this Report.

3. Fixed Compensation

(a) Objective

The level of fixed pay is set so as to provide a base level of compensation which is fair, reasonable and appropriate to the seniority of the position and to be competitive in the market.

Fixed pay (defined as the base compensation payable to an individual and which is not dependent on the outcome of specific criteria) is reviewed annually by the Remuneration Committee, taking into account other elements of the compensation mix, such as STI bonus and LTI arrangements. As noted earlier, the Committee has access to independent external advice.

(b) Structure

The Executive Director KMP and Executive Committee KMP receive their fixed (primary) compensation in a variety of forms including cash, superannuation and taxable value of fringe benefits such as motor vehicles and other non-monetary benefits. The fixed compensation component is not 'at risk' but is set by reference to competitive industry expectations and the scale and complexity of the different businesses together with appropriate benchmark information for the individual's responsibilities, performance, qualifications, experience and location.

The fixed compensation component of each Executive Director KMP and Executive Committee KMP for the periods ended 30 June 2009 and 30 June 2008 is detailed on pages 19 to 22 of this Report.

4. Variable Compensation — Short Term Incentive ("STI") Bonus

(a) Objective

The objective of the STI bonus program is to link the achievement of the Company's annual operational targets with the compensation received by the Executive KMP charged with meeting those targets, as well as some relevant personalised individual targets for some Executive Committee KMP. The total potential STI bonus available is set at a level so as to provide sufficient incentive to the Executive KMP to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

The STI is designed so that for all executives a large portion of their individual remuneration is 'at risk' against meeting targets linked to the Company's annual and mid-term business objectives, weighted so that the more senior the executive the larger the proportion of remuneration that is at risk. STI is a blend of financial KPIs applicable to the VRL Group together with personal KPIs based on the relevant responsibilities of each role.

(b) Structure

All Executive Committee KMP, as well as other corporate and divisional executives, are eligible to participate in the Company's annual STI bonus scheme after at least six months of service. Actual STI bonus payments made to each VRL Executive Director KMP and Executive Committee KMP depend on the extent to which specific budgeted operating targets, or other individual criteria set at the beginning of each financial year, are met.

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REMUNERATION REPORT (CONTINUED)

D. EXECUTIVE KMP COMPENSATION (continued)

4. Variable Compensation — Short Term Incentive ("STI") Bonus (continued)

(b) Structure (continued)

The Company has predetermined performance benchmarks which must be met in order to trigger payments under the STI bonus scheme. These Company specific and tailored performance conditions were chosen so as to align the STI payments to the operational performance of the Company and the Village Roadshow consolidated group as a whole. These performance criteria include EPS growth benchmarks and minimum CFROI targets.

The operational targets consist of a number of KPI's as part of the annual budget setting processes for financial measures of performance supporting the Company's annual targets. For the VRL Executive Director KMP of Messrs J.R. Kirby, R.G. Kirby and G.W. Burke, these measures include criteria relating to CFROI and EPS growth.

Mr. P.M. Harvie's KPI's are set by Austereo's Remuneration Committee.

The overall review of proposed bonus payments to Executive Committee KMP is assessed by the Remuneration Committee on the recommendations and advice of the Managing Director. All bonuses, including any recommended STI bonus payments for VRL Executive Director KMP and for Executive Committee KMP, are approved by the Company's Remuneration Committee.

Only the components of STI bonus payments that can be accurately determined are accrued at balance date. Remaining components of STI bonus payments are calculated and accrued between balance date and 31 December each calendar year. Accordingly for all Executive Director KMP and some Executive Committee KMP the STI amount shown in the Remuneration tables for the years ended 30 June 2008 and 30 June 2009 is the bonus relating to performance against the CFROI metric for the current year and for 2009 the EPS component of the bonus for the prior year. Accordingly the STI amount shown in the Remuneration tables are a composite of both bonuses paid and the CFROI bonus component accrued during the financial year.

The 3 VRL Executive Director KMP, and Mr. P.E. Foo from 1 July 2008, are eligible to earn up to 100% of their base remuneration in the form of an annual bonus. 50% of the bonus is based on CFROI and 50% is based on EPS growth relative to the top 300 stocks listed on the ASX. The CFROI bonus for the year ended 30 June 2009 amounted to \$680,816 for each VRL Executive Director KMP (2008: \$916,088) representing 37% (2008: 50%) of their base remuneration and, being due and payable, has been accrued for at 30 June 2009. The EPS component of the 30 June 2009 bonus is not capable of being determined until approximately October 2009 and has thus not been accrued at 30 June 2009 and will be reflected in the 30 June 2010 financial period.

Mr. Foo's STI bonus amount shown in the remuneration table on page 20 reflects both his 2008 bonus paid and the CFROI component of the bonus accrued for the year ended 30 June 2009.

All other Executive Committee KMP can also earn bonuses. In most cases bonuses are based on a mix of the same metrics as for the bonuses for VRL Executive Director KMP, together with specific individual KPI's for each Executive Committee KMP. Where the component of the bonus, if any, is based on CFROI and thus due and payable, this has been accrued for and reflected in the remuneration information for 30 June 2009. All other short term bonus amounts refer to bonuses paid during the year to Executive Committee KMP reflecting their performance for the year ended 30 June 2008 and 2009 respectively. CFROI hurdle rates were exceeded for the 2008 financial year and were at 74.3% of the hurdle rate for the 2009 financial year. The Group has also achieved EPS growth in the 2008 financial year and the relevant bonuses were paid in the 2009 financial year.

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

For all Executive KMP the minimum potential value of the STI which could be paid in respect of any year, for example as a result of poor performance or missing tailored, pre-set targets, would be nil. Similarly the maximum STI bonus payable in respect of any year would be the bonus that was paid in respect of that year, hence the theoretical percentage of maximum STI bonus payment that could be forfeited in respect of any year would be 100% of what was paid.

In addition, transaction based specific bonuses may be payable to one or more Executive KMP where specific medium term strategic challenges are encountered.

The STI bonus arrangements for the Executive KMP for the year ended 30 June 2009 are set out as follows:

Name	Title	Maximum STI for year	Methodology
John R. Kirby	Executive Chairman	100% base salary	50% based on CFROI, 50% based on increase in EPS compared to ASX 300 performance
Robert G. Kirby	Executive Deputy Chairman	100% base salary	50% based on CFROI, 50% based on increase in EPS compared to ASX 300 performance
Graham W. Burke	Managing Director	100% base salary	50% based on CFROI, 50% based on increase in EPS compared to ASX 300 performance
Peter M. Harvie	Executive Director	discretionary	Individual KPIs based on Austereo operating result targets
Peter E. Foo	Group Chief Operating Officer	100% base salary	50% based on CFROI, 50% based on increase in EPS compared to ASX 300 performance
Philip S. Leggo	Group Company Secretary	\$450,000	50% based on individual KPIs, 25% based on CFROI, 25% based on increase in EPS compared to ASX 300 performance
Julie E. Raffe	Chief Financial Officer	\$450,000	50% based on individual KPIs, 25% based on CFROI, 25% based on increase in EPS compared to ASX 300 performance
Tony N. Pane	Chief Tax Counsel	discretionary	Individual KPIs based on personal performance
Simon T. Phillipson	General Counsel	\$500,000	50% based on individual KPIs, 25% based on CFROI, 25% based on increase in EPS compared to ASX 300 performance
Timothy Carroll	Chief Marketing Officer	\$600,000	Individual KPIs based on operating result targets
Peter J. Davey	Managing Director Corporate Development	100% base salary	Individual KPIs based on personal performance
David Kindlen	Chief Information Officer	\$200,000	50% based on individual KPIs, 25% based on CFROI, 25% based on increase in EPS compared to ASX 300 performance

The STI bonus payments made to each of the Executive Director KMP and the Executive Committee KMP in the periods ending 30 June 2009 and 30 June 2008 are detailed on pages 19 to 22 of this Report.

5. Variable Remuneration — Long Term Incentive ("LTI")

(a) Objective

The objective of the Company's various LTI plans is to reward Executive KMP in a manner which assists in aligning this element of their remuneration with the creation of shareholder wealth.

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REMUNERATION REPORT (CONTINUED)

D. EXECUTIVE KMP COMPENSATION (continued)

5. Variable Remuneration — Long Term Incentive (“LTI”) (continued)

(a) Objective (continued)

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

- The Company’s 1996 Executive Share Plan and Loan Facility (“ESP”), which has been closed since July 2007;
- The Company’s 2005 Senior Executive Share Plan and Loan Facility (“SESP”) to the Company’s Chief Operating Officer, now closed;
- Austereo Group Limited’s 2001 Executive Share Plan and Loan Facility (“AESP”), which has been closed since January 2002;
- The 2001 issue of options over ordinary shares to the Company’s Managing Director, now expired;
- The 2008 Option Plan over ordinary shares to the Company’s Managing Director (“2008 OP”); and
- The Company’s 1993 Executive and Employee Option Plan (“EOP”), which has been closed since 1996.

With the exception of the 2008 OP, all LTI plans have been closed to further allotments and are in effect legacy plans in wind-up mode. Participation in the LTI plans listed above for the Company’s Executive KMP are set out in Note 26 of the Financial Report.

All LTI plans have been approved by shareholders at the time of their introduction. Grants are made from time to time as appropriate or whenever there have been movements in the composition of the management team, and all proposed grants to Directors of the Company are put to shareholders for approval. The quantum of the LTI grants are made on a sliding scale reflective of the seniority of the position of the relevant executive and their ability to contribute to the overall performance of the Company.

Other than the two LTI plans for the Company’s Managing Director and the SESP, the legacy LTI plans are not designed specifically to remunerate Executive Committee KMP, unlike their fixed compensation or their STI bonus arrangements, although this may be the consequence of the LTI plans. The performance hurdles relevant to the 2008 grant of options to the Managing Director are described below, but otherwise the legacy LTI plans have no specific performance conditions for the vesting of the relevant shares other than tenure, subject to ongoing personal performance, and value to the Executive Committee KMP is derived from the Company’s share price performance.

Instead the legacy LTI plan’s may be regarded as a partial retention mechanism by the Company and encourage a sense of ownership with those Executive Committee KMP to whom the LTI’s are granted, assisting in aligning their long term interests with those of shareholders. The success of these retention grants under the LTI plans is demonstrated by the relatively stable membership of the Executive Committee KMP over the past decade, with most Executive Committee KMP having served the Company for significant periods of time, including prior to becoming Executive Committee KMP.

The shares the subject of the LTI plans are offered at no cost to the Executive Committee KMP and the benefits, if any, under the LTI plans are correlated to the performance of the Company via the share price performance of the underlying share.

The Company considers that the five year period over which the ESP and SESP shares (or four year period for the AESP as applicable) are ‘earned’ are appropriate given the shorter term performance hurdles to which each Executive KMP is subject. Furthermore the long term horizon of the loans from the consolidated entity for the ESP, SESP and AESP, which continue past the final vesting date of the shares for the duration of Executive KMP’s employment with the Company, further demonstrates the alignment of the long term interests of Executive KMP with those of the Company’s shareholders.

There are no provisions within any of the LTI plans for the automatic or full vesting of the relevant shares in the event of a change of control of the Company.

Other than as noted below, no options have been granted, exercised or lapsed during the reporting period. Details of unissued shares under option, shares issued as a result of the exercise of options and ‘in substance options’ held during the period in relation to Executive KMP and Non-Executive Director KMP of the Company are set out in Note 26 of the Financial Report.

The 4 main legacy LTI plans, the EOP, ESP, SESP and AESP, all feature limited recourse loans limited to security over the relevant shares, the latter 3 plans together with a buy-back option in the event the market value of the shares is less than the loan amount. Accordingly no hedging by Executive KMP is necessary, whether of vested or unvested shares. The Company has

full control over all loans and the repayment thereof and full control over all shares including through holding locks. Accordingly, other than for the Managing Director’s 2008 ordinary options, the Company has no policy on hedging or margin lending by Executive KMP. In relation to the options granted to the Company’s Managing Director, Mr. Burke, on 18 July 2008, the terms of the offer specifically prohibit the hedging of unvested options by Mr. Burke. No hedging policy applies to legacy LTI plans.

The Company has used the fair value measurement provisions of AASB 2: *Share-based Payment* for all options or equity instruments granted to Executive KMP after 7 November 2002 which have not vested as at 1 January 2005. Under AASB 2: *Share-based Payment* these are all deemed to be ‘in substance options’ even where the equity instrument itself is not a share option.

The fair value of such ‘in substance option’ grants are disclosed as part of Executive KMP compensation and are amortised on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to ‘in substance options’ that never vest (i.e. forfeitures). The Company does not consider it is appropriate to ascribe a ‘value’ to the LTI of Executive KMP for remuneration purposes other than the amortised fair value measurement in accordance with the provisions of AASB 2: *Share-based Payment*.

From 1 January 2005, options or ‘in substance options’ granted as part of Executive KMP compensation have been valued using the Black Scholes or binomial option-pricing model or the Monte Carlo simulation technique, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

In addition to the amortised fair value of the relevant LTI plans, for all options or equity instruments granted to Executive KMP prior to 7 November 2002 which had vested as at 1 January 2005, being those grants to which AASB 2: *Share-based Payment* does not apply, an amount has been calculated to reflect the quantum of interest charged on the LTI loans where that is less than the 30 day commercial bill swap rate for the financial year (‘BBSW rate’). Accordingly an amount representing the value of interest not charged on the LTI loans has been added under the Incentive Plan column for the relevant Executive KMP in the Remuneration tables detailed on pages 19 to 22 of this Report. This non-monetary benefit represents the difference between the actual rate charged and the deemed market rate as reflected in the BBSW rate. For the Austereo LTI the deemed market rate used for calculating the interest not charged amount is the weighted average effective interest rate for Austereo Group Limited.

A detailed summary of these various LTI plans is set out below with full details set out in Note 26 of the Financial Report.

(b) Structure

(i) Executive Share Plan and Loan Facility (“ESP”)

The Company’s ESP was approved by shareholders on 19 November 1996 and allows for the issue of up to 5% of the Company’s issued A Class preference shares to executives and employees of the consolidated entity and significant associated entities. Directors of the Company are not eligible to participate in the ESP. All grants to Mr. P.M. Harvie under the ESP were in his capacity as an executive of the consolidated entity and were prior to him becoming a Director of the Company. The ESP has been closed to further allotments since July 2007, but existing shares and loans held by continuing participants remain.

Offers were at the discretion of the Company’s Remuneration Committee and preference shares are issued at the 5-day weighted average price on the market prior to allotment, rounded up to the next whole cent. The shares are held directly by the Executive Committee KMP who pays for the allotment by obtaining a loan from the consolidated entity which holds the ESP shares as security.

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

If the Executive Committee KMP resigns or is dismissed, the restricted and ‘unearned’ shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by the Company’s Remuneration Committee. In circumstances where the market value of the remaining ESP shares at the end of the six month period is less than the amount owing on the loan, then the Company will buy-back the shares and cancel them in repayment of the loan without further recourse to the former Executive Committee KMP. This is the basis on which they have been classified as ‘in substance options’.

No allotments under the ESP have been made to any Executive Committee KMP during the year.

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REMUNERATION REPORT (CONTINUED)

D. EXECUTIVE KMP COMPENSATION (continued)

5. Variable Remuneration — Long Term Incentive (“LTI”) (continued)

(b) Structure (continued)

(iii) Senior Executive Share Plan and Loan Facility (“SESP”)

The Company’s SESP was approved by shareholders on 25 November 2005 and allows for the issue of 1,000,000 ordinary shares and 1,000,000 A Class preference shares in the capital of the Company to the Company’s then Finance Director, Mr. P.E. Foo, under a Share Subscription and Loan Deed.

On 19 March 2007, Mr. Foo resigned as a Director of the Company but, as Group Chief Operating Officer, remained an Executive Committee KMP of the Company until 19 June 2009.

The SESP shares were issued at the 5-day weighted average price on the market prior to allotment, which was on 14 December 2005, rounded up to the next whole cent. The shares are held directly by Mr. Foo who paid for the allotment by obtaining a loan from the consolidated entity which holds the SESP shares as security.

As with the ESP, the SESP shares are ‘earned’ at the rate of 20% per year over five years from date of issue. The loans bear interest at ten cents per preference share and seven cents per ordinary share per annum with the first ten cents per preference share and seven cents per ordinary share of dividends in any year used to repay the interest accrued. 50% of any remaining dividends per share are used to repay the capital amount of the loans, which loans must be repaid within 8 years (by December 2013).

If Mr. Foo resigns or is dismissed, the restricted and ‘unearned’ shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by Company’s Remuneration Committee. Following Mr. Foo’s cessation of employment on 4 August 2009, the vesting of Mr. Foo’s shares under the SESP was extended to December 2010. In circumstances where the market value of the remaining SESP shares is less than the amount owing on the loan, then the Company will buy-back the shares and cancel them in repayment of the loan without further recourse to Mr. Foo. This is the basis on which they have been classified as ‘in substance options’. Under AASB 2: *Share-based Payment* this allotment is also deemed to be ‘in substance options’ even though the equity instrument itself is not an option.

No allotments under the SESP have been made to any Executive Committee KMP during the year.

(iii) Austereo Group Limited’s Executive Share Plan and Loan Facility (“AESP”)

The AESP, and the specific grant of shares to Mr. P.M. Harvie, was approved by shareholders of Austereo on 19 January 2001, and allows for the issue of up to 5% of Austereo’s issued ordinary shares to executives and employees of the Austereo consolidated entity. Executive Directors of Austereo are eligible to participate in the AESP. As Mr. Harvie is an Executive Director KMP of Village Roadshow Limited, this AESP is relevant to his remuneration arrangements. The AESP has been closed to further allotments since January 2002 but existing shares and loans held by continuing participants remain.

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

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

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

Under AASB 2: *Share-based Payment*, any allotments under the AESP are also deemed to be ‘in substance options’ even though the equity instrument itself is not an option.

No allotments under the AESP have been made to any Executive Committee KMP during the year, and all grants pre-date the introduction of AASB 2: *Share-based Payment*.

(iv) 2001 Option Plan for Managing Director

The LTI grant on 15 May 2001 of six million options over ordinary shares in the Company to the Company’s Managing Director, Mr. G.W. Burke, a VRL Executive Director KMP, expired on 30 November 2007.

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

On 25 October 2007 Mr. Burke exercised 2,000,000 ordinary options at an exercise price of \$2.85 after allowing for the capital return to ordinary shareholders in January 2007 and was allotted 2,000,000 ordinary shares. The 2,000,000 options exercisable at \$3.85 and the 2,000,000 options exercisable at \$4.85 (also after allowing for the capital return to ordinary shareholders in January 2007) held by Mr. Burke lapsed on 30 November 2007.

(v) 2008 Option Plan for Managing Director (“2008 OP”)

Upon the renewal in December 2007 of the employment contract of the Company’s Managing Director, Mr. G.W. Burke, a VRL Executive Director KMP, the contract required the replacement of the expired 2001 Option Plan (described above) with a grant of up to 6 million options over ordinary shares exercisable at \$3.00 per share, with vesting subject to performance hurdles relating to growth in earnings per share and growth in dividends. The 2008 OP was approved by the Company’s shareholders on 17 July 2008 and the options were issued on 18 July 2008.

Two million options are exercisable, subject to certain performance conditions not earlier than 1 March 2011; two million options are exercisable subject to certain performance conditions not earlier than 1 March 2012; and two million options are exercisable subject to certain performance conditions not earlier than 1 March 2013.

The earnings per share (“EPS”) performance hurdle has a starting point of 27 cents per ordinary share on 31 December 2007 and the dividend performance hurdle has a starting point of 9 cents per ordinary share on 31 December 2007, with growth measured on calendar year performance.

For all options to vest, the Company’s performance must meet a minimum 10% cumulative average growth rate (“CAGR”) in EPS over the 3 year vesting period for half of each tranche to vest, and must meet a minimum 10% CAGR in dividends paid over 2 out of the 3 year vesting period for the other half of each tranche to vest. For half of the options to vest, the Company’s performance must meet a minimum 5% CAGR in EPS over the 3 year vesting period for one quarter of each tranche to vest, and must meet a minimum 5% CAGR in dividends paid over 2 out of the 3 year vesting period for another quarter of each tranche to vest. Below 5% CAGR in either dividends or in EPS no options vest, with a pro-rata straight line vesting scale between 5% and 10% CAGR for each performance condition. The effect of the performance hurdles on the potential vesting of the options can be illustrated as follows:

Number of Options able to Vest if:	Cumulative Annual Growth Rate (“CAGR”)				
	< 5%	5%	5% – 10%	= or > 10%	
EPS CAGR hurdle achieved	Nil	500,000	Sliding Scale*	1,000,000	Maximum 1st Tranche Options
Dividend CAGR hurdle achieved#	Nil	500,000	Sliding Scale*	1,000,000	
EPS CAGR hurdle achieved	Nil	500,000	Sliding Scale*	1,000,000	Maximum 2nd Tranche Options
Dividend CAGR hurdle achieved#	Nil	500,000	Sliding Scale*	1,000,000	
EPS CAGR hurdle achieved	Nil	500,000	Sliding Scale*	1,000,000	Maximum 3rd Tranche Options
Dividend CAGR hurdle achieved#	Nil	500,000	Sliding Scale*	1,000,000	

Subject to ‘2 out of 3 years’ test.

* A pro rata straight line vesting scale applies.

The first year of the first 3 year vesting period exceeded both the EPS and Dividend CAGR hurdles. All the options are exercisable no later than 1 March 2015. In the event of termination without cause, Mr. Burke may exercise the options that have already vested or that vest during the following 12 month period, or he may exercise vested options within 7 days of cessation of employment in the event of termination for cause.

REMUNERATION REPORT (CONTINUED)

D. EXECUTIVE KMP COMPENSATION (continued)

5. Variable Remuneration — Long Term Incentive ("LTI") (continued)

(b) Structure (continued)

The terms of the grant of the options provide that should the Board determine that Mr. Burke has entered into a hedging transaction or other transaction having the effect of limiting or eliminating the economic risk associated with the Options as a result of the dividend and EPS growth vesting hurdles to which they are subject, the Options will expire.

(vi) Executive and Employee Option Plan ("EOP")

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

The EOP is a legacy equity-linked performance plan as further allotments under the EOP were discontinued when the ESP was introduced in 1996, but existing shares and loans held by continuing participants remain.

(vii) Holdings of Executive KMP

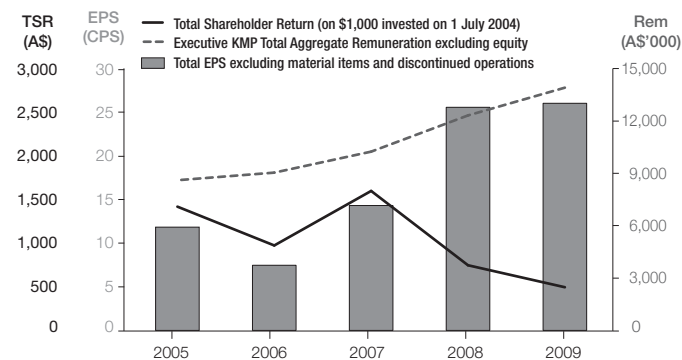
Other than the allotment under the 2008 Option Plan for Mr. G.W. Burke, there have been no allotments to Executive Director KMP or Executive Committee KMP under any share-based payment plan during the financial period. Details of the loans for such 'in substance options' held by Executive KMP of the Company, including their personally-related entities, under the share-based payment plans during the financial period are set out in Note 26 of the Financial Report.

Allotments to any Executive KMP, including their personally-related entities, under the share-based payment plans during the financial period and the relevant loans during the financial period are set out in Note 26 of the Financial Report. During the financial year, the number of shares in the Company and in Austereo in which the Executive KMP of the Company have a relevant interest, including their personally-related entities, are set out in Note 26 of the Financial Report.

6. Other benefits

The Company has other compensation arrangements with some Executive KMP such as travel and entertainment reimbursement for business purposes only and either Company maintained vehicles, vehicle leases or car allowances as part of their remuneration packages. In addition the payment of superannuation or retirement benefit amounts within prescribed statutory limits are made, including various ancillary insurance covers. Where relevant the grossed up taxable value of these benefits as fringe benefits have been included as a non-monetary benefit with the details of the value of these benefits set out on pages 19 to 22 of this Report.

E. COMPANY PERFORMANCE



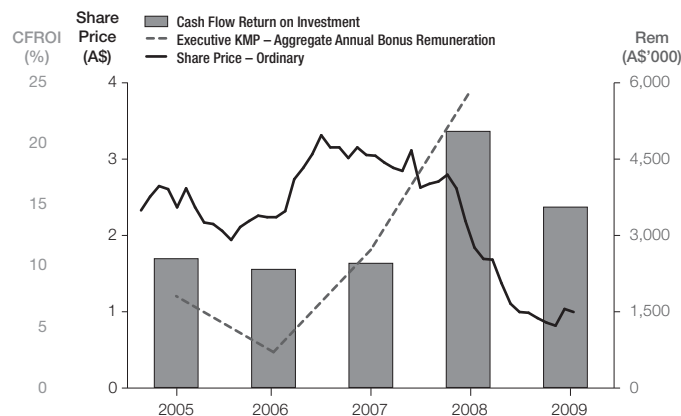
Total Shareholder Return - IRESS

The above chart reflects the Total Shareholder Return ("TSR") of the Company for the current reporting period and in each of the four preceding years. It is based on the investment of \$1,000 in ordinary shares on 1 July 2004 and demonstrates the impact on shareholders of investing in ordinary shares over that five year time frame. TSR has been adversely impacted over the past couple of years by the overall global market downturn.

The chart also shows the growth in Earnings Per Share ("EPS"), shown in cents per share, over the same five year period - this is the total EPS, excluding material items and discontinued operations, as reported for the year in relation to which the remuneration was paid, unadjusted for any subsequent changes (primarily relating to re-statements due to discontinued operations) for each of the past five years, measured against the weighted average ordinary and preference shares on issue at each 30 June year-end.

Overlaid over the TSR and EPS data is the total aggregate annual remuneration, including bonuses from all sources, of the VRL Executive Directors and relevant Executive Committee KMP. Excluded from the total aggregate remuneration is the notional value of share-based equity payments as described above. This total aggregate annual remuneration on the same basis has also been shown for comparative purposes for the same pool of Executive KMP in each of the four preceding years. A freeze on Executive KMP base remuneration has been in place since January 2008.

The movement in total Executive KMP remuneration since 2005 has broadly followed the change in TSR or EPS. Growth in underlying shareholder value, measured by TSR, over the previous five years should have for the most part outstripped any rise in total Executive KMP aggregate remuneration. In particular, the special dividends and capital return paid by the Company in the 2007 and 2008 financial years would have positively impacted on TSR for the two most recent years but for the declining share price due to overall stock market weakness arising from adverse global economic conditions.



Ordinary share price month end closing price history - IRESS

The bonus amounts shown in the above chart are for the three VRL Executive Director KMP, Messrs J.R. Kirby, R.G. Kirby and G.W. Burke, and the four relevant Executive Committee KMP, and are those accrued for the year to which the payment relates. Other than for the VRL Executive Directors, prior to July 2007 the STI bonuses of Executive KMP were discretionary and were paid towards the end of each calendar year, hence they related to the performance of the Company in the prior period. The STI bonus amounts shown in the chart above have been amended to reflect this timing difference and where applicable these bonus payments have been normalised to match the STI amount that was paid as if it had been accrued for the relevant year.

The calculation of annual bonuses for the three named VRL Executive Director KMP and, from July 2007, for the 4 relevant Executive Committee KMP is divided into two components: one is driven by Cash Flow Return on Investment ("CFROI") and the other is determined by EPS performance. The two components together derive the movement in the VRL Executive Director KMP overall bonuses. For the purposes of calculating bonuses for the VRL Executive Director KMP, the CFROI used relates to normalised EBITDA as a percentage of capital employed, and capital employed is represented by total shareholders' capital plus net debt. Bonuses are calculated based on the growth in the ratio from year to year and from July 2007 are on a sliding scale between 10% and 20%.

As the relevant criteria for the payment of an annual bonus to the VRL Executive Director KMP were not met in the year ended 30 June 2006, no bonuses were due or payable.

No STI bonus data is shown in the above chart for the current reporting period as only half, the CFROI component, is known, however the chart does reflect the total aggregate annual STI bonus remuneration of the VRL

REMUNERATION REPORT (CONTINUED)

E. COMPANY PERFORMANCE (continued)

Executive Director KMP and relevant Executive Committee KMP for each of the four preceding years. Where Executive KMP have individual performance KPI's that are not linked to performance of the Company through CFROI or EPS, these have been excluded.

Where one-off 'transactional bonuses' have been paid arising from the successful completion of specific medium term strategic initiatives, these have been excluded for comparative purposes. These include a transactional bonus for Mr. Burke for the successful financial re-engineering of the Village Roadshow Pictures Group with Crescent Entertainment Inc. in October 2005.

Accordingly both the level of remuneration and the at risk components of STI and LTI payments are directly linked to specific performance metrics of the Company and are designed to align the interests of the Executive KMP with those of shareholders.

F. EMPLOYMENT CONTRACTS

Compensation and other terms of employment for many of the Company's Executive KMP and Non-KMP Executives are formalised in service agreements.

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

1. Executive Director KMP

Mr. G.W. Burke's five year contract with the Company as Managing Director expires on 1 December 2012. In addition to base salary, CPI adjusted, superannuation and motor vehicle, an annual incentive performance bonus is payable for achieving certain EPS and CFROI levels. The contract also provides for the granting of six million options over ordinary shares with appropriate exercise hurdles, which options were issued on 18 July 2008. In addition the contract provides for a potential loan from the Company of up to \$2 million on terms and conditions to be agreed by the Remuneration Committee of the Company. Other than a global twelve month non-compete clause, the contract does not provide for pre-determined compensation in the event of termination.

Mr. P.M. Harvie's contract with Austereo Pty Ltd as Executive Chairman of the Company's controlled entity, Austereo Group Limited, expires on 30 June 2012. In addition to base salary and superannuation, CPI adjusted, an annual discretionary performance bonus is payable together with participation in the ESP and AESP. Payment for termination without cause is equal to twelve months of salary and reflects the post employment restraints applicable to Mr. Harvie under his contract.

2. Executive Committee KMP

The Company's Group Chief Operating Officer (formerly Finance Director until 19 March 2007), Mr. P.E. Foo, did not have a formal service agreement with the Company. Mr. Foo retired from the Executive Committee on 19 June 2009, ceasing as KMP from that date, and Mr. Foo left the Company on 4 August 2009.

Mr. A.N. Pane, who ceased as KMP from 31 December 2008, has a service agreement with the Company expiring on 31 December 2011. Messrs. T. Carroll, P. S. Leggo, S.T. Phillipson, P. Davey and Ms. J.E. Raffe all have ongoing employment agreements. In addition to base salary and superannuation, and a Company motor vehicle provided to Mr. Leggo and Ms. Raffe, all above named Company executives are eligible to be paid an annual discretionary performance bonus, which in the case of Mr. Carroll depends on performance against nominated EBITDA targets. In addition Messrs. P. Foo, P.S. Leggo, S.T. Phillipson, D. Kindlen and Ms. J.E. Raffe have STI performance bonus arrangements similar to VRL Executive Director KMP based on CFROI and EPS metrics. Mr. Pane's contract has a non-standard leave entitlement for flexible working arrangements. Mr. D. Kindlen does not have a formal service agreement with the Company.

Payment for termination without cause under these employment contracts for Messrs. Leggo, Carroll, Davey, Phillipson and Ms. Raffe is equal to twelve months of salary and reflects the post employment restraints applicable to these Executive Committee KMP under their relevant employment contracts. None of the above contracts provide for pre-determined compensation in the event of termination.

The Company may terminate an employment contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the senior manager is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested LTI plan shares and 'in substance options' are immediately forfeited and all remaining loans over such LTI shares must be repaid within 6 months of termination.

FINANCIAL REPORT CONTENTS	DIRECTORS' REPORT	AUDITOR'S INDEPENDENCE DECLARATION	REMUNERATION REPORT	CORPORATE GOVERNANCE	INCOME STATEMENT	BALANCE SHEET	CASH FLOW STATEMENT	STATEMENT OF CHANGES IN EQUITY	NOTES TO THE FINANCIAL STATEMENTS	DIRECTORS' DECLARATION	INDEPENDENT AUDITOR'S REPORT	ADDITIONAL INFORMATION	DIRECTORY
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CORPORATE GOVERNANCE STATEMENT

The following statement sets out a summary of the Company's corporate governance practices that were in place during the financial year and how those practices relate to the 2nd Edition-Revised Corporate Governance Principles issued by the Australian Securities Exchange ("ASX") Corporate Governance Council ("ASX Recommendations").

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

BOARD OF DIRECTORS – ROLE AND RESPONSIBILITIES

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

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

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

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

BOARD OF DIRECTORS – COMPOSITION AND MEMBERSHIP

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

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

Executive Director: one in full time employment by the Company or a subsidiary within the Village Roadshow Group, either directly or through a consultancy;

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

Shareholder Director: one with a prescribed direct, indirect or representative shareholding interest exceeding 5 percent of the total issued ordinary capital of the Company.

- The Board shall comprise Directors with an appropriate range of qualifications and specific industry expertise that will enable them to make a contribution to the deliberations of the Board.
- The Board shall meet at least six times per year. Meeting guidelines ensure that Directors are provided with all necessary information to participate fully in an informed discussion of all agenda items.
- Informal meetings of Independent Directors are held to discuss matters of mutual interest when necessary.

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

Name/Role	Appointed	Classification
John R. Kirby <i>Chair</i>	August 1988	Shareholder, Executive
Robert G. Kirby <i>Deputy Chair</i>	July 2001	Shareholder, Executive
Graham W. Burke <i>Managing Director</i>	September 1988	Shareholder, Executive
Peter M. Harvie <i>Executive Director</i>	June 2000	Executive
D. Barry Reardon <i>Non-Executive Director</i>	March 1999	Independent
Peter D. Jonson <i>Non-Executive Director</i>	January 2001	Independent*
David J. Evans <i>Non-Executive Director</i>	January 2007	Independent
Robert Le Tet <i>Non-Executive Director</i>	April 2007	Independent

* Appointed Lead Independent Director in November 2008.

The Company is currently considering the appointment of a further independent director to the Board.

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

- the appointment, number and rotation of the Directors;
- the appointment of the Managing Director; and
- procedures for Directors' meetings, including voting.

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

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

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

The Chair of the Company is determined by the Board of Directors, recognising the Company's ownership structure. This is at variance to ASX Recommendations. The Board is of the opinion that the executive roles of the Shareholder Directors (including the Chair) in the day to day operations of the Company adds value to the Company due to their material financial commitment and considerable experience in the Company's businesses. In accordance with good practice where the Chairman of the Board is not an independent Director, the Board of Directors considers it to be useful and appropriate to designate an Independent Non-Executive Director to serve in a lead capacity to coordinate the activities of the other Non-Executive Directors. Dr. P.D. Jonson was appointed to this role in November 2008. With a balance of Independent Directors on the Board, the Company considers that there is adequate monitoring of the Executive Directors.

AUDIT & RISK COMMITTEE

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

The role and responsibilities of the Audit & Risk Committee includes:

- Reviewing all external reporting (published financial statements including interim statements and year-end audited statements, preliminary announcement of results prior to publication) with management and the external auditors prior to their approval by the Board, focusing in particular on:
 - Significant changes in accounting policies and practices;
 - Major judgmental areas and significant audit adjustments;
 - Adequacy and reliability of financial information provided to shareholders; and
 - Compliance with statutory and ASX reporting requirements;
- Discussing any matters arising from the audit with the external auditor;
- Reviewing the nomination, performance, independence and competence of the external auditor – Ernst & Young was appointed on 12 April 1989 and since 2003 the audit partner is rotated every 5 years;

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

AUDIT & RISK COMMITTEE (continued)

- Approving the Internal Audit plan bi-annually and assessing the performance of the internal audit function;
- Receiving reports from the Corporate Governance and Compliance Committee and assessing the adequacy and effectiveness of the financial internal control framework and risk management procedures; and
- Discussing the scope and effectiveness of the audit with the external auditor.

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

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

Name	Appointed	Role
Robert Le Tet	April 2007	Independent Director, Chair from May 2008
D. Barry Reardon	May 2008	Independent Director
Peter D. Jonson	February 2001	Independent Director

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

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

NOMINATION COMMITTEE

The Company established a Nomination Committee in 1998. Prior to this, membership of and nominations to the Board had been the exclusive responsibility of the Board. In accordance with its Charter, the three members of the Nomination Committee include the Chair of the Company and comprise a majority of Independent Directors.

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

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

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

Name	Appointed	Role
John R. Kirby	June 2006	Chair, Executive Director
Robert Le Tet	May 2008	Independent Director
David J. Evans	July 2007	Independent Director

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

Given the Company's ownership structure and the composition of the Board, the assessment of the Board's overall performance and its own succession plan is conducted informally by the Chair and Directors on an ad hoc basis. Whilst this is at variance to ASX Recommendations, for the financial year ended June 2009, the Directors consider that an appropriate and adequate evaluation of Directors has been implemented.

EXECUTIVE COMMITTEE

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

The key functions and responsibilities of this Executive Committee include:

- Development of the strategic plan which encompasses the Company's vision, mission and strategy statements and stakeholders' needs;
- Implementation of operating plans and budgets by management and monitoring progress against budget as well as monitoring all significant areas of the business;
- Approval and monitoring of capital expenditure, capital management, acquisitions and divestitures, and approval of contracts up to A\$10m;
- Establishment of committees to monitor and report on all aspects of risk management including environmental issues and health and safety matters;
- Review cash flow projections and gearing;
- Treasury responsibility including advising the Board on liquidity, currency and interest rate risk and credit policies; and
- Review the Company's code of conduct and corporate governance compliance.

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

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

During the year the Executive Committee formed two working sub-committees, the Business Committee concerned with legal, governance and financial matters, and the Management Committee concerned with operational and personnel issues.

During the financial year the members of the Executive Committee were:

Name		Business Committee	Management Committee
Graham W. Burke	Chair	•	•
John R. Kirby		•	•
Robert G. Kirby		•	•
Peter M. Harvie			
Peter E. Foo	Resigned June 2009		
Philip S. Leggo		•	
Julie E. Raffae		•	•
Simon T. Phillipson		•	
Tony N. Pane	Resigned December 2008		
Timothy Carroll			•
Peter J. Davey			
David Kindlen			

REMUNERATION COMMITTEE

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

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

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

The compensation arrangements of the separately listed entity, Austereo Group Limited and, from February 2008, of Village Roadshow Entertainment Group (BVI) Limited, are determined by those entities' Remuneration Committees.

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

The Remuneration Committee is responsible for the compensation overview for all senior executives and is kept informed of any major amendments to the remuneration arrangements of senior divisional and corporate executives, as recommended by the Executive Directors. This includes any proposed equity allotments or shadow equity plans, significant profit share arrangements or substantial bonus payments.

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REMUNERATION COMMITTEE (continued)

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

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

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

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

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

The Committee meets at least twice per year.

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

Name	Appointed	Role
Peter D. Jonson	July 2007	Chair, Independent Director
D. Barry Reardon	August 1999	Independent Director
Graham W. Burke	April 2000	Managing Director

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

The total cash remuneration of Independent Directors (being Directors' Fees paid to anyone not in an Executive capacity), is distinguished from that of Executive Directors and is approved in aggregate by shareholders in general meeting from time to time. During the year Independent Directors received \$80,000 per annum plus \$20,000 per annum for each Board Committee on which they served, payable quarterly in arrears other than for the Nomination Committee whose members are paid \$10,000 per annum. However Board Committee Chairs are paid an additional \$10,000 per annum and the Lead Independent Director an additional \$30,000 per annum in recognition of their increased workload. In addition Independent Directors may receive additional fees for serving on Boards of subsidiary companies.

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

In addition, the Company encourages Executive and Non-Executive Directors to hold shares in the Company. Subject to any necessary approvals as may be required by law or ASX Listing Rules, Directors may be invited from time to time to participate in share and option plans offered by the Company.

The various share and option entitlements of all Directors and any changes to those holdings are advised to ASX in accordance with the Listing Rules and *Corporations Act 2001* requirements and are set out in the Directors' Report.

SHAREHOLDER MEETINGS AND COMMUNICATION

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

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

Notices of meetings of shareholders will comply with all legal requirements and current good practice guidelines and the format of resolutions will be clear, concise and in plain English. Distinctly separate issues will be presented in separate motions and only combined into one resolution where the subject matter requires it to be so presented.

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

The Directors believe that, in accordance with the Company's constitution, voting by shareholders should be determined firstly on a show of hands by those present at the meeting and by poll where requested by shareholders or by the Chair. The constitution sets out the circumstances in which a poll may be called by the Chair or by shareholders whether present in person or by proxy or by representative.

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

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

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

The Company is supportive of developments by the share registry industry to facilitate the option of electronic communication with shareholders, and since 2007 has placed the Company's annual report on its website as a principle distribution method to shareholders, affording them the option of receiving a printed copy should they so request one.

CONTINUOUS DISCLOSURE

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

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

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

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

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

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

CORPORATE CODE OF CONDUCT

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

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

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

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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CORPORATE CODE OF CONDUCT (continued)

All Directors and managers have an obligation to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company does not pay fines and penalties of a personal nature for Directors or employees.

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

Certain inter-company arrangements have been entered into between the Company and Austereo Group Limited ("Austereo"). Historically the Company and Austereo have maintained various financial and administrative arrangements and have regularly engaged in transactions with each other and their respective affiliates. This relationship is governed by the Intercompany Agreement dated 19 January 2001 between the Company and Austereo. The Intercompany Agreement specifically states that it is the intention of both parties that the relationship between them and their respective affiliates prior to Austereo's listing on ASX will continue on the same basis while the Company continues to hold a controlling interest in Austereo.

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

In respect of the Intercompany Agreement and all other matters between the Company and Austereo, the Directors will be required to comply with the requirements of the Company's constitution and the *Corporations Act 2001* governing any conflicts of interest that may arise. An example of this has been the adoption of appropriate internal procedures during any on-market buy-back of shares by Austereo in which the Company may participate.

SECURITIES TRADING POLICY

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

In addition to all Directors of the Company, all members of the Executive Committee and other key corporate and divisional executives of the Village Roadshow group who are involved in material transactions concerning the Company are included in the definition of "Designated Officers". These Designated Officers are precluded from dealing in securities of the Company during the periods one month prior to the release dates of the half year profit announcement and prior to the release of the full financial year end profit announcement.

Outside of those periods, no Designated Officers may deal in securities of the Company when in possession of any information which, if made publicly available, could reasonably be expected to materially affect the price of the Company's securities, whether upwards or downwards. Except for Directors of the Company, prior written approval must be obtained from the Company Secretaries by any Designated Officer who wishes to deal in the Company's securities and legal advice will be obtained by the Company Secretaries on behalf of the Designated Officer in circumstances where any doubt exists.

All Directors of the Company, and of the Village Roadshow group of companies including Austereo ('the Group'), are required to provide a standing notice, updated as appropriate, giving details of the nature and extent of their 'material personal interests' in the affairs of the Company and Group upon appointment as a Director. All notices are tabled and recorded in the minutes of each meeting of Directors and entered into a register which is open for inspection by all Directors and is available to all future incoming directors.

RISK MANAGEMENT

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

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

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

This includes reporting on all material financial and non-financial risks across all business units. Detailed sign-offs by key process owners and internal control management questionnaires are completed by all business units bi-annually as part of the Company's full-year and half-year financial reporting procedures.

The Company is committed to corporate environmental sustainability and corporate social responsibility as part of the Company's business objectives and operating philosophy. The Company will be reporting in late 2010 under the *National Greenhouse and Energy Reporting Act*.

The Company's financial structure includes a number of covenants to various lenders, requiring a structured level of monitoring and management to ensure compliance. The Company's Treasury Risk Policy articulates the recognition, measurement and management of interest rate risks, foreign exchange exposures, hedging, credit risk, liquidity levels and monitoring of economic and financial conditions. The parameters of the all policies, including the Treasury Risk Management Policy, are periodically reviewed by the Audit & Risk Committee to ensure they remain appropriate and address current issues.

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

The Internal Audit Plan, agreed with management, is approved six monthly at Audit & Risk Committee meetings. A summary of major audit findings, and control weaknesses not adequately addressed by management, is reported directly to the Audit & Risk Committee. In addition independent external reviews are conducted on specialist areas on a regular basis in key businesses within the Company.

In July 2003 the Company established a Corporate Governance and Compliance Committee to monitor the implementation and effectiveness of sound governance policies and procedures across the Group in line with ASX Recommendations. Such policies and procedures include the risk management and internal controls framework, the code of conduct and the compliance process adopted by management. This Committee is supported by various divisional Corporate Governance and Compliance Committees with divisional management having on-going day-to-day control of business unit risks and the implementation of the necessary action plans. These divisional Corporate Governance and Compliance Committees report at least bi-annually on their divisional risk management, compliance programs and governance processes appropriately tailored to their specific industries, to address and ensure effective management of all relevant matters.

The responsibilities of the Committee include the formulation of annual Compliance Programs and the co-ordination and monitoring of such programs to ensure timely implementation and review of action plans. The Committee reports at least bi-annually on all material aspects of such risk and compliance programs to the Audit & Risk Committee and in writing to the Managing Director and Chief Financial Officer on the appropriateness and effectiveness of these programs.

During the financial year the members of this Committee were:

Philip S. Leggo (Chair)	Simon T. Phillipson	Shaun L. Driscoll
Julie E. Raffae	Lee H. Ewe	Peter E. Foo (to June 2009)
Peter A. Harris (from June 2009)		

The Board also receives bi-annually a signed, written statement from the Managing Director and Chief Financial Officer that the financial statements give a true and fair view, in all material respects, of the Company's financial condition and that it's operational results are in accordance with accounting standards, that this statement is based on a sound system of risk management and internal compliance and control which implement the policies adopted by the Board, and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

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INCOME STATEMENT

For the year ended 30 June 2009

		CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Continuing operations					
Income					
Revenues	(2(b))	1,383,803	1,283,706	61,130	193,134
Other income	(2(c))	30,401	28,188	14,092	15,855
Expenses excluding finance costs	(2(e))	(1,289,447)	(1,142,978)	(78,377)	(109,463)
Finance costs	(2(f))	(84,425)	(63,151)	(12,427)	(6,868)
Share of net profits (losses) of associates and jointly controlled entities accounted for using the equity method	(2(d))	(6,588)	2,722	-	-
Profit (loss) from continuing operations before income tax expense					
		33,744	108,487	(15,582)	92,658
Income tax (expense) benefit	(4)	(1,392)	(9,588)	20,590	13,125
Profit (loss) after tax from continuing operations					
		32,352	98,899	5,008	105,783
Discontinued operations					
Profit (loss) after tax	(31)	-	181,570	-	-
Net profit (loss) for the period					
		32,352	280,469	5,008	105,783
Attributable to:					
Minority interest		19,703	23,587	-	-
Members of the parent					
		12,649	256,882	5,008	105,783
Earnings per share (cents per share)					
For profit (loss) for the year attributable to ordinary equity holders of Village Roadshow Limited:					
- Basic and diluted earnings per share	(3)	(2.17)	170.06		
For profit (loss) from continuing operations for the year attributable to ordinary equity holders of Village Roadshow Limited:					
- Basic and diluted earnings per share	(3)	(2.17)	39.53		

The above income statement should be read in conjunction with the accompanying notes.

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BALANCE SHEET

As at 30 June 2009

		CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Current Assets					
Cash and cash equivalents	(6(a))	79,626	65,614	6	14
Trade and other receivables	(7)	221,578	227,025	333	674
Inventories	(8)	21,482	24,184	308	254
Current tax assets		723	80	-	-
Film distribution royalties	(10(b))	56,094	59,168	-	-
Derivatives	(33(e))	228	6,601	77	-
Other	(10(a))	9,823	9,665	315	323
Total current assets		389,554	392,337	1,039	1,265
Non-Current Assets					
Trade and other receivables	(7)	60,318	37,525	341,937	253,773
Intangible assets:					
Radio licences	(9)	453,194	453,194	-	-
Goodwill	(9)	334,093	368,634	-	-
Other	(9)	66,463	68,212	-	-
Investments in associates and joint ventures accounted for using the equity method	(11)	22,805	17,856	-	-
Available-for-sale investments	(12)	1,720	4,759	16	16
Other investments	(13)	-	-	592,781	616,733
Property, plant & equipment	(14)	745,817	692,399	7,369	8,385
Deferred tax assets	(4(c))	52,573	55,681	33,373	51,926
Film distribution royalties	(10(b))	58,437	73,632	-	-
Derivatives	(33(e))	94	5,776	48	-
Other	(10(a))	7,392	7,609	3,006	3,867
Total non-current assets		1,802,906	1,785,277	978,530	934,700
Total assets		2,192,460	2,177,614	979,569	935,965
LIABILITIES					
Current Liabilities					
Trade and other payables	(15)	264,502	261,792	4,704	5,790
Interest bearing loans and borrowings	(16)	270,251	118,335	170,100	135
Income tax payable		5,561	13,043	-	-
Provisions	(17)	37,327	31,841	16,196	7,349
Derivatives	(33(e))	11,686	2,231	-	-
Other	(18)	29,787	24,135	-	-
Total current liabilities		619,114	451,377	191,000	13,274
Non-Current Liabilities					
Payables	(15)	29,595	35,136	2,568	3,426
Interest bearing loans and borrowings	(16)	709,280	819,556	30,326	138,201
Deferred & other income tax liabilities	(4(c))	93,608	115,005	-	-
Provisions	(17)	24,596	21,378	96	42
Derivatives	(33(e))	4,904	-	-	-
Other	(18)	2,282	2,399	-	-
Total non-current liabilities		864,265	993,474	32,990	141,669
Total liabilities		1,483,379	1,444,851	223,990	154,943
Net assets		709,081	732,763	755,579	781,022
EQUITY					
Equity attributable to equity holders of the parent					
Contributed equity	(19)	388,739	388,977	388,739	388,977
Reserves	(20)	323,434	319,262	4,958	3,585
Retained earnings (accumulated losses)	(20)	(123,189)	(98,767)	361,882	388,460
Parent interests		588,984	609,472	755,579	781,022
Minority interests	(21)	120,097	123,291	-	-
Total equity		709,081	732,763	755,579	781,022

The above balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	1,410,599	1,712,786	-	-
Payments to suppliers and employees ¹	(1,141,786)	(1,559,926)	(37,115)	(37,360)
Dividends and distributions received	1,000	1,667	18,109	17,379
Interest and other items of similar nature received	7,768	11,385	21	62
Finance costs	(63,665)	(122,250)	(10,995)	(5,676)
Income taxes paid	(27,102)	(41,923)	-	-
Partnership profits received	767	118	-	-
Net cash flows from (used in) operating activities	(6(b)) 187,581	1,857	(29,980)	(25,595)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant & equipment	(107,161)	(54,828)	(1,405)	(609)
Proceeds from sale of property, plant & equipment	-	1,384	-	232
Purchase of equity investments ²	(15,243)	(206,771)	-	(77,098)
Proceeds on sale of equity investments	-	24,559	-	-
Loans from subsidiaries	-	-	-	102,505
Loans to subsidiaries	-	-	(6,133)	-
Payments for loans to other entities	(45,975)	(15,678)	(1,190)	-
Proceeds from loans from other entities	8,239	4,707	-	1,085
Other	(6,413)	472	-	-
Net cash flows from (used in) investing activities	(166,553)	(246,155)	(8,728)	26,115
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issues of shares	-	5,700	-	5,700
Proceeds from borrowings	239,823	767,566	62,000	138,000
Repayment of borrowings	(200,683)	(471,775)	-	(2,154)
Dividends paid	(39,650)	(83,088)	(23,164)	(67,492)
Other (incl. payments for buy-back of shares and capital return)	(7,003)	(74,575)	(136)	(74,575)
Net cash flows from (used in) financing activities	(7,513)	143,828	38,700	(521)
Net increase (decrease) in cash and cash equivalents	13,515	(100,470)	(8)	(1)
Cash and cash equivalents at beginning of year	65,614	170,552	14	15
Effects of exchange rate changes on cash	497	(4,468)	-	-
Cash and cash equivalents at end of year	(6(a)) 79,626	65,614	6	14
Total cash classified as:				
Continuing operations	79,626	65,614	6	14
	79,626	65,614	6	14

¹ The 2008 cashflow includes cash flows of the discontinued operations, being the Film Production and Music business. These cashflows included amounts to acquire film copyrights from third parties which impacted the payments to suppliers and operating cashflows. Revenues earned from these copyright assets are derived over several years hence significant timing differences in cash flows can occur. In the seven month period ended 31 January 2008, \$222.0 million was expended on copyright assets.

² Payment for purchases of investments in 2009 of \$15.2 million includes \$10.8 million for the acquisition of Kelly Tarlton's Antarctic Encounter & Underwater World (refer Note 32) and \$3.6 million for the acquisition of Harvest Family Entertainment (Phoenix). Payment for purchases of equity investments in 2008 of \$206.8 million included \$54.1 million for the acquisition of the balance of Roadshow Distributors Pty. Ltd., \$119.0 million for the acquisition of the balance of Sydney Attractions Group Pty. Ltd. and \$30.1 million for the acquisition of Hawaiian Waters Adventure Park.

The above cash flow statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2009

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED				MINORITY INTEREST	TOTAL EQUITY
	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves (Note 20) \$'000	Total \$'000		
CONSOLIDATED						
Balances at 1 July 2007	456,796	(305,121)	318,253	469,928	\$'000	\$'000
Currency translation differences	-	-	(1,786)	(1,786)	-	585,751
Gains on uplift of asset values (net)	-	-	28,697	28,697	-	(1,786)
Losses on cash flow hedges (net of disposals and tax)	-	-	(24,775)	(24,775)	-	28,697
Losses on fair value of available-for-sale investments	-	-	109	109	-	(24,775)
Total income (expense) recognised directly in equity	-	-	2,245	2,245	-	109
Profit for the year	-	256,882	-	256,882	23,587	2,245
Total recognised income (expense) for the period	-	256,882	2,245	259,127	23,587	282,714
Buyback of shares – ordinary and A Class preference shares	(74,972)	-	-	(74,972)	(632)	(75,604)
Share-based payment movements	1,453	-	4	1,457	-	1,457
Issue of shares	5,700	-	-	5,700	-	5,700
Equity dividends	-	(67,492)	-	(67,492)	-	(67,492)
Dividend paid to minority interest	-	-	-	-	(15,596)	(15,596)
Movements resulting from changes in controlled entity share sale and buyback reserve and minority interest	-	-	(1,627)	(1,627)	109	(1,518)
Transfers between reserves	-	12,051	(12,051)	-	-	-
Other changes in equity	-	4,913	12,438	17,351	-	17,351
At 30 June 2008	388,977	(98,767)	319,262	609,472	123,291	732,763
Balances at 1 July 2008	388,977	(98,767)	319,262	609,472	123,291	732,763
Currency translation differences	-	-	636	636	-	636
Losses on cash flow hedges (net of tax)	-	-	(4,202)	(4,202)	-	(4,202)
Total income (expense) recognised directly in equity	-	-	(3,566)	(3,566)	-	(3,566)
Profit for the year	-	12,649	-	12,649	19,703	32,352
Total recognised income (expense) for the period	-	12,649	(3,566)	9,083	19,703	28,786
Buyback of shares – A Class preference shares	(764)	-	-	(764)	(3,256)	(4,020)
Share-based payment movements	526	-	2,321	2,847	-	2,847
Equity dividends	-	(31,586)	-	(31,586)	-	(31,586)
Dividend paid to minority interest	-	-	-	-	(16,486)	(16,486)
Movements resulting from changes in controlled entity share sale and buyback reserve and minority interest	-	-	(140)	(140)	(3,155)	(3,295)
Transfers between reserves	-	(5,485)	5,485	-	-	-
Other changes in equity	-	-	72	72	-	72
At 30 June 2009	388,739	(123,189)	323,434	588,984	120,097	709,081

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 June 2009

	ATTRIBUTABLE TO EQUITY HOLDERS OF VILLAGE ROADSHOW LIMITED				TOTAL EQUITY
	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves (Note 20) \$'000		
PARENT					
Balances at 1 July 2007	456,796	350,169	1,791		\$'000
Profit for the year	-	105,783	-		808,756
Total recognised income (expense) for the period		105,783			105,783
Buyback of shares – ordinary and A Class preference shares	(74,972)	-	-		(74,972)
Share-based payment movements	1,453	-	1,794		3,247
Issue of shares	5,700	-	-		5,700
Equity dividends	-	(67,492)	-		(67,492)
At 30 June 2008	388,977	388,460	3,585		781,022
Balances at 1 July 2008	388,977	388,460	3,585		781,022
Profit for the year	-	5,008	-		5,008
Total recognised income (expense) for the period		5,008			5,008
Buyback of shares – ordinary and A Class preference shares	(764)	-	-		(764)
Share-based payment movements	526	-	1,373		1,899
Equity dividends	-	(31,586)	-		(31,586)
At 30 June 2009	388,739	361,882	4,958		755,579

The above statement of changes in equity should be read in conjunction with the accompanying notes.



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(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Village Roadshow Limited ("the Company" or "VRL") for the year ended 30 June 2009 was authorised for issue on 14 September 2009, in accordance with a resolution of the Directors. VRL is incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange. The principal activities of the Company and its subsidiaries are described in Note 30.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other mandatory professional reporting requirements. The financial report has also been prepared on a historical cost basis, except for derivatives and any available-for-sale investments that are measured at fair value and any assets and associated liabilities held for sale that are measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000), unless otherwise stated, under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The presentation and classification of comparative items in the financial report have been adjusted where appropriate to ensure that the disclosures are consistent with the current period.

(b) Statement of Compliance and new accounting standards and interpretations

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards ("IFRS").

The Company has performed an assessment of the potential impact of Australian Accounting Standards and Interpretations that are new or have recently been amended but are not effective until after the annual reporting period ended 30 June 2009. The analysis showed no significant impact on financial results, as the main impacts are on disclosures.

The following Accounting Standards will apply from 1 July 2009, and the impact is as follows:

- AASB 3: *Business Combinations* – this will only impact VRL if there is a new acquisition.
- AASB 127: *Consolidated and Separate Financial Statements*, dealing with recognition of dividends received from subsidiaries, which are required to be recognised in the income statement of the separate financial statements – VRL applies this treatment.
- AASB 8: *Operating Segments* – this standard relates to disclosures only.

The Group has adopted the following new Interpretations in the current financial year:

- IFRIC 13: *Customer Loyalty Programmes*, which became applicable on 1 July 2008 – adoption of this interpretation did not have any significant effect on the financial position or performance of the Group.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Village Roadshow Limited and its subsidiaries ("the Group" or "VRL group") as at 30 June each year. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial report, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Minority interests represent the portion of profit or loss and net assets in Austereo Group Limited not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

(ii) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the Group already owns an interest in the underlying entity, all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are re-measured at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets is recognised in the equity section as asset revaluation reserve.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

(iii) Revenue recognition

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

(a) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(b) Rendering of services

Revenue from the rendering of services is recognised when control of a right to be compensated for the services has been attained by reference to the stage of completion. Where contracts span more than one reporting period, the stage of completion is based on an assessment of the value of work performed at that date. Income derived from airtime sales is recognised based on when services to the customers are rendered, that is, when the advertising is aired.

(c) Interest income

Revenue is recognised as interest accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Dividends

Revenue is recognised when the Group's right to receive the payment is established.

(e) Unearned income

Income relating to future periods is initially recorded as unearned income, and is then recognised as revenue over the relevant periods of admission or rendering of other services.

(iv) Borrowing costs

Borrowing costs are expensed as incurred, except where they are directly attributable to qualifying assets. Where directly attributable to a qualifying asset, borrowing costs are capitalised as part of the cost of that asset.

(v) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

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(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(v) Leases (continued)

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(vi) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(vii) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts. Collectability of trade receivables is reviewed on an ongoing basis. An impairment provision is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(viii) Inventories

Inventories are valued at the lower of cost and net realisable value and are accounted for on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(ix) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as effective cash flow hedges, are taken directly to net profit or loss for the year. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction. A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(x) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

(c) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit.

(xi) Foreign currency translation

Both the functional and presentation currency of the Company and the majority of its Australian subsidiaries is Australian dollars (\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xi) Foreign currency translation (continued)

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of subsidiaries with functional currencies other than Australian dollars are translated into the presentation currency of the Company at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(xii) Discontinued operations and assets held for sale

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if the carrying amount will be recovered principally through a sale transaction. These assets are not depreciated or amortised following classification as held for sale. For an asset or disposal group to be classified as held for sale, it must be available for sale in its present condition and its sale must be highly probable.

(xiii) Investments in associates

The Group's investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, an investment in an associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of changes in equity. Adjustments are made to bring into line any dissimilar reporting dates or accounting policies that may exist.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(xiv) Interests in joint venture entities and jointly controlled operations

The Group has interests in joint ventures in the form of both jointly controlled operations and joint venture entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled

operation involves the use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interests in joint venture entities by using the equity method of accounting (refer Note 1(c)(xiii)). The Group recognises its interest in jointly controlled operations by recognising the assets that the operations control and the liabilities incurred. The Group also recognises the expenses and its share of the income that the operations earn from the sale of goods or services.

(xv) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax Consolidation

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xv) Income tax (continued)

Tax effect accounting by members of the tax consolidated groups

Under the terms of the TSA's, wholly owned entities compensate the head entity for any current tax payable assumed and are compensated for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity under tax consolidation legislation. The funding amounts are determined at the end of each six month reporting period by reference to the amounts recognised in the wholly-owned entities financial statements determined predominantly on a stand alone basis.

Amounts receivable or payable under the TSA's are included with other amounts receivable or payable between entities in the Group.

(xvi) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(xvii) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

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

Pooled animals are not depreciated.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end, and when acquired as part of a business combination.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

De-recognition and disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

(xviii) Investments and other financial assets

Financial assets in the scope of AASB 139: *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(a) Financial assets at fair value through profit or loss

In accordance with AASB 7: *Financial Instruments: Disclosures*, financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss. It should be noted that even though these assets are classified as held for trading (in accordance with AASB 139 terminology), the Group is not involved in speculating activities and only uses derivatives for risk management purposes.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are de-recognised or impaired, as well as through the amortisation process. The Group does not currently have held-to-maturity investments.

(c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

(d) Available-for-sale investments

Available-for-sale investments are those derivative financial assets that are designated as available-for-sale or not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investments are de-recognised or until the investments are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date.

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For the year ended 30 June 2009

(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(ix) Goodwill

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or secondary reporting format determined in accordance with AASB 114: *Segment Reporting*.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(xx) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the nature of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

A summary of the policies applied to the Group's intangible assets is as follows:

Radio Licences

Useful lives: Indefinite

Amortisation method used: No amortisation

Internally generated or acquired: Acquired

Impairment testing: Annually and more frequently when an indication of impairment exists.

Film Library (irrelevant for 2008 only)

Useful lives: Finite

Amortisation method used: Amortised in accordance with the measurement requirements of AASB 111: *Construction Contracts*.

Internally generated or acquired: Acquired

Impairment testing: When an indication of impairment exists.

The amortisation method is reviewed at each financial year-end.

Brand Names

Useful lives: Indefinite

Amortisation method used: No amortisation

Internally generated or acquired: Acquired

Impairment testing: Annually and more frequently when an indication of impairment exists.

Film Distribution Rights

Useful lives: Finite

Amortisation method used: Amortised over estimated useful lives.

Internally generated or acquired: Acquired

Impairment testing: When an indication of impairment exists.

The amortisation method is reviewed at each financial year-end.

Other Intangibles

Useful lives: Finite

Amortisation method used: Amortised over estimated useful lives.

Internally generated or acquired: Acquired

Impairment testing: When an indication of impairment exists.

The amortisation method is reviewed at each financial year-end.

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

(xxi) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing fair value less costs to sell, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the nature of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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For the year ended 30 June 2009

(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxii) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(xxiii) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are de-recognised.

(xxiv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(xxv) Employee leave benefits

Wages, salaries, annual leave and sick leave

Provision is made for wages and salaries, including non-monetary benefits, and annual leave in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. The value of the employee share incentive scheme is being charged as an employee benefits expense. Refer to Note 1(c)(xxvi) for the share-based payment transactions policy.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(xxvi) Share-based payment transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The plans currently in place to provide these benefits are the Company's Executive Share Plan and Loan Facility, the Senior Executive Share Plan and Loan Facility, the Company's Executive Option Plan, Austereo Group Ltd's Executive Share Plan and Loan Facility, and the 2008 Option Plan for the Company's Managing Director, which provide benefits to directors and senior executives. The grant of rights under these plans are treated as "in substance options", even where the equity instrument is not an option.

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using either the Monte Carlo, binomial or Black-Scholes models. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of VRL (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 3).

Shares in the Group relating to the various employee share plans and which are subject to non-recourse loans are deducted from equity. Refer Note 26 for share-based payment disclosures relating to "in substance options".

(xxvii) Contributed equity

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xxviii) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

When there are potential ordinary shares that are dilutive, diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xxix) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

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For the year ended 30 June 2009

(1) CORPORATE INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Summary of significant accounting policies (continued)

(xxx) Financial guarantees

The fair values of financial guarantee contracts as disclosed in Note 15 have been assessed using a probability weighted discounted cash flow approach. In order to estimate the fair value under this approach the following assumptions were made:

- Probability of Default: This represents the likelihood of the guaranteed party defaulting in the remaining guarantee period and is assessed based on historical default rates of companies rated by Standard & Poors. The probability of default range used for the year ended 30 June 2009 was 19.5% to 25.8% (2008: 9.94% to 28.85%).
- Recovery Rate: This represents the estimated proportion of the exposure that is expected to be recovered in the event of a default by the guaranteed party and is estimated based on the business of the guaranteed parties. The recovery rate ranges used for the years ended 30 June 2009 and 30 June 2008 were 40% to 60%.

The values of the financial guarantees over each future year of the guarantees' lives is discounted over the contractual term of the guarantees to reporting date to determine the fair values. The contractual term of the guarantees matches the underlying obligations to which they relate. The financial guarantee liabilities determined using this method are then amortised over the remaining contractual term of the guarantees.

(xxxi) Film distribution royalties

Film distribution royalties represent the economic entity's minimum guaranteed royalty commitments to licensors in return for the acquisition of distribution rights. The commitments can be for either the life of contract or part thereof. On entering into the agreement the commitments are brought to account in the balance sheet as assets and liabilities (the latter in respect of any unpaid components).

Film distribution royalties are expensed in line with the exploitation of the distribution rights. At the time the distribution rights are first exploited, a forecast of the lifetime earnings and royalties is made and any impairment is immediately taken to the income statement. The forecast royalties are then reviewed and revised over the commitment period to ensure the carrying amount is equal to the lesser of the expected future royalties to be generated or the balance of the minimum guaranteed royalties.

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 9.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model, a Monte Carlo simulation technique or the Black-Scholes model, as appropriate, using the assumptions detailed in Note 26.

(iii) Income Taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due (refer to Note 22(a)(viii)). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provision in the period in which such determination is made.

(iv) Impairment of film distribution royalties

The Group determines whether film distribution royalties are impaired at least at each balance date. This requires an estimation of the recoverable amount of the film distribution royalties based on calculations of the discounted cash flows expected to be received in relation to the royalties.

Notes	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(2) REVENUE AND EXPENSES				
(a) Reconciliation of Operating Profit				
Profit / (Loss) before income tax expense	33,744	293,137	(15,582)	92,658
Less: discontinued operations profit before tax (31)	-	184,650	-	-
Less: material items of income and expense profit (loss) before tax (2(g))	(79,688)	(774)	18,552	117,949
Profit (loss) before tax excluding discontinued operations & material items of income and expense	113,432	109,261	(34,134)	(25,291)
Income tax (expense) benefit excluding discontinued operations & material items of income and expense	(33,410)	(33,795)	20,590	13,125
Less: Profit attributable to minority interests excluding discontinued operations & material items of income and expense	(21,507)	(23,587)	-	-
Net profit (loss) attributable to members excluding discontinued operations & material items of income and expense	58,515	51,879	(13,544)	(12,166)
(b) Revenue from continuing operations				
Revenue from sale of goods	439,789	418,096	-	-
Rendering of other services	936,246	856,609	-	-
Dividends from —				
Subsidiaries	-	-	61,109	193,072
Finance revenue —				
Other entities	5,337	8,318	21	62
Associated entities	2,431	683	-	-
Total revenues from continuing operations	1,383,803	1,283,706	61,130	193,134

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
Notes	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(2) REVENUE AND EXPENSES (continued)				
(c) Other Income from continuing operations				
Commission from –				
Other entities	13	234	-	-
Associated entities	52	16	-	-
Management Fees from –				
Other entities	4,549	4,728	-	5
Associated entities	2,995	2,975	1,110	518
Subsidiaries	-	-	12,784	13,506
Rental Income	1,352	1,402	-	-
Net gains on disposal of property, plant and equipment	-	-	7	26
Net gains on disposal of investments in associates and other entities	-	1,583	-	-
Other	21,440	17,250	191	1,800
	30,401	28,188	14,092	15,855
(d) Share of net profits (losses) of associates and joint venture entities/partnerships accounted for using the equity method				
Share of associates' net profits (11(a))	4,936	4,805	-	-
Share of joint venture entities/partnerships' net profits (losses) (11(b))	(11,524)	(2,083)	-	-
	(6,588)	2,722	-	-
(e) Expenses excluding finance costs from continuing operations				
Employee expenses –				
Employee benefits	17,889	21,572	1,646	1,627
Defined contribution superannuation expense	18,694	17,815	1,651	1,581
Share-based payments expense	1,374	1,794	1,374	1,794
Remuneration and other employee expenses	289,970	257,950	32,931	27,203
Total employee expenses	327,927	299,131	37,602	32,205
Cost of goods sold	103,650	106,327	-	-
Occupancy expenses –				
Operating lease rental – minimum lease payments	79,357	71,311	1,172	1,425
Operating lease rental – contingent rental payments	1,045	372	-	-
Other occupancy expenses	48,109	42,861	550	601
Total occupancy expenses	128,511	114,544	1,722	2,026
Film hire and other film expenses	322,423	288,417	-	-
Depreciation of –				
Buildings & improvements	2,475	2,527	-	-
Plant, equipment & vehicles	43,784	37,351	2,038	2,478
Amortisation of –				
Leasehold improvements	16,464	14,526	317	285
Finance lease assets	611	599	60	33
Deferred expenditure	16	357	16	175
Other intangibles	11,930	15,022	-	-
Total depreciation and amortisation	75,280	70,382	2,431	2,971
Impairment of –				
Goodwill	36,906	765	-	-
Plant, equipment & vehicles	4,400	-	-	-
Investments – other	3,800	-	-	-
Other intangibles	600	-	-	-
Investments – group	-	-	24,448	55,829
Total impairment charges (refer Note 2(g))	45,706	765	24,448	55,829

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(2) REVENUE AND EXPENSES (continued)				
(e) Expenses excluding finance costs from continuing operations (continued)				
Net Loss on disposal of property, plant and equipment	1,020	4,384	13	13
Net Loss on disposal of investments	15	-	-	-
Net foreign currency (gains) losses	(1,544)	865	-	-
Deferred expenditure written off	3,256	-	-	-
Write-down and provisions relating to non-current assets, including loans to associates (refer Note 2(g))	8,888	10,000	-	-
Reversal of legal provisions – Film Production division (refer Note 2(g))	-	(3,493)	-	-
Unrealised mark to market (gain) loss on foreign exchange derivatives (refer Note 2(g))	2,465	(2,153)	-	-
Provision for loss on loans	633	-	-	-
Management and services fees paid	3,484	3,702	-	-
Advertising and promotions	111,020	115,863	-	-
Regulatory and licensing fees	21,140	19,627	-	-
Settlement and other discounts	18,902	18,955	-	-
Telecommunications	9,506	6,723	630	572
Legal expenses	1,835	1,948	71	-
General and administration expenses –				
Provision for doubtful debts	3,142	103	-	-
Bad debts written off (written back) – other	(520)	210	-	-
Other general and administration expenses	102,708	86,678	11,460	15,847
Total general and administration expenses	105,330	86,991	11,460	15,847
Total expenses excluding finance costs	1,289,447	1,142,978	78,377	109,463
(f) Finance Costs				
Bank loans and overdrafts	63,575	65,932	11,720	5,566
Finance charges payable under finance leases and hire purchase contracts	30	44	27	15
Make good provision discount adjustment	58	35	-	-
Other	2,751	720	805	1,287
Total finance costs (on a historical cost basis)	66,414	66,731	12,552	6,868
Fair value change on derivatives – held for trading (refer Note 2(g)) ¹	18,011	(3,580)	(125)	-
Total finance costs	84,425	63,151	12,427	6,868
¹ The derivatives held for trading relate to interest rate exposures that the economic entity is exposed to but which have not been designated as hedges under Australian accounting standards.				
(g) Material Items of income and expense from continuing operations				
The following material items of income and expense, which are included in the results shown in the Income Statement, are relevant in explaining the financial performance of the Group.				
Impairment of goodwill, investments, fixed assets and other intangibles ¹	(50,324)	-	-	-
Write-downs and provisions relating to non-current assets, including loans to associates	(8,888)	(10,000)	-	-
Unrealised mark to market profits (losses) on interest rate and foreign currency derivatives not designated in hedging relationships ²	(20,476)	5,733	-	-
Reversal of legal provisions – Film Production division	-	3,493	-	-
Impairment of investment in subsidiaries	-	-	(24,448)	(55,829)
Dividends received from subsidiaries	-	-	43,000	173,778
Total profit (loss) from material items of income and expense before tax	(79,688)	(774)	18,552	117,949
Income tax benefit	32,018	24,207	-	-
Total profit (loss) from material items of income and expense after tax	(47,670)	23,433	18,552	117,949
Loss attributable to minority interest – material items	1,804	-	-	-
Attributable profit (loss) from material items of income and expense after tax	(45,866)	23,433	18,552	117,949

¹ The impairment expense comprises \$45.7 million as disclosed in Note 2(e) and \$4.6 million for the write down of investment in Gold Class USA (refer Note 11(b)(iii)).

² Unrealised mark to market profits (losses) on interest rate and foreign currency derivatives includes \$18.0 million disclosed in Note 2(f) and \$2.5 million disclosed in Note 2(e), with comparatives for 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(3) EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit less preference dividends paid and accrued for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	CONSOLIDATED	
	2009	2008
(a) Earnings Per Share:		
Net profit attributable to ordinary equity holders of Village Roadshow Ltd.		
Basic EPS	(2.17) cents	170.06 cents
Net profit from continuing operations attributable to ordinary equity holders of Village Roadshow Limited		
Basic EPS	(2.17) cents	39.53 cents
(b) Earnings Per Share adjusted to eliminate discontinued operations and material items of income and expense from the calculations¹		
Basic EPS	33.97 cents	22.69 cents

¹Alternative disclosure based on attributable net profit of \$58.515 million (2008: \$51.879 million) – refer Note 2(a).

(c) The following reflects the income and share data used in the basic earnings per share computations:

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Net profit attributable to ordinary equity holders of Village Roadshow Limited from continuing operations	12,649	75,312
Net profit attributable to ordinary equity holders of Village Roadshow Limited from discontinued operations	-	181,570
Net profit attributable to ordinary equity holders of Village Roadshow Limited	12,649	256,882
Less: Net profit (Loss) attributable to discontinued operations and material items of income and expense	(45,866)	205,003
Net profit attributable to ordinary equity holders of Village Roadshow Limited excluding discontinued operations and material items of income and expense	58,515	51,879
	2009 No. of Shares	2008 No. of Shares
Weighted average number of ordinary shares for basic earnings per share ¹	126,908,449	139,103,258

¹ There are no potential ordinary shares that are dilutive. The 6,000,000 issued options were reviewed and determined not to be potential ordinary shares as at 30 June 2009 and 2008.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Under Accounting Standard AASB 2: *Share-based Payment*, shares issued under the company's various share plans are treated as 'in-substance' options. Shares issued under these plans that are treated as 'in-substance' options are included in ordinary shares for the purposes of the EPS calculation.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(4) INCOME TAX				
(a) Major components of income tax expense for the years ended 30 June 2009 and 2008 are:				
Income Statement				
Current income tax				
Current income tax (expense) benefit	(18,871)	(25,600)	22,516	18,971
Adjustments in respect of current income tax of prior years	(810)	(99)	-	-
Deferred income tax				
Relating to origination and reversal of temporary differences	(4,136)	(10,864)	(1,926)	(5,846)
Benefit from previously unrecognised tax losses (reversal of losses)	(6,275)	6,275	-	-
Other non-current tax liabilities				
Other	28,700	20,700	-	-
Income tax (expense) benefit reported in income statement	(1,392)	(9,588)	20,590	13,125

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(4) INCOME TAX (continued)				
(b) A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:				
Accounting profit (loss) before tax from continuing operations	33,744	108,487	(15,582)	92,658
Profit (loss) before tax from discontinued operations	-	184,650	-	-
Accounting profit (loss) before income tax	33,744	293,137	(15,582)	92,658
At the statutory income tax rate of 30% (2008: 30%)	(10,123)	(87,941)	4,675	(27,797)
Adjustments in respect of current income tax of previous years	1,945	4,360	-	-
Losses not recognised	-	(746)	-	-
Non-deductible expenditure	(14,474)	(5,457)	(7,334)	(16,749)
Rebateable and other non-assessable dividends	-	-	18,333	57,922
Non-assessable income (including gain on disposal of discontinued operations)	1,875	52,988	-	-
After-tax equity accounted (profits) losses included in pre-tax profit	(1,976)	817	-	-
Adjustments to deferred tax assets and other non-current tax liabilities	22,425	26,975	-	-
Other	(1,064)	(3,664)	4,916	(251)
At effective income tax rate of 4% (Village Roadshow Limited: n/a) (2008: 4%, Village Roadshow Limited: n/a)	(1,392)	(12,668)	20,590	13,125
Income tax (expense) benefit – continuing operations	(1,392)	(9,588)	20,590	13,125
Income tax (expense) benefit – discontinued operations (refer Note 31)	-	(3,080)	-	-
Total income tax (expense) benefit	(1,392)	(12,668)	20,590	13,125

	BALANCE SHEET		INCOME STATEMENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(c) Deferred tax				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities				
Property, plant & equipment	35,417	34,811	(606)	(3,997)
Film distribution royalties	29,077	33,827	4,750	(25,506)
Intangible assets	7,352	10,426	3,074	(8,040)
Other	8,728	4,356	(4,372)	(3,374)
Net-down with deferred tax assets	(31,666)	(41,815)	-	-
Total deferred income tax liabilities	48,908	41,605		
Other non-current tax liabilities				
Other	44,700	73,400	28,700	20,700
Deferred tax assets				
Post-employment benefits	9,628	9,113	515	4,068
Property, plant & equipment	9,638	3,142	6,496	(5,639)
Sundry creditors & accruals	4,980	4,379	601	3,166
Provision for doubtful debts	1,939	2,041	(102)	1,062
Expenses deductible over five year period	3,062	8,350	(5,288)	(3,871)
Provisions and unrealised foreign currency losses	9,714	10,424	(710)	5,010
Unearned income	1,908	1,385	523	(721)
Lease & other liabilities	8,654	3,804	4,850	-
Booked income tax losses	26,609	49,511	(22,902)	31,157
Other	8,107	5,347	2,760	2,096
Net-down with deferred tax liabilities	(31,666)	(41,815)	-	-
Total deferred income tax assets	52,573	55,681		
Deferred income tax (expense) benefit			18,289	16,111
VILLAGE ROADSHOW LIMITED				
Deferred tax assets				
Post-employment benefits	2,364	2,217	147	144
Expenses deductible over five year period	2,680	7,710	(5,030)	(3,855)
Booked income tax losses	26,609	43,236	-	-
Other (including impact of net-down with deferred tax liabilities)	1,720	(1,237)	2,957	(2,135)
Total deferred income tax assets	33,373	51,926		
Deferred income tax (expense) benefit			(1,926)	(5,846)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(4) INCOME TAX (continued)				
(d) The following future income tax benefits arising from tax losses and credits of the Village Roadshow Limited ("VRL") Tax Consolidated Group have not been brought to account as realisation of those benefits is not probable —				
Benefits for foreign tax credits ¹	8,807	9,587	8,807	9,587
Benefits for capital losses ²	24,773	21,613	24,773	21,613

¹ The majority of the unbooked foreign tax credits expire by 30 June 2013 if not used by that date.

² The unbooked capital losses include an amount of \$12.5 million (2008: \$12.5 million) which will only be able to be utilised in accordance with an available fraction of 30%.

These benefits will only be obtained if:

- (a) the VRL Tax Consolidated Group derives future assessable income of a nature and amount sufficient to enable the benefits of deductions for the losses to be realised;
- (b) there is continuity of compliance with the conditions for deductibility, imposed by law; and
- (c) no changes in tax legislation adversely affect the VRL Tax Consolidated Group from realising the benefits of deductions for the losses.

Austereo Group Limited – Tax Consolidation

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

Village Roadshow Limited – Tax Consolidation

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

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

Village Roadshow Limited – Tax Consolidation contribution amounts

In the year ended 30 June 2009, VRL recognised a decrease in deferred tax assets relating to booked income tax losses of \$39.1 million, and an increase in inter-company receivables of the same amount in relation to tax consolidation contribution amounts. In the year ended 30 June 2008, VRL recognised an increase in deferred tax assets relating to booked income tax losses of \$5.9 million, and a decrease in inter-company receivables of the same amount in relation to tax consolidation contribution amounts.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(5) DIVIDENDS PAID AND PROPOSED				
(a) Declared during the year				
Fully-franked final dividend on A Class preference shares of 12.0 cents per share (2008: Nil cents per share)	11,742	-	11,742	-
Fully-franked final dividend on ordinary shares of 9.0 cents per share (2008: Nil cents per share)	11,422	-	11,422	-
Fully-franked interim dividends on A Class preference shares of 3.75 cents per share (2008: 19.5 cents per share) ¹	3,663	20,322	3,663	20,322
Fully-franked interim dividends on ordinary shares of 3.75 cents per share (2008: 16.5 cents per share) ¹	4,759	23,266	4,759	23,266
Fully-franked special dividend on A Class preference shares of Nil cents per share (2008: 10.0 cents per share)	-	9,803	-	9,803
Fully-franked special dividend on ordinary shares of Nil cents per share (2008: 10.0 cents per share)	-	14,101	-	14,101
	31,586	67,492	31,586	67,492
(b) Declared subsequent to year-end²				
Fully-franked final dividend on A Class preference shares of 9.0 cents per share (2008: 12.0 cents per share)	8,789	11,742	8,789	11,742
Fully-franked final dividend on ordinary shares of 6.0 cents per share (2008: 9.0 cents per share)	7,615	11,422	7,615	11,422
	16,404	23,164	16,404	23,164

¹ The interim dividend for FY2009 which was declared prior to the end of the financial year and paid subsequent to year end was accrued in the 30 June 2009 accounts.

² The final dividends declared subsequent to year-end were not accrued in the relevant year-end accounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(5) DIVIDENDS PAID AND PROPOSED (continued)				
(c) Franking credit balance				
The amount of franking credits available for future reporting periods:			3,774	3,739
The tax rate at which paid dividends have been franked is 30% (2008: 30%).				
(6) CASH AND CASH EQUIVALENTS				
(a) Reconciliation of cash				
Cash on hand and at bank	59,863	37,572	6	14
Deposits at call	19,763	28,042	-	-
Total cash on hand and at bank – continuing operations	79,626	65,614	6	14
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 30 June:				
Net cash on hand and at bank – continuing operations	79,626	65,614	6	14
Total cash on hand and cash equivalents for the purposes of the Cash Flow Statement	79,626	65,614	6	14
(b) Reconciliation of operating profit after tax to net operating cash flows				
Net operating profit (loss)	32,352	280,469	5,008	105,783
Adjustments for:				
Depreciation	46,259	39,950	2,038	2,478
Amortisation	29,021	155,736	393	493
Impairment of non-current assets and held-for-sale assets (net)	45,706	765	24,448	55,829
Provisions	3,685	9,663	324	1,586
Net (gains) losses on disposal of assets	1,030	(200,939)	6	(14)
Unrealised foreign currency (profit)/loss	2,465	(1,383)	-	-
Unrealised derivative (gain) loss	18,011	(823)	-	-
Share of equity accounted losses	8,355	11,356	-	-
(Profit) loss on redemption of convertible notes	-	(941)	-	(941)
Changes in assets & liabilities:				
(Increase) decrease trade and other receivables	2,082	6,393	349	681
Increase (decrease) trade and other payables	31,798	(147,784)	(1,034)	(32)
(Increase) decrease net current tax assets	(8,125)	(25,828)	-	-
Increase (decrease) unearned income	6,355	13,715	-	-
Increase (decrease) other payables and provisions	(45,367)	106,938	(40,343)	(177,026)
(Increase) decrease film library ¹	-	(221,990)	-	-
(Increase) decrease inventories	2,854	(5,782)	(54)	(19)
(Increase) decrease capitalised borrowing costs	596	(344)	-	(281)
Increase (decrease) deferred and other income tax liabilities	(17,584)	(20,329)	(20,581)	(14,227)
(Increase) decrease prepayments and other assets	28,088	3,015	(534)	95
Net operating cash flows	187,581	1,857	(29,980)	(25,595)
¹ The 2008 cashflow includes cash flows of the discontinued operations, being the Film Production and Music business. These cashflows included amounts to acquire film copyrights from third parties which impacted the payments to suppliers and operating cashflows. Revenues earned from these copyright assets are derived over several years hence significant timing differences in cash flows can occur. In the seven month period ended 31 January 2008, \$222.0 million was expended on copyright assets.				
(c) Financing facilities available				
At reporting date, the following financing facilities were available:				
Total facilities	1,111,608	1,147,261	270,000	270,000
Facilities used at reporting date	981,708	941,261	200,000	138,000
Facilities unused at reporting date	129,900	206,000	70,000	132,000

Refer also to Note 33 for an analysis of the Group's liquidity profile.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(7) TRADE AND OTHER RECEIVABLES				
Current:				
Trade and other receivables	228,149	235,783	333	674
Provision for impairment loss (a)	(16,648)	(8,758)	-	-
	211,501	227,025	333	674
Due from associated entities	10,077	-	-	-
	221,578	227,025	333	674
Non-current:				
Trade and other receivables	11,107	10,385	-	-
Unsecured advances – other	5,244	8,195	-	-
Provision for impairment loss (a)	-	(2,159)	-	-
	5,244	6,036	-	-
Due from associated entities	59,665	44,724	-	-
Provision for impairment loss (a)	(15,698)	(23,620)	-	-
	43,967	21,104	-	-
Due from subsidiaries – secured	-	-	341,937	253,773
	60,318	37,525	341,937	253,773
(a) Provision for impairment loss				
Trade receivables are non-interest bearing and are generally on 30-90 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired.				
Movements in the provision for impairment loss were as follows:				
Carrying amount at beginning	34,537	5,037	-	-
Amounts written off via income statement	(1,167)	(1,320)	-	-
Other increases (reductions) for the year	(1,024)	30,820	-	-
Carrying amount at end	32,346	34,537	-	-
At 30 June, the ageing analysis of trade and other receivables is as follows:				
0 to 3 months	211,501	227,025	333	674
> 12 months	11,107	10,385	-	-
< 3 months – CI*	1,956	2,455	-	-
3 to 6 months – CI*	-	639	-	-
> 6 months – CI*	14,692	5,664	-	-
Total	239,256	246,168	333	674
* Past due not impaired ("PDNI") (none disclosed) Considered Impaired ("CI")				
Receivables past due but not considered impaired are Nil (2008: Nil).				
(b) Fair value and credit risk				
Due to the short term nature of these receivables, their carrying values is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security.				
(c) Foreign exchange and interest rate risk				
Detail regarding foreign exchange and interest rate risk exposure is disclosed in Note 33.				
(8) INVENTORIES				
Current:				
Merchandise held for resale – at cost	22,825	27,023	308	254
Provision for stock loss	(1,343)	(2,839)	-	-
	21,482	24,184	308	254

Note: Cost of goods sold expense is mainly represented by amounts paid for inventories – refer Note 2(e).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(9) INTANGIBLE ASSETS AND GOODWILL

FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED⁵

	Film Distribution Rights ¹ \$'000	Radio Licences ² \$'000	Film Library \$'000	Goodwill \$'000	Brand Names ³ \$'000	Other ⁴ \$'000	Total \$'000
At 1 July 2008							
Cost (gross carrying amount)	34,213	453,194	-	368,634	39,077	15,645	910,763
Accumulated amortisation and impairment	(12,365)	-	-	-	-	(8,358)	(20,723)
Net carrying amount	21,848	453,194	-	368,634	39,077	7,287	890,040
Year ended 30 June 2009							
At 1 July 2008, net of accumulated amortisation and impairment	21,848	453,194	-	368,634	39,077	7,287	890,040
Additions	-	-	-	100	1,384	9,397	10,881
Impairment	-	-	-	(36,931)	(600)	-	(37,531)
Additions resulting from business combinations (Note 32)	-	-	-	504	-	-	504
Net foreign currency movements arising from investments in foreign operations	-	-	-	1,786	-	-	1,786
Amortisation	(10,108)	-	-	-	-	(1,822)	(11,930)
Net carrying amount	11,740	453,194	-	334,093	39,861	14,862	853,750
At 30 June 2009							
Cost (gross carrying amount)	34,213	453,194	-	371,024	40,461	25,042	923,934
Accumulated amortisation and impairment	(22,473)	-	-	(36,931)	(600)	(10,180)	(70,184)
Net carrying amount	11,740	453,194	-	334,093	39,861	14,862	853,750

FOR THE YEAR ENDED 30 JUNE 2008

CONSOLIDATED⁵

	Film Distribution Rights ¹ \$'000	Radio Licences ² \$'000	Film Library \$'000	Goodwill \$'000	Brand Names ³ \$'000	Other \$'000	Total \$'000
At 1 July 2007							
Cost (gross carrying amount)	-	458,877	2,182,175	175,902	31,680	10,464	2,859,098
Accumulated amortisation and impairment	-	-	(1,406,370)	-	-	(5,701)	(1,412,071)
Net carrying amount	-	458,877	775,805	175,902	31,680	4,763	1,447,027
Year ended 30 June 2008							
At 1 July 2007, net of accumulated amortisation and impairment	-	458,877	775,805	175,902	31,680	4,763	1,447,027
Additions	-	-	221,990	21,824	-	2,447	246,261
Uplift of amounts previously owned	-	-	-	(765)	-	-	(765)
Additions resulting from business combinations (Note 32)	34,213	-	-	171,988	7,397	2,734	216,332
Disposals / transfer to held for sale assets	-	(5,683)	(962,293)	-	-	-	(967,976)
Net foreign currency movements arising from investments in foreign operations	-	-	(35,502)	(315)	-	-	(35,817)
Amortisation	(12,365)	-	-	-	-	(2,657)	(15,022)
Net carrying amount	21,848	453,194	-	368,634	39,077	7,287	890,040
At 30 June 2008							
Cost (gross carrying amount)	34,213	453,194	-	368,634	39,077	15,645	910,763
Accumulated amortisation and impairment	(12,365)	-	-	-	-	(8,358)	(20,723)
Net carrying amount	21,848	453,194	-	368,634	39,077	7,287	890,040

Notes:

- Film distribution rights purchased as part of the acquisition of the remaining 50% of the Roadshow Distributors Pty. Limited group effective 25 July 2007.
- As at 30 June 2009, Austereo Group Limited reflect the carrying value of Radio Licences at cost of \$865.2 million (2008: \$865.2 million). This value is supported by an independent valuation which is commissioned annually and updated six monthly. The carrying value of Radio Licences by Austereo Group Limited is currently below the lower end of the range of estimates provided by the independent valuer. The Village Roadshow Ltd. group has continued to record these Radio Licences at original cost of \$453.2 million (2008: \$453.2 million). Both the \$865.2 million and \$453.2 million amounts referred to above represent 100% of the Radio Licences.
- The majority of the brand names relate to the Village Roadshow Theme Parks group. During 2009, the Paradise Country brand name was fully impaired by the Village Roadshow Theme Parks group.
- Included in additions are the management rights acquired through the acquisition of Harvest Family Entertainment of \$8.7 million.
- There are no intangible assets or goodwill held by the parent entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(9) INTANGIBLE ASSETS AND GOODWILL (continued)

(a) Impairment testing of goodwill, radio licences and brand names

Goodwill and indefinite life intangible assets are tested at least annually for impairment based upon the recoverable amount of the appropriate cash generating units ("CGU's") to which the goodwill has been allocated. Details of the Group's main goodwill and indefinite life intangible assets are provided below.

Goodwill assessed on the basis of fair value less cost to sell:

The recoverable amount of part of the Group's goodwill has been determined based on fair value less costs to sell ("FVCS") calculations, using cash flow projections covering a five-year period. The key assumptions on which the Company has based cash flow projections when determining FVCS were that projected future performance was based on past performance and expectations for the future, and that no significant events were identified which would cause the Company to conclude that past performance was not an appropriate indicator of future performance. The pre-tax discount rate applied to the cash flow projections was in the range of 14.13% to 15.54% (2008: 12.5% to 13.8%). Cash flows beyond five years have been extrapolated using a terminal growth rate of 3% (2008: 3%). The growth rate does not exceed the long-term average growth rate for the businesses in which the CGU's operate. Goodwill allocated to cash generating units for impairment testing include material groupings and 2009 balances as follows:

- Village Roadshow Theme Parks - \$137.1 million (2008: \$137.1 million) (re: Australian Theme Park interests)
- Roadshow Distributors Pty. Ltd. group - \$57.1 million (2008: \$57.1 million) (re: Film Distribution interests)
- Village Cinemas Australia Pty. Ltd. - \$29.8 million (2008: \$29.8 million) (re: Australian Theatres Joint Venture cinema circuit)
- Entertainment of the Future Pty. Ltd. - \$4.1 million (2008: \$4.1 million) (re: Jam Factory and Geelong cinemas)
- Village Roadshow Theatres Pty. Ltd. - \$3.9 million (2008: \$3.9 million) (re: various Victorian cinemas)
- Sydney Attractions Group Pty. Ltd. group - \$90.0 million (2008: \$126.9 million) (re: Sydney Attractions Group)
- Village Roadshow Theme Parks USA Inc. - \$11.9 million (2008: \$9.6 million) (re: Hawaiian Waters Adventure Park)
 - increase was mainly due to exchange rate movements

Impairment losses recognised:

An impairment loss for intangibles of \$37.5 million was recognised for continuing operations in the 2009 financial statements. The impairment related to Goodwill and Brand names. The impaired goodwill of \$36.9 million related to the purchase of the Sydney Attractions Group effective 1 February 2008. The impairment loss has been disclosed at Note 2(e). The cash generating unit consists of the consolidated assets of Sydney Attractions Group, and the recoverable amount was based on fair value less cost to sell.

The brand name impairment of \$0.6 million related to Paradise Country, and the impairment loss has been included in note 2(e) as impairment of other intangibles.

Radio Licences:

Radio licences are classified as indefinite life intangible assets and are therefore subject to annual impairment testing. For the purposes of impairment testing the licences have been allocated to individual cash generating units, the most significant being Australian metropolitan radio.

The recoverable amount of the radio licences has been determined using an independent valuation which is commissioned annually and updated six monthly. The independent valuation employs as its primary valuation methodology, a value in use calculation, being a discounted cash flow ("DCF") analysis of Austereo's future projected cash flows for six years adjusted for a termination value based on current market estimates. Six years has been used as the projection period to ensure consistency with the DCF valuation approach adopted since the listing of Austereo Group Limited in 2001. Key assumptions underpinning the DCF analysis relate to:

- growth in the radio market;
- the revenue shares achieved by each CGU in their relevant market; and
- cost inflation.

The growth in the radio market is determined by reference to the long term historical growth rate and nominal GDP estimates published by leading long term economic forecasters. The growth rate used in the DCF beyond the most recent budgets / forecasts averages 5%. Cost inflation is determined by reference to CPI estimates published by leading long term economic forecasters and the Reserve Bank of Australia's CPI target band. Revenue share forecasts for each CGU are determined via reference to actual results achieved and trends identified in relevant statistics made available to the radio industry. The discount rates applied to cash flow projections range from 10.12% to 12.20% (2008: 10.77% to 12.68%). Various secondary valuation techniques were also applied to assess the fair market value of the licences, as a cross reference analysis to support assumptions in the primary DCF valuation.

Brand Names:

Brand names owned by the Village Roadshow Theme Parks are classified as indefinite life intangible assets and are therefore subject to annual impairment testing. For the purposes of impairment testing the brand names have been allocated to individual CGU's within the Australian Theme Parks (2009: \$38.5 million, 2008: \$39.1 million). The discount rates applied to cash flow projections ranged from 14.3% to 15.0% (2008: 12.6% to 13.4%).

Sensitivity to changes in assumptions:

With regard to the assessment of the recoverable amount of intangible assets, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying values to materially exceed recoverable amounts.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(10) OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES				
(a) Other Assets				
<i>Current:</i>				
Film projects, production advances and other work in progress	1,757	2,898	-	-
Prepayments	7,846	5,618	315	323
Other assets	220	1,149	-	-
	9,823	9,665	315	323
<i>Non-current:</i>				
Security deposits	5,402	6,151	-	-
Prepayments	-	283	-	-
Other assets	1,990	1,175	3,006	3,867
	7,392	7,609	3,006	3,867

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(10) OTHER ASSETS AND FILM DISTRIBUTION ROYALTIES (continued)				
(b) Film Distribution Royalties				
Opening balance	132,800	26,613	-	-
Additions resulting from business combinations	-	102,724	-	-
Other additions	35,271	57,212	-	-
Foreign currency movements	3,033	(4,127)	-	-
Movements effecting the income statement	(56,573)	(49,622)	-	-
	114,531	132,800	-	-
Current	56,094	59,168	-	-
Non-current	58,437	73,632	-	-
	114,531	132,800	-	-
(11) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Non-current:				
Investments in associates – unlisted shares	21,960	16,080	-	-
Investments – jointly controlled entities/partnerships	845	1,776	-	-
	22,805	17,856	-	-

There was an impairment loss relating to investments accounted for using the equity method in the year ended 30 June 2009 of \$4.6 million (2008: nil) relating to the investment in Gold Class Cinemas in the USA (refer Note 2(g)).

Refer to Note 23(c) for other expenditure commitments relating to these investments.

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
(a) Investments in associates		
(i) Share of associates' balance sheet:		
Current assets	16,910	12,209
Non-current assets	32,512	32,894
	49,422	45,103
Current liabilities	(23,307)	(12,616)
Non-current liabilities	(5,175)	(16,191)
	(28,482)	(28,807)
Net assets	20,940	16,296
(ii) Share of associates' income and profits (losses):		
Income	50,734	42,291
Profit (loss) before income tax	7,017	7,896
Income tax (expense)	(2,081)	(3,091)
Share of associates' profit or loss recognised in Income Statement	4,936	4,805
Cumulative unrecognised share of associate's profit (loss) after income tax due to discontinuation of equity method	(151,740)	(48,748)

Contingent liabilities of associates

Share of contingent liabilities incurred jointly with other investors – refer Note 22.

(b) Interests in jointly controlled entities/partnerships

(i) Share of jointly controlled entities/partnerships' balance sheet:

Current assets	609	2,482
Non-current assets	2,511	7,500
	3,120	9,982
Current liabilities	(1,887)	(5,088)
Non-current liabilities	(388)	(3,112)
	(2,275)	(8,200)
Net assets	845	1,782

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

CONSOLIDATED

	2009 \$'000	2008 \$'000

(11) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Interests in jointly controlled entities/partnerships (continued)

(ii) Share of jointly controlled entities/partnerships' income and profits (losses) :

	2009	2008
Income	12,505	10,345
Profit (loss) before income tax ¹	(11,294)	(2,032)
Income tax (expense)	(230)	(51)
Profit (loss) after income tax	(11,524)	(2,083)

¹ Includes impairment losses relating to jointly controlled entities/partnerships in the year ended 30 June 2009 of \$4.6 million (2008: nil) relating to the investment in Gold Class Cinemas in the USA (refer Note 2(g)).

Contingent liabilities of jointly controlled entities/partnerships

Share of contingent liabilities incurred jointly with other investors – refer Note 22.

CONSOLIDATED

VILLAGE ROADSHOW LIMITED

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

(12) AVAILABLE-FOR-SALE INVESTMENTS

Non-current:

Investments at fair value:

	2009	2008	2009	2008
Shares in Unlisted entities	1,718	4,757	16	16
Shares in Listed entities	2	2	-	-
	1,720	4,759	16	16

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate.

(a) Listed shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

(b) Unlisted shares

The fair value of the unlisted available-for-sale investments has been estimated using valuation techniques based on assumptions that are not supported by observable market prices or rates. Management believes the estimated fair values resulting from the valuation techniques and recorded in the balance sheet and the related changes in fair values recorded in equity are reasonable and the most appropriate at the balance sheet date. Management also believes that changing any of assumptions to a reasonably possible alternative would not result in a significantly different value.

During the year, the Austereo Group impaired its investment in UKRD Group Limited by \$3.8 million and purchased digital radio investments of \$0.8 million.

CONSOLIDATED

VILLAGE ROADSHOW LIMITED

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000

(13) OTHER INVESTMENTS

Shares in subsidiaries at cost	-	-	1,457,783	1,457,288
Provision for impairment – shares in subsidiaries	-	-	(865,002)	(840,555)
	-	-	592,781	616,733

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(13) OTHER INVESTMENTS (continued)

(a) Investments in subsidiaries:

Name	Country of Incorporation ⁴	% OWNED		VILLAGE ROADSHOW LIMITED CARRYING VALUES	
		2009	2008	2009 \$'000	2008 \$'000
Allehondro Pty. Limited	Australia	100.00%	100.00%	-	-
Animus No. 2 Pty. Limited	Australia	100.00%	100.00%	-	-
Ants at Work AE	Greece	100.00%	100.00%	-	-
Aqdev Pty Ltd	Australia	100.00%	100.00%	-	-
Aqua Del Rey International Pty. Limited	Australia	100.00%	100.00%	1	1
Auckland Aquarium Limited	New Zealand	100.00%	100.00%	-	-
Austereo Capital FM Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo Direct Marketing Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo Entertainment Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo ESP Finance Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo Group Limited (Listed) ¹	Australia	52.52%	51.78%	254,437	278,885
Austereo International Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo Online Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo Mall Advertising Pty. Limited	Australia	52.52%	51.78%	-	-
Austereo Pty. Limited	Australia	52.52%	51.78%	-	-
Baltimore House Pty. Limited	Australia	100.00%	100.00%	-	-
Broadcast FM Pty. Limited	Australia	52.52%	51.78%	-	-
Cinemax SA	Greece	100.00%	100.00%	-	-
Colorado Bay Pty. Limited	Australia	100.00%	100.00%	-	-
Consolidated Broadcasting System (WA) Pty. Limited	Australia	52.52%	51.78%	-	-
Daydream Finance Holdings Pty. Limited ⁵	Australia	-	100.00%	-	-
Daydream Finance Pty. Limited	Australia	100.00%	100.00%	-	-
Daydream Investments Holdings Pty. Limited ⁵	Australia	-	100.00%	-	-
Daydream Operations Holdings Pty. Limited ⁵	Australia	-	100.00%	-	-
DEG Holdings Pty. Limited	Australia	100.00%	100.00%	70	70
DIIR Pty. Limited	Australia	100.00%	100.00%	-	-
Emperion Pty. Limited	Australia	100.00%	100.00%	-	-
Entertainment of The Future Pty. Limited	Australia	100.00%	100.00%	-	-
Feature Productions Pty. Limited	Australia	100.00%	100.00%	-	-
Film Services (Australia) Pty. Limited	Australia	100.00%	100.00%	-	-
FM 104 Pty. Limited	Australia	100.00%	100.00%	-	-
FM Media (ACT) Pty. Limited	Australia	100.00%	100.00%	-	-
FM Media Overseas Pty. Limited	Australia	100.00%	100.00%	-	-
FM Operations Pty. Limited	Australia	100.00%	100.00%	-	-
Fortress Films Pty. Limited	Australia	100.00%	100.00%	-	-
Fortress Films II Pty. Limited	Australia	100.00%	100.00%	-	-
GOG Productions Pty Ltd ²	Australia	99.00%	99.00%	-	-
Harvest Family Entertainment Arizona LLC	United States	100.00%	100.00%	-	-
Harvest Family Entertainment - South Florida LLC ⁷	United States	100.00%	-	-	-
Intency Pty. Limited	Australia	100.00%	100.00%	-	-
International Theatre Equipment Leasing Pty. Limited	Australia	100.00%	100.00%	-	-
Jaran Bay Pty. Limited	Australia	100.00%	100.00%	-	-
Jimboffa Pty. Limited	Australia	100.00%	100.00%	-	-
Medborne Proprietary Limited	Australia	100.00%	100.00%	-	-
Movie World Holdings Joint Venture	Australia	100.00%	100.00%	-	-
MX Promotions Pty. Limited	Australia	100.00%	100.00%	-	-
MX Services Pty. Limited	Australia	100.00%	100.00%	-	-
MyFun Pty. Limited (previously called Village Roadshow Ticketing Pty. Limited)	Australia	100.00%	100.00%	-	-
New Broadcasting Pty. Limited	Australia	100.00%	100.00%	-	-
Nu-Pay View Entertainment Pty. Limited	BVI	100.00%	100.00%	-	-
NW Productions Inc.	United States	100.00%	100.00%	-	-
Pacific Drive Productions Pty. Limited	Australia	100.00%	100.00%	-	-
Paradise Beach Productions Pty. Limited	Australia	100.00%	100.00%	-	-
Perth FM Radio Pty. Limited	Australia	52.52%	51.78%	-	-
Prospect Aquatic Investments Pty. Limited ⁷	Australia	100.00%	-	-	-
Reel DVD Pty. Limited	Australia	100.00%	100.00%	-	-
Roadshow Distributors Pty. Limited	Australia	100.00%	100.00%	224,591	224,591
Roadshow Entertainment (NZ) Ltd	New Zealand	100.00%	100.00%	-	-
Roadshow Films Pty. Limited	Australia	100.00%	100.00%	-	-
Roadshow Pay Movies Pty Ltd	Australia	100.00%	100.00%	-	-
Roadshow Television Pty Ltd	Australia	100.00%	100.00%	-	-
			c/fwd	479,099	503,547

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(13) OTHER INVESTMENTS (continued)

(a) Investments in subsidiaries: (continued)

Name	Country of Incorporation ⁴	% OWNED		VILLAGE ROADSHOW LIMITED CARRYING VALUES	
		2009	2008	2009 \$'000	2008 \$'000
			b/fwd	479,099	503,547
Roadshow Unit Trust	Australia	100.00%	100.00%	-	-
Sari Lodge Pty. Limited	Australia	100.00%	100.00%	-	-
Sea World Aviation Partnership	Australia	100.00%	100.00%	-	-
Sea World Equipment Company Pty. Limited	Australia	100.00%	100.00%	-	-
Sea World International Pty. Limited	Australia	100.00%	100.00%	-	-
Sea World Management Pty. Limited	Australia	100.00%	100.00%	-	-
Sea World Property Trust	Australia	100.00%	100.00%	-	-
Sea World Resort Hotel Pty. Limited	Australia	100.00%	100.00%	-	-
Sinclud Investments Pty. Limited	Australia	100.00%	100.00%	-	-
Sydney Attractions Group Pty. Limited	Australia	100.00%	100.00%	-	-
Sydney Tower Observatory Pty Ltd	Australia	100.00%	100.00%	-	-
Sydney Wildlife World Pty Ltd	Australia	100.00%	100.00%	-	-
TAJ Walker Pty. Limited	BVI	100.00%	100.00%	-	-
Tarzan Films Pty. Limited	Australia	100.00%	100.00%	-	-
The Sydney Aquarium Company Pty Ltd	Australia	100.00%	100.00%	-	-
The Triple-M Broadcasting Company Pty. Limited	Australia	100.00%	100.00%	-	-
Today FM Brisbane Pty. Limited	Australia	52.52%	51.78%	-	-
Today FM Sydney Pty. Limited	Australia	52.52%	51.78%	-	-
Today Radio Network Pty. Limited	Australia	52.52%	51.78%	-	-
Triple M Adelaide Pty. Limited	Australia	52.52%	51.78%	-	-
Triple M Brisbane Pty. Limited	Australia	52.52%	51.78%	-	-
Triple M Melbourne Pty. Limited	Australia	52.52%	51.78%	-	-
Triple M Network Pty. Limited	Australia	52.52%	51.78%	-	-
Triple M Sydney Pty. Limited	Australia	52.52%	51.78%	-	-
VEESS Pty. Limited	Australia	100.00%	100.00%	-	-
Village Cinemas (NZ) Pty. Limited ⁵	Australia	-	100.00%	-	-
Village Cinemas Australia Pty. Limited	Australia	100.00%	100.00%	33,062	33,062
Village Cinemas Czech Republic SRO	Czech Republic	100.00%	100.00%	-	-
Village Cinemas GmbH ⁶	Austria	-	100.00%	-	-
Village Cinemas International Pty. Limited	Australia	100.00%	100.00%	-	-
Village Leisure Company Pty. Limited	Australia	100.00%	100.00%	-	-
Village Online Investments Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow (D & B) Limited	United Kingdom	100.00%	100.00%	-	-
Village Roadshow (Fiji) Limited	Fiji	100.00%	100.00%	-	-
Village Roadshow (Hong Kong) Limited	Hong Kong	100.00%	100.00%	-	-
Village Roadshow (Hungary) Distribution KFT	Hungary	100.00%	100.00%	-	-
Village Roadshow (Singapore) Pte. Limited	Singapore	100.00%	100.00%	-	-
Village Roadshow (Thailand) Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Attractions USA Inc.	United States	100.00%	100.00%	-	-
Village Roadshow Australian Films Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Car Park Management Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Cinemas UK Limited	United Kingdom	100.00%	100.00%	-	-
Village Roadshow Coburg Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Developments Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Distribution (M) Sdn Bhd	Malaysia	100.00%	100.00%	-	-
Village Roadshow Distribution Netherlands BV	Netherlands	100.00%	100.00%	-	-
Village Roadshow East Coast Pty. Limited ⁷	Australia	100.00%	-	-	-
Village Roadshow Exhibition Beteiligungs GmbH	Germany	100.00%	100.00%	-	-
Village Roadshow Exhibition GmbH & Co. KG Partnership	Germany	100.00%	100.00%	-	-
Village Roadshow Exhibition Properties Limited ⁶	Guernsey	-	100.00%	-	-
Village Roadshow Exhibition Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Exhibition UK Limited	United Kingdom	100.00%	100.00%	-	-
Village Roadshow Film Administration Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Film Distributors Greece SA ⁸	Greece	-	100.00%	-	-
Village Roadshow Film Distributors SA (previously called Village Roadshow Productions Hellas SA) ⁸	Greece	100.00%	100.00%	-	-
Village Roadshow Film Finance Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Film Operator Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Film Services Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Finance & Investments Pty. Limited	Australia	100.00%	100.00%	12,499	12,499
Village Roadshow Finance Pty. Limited	Australia	100.00%	100.00%	-	-
			c/fwd	524,660	549,108

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(13) OTHER INVESTMENTS (continued)

(a) Investments in subsidiaries: (continued)

Name	Country of Incorporation ⁴	% OWNED		VILLAGE ROADSHOW LIMITED CARRYING VALUES	
		2009	2008	2009 \$'000	2008 \$'000
			b/fwd	524,660	549,108
Village Roadshow FM Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Germany GmbH	Germany	100.00%	100.00%	-	-
Village Roadshow Grundstücksentwicklungs GmbH	Germany	100.00%	100.00%	-	-
Village Roadshow Holdings Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Hungary RT	Hungary	100.00%	100.00%	-	-
Village Roadshow Intency Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow International BV	Netherlands	100.00%	100.00%	-	-
Village Roadshow Investments Holdings USA Inc.	United States	100.00%	100.00%	-	-
Village Roadshow Investments UK Limited	United Kingdom	100.00%	100.00%	-	-
Village Roadshow IP Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Italy Holdings SRL	Italy	100.00%	100.00%	-	-
Village Roadshow Jam Factory Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow JLA Pty. Limited ²	Australia	99.00%	99.00%	-	-
Village Roadshow Leisure Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Licensing & Finance Limited	United Kingdom	100.00%	100.00%	22,981	22,981
Village Roadshow Luxembourg SA	Luxembourg	100.00%	100.00%	-	-
Village Roadshow Motion Pictures Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Mumble 2 Productions Pty. Ltd. ²	Australia	99.00%	99.00%	-	-
Village Roadshow Operations Greece SA	Greece	100.00%	100.00%	-	-
Village Roadshow Pictures (Australia) Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Pictures (U.S.A.) Inc.	United States	100.00%	100.00%	-	-
Village Roadshow Pictures International Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Pictures Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Pictures Television Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Pictures Worldwide Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Production Services Pty. Limited	Australia	99.00%	99.00%	-	-
Village Roadshow Production Management Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Properties Limited ⁶	Guernsey	-	100.00%	-	-
Village Roadshow Resorts Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Retail Stores Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow SPV1 Pty Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Sunshine Coast Pty Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Theatres Europe Limited	United Kingdom	100.00%	100.00%	-	-
Village Roadshow Theatres Guernsey Limited ⁶	Guernsey	-	100.00%	-	-
Village Roadshow Theatres Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow Theme Parks Holdings USA Inc.	United States	100.00%	100.00%	-	-
Village Roadshow Theme Parks USA Inc.	United States	100.00%	100.00%	-	-
Village Roadshow Treasury Pty. Limited	Australia	100.00%	100.00%	41,261	41,261
Village Roadshow UK Holdings Pty. Limited	Australia	100.00%	100.00%	-	-
Village Roadshow USA Holdings Pty. Limited	Australia	100.00%	100.00%	-	-
Village Sea World Aviation Pty. Limited	Australia	100.00%	100.00%	-	-
Village Sea World Investments Pty. Limited	Australia	100.00%	100.00%	-	-
Village Sea World Operations Pty. Limited	Australia	100.00%	100.00%	-	-
Village Theatres 3 Limited	United Kingdom	100.00%	100.00%	-	-
Village Theatres Morwell Pty. Limited	Australia	75.00%	75.00%	-	-
Village Theatres UK 3 Limited	United Kingdom	100.00%	100.00%	-	-
Village Themepark Management Pty. Limited	Australia	100.00%	100.00%	-	-
VRB Pty. Limited	Australia	52.52%	51.78%	-	-
VR Corporate Services Pty. Limited (previously called Village Roadshow Investments Pty Limited)	Australia	100.00%	100.00%	-	-
VR GOG Productions Pty. Limited ²	Australia	99.00%	99.00%	-	-
VR International Pictures Pty. Limited	Australia	100.00%	100.00%	-	-
VRFP Pty. Limited	Australia	100.00%	100.00%	-	-
VR JLA Productions Inc. ²	United States	99.00%	99.00%	-	-
VR Mumble 2 Productions Inc. ²	United States	99.00%	99.00%	-	-
VRPPL Pty. Limited	Australia	100.00%	100.00%	-	-
VRS Holdings Pty. Limited	Australia	100.00%	100.00%	-	-
Warner Village Theme Parks Partnership	Australia	100.00%	100.00%	-	-
WB Properties Australia Pty. Limited	Australia	100.00%	100.00%	-	-
Worldwide Films Pty. Limited	Australia	100.00%	100.00%	-	-
WSW Aviation Pty. Limited	Australia	100.00%	100.00%	-	-
			c/fwd	588,902	613,350

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(13) OTHER INVESTMENTS (continued)

(a) Investments in subsidiaries: (continued)

Name	Country of Incorporation ⁴	% OWNED		VILLAGE ROADSHOW LIMITED CARRYING VALUES	
		2009	2008	2009 \$'000	2008 \$'000
			b/fwd	588,902	613,350
WSWI Pty. Limited	Australia	100.00%	100.00%	-	-
WSW Operations Pty. Limited	Australia	100.00%	100.00%	-	-
WSW Units Pty. Limited	Australia	100.00%	100.00%	-	-
WV Entertainment Pty. Limited	Australia	100.00%	100.00%	-	-
WW Australia Pty. Limited	Australia	100.00%	100.00%	-	-
Investments relating to Financial Guarantee Contracts ³	n/a	n/a	n/a	3,879	3,383
				592,781	616,733

¹ The investment in Austereo Group Limited was decreased by a mark-to-market investment impairment of \$24.4 million (2008: impairment of \$55.8 million).

² Represent Special Purpose Entities which are not consolidated.

³ Represents the total investment by VRL in subsidiaries and sub-subsidiaries relating to Financial Guarantee Contracts.

⁴ Foreign subsidiaries carry out their business activities in the country of incorporation. Material overseas entities are audited by Ernst & Young International affiliates.

⁵ Sold to an external entity during the year.

⁶ Placed into liquidation or dissolution during the year.

⁷ Purchased or incorporated during the year.

⁸ During the year, Village Roadshow Film Distributors Greece SA was merged into Village Roadshow Productions Hellas SA, and the merged entity was re-named to Village Roadshow Film Distributors SA.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(14) PROPERTY, PLANT & EQUIPMENT				
Land:				
At cost	29,224	29,224	-	-
Buildings & improvements:				
At cost (completed)	65,204	62,512	-	-
Less depreciation and impairment	(8,050)	(5,634)	-	-
	57,154	56,878	-	-
Capital work in progress	13,301	18,524	-	-
Leasehold improvements:				
At cost	328,989	279,451	2,370	2,444
Less amortisation and impairment	(94,214)	(49,783)	(776)	(537)
	234,775	229,668	1,594	1,907
Plant, equipment & vehicles (owned):				
At cost	602,025	572,602	19,416	18,677
Less depreciation and impairment	(217,568)	(215,586)	(14,056)	(12,523)
	384,457	357,016	5,360	6,154
Plant, equipment & vehicles (leased):				
At cost	37,005	8,665	462	410
Less amortisation and impairment	(10,099)	(7,576)	(47)	(86)
	26,906	1,089	415	324
	745,817	692,399	7,369	8,385

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For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(14) PROPERTY, PLANT & EQUIPMENT (continued)				
(a) Reconciliations				
<i>Land:</i>				
Carrying amount at beginning	29,224	29,354	-	-
Other	-	(130)	-	-
Carrying amount at end	29,224	29,224	-	-
<i>Buildings & improvements:</i>				
Carrying amount at beginning	56,878	57,837	-	-
Additions	2,950	4	-	-
Net foreign currency movements arising from investments in foreign operations	(1,059)	369	-	-
Disposals/Transfers	10	(149)	-	-
Depreciation expense	(2,475)	(2,527)	-	-
Other	850	1,344	-	-
Carrying amount at end	57,154	56,878	-	-
<i>Capital work in progress:</i>				
Carrying amount at beginning	18,524	8,941	-	-
Additions	-	9,780	-	-
Disposals/Transfers	(5,222)	(120)	-	-
Other	(1)	(77)	-	-
Carrying amount at end	13,301	18,524	-	-
<i>Leasehold improvements:</i>				
Carrying amount at beginning	229,668	186,602	1,907	2,282
Additions	22,055	196	4	-
Impairment (Note 2[e])	(4,400)	-	-	-
Acquisitions from business combinations (Note 32)	5,220	55,440	-	-
Net foreign currency movements arising from investments in foreign operations	2,603	2,255	-	-
Disposals/Transfers	(5)	(801)	-	(90)
Amortisation expense	(16,464)	(14,526)	(317)	(285)
Other	(3,902)	502	-	-
Carrying amount at end	234,775	229,668	1,594	1,907
<i>Plant, equipment & vehicles (owned):</i>				
Carrying amount at beginning	357,016	291,825	6,154	6,079
Additions	81,778	43,618	1,244	1,153
Acquisitions from business combinations (Note 32)	4,938	59,963	-	-
Net foreign currency movements arising from investments in foreign operations	4,298	453	-	-
Disposals/Transfers	(19,791)	(2,804)	-	1,400
Depreciation expense	(43,784)	(37,351)	(2,038)	(2,478)
Other	2	1,312	-	-
Carrying amount at end	384,457	357,016	5,360	6,154
<i>Plant, equipment & vehicles (leased):</i>				
Carrying amount at beginning	1,089	2,811	324	1,497
Additions	378	247	151	248
Disposals/Transfers	27,638	(1,387)	-	(1,388)
Amortisation expense	(611)	(599)	(60)	(33)
Other	(1,588)	17	-	-
Carrying amount at end	26,906	1,089	415	324

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(15) TRADE AND OTHER PAYABLES				
Current:				
Trade and sundry payables	264,451	261,792	4,209	5,241
Owing to –				
Other	51	–	–	–
Financial Guarantees	–	–	495	549
	264,502	261,792	4,704	5,790
Non-current:				
Trade and sundry payables	24,013	29,191	–	–
Owing to –				
Associated entities	4,192	2,677	–	–
Related entities	–	–	703	1,989
Other	888	2,742	–	–
Financial Guarantees	502	526	1,865	1,437
	29,595	35,136	2,568	3,426

For terms and conditions refer to Note 33(c)(ii).

(i) Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(ii) Financial Guarantees

As listed in Note 22, VRL has provided financial guarantees to a number of its subsidiaries and associates, which commit the Company to make payments on behalf of these entities upon their failure to perform under the terms of the relevant contract. The significant accounting estimates and/or assumptions used in determining the fair value of these guarantees have been disclosed in Note 1(c)(xxx).

(iii) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in Note 33.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(16) INTEREST BEARING LOANS AND BORROWINGS				
Current:				
Secured borrowings	269,151	110,065	170,000	–
Unsecured borrowings	1,000	8,054	–	–
Finance lease liabilities (refer Note 23(a))	100	216	100	135
	270,251	118,335	170,100	135
Non-current:				
Secured borrowings	484,171	605,785	30,000	138,000
Unsecured borrowings	224,783	213,531	–	–
Finance lease liabilities (refer Note 23(a))	326	240	326	201
	709,280	819,556	30,326	138,201

Terms and conditions relating to the above financial instruments:

The parent entity has a \$270 million (2008: \$270 million) long term finance facility. These borrowings are secured by a specific share mortgage against the parent entity's shareholding in Austereo Group Limited, equitable share mortgages over certain Theme Park holding companies and by guarantees from various wholly-owned subsidiaries.

Other secured borrowings are separately secured by a fixed and floating charge over the assets of the Village Theme Parks group, the Sydney Attractions Group Pty. Ltd. group and the Roadshow Distributors Pty. Ltd. group, and a fixed and floating charge over the economic entity's share of the assets of the Australian Theatres Joint Venture. There are also pledges (or similar) over certain assets in Greece, in relation to the secured borrowings of the economic entity's subsidiaries in Greece. In addition, the assets of Village Roadshow Theme Parks USA Inc. are not legally owned by that entity, but are mainly shown as assets under lease (with the liability shown as secured borrowings). The security for these borrowings is limited to the assets and undertakings of each particular operation or groups of operations. The total carrying value of the financial assets that are secured is \$1,501.6 million (2008: \$1,488.2 million). The lease liabilities are secured by a charge over the leased assets.

Refer Note 33(c)(iii) for additional information concerning finance lease terms and conditions.

Refer Note 28(b) for details relating to the re-negotiation of finance facilities subsequent to 30 June 2009.

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For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(17) PROVISIONS				
<i>Current:</i>				
Employee benefits	27,284	28,727	7,775	7,349
Dividend	8,421	-	8,421	-
Other	1,622	3,114	-	-
	37,327	31,841	16,196	7,349
<i>Non-current:</i>				
Employee benefits	7,222	5,235	96	42
Make good provision	1,177	2,513	-	-
Leasehold liability	13,175	12,883	-	-
Other	3,022	747	-	-
	24,596	21,378	96	42
Employee benefit liabilities				
Provision for employee benefits –				
Current	27,284	28,727	7,775	7,349
Non-current	7,222	5,235	96	42
Aggregate employee benefit liability	34,506	33,962	7,871	7,391
(a) Reconciliations				
<i>Make good provision:</i>				
Carrying amount at the beginning of the financial year	2,513	2,867	-	-
Amounts utilised during the year	(1,348)	(563)	-	-
Net foreign currency movements arising from investments in foreign operations	-	174	-	-
Discount rate adjustment	12	35	-	-
Carrying amount at the end of the financial year	1,177	2,513	-	-
<i>Leasehold Liability:</i>				
Carrying amount at the beginning of the financial year	12,883	-	-	-
Additions resulting from business combinations	-	12,762	-	-
Increase in provision	292	121	-	-
Carrying amount at the end of the financial year	13,175	12,883	-	-
<i>Other provisions:</i>				
Carrying amount at the beginning of the financial year	3,861	6,711	-	-
Increase in provision	1,919	1,192	-	-
Amounts utilised during the year	(79)	(208)	-	-
Net foreign currency movements arising from investments in foreign operations	12	(341)	-	-
Reduction of provision	(1,069)	(3,493)	-	-
Carrying amount at the end of the financial year	4,644	3,861	-	-

Make good provision

In accordance with certain lease agreements, the Group must restore leased premises to the original condition on expiration of the relevant lease. Provisions are raised in respect of such 'make good' clauses to cover the Group's obligation to remove leasehold improvements from leased premises where this is likely to be required in the foreseeable future.

Because of the long term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will ultimately be incurred. The provision has been calculated using a discount rate based on estimated CPI.

Leasehold liability

The leasehold liability recognises the future economic impact on the Group resulting from future uplifts in rental expenses resulting from contracted increases in rent payments over the life of the lease agreement.

Other provisions

Other provisions include amounts relating to restructuring, legal issues, and various other matters.

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	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(18) OTHER LIABILITIES				
<i>Current:</i>				
Unearned revenue	29,458	23,092	-	-
Other liabilities	329	1,043	-	-
	29,787	24,135	-	-
<i>Non-current:</i>				
Other liabilities	2,282	2,399	-	-
	2,282	2,399	-	-
(19) CONTRIBUTED EQUITY				
Issued & fully paid up capital:				
Ordinary shares	13,749	13,749	13,749	13,749
A Class preference shares	398,746	399,510	398,746	399,510
Employee share loans deducted from equity ¹	(23,756)	(24,282)	(23,756)	(24,282)
	388,739	388,977	388,739	388,977

¹ Secured advances – executive loans (refer also Note 26).

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

Under the terms of the Executive Share Plan and Loan Facility, the first 10 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

Under the terms of the Austereo Group Limited Executive Share Plan and Loan Facility, the first six cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

During the 2009 and 2008 years, movements in fully paid shares on issue were as follows:

	CONSIDERATION		NO. OF SHARES	
	2009 \$'000	2008 \$'000	2009 Thousands	2008 Thousands
(a) Ordinary shares —				
Beginning of the financial year	13,749	48,003	126,909	139,009
Share buybacks —				
May 2008 at \$2.79 to \$2.85 (on-market)	-	(39,954)	-	(14,100)
Share issue on exercise of options – October 2007 at \$2.85	-	5,700	-	2,000
End of the financial year	13,749	13,749	126,909	126,909
(b) A Class preference shares —				
Beginning of the financial year	399,510	434,528	98,026	109,026
Share buybacks —				
November 2008 at \$3.14	(534)	-	(170)	-
January 2009 at \$0.80 (on-market)	(136)	-	(170)	-
March 2009 at \$3.14	(94)	-	(30)	-
November 2007 at \$3.22	-	(242)	-	(75)
March 2008 at \$3.14	-	(79)	-	(25)
January 2008 at \$3.18 (on-market)	-	(34,697)	-	(10,900)
End of the financial year	398,746	399,510	97,656	98,026

Share issues:

During the 2008 year, the Company issued 2,000,000 ordinary shares at a price of \$2.85 per share to Mr. G. W. Burke, as a result of the conversion of options granted on 15 May 2001.

Share buybacks:

During the year, the Company bought back on market and cancelled Nil (2008: 14,100,000) ordinary shares at prices ranging from Nil to Nil (2008: \$2.79 to \$2.85) per share and 170,000 (2008: 10,900,000) A Class preference shares at a price of \$0.80 (2008: \$3.18) per share.

Issued Options:

In accordance with a special resolution of the Company's shareholders on 17 July 2008, six million options over ordinary shares were allotted to Mr. Graham W. Burke, the Managing Director. Two million options are exercisable at an exercise price of \$3.00 not earlier than 1 March 2011; two million options are exercisable at an exercise price of \$3.00 not earlier than 1 March 2012; and two million options are exercisable at an exercise

price of \$3.00 not earlier than 1 March 2013. All the options are subject to performance hurdles as outlined in Note 26 and are exercisable no later than 1 March 2015 or 12 months following cessation of Mr. Burke's employment with the Company, whichever is the earlier. The names of all persons who currently hold options are entered in the register kept by the Company, which may be inspected free of charge.

As at 30 June 2009, the details of outstanding options over ordinary shares were as follows:

Number of options	Expiry date	Exercise price per option
2,000,000	01/03/2015	\$3.00
2,000,000	01/03/2015	\$3.00
2,000,000	01/03/2015	\$3.00

The Company has also issued various "in substance options" – refer Note 26.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(19) CONTRIBUTED EQUITY (continued)

Terms and conditions of contributed equity

Preference shares

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

Preference shares entitle their holder to the following voting rights:

- On a show of hands – one vote for every member present in person or by proxy
- On a poll – one vote for every share held

A preference share shall confer no right to vote at any general meeting except in one or more of the following circumstances:

- (a) on a proposal that affects rights attaching to the preference share;
- (b) during a period which any dividend payable on the preference share is more than 6 months in arrears;
- (c) on a proposal to reduce the share capital of the Company;
- (d) on a proposal to wind up the Company; and
- (e) on a proposal for the sale of the Company's undertaking.

Ordinary shares

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

Ordinary shares entitle their holder to the following voting rights:

- On a show of hands – one vote for every member present in person or by proxy
- On a poll – one vote for every share held

Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

As the market is constantly changing and the Group reviews new opportunities, management may change the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt, as methods of being able to meet its capital objectives.

Management undertake continual reviews of the Group's capital and use gearing ratios as a tool to undertake this (net debt/total capital). The indicative levels of the Group's gearing ratio is between 50% to 80%. The gearing ratios based on continuing operations at 30 June 2009 and 2008 were as follows:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total borrowings	979,531	937,891	200,426	138,336
Less cash and cash equivalents	(79,626)	(65,614)	(6)	(14)
Net debt	899,905	872,277	200,420	138,322
Total equity	709,081	732,763	755,579	781,022
Total capital	1,608,986	1,605,040	955,999	919,344
Gearing ratio	56%	54%	21%	15%

Other than as required as usual under various financing agreements, the Group is not subject to any externally imposed capital requirements.

(20) RESERVES AND RETAINED EARNINGS

Foreign currency translation reserve:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and on equity accounting of associates.

Balance at beginning of year	327	2,113	-	-
Transfer to retained profits	6,314	-	-	-
Amount relating to translation of accounts & net investments	636	(1,786)	-	-
Balance at end of year	7,277	327	-	-

Cash flow hedge reserve:

This reserve records the portion of the gain or loss on hedging instruments that are classified as cash flow hedges, and which are determined to be effective hedges.

Balance at beginning of year	47	24,822	-	-
Disposals	-	50,021	-	-
Net movement on effective hedging instruments during the year (net of tax)	(4,202)	(74,796)	-	-
Balance at end of year	(4,155)	47	-	-

Asset revaluation reserve:

The asset revaluation reserve is used to record uplifts on assets owned following business combinations.

Balance at beginning of year	91,474	62,777	-	-
Revaluation of assets as a result of business combination	-	28,697	-	-
Balance at end of year	91,474	91,474	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(20) RESERVES AND RETAINED EARNINGS (continued)				
Employee equity benefits reserve:				
This reserve is used to record the value of equity benefits provided to directors and executives as part of their remuneration (refer Note 26).				
Balance at beginning of year	3,585	3,581	3,585	1,791
Disposals resulting from discontinued operations	-	(1,790)	-	-
Other movements	2,321	1,794	1,373	1,794
Balance at end of year	5,906	3,585	4,958	3,585
General reserve:				
A number of overseas subsidiaries are required by local regulations to allocate 5% of current year profits into a general reserve, up to certain maximum limits.				
Balance at beginning of year	682	295	-	-
Other movements	72	387	-	-
Balance at end of year	754	682	-	-
Capital profits reserve:				
The capital profits reserve is used to accumulate realised capital profits arising from investments accounted for using the equity method.				
Balance at beginning of year	8	8	-	-
Balance at end of year	8	8	-	-
Available-for-sale investments revaluation reserve:				
This reserve is used to record movements in fair value and exchange differences on translation of investments classified as available-for-sale financial assets.				
Balance at beginning of year	-	(109)	-	-
Other movements	-	109	-	-
Balance at end of year	-	-	-	-
Controlled entity share sale & buy-back reserve:				
The controlled entity share sale & buy-back reserve is used to take up dilution gains and losses on shares in subsidiaries sold to minority interests, as well as the differences in shares bought back by subsidiaries in excess of the calculated minority interest share of those buybacks.				
Balance at beginning of year	223,139	224,766	-	-
Transfer to retained profits	(829)	-	-	-
Disposals relating to discontinued operations	-	(1,627)	-	-
Movements from sales and buy-backs during the year	(140)	-	-	-
Balance at end of year	222,170	223,139	-	-
Total reserves	323,434	319,262	4,958	3,585
Retained earnings (accumulated losses):				
Balance at the beginning of year	(98,767)	(305,121)	388,460	350,169
Net profit (loss) attributable to members of Village Roadshow Limited	12,649	256,882	5,008	105,783
Adjustment to accumulated losses from acquisition accounting	-	4,913	-	-
Net transfers from reserves	(5,485)	12,051	-	-
Total available for appropriation	(91,603)	(31,275)	393,468	455,952
Dividends provided or paid	(31,586)	(67,492)	(31,586)	(67,492)
Balance at end of year	(123,189)	(98,767)	361,882	388,460
(21) MINORITY INTERESTS				
Minority interests in subsidiaries:				
Contributed equity	68,379	72,342	-	-
Reserves	(1,325)	377	-	-
Retained earnings	53,043	50,572	-	-
	120,097	123,291	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(22) CONTINGENCIES				
(a) Contingent liabilities²				
Best estimate of amounts relating to:				
(i) Termination benefits under personal services agreements for 102 (consolidated) group executives and consultants (2008: 99 (consolidated) group executives and consultants)	35,779	37,544	5,588	8,090
(ii) Bank guarantees for operating lease commitments				
(a) Guarantees for subsidiaries	1,786	1,929	1,367	1,510
(b) Guarantees for associated entities	687	687	-	-
(c) Guarantees for joint ventures	-	-	-	-
(iii) Several corporate guarantees for operating lease commitments				
(a) Guarantees for subsidiaries	-	-	80,084	88,677
(b) Guarantees for joint ventures	-	-	21,740	16,933
(iv) Joint and several obligations for operating lease commitments of joint venture partners ¹	71,097	64,503	-	-
(v) Other corporate guarantee commitments				
(a) Guarantees in respect of partnership commitments	-	-	8,000	8,000
(b) Guarantees in respect of associated entities' banking facilities	-	-	5,000	-
	109,349	104,663	121,779	123,210

¹ Refer Note 22(b)(i) for corresponding amount reflecting the related contingent assets.

² Refer Note 15 for disclosure of amounts relating to Financial Guarantee Contracts.

(vi) Claims – General:

A number of claims have been lodged against the Group in relation to various matters, totalling approximately \$0.5 million (2008: \$1.0 million). Liability is not admitted and the claims are being defended. The Directors believe that the potential losses, if any, arising from these claims are not able to be reliably measured at reporting date, and are not likely to be material.

(vii) Other contingent liabilities – Film Production:

As advised to the Australian Securities Exchange by Village Roadshow Limited on 11 May 2009, Village Roadshow Entertainment Group ("VREG"), the parent of Village Roadshow Pictures ("VRP"), successfully concluded a restructure of the existing film production facility. The major commercial terms of the restructured facility include:

- financial accommodation of US\$900 million; and
- availability (subject to financial covenants) until 30 September 2010, with amortisation after that date, ultimately repayable by 30 September 2012.

Under the restructure:

- VRL's guarantee in support of VRP, of up to US\$26.5 million, relating to fees previously received by VRL has been eliminated.
- VRL continues to support VRP, including by way of a guarantee to Warner Bros. As part of the restructure, the way in which prints and advertising expenditure is recouped by Warner Bros. has been altered, significantly reducing the risk of the Warner Bros. guarantee being called upon. The amounts owing by VRP supported by VRL guarantees total approximately US\$15.8 million as at 30 June 2009. VRL does not believe that any future payment will be required under the guarantee to Warner Bros.
- VRL provided a new, limited, guarantee capped at US\$7.5 million to JP Morgan Chase, one of the key financiers of VREG. This guarantee relates to interest potentially payable by VRP and VREG. In the event that the guarantee is called upon, VRL will be entitled to recover from VRP any amount paid. VRL does not believe that any permanent loss will result from this guarantee.

(viii) Other contingent liabilities – Income Tax:

The Group anticipates that ATO audits may occur in future, and the Group is also currently subject to routine tax audits in certain overseas jurisdictions. The ultimate outcome of the tax audits cannot be determined with an acceptable degree of reliability at this time. Nevertheless, the Group believes that it is making adequate provision for its taxation liabilities in its Financial Statements (including amounts shown as deferred and other income tax liabilities in the Balance Sheet) and is taking reasonable steps to address potentially contentious issues. If adjustments result in taxation liabilities significantly in excess of the Group's provisions, there could be a significant impact on the Group.

(ix) Belfast Rent Dispute:

Litigation between Village Theatres 3 Limited ("VT3"), a wholly-owned subsidiary within the Group, VT3's landlord and its sub-tenant has been commenced. The sub-tenant of the Belfast cinema claims that the contract between VT3 and the sub-tenant should be rescinded, with the effect of cancelling its lease and purchase of the cinema business. The outcome of this litigation and any resulting financial impact cannot be estimated at the date of these accounts.

(b) Contingent assets

In the event that any entity in the Group is required to meet a joint venture or partnership liability in excess of its proportionate share, that entity has right of recourse against the co-joint venturers or other partners in respect of that excess. Specifically, the Group has a contingent asset for the amount of the following joint and several operating lease commitments in the event that it is called upon to meet liabilities of the other joint venturers:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(i) Right of recourse in relation to joint and several obligations for operating lease commitments of joint venture partners ¹	71,097	64,503	-	-

¹ Refer Note 22(a)(iv) for corresponding amount reflecting the related contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(23) COMMITMENTS

(a) Finance leases

The Group has finance leases and hire purchase contracts for various items of plant and equipment. These leases have no renewal options included in the contracts.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	2009		2008	
	Minimum lease payments \$'000	Present value of lease payments \$'000	Minimum lease payments \$'000	Present value of lease payments \$'000
CONSOLIDATED				
Payable within 1 year	117	100	242	216
Payable between 1 and 5 years	383	326	297	240
	500	426	539	456
Less future finance charges	(74)	-	(83)	-
Total finance lease liabilities	426	426	456	456
PARENT ENTITY				
Payable within 1 year	117	100	160	135
Payable between 1 and 5 years	383	326	243	201
	500	426	403	336
Less future finance charges	(74)	-	(67)	-
Total finance lease liabilities	426	426	336	336

(b) Operating leases

The Group has entered into commercial leases on cinema and office sites. The lease commitments schedule below includes cinema leases with terms of up to 21 years, however it does not include terms of renewal. In general, cinema leases do not include purchase options although on rare occasions there may be a purchase option. Renewals are at the option of the specific entity that holds that lease. In addition, the leases include the Crown leases entered into by Sea World Property Trust which have a remaining term of 48 years and the lease entered into by The Sydney Aquarium Company Pty. Ltd. which has a remaining term at present of 28 years.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(i) Operating leases – Minimum lease payments:				
Payable within 1 year	86,389	78,610	869	719
Payable between 1 and 5 years	264,637	277,695	1,443	-
Payable after 5 years	359,469	394,161	-	-
	710,495	750,466	2,312	719
(ii) Operating leases – Percentage based lease payments:¹				
Payable within 1 year	6,285	4,884	-	-
Payable between 1 and 5 years	22,566	17,988	-	-
Payable after 5 years	68,922	47,512	-	-
	97,773	70,384	-	-
Total operating lease commitments	808,268	820,850	2,312	719

¹ Accounting standard AASB 117: *Leases* applies to the estimated contingent rental commitments of the parent entity and the Group. This standard requires the reporting of operating lease rental expense on a straight-line basis over the life of the lease, inclusive of contingent rentals. The Group is required to pay percentage rent on certain operating leases. Percentage rent is payable as either Incentive Rent or Revenue Share. Incentive Rent occurs when the operating lease creates a liability to pay the lessor a percentage of the Gross Receipts when a cinema site's earnings exceed the Base Rent. Gross receipts are generally made up of box office takings, concession sales and screen advertising, but may also include revenue from licence fees, arcade games and the sale of promotional material. It is not possible for the group to reliably determine the amount of percentage rent that will be payable under each of the operating leases, as such, percentage rent is expensed as incurred, rather than being included in the operating rent expense recognised on a straight-line basis over the life of the lease.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(23) COMMITMENTS (continued)				
(c) Other expenditure commitments				
Estimated capital and other expenditure contracted for at balance date but not provided for:				
Payable within one year:				
- joint ventures	-	5,914	-	-
- associates	728	332	-	-
- other	25,156	15,704	-	-
	25,884	21,950	-	-
Payable between 1 and 5 years:				
- associates	259	360	-	-
- other	3,329	3,563	-	-
	3,588	3,923	-	-
Payable later than 5 years:				
- other	7,056	7,644	-	-
Total other expenditure commitments	36,528	33,517	-	-

(24) SUPERANNUATION COMMITMENTS

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

(25) KEY MANAGEMENT PERSONNEL DISCLOSURES

Detailed remuneration disclosures of the Key Management Personnel ("KMP") of the Company and Group are set out in the Remuneration Report section of the Directors' Report.

(a) Compensation of Key Management Personnel by Category

The compensation, by category, of the Key Management Personnel are as set out below:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-Term	19,658,349	17,415,933	19,658,349	17,415,933
Post-Employment	888,759	897,405	888,759	897,405
Other Long-Term	275,707	385,553	275,707	385,553
Termination Benefits	-	-	-	-
Sub-totals	20,822,815	18,698,891	20,822,815	18,698,891
Share-based Payment	884,676	962,360	884,676	962,360
Totals	21,707,491	19,661,251	21,707,491	19,661,251

(b) Shareholdings of Key Management Personnel (Consolidated)

Shares held in Village Roadshow Limited (number)

NAME	BALANCE AT THE START OF THE YEAR		GRANTED AS REMUNERATION		ON EXERCISE OF OPTIONS		NET CHANGE OTHER		BALANCE AT THE END OF THE YEAR	
	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference
2009										
Directors										
Robert G. Kirby	77,517,432	-	-	-	-	-	341,920	-	77,859,352	-
John R. Kirby	77,517,432	-	-	-	-	-	341,920	-	77,859,352	-
Graham W. Burke	77,517,432	-	-	-	-	-	341,920	-	77,859,352	-
Peter M. Harvie	-	-	-	-	-	-	-	-	-	-
Peter D. Jonson	10,000	29,000	-	-	-	-	10,000	8,000	20,000	37,000
D. Barry Reardon	10,000	8,552	-	-	-	-	-	-	10,000	8,552
David J. Evans	40,000	-	-	-	-	-	40,000	-	80,000	-
Robert Le Tet	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(25) KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel (Consolidated) (continued)

Shares held in Village Roadshow Limited (number) (continued)

NAME	BALANCE AT THE START OF THE YEAR		GRANTED AS REMUNERATION		ON EXERCISE OF OPTIONS		NET CHANGE OTHER		BALANCE AT THE END OF THE YEAR	
	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference
2009										
Executives										
Peter E. Foo ¹	-	9,000	-	-	-	-	-	-	-	9,000
Philip S. Leggo	-	-	-	-	-	-	-	-	-	-
Julie E. Raffe	-	-	-	-	-	-	-	-	-	-
Tony N. Pane ²	-	-	-	-	-	-	-	-	-	-
Simon T. Phillipson	-	-	-	-	-	-	-	-	-	-
Timothy Carroll	-	-	-	-	-	-	-	-	-	-
Peter J. Davey	-	-	-	-	-	-	-	-	-	-
David Kindlen	6,025	8,000	-	-	-	-	5,000	4,000	11,025	12,000

NAME	BALANCE AT THE START OF THE YEAR		GRANTED AS REMUNERATION		ON EXERCISE OF OPTIONS		NET CHANGE OTHER		BALANCE AT THE END OF THE YEAR	
	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference	Ordinary	Preference
2008										
Directors										
Robert G. Kirby	79,793,031	-	-	-	-	-	(2,275,599)	-	77,517,432	-
John R. Kirby	79,793,031	-	-	-	-	-	(2,275,599)	-	77,517,432	-
Graham W. Burke	79,793,031	-	-	-	2,000,000	-	(4,275,599)	-	77,517,432	-
Peter M. Harvie	-	-	-	-	-	-	-	-	-	-
William J. Conn ³	191,563	-	-	-	-	-	-	-	191,563	-
Peter D. Jonson	10,000	29,000	-	-	-	-	-	-	10,000	29,000
D. Barry Reardon	10,000	8,552	-	-	-	-	-	-	10,000	8,552
David J. Evans	-	-	-	-	-	-	40,000	-	40,000	-
Robert Le Tet	-	-	-	-	-	-	-	-	-	-
Executives										
Peter E. Foo	-	-	-	-	-	-	-	9,000	-	9,000
Philip S. Leggo	-	-	-	-	-	-	-	-	-	-
Julie E. Raffe	-	-	-	-	-	-	-	-	-	-
Tony N. Pane	-	-	-	-	-	-	-	-	-	-
Simon T. Phillipson	-	-	-	-	-	-	-	-	-	-
Timothy Carroll	-	-	-	-	-	-	-	-	-	-
Peter J. Davey	-	-	-	-	-	-	-	-	-	-
David Kindlen	6,025	8,000	-	-	-	-	-	-	6,025	8,000

¹ On 19 June 2009, Mr. Foo retired from the Executive Committee and ceased as KMP from that date.

² On 31 December 2008, Mr. Pane retired from the Executive Committee and ceased as KMP from that date.

³ On 29 April 2008, Mr. Conn resigned as an Independent Non-Executive Director.

Shares held in Austereo Group Limited (number)

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE AT THE END OF THE YEAR
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
2009					
Directors					
Robert G. Kirby	181,093,856	-	-	-	181,093,856
John R. Kirby	181,093,856	-	-	-	181,093,856
Graham W. Burke	181,093,856	-	-	-	181,093,856
Peter M. Harvie	5,001	-	-	-	5,001
Peter D. Jonson	-	-	-	-	-
D. Barry Reardon	-	-	-	-	-
David J. Evans	-	-	-	-	-
Robert Le Tet	-	-	-	-	-
Executives					
Peter E. Foo ¹	37,522	-	-	-	37,522
Philip S. Leggo	-	-	-	-	-
Julie E. Raffe	-	-	-	-	-
Tony N. Pane ²	-	-	-	-	-
Simon T. Phillipson	-	-	-	-	-
Timothy Carroll	-	-	-	-	-
Peter J. Davey	-	-	-	-	-
David Kindlen	16,216	-	-	-	16,216

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(25) KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Shareholdings of Key Management Personnel (Consolidated) (continued)

Shares held in Austereo Group Limited (number) (continued)

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE AT THE END OF THE YEAR
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
2008					
Directors					
Robert G. Kirby	181,093,856	-	-	-	181,093,856
John R. Kirby	181,093,856	-	-	-	181,093,856
Graham W. Burke	181,093,856	-	-	-	181,093,856
Peter M. Harvie	5,001	-	-	-	5,001
William J. Conn ³	-	-	-	-	-
Peter D. Jonson	-	-	-	-	-
D. Barry Reardon	-	-	-	-	-
David J. Evans	-	-	-	-	-
Robert Le Tet	-	-	-	-	-
Executives					
Peter E. Foo	7,000	-	-	30,522	37,522
Philip S. Leggo	-	-	-	-	-
Julie E. Raffae	-	-	-	-	-
Tony N. Pane	-	-	-	-	-
Simon T. Phillipson	-	-	-	-	-
Timothy Carroll	-	-	-	-	-
Peter J. Davey	-	-	-	-	-
David Kindlen	16,216	-	-	-	16,216

¹ On 19 June 2009, Mr. Foo retired from the Executive Committee and ceased as KMP from that date.

² On 31 December 2008, Mr. Pane retired from the Executive Committee and ceased as KMP from that date.

³ On 29 April 2008, Mr. Conn resigned as an Independent Non-Executive Director.

All shares held under the Company's and Austereo Group Limited's various Share Plans and Option Plan for the above Key Management Personnel have been treated as 'in substance options' and have been excluded from the above tables. Details of such 'in substance options' are set out in Note 26.

All equity transactions with Key Management Personnel, other than those which have been treated as 'in substance options', have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

(c) Loans to Key Management Personnel (Consolidated)

(i) Details of aggregates of loans to Key Management Personnel are as follows:

	BALANCE AT THE START OF THE YEAR	INTEREST CHARGED	INTEREST NOT CHARGED	WRITE-OFF	BALANCE AT THE END OF THE YEAR ¹	NUMBER IN GROUP AT THE END OF THE YEAR
	\$	\$	\$	\$	\$	No.
Year ended 30 June 2009						
Directors	-	45,444	-	-	2,009,616	1
Executives	-	-	-	-	-	-
Total KMP	-	45,444	-	-	2,009,616	1
Year ended 30 June 2008						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-
Total KMP	-	-	-	-	-	-

(ii) Details of Key Management Personnel with loans above \$100,000 in the reporting period are as follows:

	BALANCE AT THE START OF THE YEAR	INTEREST CHARGED	INTEREST NOT CHARGED	WRITE-OFF	BALANCE AT THE END OF THE YEAR ¹	HIGHEST OWING IN PERIOD
	\$	\$	\$	\$	\$	\$
30 June 2009						
Directors						
Robert G. Kirby	-	45,444	-	-	2,009,616	2,016,274
30 June 2008						
Directors						
-	-	-	-	-	-	-

¹ Note that, as only selected movements are required to be disclosed, the figures in these tables may not add across.

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(25) KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(c) Loans to Key Management Personnel (Consolidated) (continued)

Terms and conditions of loans

The consolidated entity concluded an agreement with Mr. R.G. Kirby in December 2005 to provide him with a \$2 million fully secured revolving loan facility for a five year term expiring at the end of November 2010, repayable earlier in the event that Mr. Kirby's employment with the entity ceases. The interest rate applicable to the loan was the higher of the Fringe Benefits Tax rate set by the Australian Taxation Office (currently 5.85%) and the consolidated entity's cost of borrowing plus a margin of 0.50%. The loan was repaid in full with accrued interest on 29 March 2007, and was redrawn on identical terms and conditions on 26 February 2009. No compensation value has been attributed to this loan as it was on arms length terms and conditions.

All loans to purchase shares under the Company's and Austereo Group Limited's Executive Share Plans, the Senior Executive Share Plan, and the Company's Executive and Employee Option Plan for Key Management Personnel have been treated as 'in substance options' and have been excluded from the above tables. Details of such 'in substance option' loans are set out in Note 26.

No write-downs or allowances for doubtful receivables have been recognised in relation to the principal amounts of any loans made to Key Management Personnel.

(d) Other transactions and balances with Key Management Personnel

During the current and prior periods, the economic entity agreed to provide certain cinema refurbishment design services, on an arms length basis, to the landlord of the Noosa 5 Cinemas, which is a non-competing cinema complex owned by an entity associated with Mr. J.R. Kirby. The total charged for these services was \$1,800 (2008: \$3,600).

Peninsula Cinemas (non-competing cinemas owned by an entity associated with Mr. R.G. Kirby) and Noosa 5 Cinemas exhibit films supplied by the Roadshow Distributors Pty. Ltd. group ('RD group') on arms length terms and conditions. The total amounts paid to the RD group in the current period (from 25 July 2007 onwards for the 2008 financial year) by Noosa 5 Cinemas was \$268,340 (2008: \$257,049), and by Peninsula Cinemas was \$316,978 (2008: \$276,041). The entities in the RD group became subsidiaries of the VRL group effective 25 July 2007, following the acquisition of the remaining 50% interests.

The economic entity purchased wine (both directly & indirectly) from Yabby Lake International Pty. Ltd. ('Yabby Lake') and, in the prior period only, from Drummonds Lane Pty. Ltd. ('Drummonds Lane'). During part of the prior period, Mr. R.G. Kirby had economic interests of 100% in Yabby Lake and 50% (which increased to 100% in November 2007) in Drummonds Lane. Effective from February 2008, due to a restructuring of interests, Mr. R.G. Kirby ceased to have any economic interests in Yabby Lake or Drummonds Lane, however family members have an economic interest in those entities. The total purchases were \$454,250 for the year ended 30 June 2009 (2008: \$385,696). The wine purchased was for the Cinema Exhibition division's Gold Class and Europa cinemas, as well as for Corporate functions. These transactions are carried out under arm's length terms and conditions.

During the current period, the economic entity purchased swimwear from Garyson Nominees Pty. Ltd., an entity associated with Mr. G.W. Burke. The total purchases were \$89,350 for the year ended 30 June 2009 (2008: Nil). The swimwear was purchased on an arm's length basis as merchandise for resale by the Theme Parks division.

(26) SHARE-BASED PAYMENT PLANS

(a) Long Term Incentive Executive Share and Loan Plans

The Company has used the fair value measurement provisions of AASB 2: *Share-based Payment* for all options or equity instruments granted to Directors and relevant senior executives after 7 November 2002 which have not vested as at 1 January 2005. Under AASB 2: *Share-based Payment* these LTI executive share plan shares and loans are all deemed to be 'in substance options' even where the equity instrument itself is not a share option.

The fair value of such 'in substance option' grants is amortised and disclosed as part of Director and senior manager compensation on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (i.e. forfeitures).

During the period the consolidated entity had five different LTI plans in which Group employees, including Key Management Personnel ('KMP'), participated to varying extents. These included:

1. The entity's 1996 Executive Share Plan and Loan Facility ('ESP');
2. The entity's 2005 Senior Executive Share Plan and Loan Facility ('SESP');
3. The consolidated entity's Austereo Group Limited 2001 Executive Share Plan and Loan Facility ('AESP');
4. The entity's 2008 Option Plan over ordinary shares to the entity's Managing Director ('2008 OP'); and
5. The entity's 1993 Executive and Employee Option Plan ('EOP').

With the exception of the 2008 OP, all remaining LTI plans have been closed to further allotments and are in effect legacy plans in wind-down mode.

All LTI plans including all legacy plans have been approved by shareholders at the time of their introduction. Grants were made from time to time as appropriate or whenever there have been movements in the composition of the management team, and all proposed grants to Directors of the Company are put to shareholders for approval. The quantum of the LTI grants were made on a sliding scale reflective of the seniority of the position of the relevant executive and their ability to contribute to the overall performance of the Company.

The Company's legacy LTI plans were not designed specifically to remunerate employees and KMP, unlike their fixed compensation or their STI bonus arrangements, and have no specific performance conditions for the vesting of such benefits other than tenure and share price performance. Instead the legacy LTI's were primarily intended to encourage a sense of ownership with those employees and executives to whom the LTI's are granted and to assist in aligning their long term interests with those of shareholders, and may be regarded as a partial retention mechanism by the Company.

The benefits, if any, under the legacy LTI's are linked to the performance of the Company via its share price. The Company considers that the five year period over which the ESP, 2008 OP, EOP and SESP shares (or four year period for the AESP as applicable) are 'earned' and the long term horizon of the loans from the consolidated entity for the ESP, SESP, AESP and EOP for the duration of the employees' employment are appropriate given the shorter term annual performance hurdles to which each employee is subject. Similarly, the three, four and five year vesting periods of the ordinary options granted to the entity's Managing Director in 2008 under the 2008 OP, together with the significantly higher exercise price for the options above the market price for the Company's ordinary shares and the performance conditions attaching to each tranche of options, are designed to encourage performance and to closely align the employees' interests with those of shareholders.

The success of these retention grants under the legacy LTI plans is demonstrated by the relatively stable membership of the Executive Committee KMP over the past decade, with most Executive Committee KMP having served the Company for significant periods of time, including prior to becoming Executive Committee KMP.

There are no provisions within any of the LTI plans for the automatic or full vesting of the relevant shares in the event of a change of control of the Company.

The 4 main legacy LTI plans, the EOP, ESP, SESP and AESP, all feature limited recourse loans limited to security over the relevant shares, the latter 3 plans together with a buy-back option in the event the market value of the shares is less than the loan amount. Accordingly no hedging by employees is necessary, whether of vested or unvested ESP shares. The Company has full control over all loans and the repayment thereof and full control over all shares including through holding locks. Accordingly, other than for the Managing Director's 2008 ordinary options, the Company has no policy on hedging or margin lending by employees. In relation to the options granted to the Company's Managing Director, Mr. Burke, on 18 July 2008 under the 2008 OP, the terms of the offer specifically prohibit the hedging of unvested options by Mr. Burke. No hedging policy applies to the legacy LTI plans.

From 1 January 2005, 'in substance options' granted as part of employee and executive compensation have been valued using the Black-Scholes or binomial option-pricing model or the Monte Carlo simulation technique, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the 'in substance option'.

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For the year ended 30 June 2009

(26) SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long Term Incentive Grants

(i) Executive Share Plan and Loan Facility ("ESP")

The Company's ESP was approved by shareholders on 19 November 1996 and allows for the issue of up to 5% of the Company's issued A Class Preference shares to executives and employees of the consolidated entity and significant associated entities. Directors of the Company are not eligible to participate in the ESP. The ESP has been closed to further allotments since July 2007.

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

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

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

On 17 March 2005, 150,000 preference shares were allotted under the ESP. Under AASB 2: *Share-based Payment* all allotments under the ESP are deemed to be of 'in substance options' even though the equity instrument itself is not a share option.

The fair value of each 'in substance option' was estimated on the date of grant using the binomial option-pricing model with the following assumptions:

- Value per loan per share: \$1.92;
- Expected volatility: 22% - based on historical volatility;
- Risk-free interest rate: 5.62% - the risk free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The expected volatility of all ESP allotments reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The resulting fair values per option for those 'in substance options' was \$0.33.

This grant has been amortised over the vesting periods resulting in an increase in employee benefits expense of \$3,723 for the 2009 financial year (2008: \$6,778). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. 'in substance options' that do not vest).

On 31 January 2007, 3,590,000 preference shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of grant using the binomial option-pricing model with the following assumptions:

- Value per loan per share: \$3.14;
- Expected volatility: 25% - based on historical volatility;
- Risk-free interest rate: 5.971% - the risk free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was \$0.919.

These grants have been amortised over the vesting periods resulting in an increase in employee benefits expense of \$710,309 for the 2009 financial year (2008: \$1,233,663). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. 'in substance options' that do not vest).

On 25 June 2007, 300,000 preference shares were allotted under the ESP. The fair value of each 'in substance option' was estimated on the date of the grant using the binomial option pricing model with the following assumptions:

- Value per loan per share: \$3.20;
- Expected volatility: 25% - based on historical volatility;
- Risk-free interest rate: 6.27% - the risk free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The resulting fair values per option for those 'in substance options' was \$0.96.

These grants have been amortised over the vesting periods resulting in an increase in employee benefits expense of \$73,447 for the 2009 financial year (2008: \$130,573). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. 'in substance options' that do not vest).

(ii) Senior Executive Share Plan and Loan Facility ("SESP")

The Company's SESP was approved by shareholders on 25 November 2005 and allowed for the issue of 1,000,000 ordinary shares and 1,000,000 preference shares in the capital of the Company to the Company's then Finance Director, Mr. P.E. Foo under a Share Subscription and Loan Deed.

The SESP shares were issued at the 5-day weighted average price on the market prior to allotment, which was on 14 December 2005, rounded up to the next whole cent. The shares are held directly by the Mr. Foo who paid for the allotment by obtaining a loan from the consolidated entity which holds the SESP shares as security.

As with the ESP, the SESP shares are 'earned' at the rate of 20% per year over five years from date of issue. The loans bear interest at ten cents per preference share and seven cents per ordinary share per annum with the first ten cents per preference share and seven cents per ordinary share of every dividend used to repay the interest accrued. 50% of any remaining dividends per share are used to repay the capital amount of the loans, which loans must be repaid within 8 years (by December 2013).

If Mr. Foo resigns or is dismissed, the restricted and 'unearned' shares are forfeited and the loan on the remaining unrestricted shares must be repaid within six months or such other time as approved by Directors. Following Mr. Foo's cessation of employment on 4 August 2009, the vesting of Mr. Foo's remaining unvested shares under the SESP was extended to December 2010. In circumstances where the market value of the remaining SESP shares is less than the amount owing on the loan, then the Company will buy-back the shares and cancel them in repayment of the loan without further recourse to the executive. Under AASB 2: *Share-based Payment* this allotment is also deemed to be of 'in substance options' even though the equity instrument itself is not an option.

The fair value of each 'in substance option' is estimated on the date of grant using the binomial option-pricing model with the following assumptions used for preference share grants made on 14 December 2005:

- Value per loan per share: \$2.29;
- Expected volatility: 25% - based on historical volatility;
- Risk-free interest rate: 5.41% - the risk free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The resulting fair values per option for those 'in substance options' for Mr. Foo was \$0.50.

The fair value of each 'in substance option' is estimated on the date of grant using the binomial option-pricing model with the following assumptions used for ordinary share grants made on 14 December 2005:

- Value per loan per share: \$2.67;
- Expected volatility: 30% - based on historical volatility;
- Risk-free interest rate: 5.41% - the risk free rate was converted to a continuously compounded rate; and
- Expected life of options: 8 years.

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The resulting fair values per option for those 'in substance options' for Mr. Foo was \$0.90.

These grants have been amortised over the vesting periods resulting in an increase in employee benefits expense of \$60,251 for the 2009 financial year (2008: \$101,210) for the preference share 'in substance options' and of \$108,452 for the 2009 financial year (2008: \$182,178) for the ordinary share 'in substance options'. Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. 'in substance options' that do not vest).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(26) SHARE-BASED PAYMENT PLANS (continued)

(b) Share-based Long Term Incentive grants (continued)

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

The AESP, and the specific grant of shares to Mr. P.M. Harvie, was approved by shareholders of Austereo on 19 January 2001 and allows for the issue of up to 5% of Austereo's issued ordinary shares to executives and employees of the Austereo consolidated entity. Executive Directors of Austereo are eligible to participate in the AESP. The AESP has been closed to new allotments since January 2002.

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

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

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

Under AASB 2: *Share-based Payment* any allotments under the AESP are also deemed to be of 'in substance options' even though the equity instrument itself is not an option.

No allotments under the AESP have been made during the year, and all grants pre-date the introduction of AASB 2: *Share-based Payment*.

(iv) 2008 Option Plan over ordinary shares to the entity's Managing Director ("2008 OP")

The 2008 OP for the Company's Managing Director Mr. Graham Burke, was approved by the Company's shareholders on 17 July 2008 with a grant on 18 July 2008 of six million options over ordinary shares exercisable at \$3.00 per share, with vesting subject to performance hurdles relating to growth in earnings per share and growth in dividends.

Subject to certain performance conditions, two million options are exercisable not earlier than 1 March 2011; two million options are exercisable not earlier than 1 March 2012; and two million options are exercisable not earlier than 1 March 2013.

The earnings per share ("EPS") performance hurdle has a starting point of 27 cents per ordinary share on 31 December 2007 and the dividend performance hurdle has a starting point of 9 cents per ordinary share on 31 December 2007, with growth measured on calendar year performance.

For all options to vest, the Company's performance must meet a minimum 10% cumulative average growth rate ("CAGR") in EPS over the 3 year vesting period for half of each tranche to vest, and must meet a minimum 10% CAGR in dividends paid over 2 out of the 3 year vesting period for the other half of each tranche to vest. For half of the options to vest, the Company's performance must meet a minimum 5% CAGR in EPS over the 3 year vesting period for one quarter of each tranche to vest, and must meet a minimum 5% CAGR in dividends paid over 2 out of the 3 year vesting period for another quarter of each tranche to vest. Below 5% CAGR in either dividends or in EPS no options vest, with a pro-rata straight line vesting scale between 5% and 10% CAGR for each performance condition.

The effect of the performance hurdles on the potential vesting of the options can be illustrated as follows:

Number of Options able to Vest if:	Cumulative Annual Growth Rate ('CAGR')				
	< 5%	5%	5% - 10%	= or > 10%	
EPS CAGR hurdle achieved	Nil	500,000	Sliding Scale*	1,000,000	Maximum 1st Tranche Options
Dividend CAGR hurdle achieved#	Nil	500,000	Sliding Scale*	1,000,000	
EPS CAGR hurdle achieved	Nil	500,000	Sliding Scale*	1,000,000	Maximum 2nd Tranche Options
Dividend CAGR hurdle achieved#	Nil	500,000	Sliding Scale*	1,000,000	
EPS CAGR hurdle achieved	Nil	500,000	Sliding Scale*	1,000,000	Maximum 3rd Tranche Options
Dividend CAGR hurdle achieved#	Nil	500,000	Sliding Scale*	1,000,000	

Subject to '2 out of 3 years' test.

* A pro rata straight line vesting scale applies.

The first year of the first 3 year vesting period exceeded both the EPS and dividend CAGR hurdles. All the options are exercisable no later than 1 March 2015. In the event of termination without cause, Mr. Burke may exercise the options that have already vested or that vest during the following 12 month period, or he may exercise vested options within 7 days of cessation of employment in the event of termination for cause.

The terms of the grant of the options provide that should the Board determine that Mr. Burke has entered into a hedging transaction or other transaction having the effect of limiting or eliminating the economic risk associated with the Options as a result of the dividend and EPS growth vesting hurdles to which they are subject, the Options will expire.

The fair value of each option has been estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

- Expected volatility: 35%;
- Expected yield: 5.0%;
- Risk-free interest rate: 6.38%; and
- Expected life of options: 3, 4 and 5 years ended 1 March 2011, 2012 and 2013 with expiry at 1 March 2015.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. The resulting fair values per option for Mr. Burke were \$0.25, \$0.27 and \$0.29 for Tranches 1, 2 and 3 respectively.

These grants have been amortised over the vesting periods resulting in an increase in employee benefits expense of \$417,511 for the 2009 financial year (2008: \$139,552). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. options that do not vest).

(v) Executive and Employee Option Plan ("EOP")

The Company's EOP was approved by shareholders in November 1993 and allows for the issue of options over the Company's issued ordinary and A Class preference shares to Executive Committee KMP and other executives. Directors of the Company were not eligible to participate in the EOP. The options were exercisable at the end of years one, two, three, four and five after the date of grant and were often exercised by obtaining a loan from the consolidated entity which held the resulting shares as security. Dividends are used to repay the interest accrued with any surplus dividend payment used to repay the capital amount of the loan.

The EOP is also a legacy equity-linked performance plan as further allotments under the EOP were discontinued when the ESP was introduced in 1996, but existing shares and loans held by continuing participants remain.

(vi) Holdings of Executive Directors and Senior Managers

There have been no allotments to KMP under any share-based payment plan during the financial period.

The number of shares in the Company and in Austereo during the financial year in which the KMP of the Company have a relevant interest, including their personally-related entities, are set out in Note 25 of the Financial Report.

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(26) SHARE-BASED PAYMENT PLANS (continued)

(c) Option holdings of Key Management Personnel (Consolidated)

(i) Holdings of Options over shares in Village Roadshow Limited of Key Management Personnel during the year and prior year

NAME	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION ¹	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE AT END OF PERIOD	VESTED AND EXERCISABLE AT THE END OF THE YEAR
30 June 2009						
Directors						
Graham W. Burke	6,000,000	-	-	-	6,000,000	-
Executives						
Nil						
30 June 2008						
Directors						
Graham W. Burke	6,000,000	6,000,000	(2,000,000)	(4,000,000)	6,000,000	-
Executives						
Nil						

¹ Although the 2008 Option Plan grant was approved by shareholders in July 2008, the vesting commencement date is 1 March 2008 and accordingly the allotment has been treated as though it occurred in the 2008 financial year.

Other than the 'in substance options' described in (b) above, no options are vested and unexercisable at the end of the year.

(ii) Holdings of 'In Substance Options' of Key Management Personnel in shares in Village Roadshow Limited during the year and prior year

NAME	BALANCE AT THE START OF THE YEAR		GRANTED AS REMUNERATION		ON EXERCISE OF OPTIONS	NET CHANGE OTHER		BALANCE AT THE END OF THE YEAR	
	Ord.	Pref.	Ord.	Pref.	Ord./Pref.	Ord.	Pref.	Ord.	Pref.
30 June 2009									
Directors									
Peter M. Harvie	257,400	242,900	-	-	-	-	-	257,400	242,900
Executives									
Peter E. Foo ¹	1,000,000	800,000	-	-	-	-	-	1,000,000	800,000
Philip S. Leggo	64,350	550,000	-	-	-	-	-	64,350	550,000
Julie E. Raffe	-	350,000	-	-	-	-	-	-	350,000
Tony N. Pane ²	-	500,000	-	-	-	-	-	-	500,000
Simon T. Phillipson	-	400,000	-	-	-	-	-	-	400,000
Timothy Carroll	-	500,000	-	-	-	-	-	-	500,000
Peter J. Davey	-	250,000	-	-	-	-	-	-	250,000
David Kindlen	-	150,000	-	-	-	-	-	-	150,000
30 June 2008									
Directors									
Peter M. Harvie	257,400	242,900	-	-	-	-	-	257,400	242,900
Executives									
Peter E. Foo	1,000,000	800,000	-	-	-	-	-	1,000,000	800,000
Philip S. Leggo	64,350	550,000	-	-	-	-	-	64,350	550,000
Julie E. Raffe	-	350,000	-	-	-	-	-	-	350,000
Tony N. Pane	-	500,000	-	-	-	-	-	-	500,000
Simon T. Phillipson	-	400,000	-	-	-	-	-	-	400,000
Timothy Carroll	-	500,000	-	-	-	-	-	-	500,000
Peter J. Davey	-	250,000	-	-	-	-	-	-	250,000
David Kindlen	-	150,000	-	-	-	-	-	-	150,000

¹ On 19 June 2009, Mr. Foo retired from the Executive Committee and ceased as KMP from that date.

² On 31 December 2008, Mr. Pane retired from the Executive Committee and ceased as KMP from that date.

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For the year ended 30 June 2009

(26) SHARE-BASED PAYMENT PLANS (continued)

(c) Option holdings of Key Management Personnel (Consolidated) (continued)

(iii) Holdings of 'In Substance Options' of Key Management Personnel in shares in Austereo Group Limited during the year and prior year

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE OTHER	BALANCE AT THE END OF THE YEAR
	Ordinary	Ordinary	Ordinary	Ordinary	Ordinary
30 June 2009					
Directors					
Peter M. Harvie	1,025,000	-	-	-	1,025,000
30 June 2008					
Directors					
Peter M. Harvie	1,025,000	-	-	-	1,025,000

(d) 'In Substance Option' Loans to Key Management Personnel (Consolidated)

(i) Details of aggregates of 'In Substance Option' loans to Key Management Personnel are as follows:

	BALANCE AT THE START OF THE YEAR	INTEREST CHARGED	INTEREST NOT CHARGED ¹	WRITE-OFF	BALANCE AT THE END OF THE YEAR ²	NUMBER IN GROUP AT THE END OF THE YEAR
	\$	\$	\$	\$	\$	No.
Year ended 30 June 2009						
Directors	3,286,029	117,198	68,337	-	3,272,913	1
Executives	10,756,251	428,221	-	-	10,800,315	8
Total KMP	14,042,280	545,419	68,337	-	14,073,228	9
Year ended 30 June 2008						
Directors	3,348,044	117,550	118,096	-	3,286,029	1
Executives	11,247,590	428,203	11,596	-	10,756,251	8
Total KMP	14,595,634	545,753	129,692	-	14,042,280	9

(ii) Details of individuals with 'In Substance Option' loans above \$100,000 in the reporting period are as follows:

	BALANCE AT THE START OF THE YEAR	INTEREST CHARGED	INTEREST NOT CHARGED ¹	WRITE-OFF	BALANCE AT THE END OF THE YEAR ²	HIGHEST OWING IN END OF THE YEAR
	\$	\$	\$	\$	\$	\$
30 June 2009						
Directors						
Peter M. Harvie	3,286,029	117,198	68,337	-	3,272,913	3,328,384
Executives						
Peter E. Foo	4,013,543	150,000	-	-	4,031,553	4,077,242
Philip S. Leggo	1,278,614	63,221	-	-	1,285,856	1,305,461
Julie E. Raffe	1,081,134	35,000	-	-	1,084,196	1,095,997
Tony N. Pane	996,434	50,000	-	-	1,000,809	1,017,667
Simon T. Phillipson	922,114	40,000	-	-	925,614	939,100
Timothy Carroll	1,228,830	50,000	-	-	1,233,205	1,250,063
Peter J. Davey	772,238	25,000	-	-	774,426	782,855
David Kindlen	463,343	15,000	-	-	464,656	469,713
30 June 2008						
Directors						
Peter M. Harvie	3,348,044	117,550	118,096	-	3,286,029	3,395,902
Executives						
Peter E. Foo	4,224,848	150,000	-	-	4,013,543	4,290,190
Philip S. Leggo	1,342,463	63,203	5,625	-	1,278,614	1,371,744
Julie E. Raffe	1,113,384	35,000	-	-	1,081,134	1,128,630
Tony N. Pane	1,050,943	50,000	2,879	-	996,434	1,072,724
Simon T. Phillipson	963,792	40,000	1,624	-	922,114	981,217
Timothy Carroll	1,279,723	50,000	1,467	-	1,228,830	1,301,504
Peter J. Davey	795,274	25,000	-	-	772,238	806,164
David Kindlen	477,164	15,000	-	-	463,343	483,699

¹ Refers to aggregate net non-monetary benefit to reflect the value of the difference between the interest at the deemed arms length market interest rate and the actual interest rate charged and paid and payable on a cents per share basis on 'in substance option' loans for shares held under the Company's various executive incentive share plans. In relation to those 'in substance options' granted after 7 November 2002, the benefit thereon in effect is already included in the notional cost of the relevant share-based payments.

² Note that, as only selected movements are required to be disclosed, the figures in these tables may not add across.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(26) SHARE-BASED PAYMENT PLANS (continued)

(d) 'In Substance Option' Loans to Key Management Personnel (Consolidated) (continued)

(iii) Summary of terms and conditions of 'In Substance Option' loans to Key Management Personnel

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

Under the terms of the legacy Executive Share Plan Loan Facility, the first 10 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

Under the terms of the legacy Senior Executive Share Plan, the first 10 cents of every preference dividend and the first 7 cents of every ordinary dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

Under the terms of the legacy Austereo Group Limited Executive Share Plan & Loan Facility, the first 6 cents of every dividend per share is used to repay the interest accrued and 50% of any remaining dividend per share is used to repay the capital amount of the loan.

No write-downs or allowances for doubtful receivables have been recognised in relation to the principal amounts of any loans made to Key Management Personnel.

(iv) Number and weighted average exercise prices ("WAEP") and movements of Options & 'In Substance Options' of Key Management Personnel during the year

	2009 Number	2009 WAEP - \$	2008 Number	2008 WAEP - \$
Outstanding at Beginning of Year	17,336,450	2.66	17,971,450	2.94
Granted during the Year	-	-	6,000,000	3.00
Forfeited/lapsed during the Year	(205,000)	3.11	(100,000)	3.20
Exercised during the Year	-	-	(2,535,000)	2.75
Expired during the year	-	-	(4,000,000)	4.50
Outstanding at the end of the Year	17,131,450	2.65	17,336,450	2.66
Exercisable at the end of the Year	8,102,450	2.28	6,984,450	2.19

(v) The outstanding balance as at 30 June 2009 is represented by:

Executive & Employee Option Plan: 407,550 options over ordinary shares in the Company with an exercise price of \$2.63 each, and 42,900 options over preference shares in the Company with an exercise price of \$1.85 each.

Executive Share Plan and Loan Facility: 7,311,000 options over preference shares in the Company with exercise prices ranging from \$1.40 to \$3.64.

Senior Executive Share Plan: 1,000,000 options over ordinary shares in the Company with an exercise price of \$2.67 each, and 800,000 options over preference shares in the Company with an exercise price of \$2.29 each.

Option Plan for Managing Director: 6,000,000 options over ordinary shares in the Company exercisable at \$3.00 each with an expiry date of 1 March 2015.

Austereo Group Limited's Executive Share Plan and Loan Facility: 1,570,000 options over ordinary shares in Austereo Group Limited with an exercise price of \$1.85 each.

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(27) REMUNERATION OF AUDITORS				
The auditor of Village Roadshow Limited is Ernst & Young. Aggregate remuneration received or due and receivable by Ernst & Young, directly or indirectly from the parent entity or any related entity, in connection with —				
Ernst & Young (Australia) —				
An audit or review of the financial report of the entity and any other entity in the consolidated group	1,546	2,263	185	250
Other services in relation to the entity and any other entity in the consolidated group				
– Tax	196	288	75	83
– Corporate Finance	38	115	-	-
– Assurance related	102	48	-	-
	1,882	2,714	260	333
Auditors other than Ernst & Young (Australia) —				
An audit or review of the financial reports of any entity in the group	374	508	-	-
Other services in relation to the entity and any other entity in the consolidated group				
– Tax	261	198	-	-
– Assurance related	81	-	-	-
– Corporate Finance	-	286	-	-
	716	992	-	-
	2,598	3,706	260	333

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(28) EVENTS SUBSEQUENT TO REPORTING DATE

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

(a) Agreement to sell VRL's Cinema Exhibition and Film Distribution/Production businesses in Greece:

As advised to the Australian Securities Exchange ("ASX") on 10 August 2009, the VRL group has agreed to sell its businesses in Greece, subject to a number of regulatory and other conditions, for total consideration of around \$80 million, which will result in a profit after tax of approximately \$20 million.

(b) Re-negotiation of debt facilities:

Included in the debt facilities classified as current liabilities as at 30 June 2009 is \$215 million relating to term facilities which have expiry dates of less than 12 months from balance date. Subsequent to balance date, \$170 million of this amount has been successfully re-negotiated for a further three year term. The remaining \$45 million relates to the VRL group's Australian Cinema Exhibition business, and negotiations with the banking syndicate are well advanced.

(29) INTERESTS IN JOINTLY CONTROLLED OPERATIONS

Interests in jointly controlled continuing operations:

Names and principal activities of jointly controlled operations, the percentage interest held by entities in the Group and the contributions of those jointly controlled operations to results after tax —

Name	Principal Activity	% Interest Held 2009	CONTRIBUTIONS TO OPERATING PROFIT AFTER TAX	
			2009 \$'000	2008 \$'000
Australian Theatres	Multiplex cinema operator	50.00%	22,606	18,213
Browns Plains Multiplex Cinemas	Multiplex cinema operator	33.33%	81	80
Carlton Nova / Palace	Cinema operator	25.00%	473	421
Castle Towers Multiplex Cinemas	Multiplex cinema operator	33.33%	333	592
Geelong Cinema	Cinema operator	50.00%	346	199
Jam Factory Cinema	Cinema operator	50.00%	117	(76)
Morwell Multiplex Cinemas	Cinema operator	75.00%	412	265
Mt. Gravatt Multiplex Cinemas	Cinema operator	33.33%	1,016	845
Village / GUO / BCC Cinemas	Cinema operator	50.00%	2,524	1,907
Village / Sali Cinemas Bendigo	Cinema operator	50.00%	637	575
Village Anderson Cinemas	Cinema operator	50.00%	1,187	897
Village Warrnambool Cinemas	Cinema operator	50.00%	112	105
			29,844	24,023

There were no impairment losses in the jointly controlled operations.

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Aggregate share of assets in jointly controlled continuing operations —		
Current assets:		
Cash	9,891	7,197
Receivables	2,357	4,361
Inventories/Other	1,228	1,027
Non-current assets:		
Property, plant & equipment and intangibles	73,115	76,131
Receivables/Other	5,680	4,073
Current liabilities:		
Payables	(15,475)	(11,712)
Provisions/Other	(1,795)	(2,512)
Non-Current liabilities:		
Payables	(1,418)	(2,772)
Provisions/Other	(2,516)	(1,783)
Share of net assets of joint venture	71,067	74,010

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(30) SEGMENT REPORTING

(a) Reporting by business segments^{1,2} (Notes: refer page 82)

	THEME PARKS		CINEMA EXHIBITION		RADIO		FILM DISTRIBUTION		OTHER		TOTAL	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	
Amounts including material items of income and expense & discontinued operations												
Total segment revenue – continuing	346,242	298,240	327,952	286,441	251,870	257,921	447,854	422,922	9,885	18,182	1,383,803	1,283,706
Result												
Segment results – continuing	27,642	60,439	30,209	20,717	74,082	84,110	38,226	38,980	(129,827)	(98,481)	40,332	105,765
Equity accounted net profit (loss) – continuing	-	-	(8,392)	(1,157)	1,762	1,842	-	2,037	42	-	(6,588)	2,722
Profit (loss) before tax – continuing												
Income tax (expense) benefit – continuing												
Profit (loss) after tax from continuing operations												
Profit (loss) after tax from discontinued operations												
Net profit (loss) for the period												
Less: Profit attributed to minority interest												
Net profit attributable to members												
Depreciation and amortisation expense – continuing	32,637	25,829	19,801	18,854	7,788	7,931	12,313	14,312	2,741	3,456	75,280	70,382
Non-cash expenses other than depreciation – continuing	43,189	547	1,562	(293)	3,834	274	56	1,112	3,192	10,002	51,833	11,642
Segment assets	865,906	855,280	221,484	229,703	552,154	541,373	350,832	351,442	202,084	199,816	2,192,460	2,177,614
Segment liabilities	68,282	56,142	43,692	37,580	60,441	55,473	196,115	187,096	1,114,849	1,108,560	1,483,379	1,444,851
Equity-accounted investments included in segment assets	-	-	16,910	12,849	5,895	4,830	-	-	-	177	22,805	17,856
Acquisition of property, plant & equipment and intangible assets	74,372	33,000	10,659	9,700	16,577	11,400	1,708	1,200	3,845	-	107,161	55,300
Amounts excluding material items of income and expense & discontinued operations												
Total segment revenue	346,242	298,240	327,952	286,441	251,870	257,921	447,854	422,922	9,885	18,182	1,383,803	1,283,706
Segment result	69,549	60,439	30,209	20,717	77,882	84,110	44,726	38,980	(106,964)	(97,707)	115,402	106,539
Share of associates net profit (loss)	-	-	(3,774)	(1,157)	1,762	1,842	-	2,037	42	-	(1,970)	2,722
Profit (loss) before tax												
Income tax (expense) benefit												
Net profit for the period												
Less: Profit attributed to minority interest												
Net profit attributable to members												

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(30) SEGMENT REPORTING (continued) (b) Reporting by geographic segments²

	AUSTRALIA		USA		NEW ZEALAND		ASIA		EUROPE		UNALLOCATED		TOTAL
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2008 \$'000
Amounts including material items of income and expense & discontinued operations													
Total segment revenue – continuing	1,161,715	1,061,353	14,530	1,898	46,843	65,605	–	185	152,947	145,664	7,768	9,001	1,383,803
Equity accounted net profit (loss)	2,622	1,233	(12,341)	(1,999)	–	–	3,131	3,495	–	(7)	–	–	(6,588)
Segment assets	1,774,668	1,846,803	123,155	31,700	24,285	21,850	22,541	22,393	107,925	110,872	139,886	143,996	2,192,460
Equity-accounted investments included in segment assets	12,166	10,477	–	1,419	–	–	8,981	4,238	1,658	1,722	–	–	22,805
Acquisition of property, plant & equipment and intangible assets	67,988	49,900	35,269	1,700	29	–	–	–	3,875	3,700	–	–	107,161
													55,300
Amounts excluding material items of income and expense & discontinued operations													
Revenue from external customers	1,161,715	1,061,353	14,530	1,898	46,843	65,605	–	185	152,947	145,664	7,768	9,001	1,383,803
Equity accounted net profit (loss)	2,622	1,233	(7,723)	(1,999)	–	–	3,131	3,495	–	(7)	–	–	(1,970)

Notes (for business and geographic segment reporting):

- Description of Business Segments:
Theme Parks: Theme park and other leisure attraction operations.
Cinema Exhibition: Cinema exhibition operations.
Radio: FM radio operations.
Film Distribution: Film, DVD & video distribution operations.
- For primary segment reporting purposes, Singapore Distribution business unit results are combined with Theme Parks. The definition of segment revenues, segment result, segment assets and segment liabilities restricts the segment disclosures to operating activities and therefore excludes certain financing and investing transactions. The 'unallocated' column therefore combines financial information which is not reported in one of the primary business segments or secondary geographic segments, and transactions excluded from the segment definitions. The exclusions from segment definitions are mainly comprised of interest revenue & profit on disposal of assets (excluded from Segment Revenue), interest revenue & expense, & profit/loss on disposal of assets (excluded from Segment Result), cash, investments which are not equity accounted, loans receivable (other than loans to associates) & tax assets (excluded from Segment Assets) & tax liabilities (excluded from Segment Liabilities).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(31) DISCONTINUED OPERATIONS

During the year ended 30 June 2009, there were no material results from discontinued operations. In relation to the year ended 30 June 2008, the disclosures were as follows:

	NZ & FIJI	TOTAL CINEMA EXHIBITION	VRPG	TOTAL GROUP
	2008 \$'000	2008 \$'000	2008 \$'000	2008 \$'000
(i) Income Statement Information:				
Revenues (including total Segment Revenues of \$510.385 million)	-	-	512,769	512,769
Other income (including \$203.7 million from gain on disposal of investments)	-	-	203,877	203,877
Share of net profits (losses) of associates	-	-	(14,331)	(14,331)
Finance costs	-	-	(51,115)	(51,115)
Expenses excluding finance costs	-	-	(466,550)	(466,550)
Profit (loss) from discontinued operations before tax	-	-	184,650	184,650
Income tax (expense) benefit	-	-	(3,080)	(3,080)
Profit (loss) from discontinued operations after tax	-	-	181,570	181,570
(ii) Cash Flow Information:				
The consolidated net cash flows of the discontinued operation during the reporting period were as follows:				
Net operating cash flows	-	-	(117,782)	(117,782)
Net investing cash flows	16,810	16,810	-	16,810
Net financing cash flows	-	-	126,044	126,044
Total net cash flows	16,810	16,810	8,262	25,072
(iii) Balance Sheet/Other Information:				
Assets – carrying amount at balance date	-	-	-	-
Liabilities at balance date	-	-	-	-
Net assets (liabilities) at balance date	-	-	-	-
Consideration received or receivable				
Cash and cash equivalents consideration	-	-	53,778	53,778
Present value of deferred sales proceeds	-	-	-	-
Total disposal consideration	-	-	53,778	53,778
Net assets disposed of	-	-	135,886	135,886
Gain (Loss) on disposal of net assets before income tax	-	-	189,664	189,664
Tax (expense) benefit relating to disposal of net assets	-	-	(2,407)	(2,407)
Gain (Loss) on disposal of net assets after income tax	-	-	187,257	187,257
The proceeds on sale exceeded the book value of the related net assets and accordingly no impairment losses were recognised on the reclassification of these operations as held for sale.				
(iv) Net cash inflow on disposal:				
Cash and cash equivalents consideration	-	-	53,778	53,778
Less cash and cash equivalents balance disposed of	-	-	(79,584)	(79,584)
Reflected in the cash flow statement	-	-	(25,806)	(25,806)
(v) Earnings per share (cents per share):				
Basic and diluted from discontinued operations				130.53
(vi) Expenditure commitments:				
Operating leases – minimum lease payments				-
Other expenditure commitments				-

Effective from 31 January 2008, the economic entity discontinued the Film Production operations as a result of sale of the interests in Village Roadshow Pictures Group (“VRPG”) as part of the restructuring of VRPG to form Village Roadshow Entertainment Group (“VREG”), which is 40.9% owned by the economic entity. In addition, during the 2008 year, final sale proceeds were received in relation to the sale of the New Zealand and Fiji cinema operations effective 30 June 2006.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(32) BUSINESS COMBINATIONS

Acquisition of Kelly Tarlton's Antarctic Encounter and Underwater World ("Kelly Tarlton's")

The Group acquired Kelly Tarlton's in Auckland, New Zealand effective 1 September 2008. The acquisition resulted in a net cash outflow of \$10.8 million and was funded from existing cash reserves.

	CONSOLIDATED	
	Recognised on acquisition \$'000	Values before acquisition \$'000
Cash and cash equivalents	18	18
Inventories	231	231
Plant and equipment	10,158	7,587
Intangible assets	740	-
Other assets	242	30
Total Assets	11,389	7,866
Provisions	(253)	(253)
Tax liabilities	(717)	-
Other liabilities	(68)	(69)
Total Liabilities	(1,038)	(322)
Fair value of identifiable net assets	10,351	7,544
Goodwill arising on acquisition	504	
	10,855	
Cost of combination:		
Cash paid	10,636	
Costs associated with the acquisition	219	
	10,855	
The net outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	18	
Cash paid	(10,855)	
Net cash outflow	(10,837)	

From the date of acquisition, Kelly Tarlton's has contributed \$5.6 million of revenue and \$0.3 million of net profit to the Group. Given that this was an asset purchase it is not possible to determine the full year impact of Kelly Tarlton's on the Group assuming that it had been owned since the beginning of the year.

(33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Objectives for holding financial instruments

The Group's principal financial instruments, other than derivatives, comprise bank loans and overdrafts, convertible notes, finance leases and hire purchase contracts, trade receivables, trade payables and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group also enters into derivative transactions, including principally interest rate swaps, caps and collars (caps and floors). The purpose is to manage the interest rate risks arising from the Group's sources of finance. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, liquidity risk and credit risk, and include the fair value movements from the financial instruments. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through comparing projected debt levels

against total committed facilities. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1.

(b) Risk exposures and responses

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a variable interest rate. The level of debt is disclosed in Note 16.

The primary objectives of interest rate management for the Group are to ensure that:

- interest expense does not adversely impact the Group's ability to meet taxation, dividend and other operating obligations as they arise;
- earnings are not subjected to wide fluctuations caused by fluctuating interest commitments; and
- covenants agreed with bankers are not breached.

Within the above constraints and targets, the Group's objective in managing interest rate risk is to maintain the stability of interest rate expense whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian and USA variable interest rate risk that are not designated in cash flow hedges:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets:				
Cash and cash equivalents	79,626	65,614	6	14
Financial liabilities:				
Secured and unsecured borrowings	859,530	867,891	200,000	138,000
Net exposure	779,904	802,277	199,994	137,986

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Cash flow interest rate risk (continued)

The Group enters into interest rate swap, cap and collar agreements ("interest rate derivatives") that are used to convert the variable interest rates attached to various of its specific facilities into fixed interest rates, or to limit interest rate exposure. The interest rate derivatives are entered into with the objective of ensuring that earnings are not subject to wide fluctuations caused by fluctuating interest commitments and ensuring compliance with loan covenants. Interest rate risk will not generally be hedged unless the underlying debt facility draw down exceeds A\$20 million. For any debt exceeding this level, other than facilities that fluctuate, interest rate exposure will generally be hedged for a minimum of 50% of the outstanding debt.

At balance date, various entities within the Group had entered into interest rate derivatives covering debts totalling \$451.3 million (2008: \$359.3 million). These interest rate derivatives covered approximately 46% (2008: 38%) of total borrowings of the Group drawn down at balance date.

The majority (by value) of the interest rate derivatives mature in 2009 to 2011 (2008: 2009 to 2011).

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. Sensitivity analysis for interest rate risk exposures has been calculated by estimating the impacts in value and timing based on financial models. The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date. A sensitivity of 1 percentage point has been selected as this is deemed to be reasonably possible given the current level of both short term and long term Australian interest rates.

At 30 June 2009 and 30 June 2008, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	POST TAX PROFIT HIGHER / (LOWER)		EQUITY HIGHER / (LOWER)	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Sensitivity analysis				
CONSOLIDATED				
If interest rates were 1% point higher with all other variables held constant	(2,666)	(2,994)	1,018	355
If interest rates were 1% point lower with all other variables held constant	2,748	2,537	(1,018)	(355)
PARENT				
If interest rates were 1% point higher with all other variables held constant	(1,022)	(966)	-	-
If interest rates were 1% point lower with all other variables held constant	1,022	966	-	-

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges. The sensitivities for each year are impacted by cash, debt and derivative balances, as well as interest rates.

Foreign currency risk

Prior to de-consolidation effective from 31 January 2008, as a result of the Film Production division's significant assets and liabilities denominated in USD, the Group's gross assets and liabilities used to be significantly affected by movements in the USD/AUD exchange rate, however the impact on net assets was minimised due to the majority of this division's transactions and balances being denominated in USD.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by the relevant division in currencies other than the division's functional currency.

In general, the Group requires all of its divisions to use forward currency contracts to eliminate the foreign currency exposure on any individual transactions in excess of A\$0.5 million, which are generally required to be taken out immediately when a firm commitment has occurred. The forward currency contracts must be in the same currency as the hedged item, and it is the Group's policy not to enter into forward contracts until a firm commitment is in place.

In addition, the Film Distribution division uses forward currency contracts to eliminate the foreign currency exposure on the majority of that division's estimated foreign currency payments, which are regularly updated to ensure a rolling forward cover position.

It is the Group's policy to negotiate the terms of the foreign currency derivatives to match the terms of the underlying foreign currency exposures as closely as possible, to maximise the effectiveness of the derivatives. As at 30 June 2009 and 30 June 2008, the Group had hedged the majority (by value) of all material foreign currency purchases that were firm commitments.

As at 30 June 2009 and 30 June 2008, the Group had no material net exposure to foreign currency, and no material exposure to foreign currency that was designated in cash flow hedges or covered by held for trading derivatives.

Commodity price risk

The Group's exposure to price risk is minimal.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

- payment terms are generally 30 to 90 days; and
- a risk assessment process is used for customers over \$50,000.

The Group's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset, other than derivatives, is the carrying amount of those assets as indicated in the balance sheet.

In relation to derivative financial instruments, whether recognised or unrecognised, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. However, the Group ensures that it only enters into contracts with credit worthy institutions.

Concentrations of credit risk:

The Company minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a large number of customers within the specified industries. The customers are mainly concentrated in Australia. Refer also to Note 30 - Segment Reporting.

Liquidity Risk

Liquidity risk management is concerned with ensuring that there are sufficient funds available to meet the Group's commitments in a timely manner. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, convertible notes, preference shares, finance leases and hire purchase contracts.

Liquidity risk is measured by comparing projected net debt levels for the next 12 months against total committed facilities on a rolling monthly basis and includes monthly cash flow forecasts from the Group's operating divisions. Projected net debt levels take into account:

- existing debt;
- operating and financing cash flows;
- approved capital expenditure;
- approved investment expenditure for new sites; and
- dividend distributions and income tax payments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Risk exposures and responses (continued)

Liquidity Risk (continued)

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in ongoing operations such as property, plant and equipment and investments in working capital. These assets are considered in the Group's overall liquidity risk. To ensure that the maturity of funding facilities is not concentrated in one period, the Group will generally ensure that no more than 30% of its committed facilities mature within any 12 month period. As at 30 June 2009, 28% (2008: 13%) of the Group's debt will mature in less than one year.

Subsequent to 30 June 2009, part of the debt classified as current liabilities has been successfully re-negotiated – refer Note 28(b).

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects the expectations of management of settlement of financial assets and liabilities.

The following table reflects all contractually fixed payables and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2009. For derivative financial instruments the contracted notional cash flow is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2009.

	1 YEAR OR LESS		OVER 1 YEAR TO 5 YEARS		MORE THAN 5 YEARS		TOTAL	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CONSOLIDATED								
(i) Financial assets								
Cash	79,626	65,614	-	-	-	-	79,626	65,614
Receivables and other advances	221,578	227,025	60,318	37,525	-	-	281,896	264,550
Derivatives	13,243	6,601	324	5,776	-	-	13,567	12,377
Security deposits	-	-	5,402	6,151	-	-	5,402	6,151
Total financial assets	314,447	299,240	66,044	49,452	-	-	380,491	348,692
(ii) Financial liabilities								
Trade and other payables	264,502	261,792	29,595	35,136	-	-	294,097	296,928
Secured and unsecured borrowings	324,670	195,939	767,629	972,810	24,122	10,806	1,116,421	1,179,555
Finance lease liabilities	231	216	195	240	-	-	426	456
Derivatives	24,997	2,231	5,729	-	-	-	30,726	2,231
Total financial liabilities	614,400	460,178	803,148	1,008,186	24,122	10,806	1,441,670	1,479,170
Net maturity	(299,953)	(160,938)	(737,104)	(958,734)	(24,122)	(10,806)	(1,061,179)	(1,130,478)
PARENT								
(i) Financial assets								
Cash	6	14	-	-	-	-	6	14
Receivables and other advances	333	674	341,937	253,773	-	-	342,270	254,447
Total financial assets	339	688	341,937	253,773	-	-	342,276	254,461
(ii) Financial liabilities								
Trade and other payables	4,704	5,790	2,568	3,426	-	-	7,272	9,216
Secured and unsecured borrowings	179,100	-	31,365	155,651	-	-	210,465	155,651
Finance lease liabilities	100	135	326	201	-	-	426	336
Total financial liabilities	183,904	5,925	34,259	159,278	-	-	218,163	165,203
Net maturity	(183,565)	(5,237)	307,678	94,495	-	-	124,113	89,258

Liquidity is managed daily through the use of available cash flow and committed facilities. Refer to Note 6(c) for details of available financing facilities.

Subsequent to 30 June 2009, part of the debt classified as current liabilities has been successfully re-negotiated – refer Note 28(b).

(c) Terms, conditions and accounting policies

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

Recognised Financial Instruments

(i) Financial assets

Receivables – trade debtors:

Trade debtors are carried at nominal amounts due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when there is objective evidence that the Group will not be able to collect the debt. Credit sales are normally settled on 30-90 day terms.

Receivables – associated entities and other advances:

Amounts [other than trade debts] receivable from associated entities and for other advances are carried at either the nominal amounts due or the amounts initially recorded as recoverable. Interest, when charged,

is recognised in the Income Statement on an accrual basis, and provided against when not probable of recovery. Other than the loan to Village Roadshow Entertainment Group, which has specified repayment terms, there are no fixed settlement terms for loans to associated and other entities.

Unsecured advances:

Unsecured advances are shown at cost. Interest, when charged, is recognised in the Income Statement on an accrual basis. There are no fixed settlement terms.

Available-for-sale investments:

Available-for-sale investments are shown at fair value.

(ii) Financial liabilities

Trade and sundry creditors:

Creditors are recognised at amounts to be paid in the future for goods and services already received, whether or not billed to the Group. They are non-interest bearing and are normally settled on 30-90 day terms.

Accounts payable – associated and other entities:

Amounts owing to associated and other entities are carried at the principal amount. Interest, when charged, is recognised in the Income Statement on an accruals basis. There are no fixed settlement terms.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Terms, conditions and accounting policies (continued)

Recognised Financial Instruments (continued)

Secured and unsecured borrowings:

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the liabilities are de-recognised. Interest is recognised in the Income Statement on an accrual basis. Bank loans are repayable either monthly, quarterly, bi-annually, annually or at expiry with terms ranging from less than one year to greater than five years. While interest is charged either at the bank's floating rate or at a contracted rate above the Australian dollar BBSY rate, certain borrowings are subject to interest rate swaps. Refer interest rate swaps section below.

Details of security over bank loans is set out in Note 16.

Finance lease liabilities:

Finance lease liabilities are accounted for in accordance with AASB 117: Leases. As at balance date, the Group had finance leases with an average lease term of 3 years. The average discount rate implicit in the leases is 7.2% p.a.

Interest rate swaps:

At balance date, the Group had interest rate swap agreements in place, some of which have been designated as hedges of future interest expense. Such agreements are being used to hedge the cash flow interest rate risk of various debt obligations with a floating interest rate.

Interest rate caps and collars:

At balance date, the Group had a number of interest rate cap and collar (floor and cap) agreements in place. These derivatives are being used to assist in hedging the cash flow interest rate risk of various debt obligations with a floating interest rate.

The interest rate swaps have the same critical terms as the underlying debt obligations. The interest rate caps and collars have been based on the underlying debt obligations, and closely match the terms of those obligations.

(iii) Equity

Ordinary shares:

From 1 July 1998, ordinary share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buy-back cost (including direct buy-back costs). Prior to that date, ordinary share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over ordinary shares at balance date are set out in Note 19.

Preference shares:

From 1 July 1998, preference share capital has been increased based on the proceeds received from shares issued (less direct share issue costs), and decreased based on the buy-back cost (including direct buy-back costs). Prior to that date, preference share capital was recognised at the par value of the amount paid up, and any excess between the par value and the issue price was recorded in the share premium reserve. Details of shares issued and the terms and conditions of options outstanding over preference shares at balance date are set out in Note 19.

(d) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments recognised in the financial statements, excluding those classified under discontinued operations.

	TOTAL CARRYING AMOUNT AS PER BALANCE SHEET		AGGREGATE NET FAIR VALUE	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CONSOLIDATED				
Financial assets:				
Cash	79,626	65,614	79,626	65,614
Receivables – trade debtors	222,608	237,410	222,608	237,410
Receivables – associated entities and other advances	54,044	21,104	47,571	16,539
Unsecured advances	5,244	6,036	4,860	5,701
Available-for-sale investments	1,720	4,759	1,720	4,759
Derivatives	322	12,377	322	12,377
Security Deposits	5,402	6,151	5,402	6,151
Total financial assets	368,966	353,451	362,109	348,551
Financial liabilities:				
Trade and other payables	294,097	296,928	294,097	296,928
Secured and unsecured borrowings	979,105	937,435	879,739	773,916
Finance lease liabilities	426	456	383	422
Derivatives	16,590	2,231	16,590	2,231
Total financial liabilities	1,290,218	1,237,050	1,190,809	1,073,497
PARENT ENTITY				
Financial assets:				
Cash	6	14	6	14
Receivables and other advances	342,270	254,447	273,570	199,406
Available-for-sale investments	16	16	16	16
Total financial assets	342,292	254,477	273,592	199,436
Financial liabilities:				
Trade and other payables	7,272	9,216	7,272	9,216
Secured and unsecured borrowings	200,000	138,000	187,227	120,997
Finance lease liabilities	426	336	359	317
Total financial liabilities	207,698	147,552	194,858	130,530

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Fair values (continued)

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

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

Cash, cash equivalents and short-term deposits:

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

Receivables and accounts payable – current:

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

Receivables – non-current:

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

Borrowings – current:

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

Borrowings – non-current:

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

Derivatives:

The fair values of interest rate and foreign currency derivatives is determined as the difference in present value of the future cash flows.

(e) Derivative financial instruments

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current assets:				
Forward currency contracts – held for trading	-	3,455	-	-
Forward currency contracts – cash flow hedges	151	-	-	-
Interest rate swap contracts – cash flow hedges	-	1,109	-	-
Interest rate swap contracts – held for trading	77	703	77	-
Interest rate caps and collars – held for trading	-	1,334	-	-
	228	6,601	77	-
Non-current assets:				
Interest rate swap contracts – cash flow hedges	-	201	-	-
Interest rate swap contracts – held for trading	94	749	48	-
Interest rate caps and collars – held for trading	-	4,826	-	-
	94	5,776	48	-
Current liabilities:				
Interest rate swap contracts – held for trading	1,174	-	-	-
Interest rate swap contracts – cash flow hedges	2,319	-	-	-
Interest rate caps and collars – held for trading	5,633	-	-	-
Forward currency contracts – cash flow hedges	2,560	1,243	-	-
Forward currency contracts – held for trading	-	988	-	-
	11,686	2,231	-	-
Non-current liabilities:				
Interest rate swap contracts – held for trading	172	-	-	-
Interest rate swap contracts – cash flow hedges	1,209	-	-	-
Interest rate caps and collars – held for trading	3,504	-	-	-
Forward currency contracts – held for trading	19	-	-	-
	4,904	-	-	-

Instruments used by the Group

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps, caps and collars (floors and caps) to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Refer to Note 1(ix).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(33) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Derivative financial instruments (continued)

(i) Forward currency contracts – cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. Where a hedge meets the strict criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

	NOTIONAL AMOUNTS AUD		AVERAGE EXCHANGE RATE	
	2009 \$'000	2008 \$'000	2009	2008
US \$ hedges				
Consolidated	2,409	1,243	0.6730	0.8731

(ii) Forward currency contracts – held for trading

Amounts relating to forward currency contracts that have not been designated as hedges are recognised in the profit and loss and disclosed as being held for trading. The Group has the following forward currency contracts outstanding at 30 June 2009:

	NOTIONAL AMOUNTS AUD		AVERAGE EXCHANGE RATE	
	2009 \$'000	2008 \$'000	2009	2008
US \$ derivatives				
Consolidated	-	3,455	-	0.7114

(iii) Interest rate swaps – cash flow hedges

In order to protect against rising interest rates, the Group has entered into interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. The swap rates range between 4.0% and 6.2% (2008: 5.7% and 6.2%). At balance date, the principal amounts and period of expiry of the interest rate swap contracts were as follows:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
0-1 years	(2,319)	1,109	-	-
1-2 years	(1,090)	201	-	-
2-3 years	(119)	-	-	-
	(3,528)	1,310	-	-

(iv) Interest rate swaps – held for trading

Amounts relating to interest rate swap contracts that have not been designated as hedges are recognised in the profit and loss and disclosed as held for trading. At balance date, the principal amounts and period of expiry of the interest rate swap contracts classified as held for trading were as follows:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
0-1 years	(1,097)	703	77	-
1-2 years	(78)	587	48	-
2-3 years	-	162	-	-
	(1,175)	1,452	125	-

(v) Interest rate caps and collars – held for trading

All of the Group's Interest rate caps and collars (floors and caps) are considered to be ineffective and are therefore disclosed as held for trading, with all amounts being recognised in the profit and loss. At balance date, the principal amounts and period of expiry of the interest rate caps and collars were as follows:

	CONSOLIDATED		VILLAGE ROADSHOW LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
0-1 years	(5,633)	1,334	-	-
1-2 years	(3,249)	2,772	-	-
2-3 years	(255)	1,574	-	-
3-4 years	-	480	-	-
	(9,137)	6,160	-	-

The Group's interest rate swaps generally require settlement of net interest receivable or payable, and the settlement dates generally coincide with the dates on which interest is payable on the underlying debt. The swaps are measured at fair value and, in respect of derivatives which are classified as effective, all gains and losses attributable to the hedged risk are taken directly to equity and re-classified into profit and loss when the interest expense is recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2009

(34) NON-KEY MANAGEMENT PERSONNEL RELATED PARTY TRANSACTIONS

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

(a) Immediate Parent Entity

The Company's immediate parent entity is Village Roadshow Corporation Pty. Limited which is incorporated in Australia. The Company's ultimate parent entity is Positive Investments Pty. Limited which is incorporated in Australia.

(b) Subsidiaries:

The Company and Austereo Group Limited ("Austereo") entered into an intercompany agreement in 2001 for the provision of corporate services that maintains the relationship between the Company and Austereo in a manner that is consistent in all material respects with past practices. The results of the parent entity for the period include an amount of \$250,000 (2008: \$250,000) received by the Company in respect of this agreement.

During the financial year, Austereo recorded sales revenue of \$2,767,534 (2008: \$4,171,200) from the VRL group.

During the financial year, the Company entered into a commercial sub-lease arrangement for Austereo's St. Kilda Road office premises, and the results of the parent entity for the period include an expense of \$257,000 under this sub-lease. In addition, as part of the commercial arrangements, Austereo contributed \$900,000 to the fitout costs of these sub-leased offices during the current period.

(c) Associated entities:

Revenues and expenses

The following transactions with associated entities were included in the determination of the operating profit before tax for the year (material amounts have been separately identified):

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Management & service fee revenue		
Other	2,995	3,473
	2,995	3,473
Interest revenue ¹	2,431	1,259
Commissions & fee revenue	13	16
Sales revenue	-	518
Management fees paid	146	738

¹ Refer Note 33 for interest rate risk on loans to associated entities.

DIRECTORS' DECLARATION

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

- In the opinion of the Directors –
 - the financial statements and notes of the Company and of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - complying with Accounting Standards and *Corporations Regulations 2001*; and
 - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2009.

On behalf of the Board



J.R. Kirby
Director

Melbourne, 14 September 2009

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VILLAGE ROADSHOW LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Village Roadshow Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Village Roadshow Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Village Roadshow Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 31 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Village Roadshow Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Rodney Piltz
Partner

Melbourne
14 September 2009

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EXIT

EBITDA ANALYSIS

RECONCILIATION OF SEGMENT RESULT AND REPORTED EBITDA ANALYSIS FROM CONTINUING OPERATIONS (EXCLUDING MATERIAL ITEMS OF INCOME & EXPENSE)

	SEGMENT RESULT ¹		OPERATING RESULT ¹		REPORTED EBITDA	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Segment result, Operating result and reported EBITDA by business						
Theme Parks	69,549	60,439	42,729	30,826	101,128	84,945
Film Distribution	44,726	41,017	38,116	36,770	57,021	55,724
Cinema Exhibition	26,435	19,560	23,200	19,098	46,300	43,230
Radio	79,644	85,952	65,295	70,196	87,419	94,352
Other (includes corporate overheads)	(106,922)	(97,707)	(55,908)	(47,629)	(44,510)	(40,878)
Total	113,432	109,261	113,432	109,261	247,358	237,373

Calculation of Reported EBITDA

Profit from continuing operations before material items and tax	113,432	109,261
Add (Subtract):		
Depreciation and amortisation	75,280	70,382
Finance costs – historical cost basis	66,414	66,731
Interest income	(7,768)	(9,001)
Reported EBITDA (before Minority Interests)	247,358	237,373

¹ As outlined in the segment reporting note, certain financing and investing transactions are excluded from the definition of 'segment result' under AASB 114: *Segment Reporting*. These transactions, which mainly comprise interest income, interest expense and profit or loss on sale of assets have been treated as unallocated for 'segment result' purposes (and included in the 'Other' category), but are included in each segment's 'operating result' above. Reported EBITDA has been calculated from each segment's operating result.

RECONCILIATION OF REPORTED EBITDA TO PROFIT BEFORE TAX BY DIVISION – CONTINUING OPERATIONS (EXCLUDING MATERIAL ITEMS OF INCOME AND EXPENSE) – 2009

	REPORTED EBITDA	DEPRECIATION/ AMORTISATION	NET INTEREST	PROFIT BEFORE TAX
	\$'000	\$'000	\$'000	\$'000
Theme Parks	101,128	(32,637)	(25,762)	42,729
Film Distribution	57,021	(12,313)	(6,592)	38,116
Cinema Exhibition	46,300	(19,801)	(3,299)	23,200
Radio	87,419	(7,788)	(14,336)	65,295
Other (includes corporate overheads)	(44,510)	(2,741)	(8,657)	(55,908)
Total	247,358	(75,280)	(58,646)	113,432

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FIVE YEAR FINANCIAL SUMMARY

OPERATING RESULTS – CONTINUING OPERATIONS (\$'000)	2009	2008	2007	2006	2005
Total revenue	1,383,803	1,283,706	832,287	580,191	566,633
EBITDA before material items	247,358	237,373	195,090	112,020	137,149
EBIT before material items	172,078	166,991	142,252	76,750	102,901
Net interest expense	58,646	57,730	38,602	8,395	16,368
Tax expense, excluding tax on material items	33,410	33,795	25,821	20,342	44,241
Net profit excluding material items attributable to members	58,515	51,879	56,693	28,487	24,989
Total dividends declared (ordinary & preference)	31,586	67,492	92,406	23,114	-
BALANCE SHEET (\$'000)					
Total shareholders' equity	709,081	732,763	585,751	580,383	672,416
Net borrowings	899,905	872,277	1,529,049	1,042,633	967,729
Funds employed	1,608,986	1,605,040	2,117,926	1,649,446	1,654,247
Total assets	2,192,460	2,177,614	2,792,177	2,226,437	2,189,108
OTHER MAJOR ITEMS (\$'000)					
Capital expenditure (including investments)	122,404	261,599	331,596	116,972	40,536
Depreciation & amortisation, excluding production amortisation	75,280	70,382	52,838	35,270	34,248
RATIOS					
Return on average total shareholders' equity (%)	11.07	11.05	13.01	7.05	5.67
EBIT/average funds employed (%)	10.71	8.97	7.55	4.65	5.81
Net debt/total capital (%)	55.9	54.3	72.3	64.2	59.0
Interest cover (times)	2.9	2.9	3.7	9.1	6.3
PER SHARE CALCULATIONS					
Total EPS pre-material items and discontinued operations (cents per share)	26.04	21.34	21.83	10.58	8.44
Total EPS including material items and discontinued operations (cents per share)	5.63	105.68	17.36	(15.12)	16.66
Dividends – ordinary shares (cents per share)	12.750	26.500	34.000	7.175	-
Dividends – preference shares (cents per share)	15.750	29.500	37.000	10.175	-
Net tangible assets (\$ per share)	(1.18)	(1.25)	(3.97)	(2.78)	(2.39)
Net tangible assets plus Film Library (to 2007) & Radio Licences (\$ per share)	0.84	0.77	1.01	1.68	1.83
OTHER					
Accumulation index* – Ordinary shares (index base 1,000 as at 1 July 2004)	493	745	1,597	972	1,417

* Represents value of \$1,000 invested on 1 July 2004 with all dividends reinvested

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SHARE REGISTER INFORMATION

The following information is given to meet the requirements of the Listing Rules of Australian Securities Exchange Limited.

SUBSTANTIAL SHAREHOLDERS

Number of ordinary shares held as at 22 September 2009.

Name	Ordinary Shares	% of Total
Village Roadshow Corporation Pty Limited	77,859,352	61.35
UBS Nominees Pty Ltd	10,188,802	6.06
Credit Suisse Holdings (Australia) Limited	7,083,726	5.58

DISTRIBUTION OF SECURITY HOLDERS AS AT 22 SEPTEMBER 2009

Category of Holding	Number of Holders	%	Number of Units	%
Ordinary Shares				
1 – 1,000	2,722	56.11	1,624,754	1.28
1,001 – 5,000	1,651	34.03	4,026,510	3.17
5,001 – 10,000	269	5.55	2,017,612	1.59
10,001 – 100,000	177	3.65	4,639,588	3.66
100,001 and over	32	0.66	114,599,985	90.30
	4,851	100.00	126,908,449	100.00
Number of holdings less than marketable parcel (333 shares)				
	559		90,758	
A Class Preference Shares				
1 – 1,000	1,733	62.20	538,279	0.55
1,001 – 5,000	585	21.00	1,446,089	1.48
5,001 – 10,000	183	6.57	1,448,982	1.48
10,001 – 100,000	213	7.65	7,162,942	7.34
100,001 and over	72	2.58	87,059,159	89.15
	2,786	100.00	97,655,451	100.00
Number of holdings less than marketable parcel (367 shares)				
	1,111		118,746	

VOTING RIGHTS

Ordinary Shares

On a show of hands – one vote per every member present in person or by proxy. On a poll – one vote for every share held.

A Class Preference Shares

On a show of hands – one vote per every member present in person or by proxy.

On a poll – one vote for every share held.

A preference share shall confer no right to vote at any general meeting except in one or more of the following circumstances:

- on a proposal that affects rights attaching to the preference share;
- during a period which any dividend payable on the preference share is more than 6 months in arrears;
- on a proposal to reduce the share capital of the Company;
- on a proposal to wind up the Company; and
- on a proposal for the sale of the Company's undertaking.

BUYBACK OF A CLASS PREFERENCE SHARES

As at 22 September 2009 the Company's on-market buyback of A Class Preference shares, expiring on 14 December 2009, had bought back and cancelled 170,000 shares.

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20 LARGEST SECURITY HOLDERS AS AT 22 SEPTEMBER 2009

Ordinary Shares

Name of Holder	Shares	%	Rank
Village Roadshow Corporation Pty Limited	74,517,432	58.72	1
Credit Suisse Securities (Europe) Ltd <Collateral A/C>	7,600,000	5.99	2
Brispot Nominees Pty Ltd <House Head Nominee No 1 A/C>	6,023,195	4.75	3
National Nominees Limited	4,669,058	3.68	4
J P Morgan Nominees Australia Limited	4,594,592	3.62	5
Pan Australian Nominees Pty Limited	4,173,114	3.29	6
Citicorp Nominees Pty Limited	2,872,137	2.26	7
Feta Nominees Pty Limited	1,616,600	1.27	8
Mr Graham Burke	1,341,920	1.06	9
Mr John Kirby	1,000,000	0.79	10
Mr Robert Kirby	1,000,000	0.79	11
Mr Peter Edwin Foo	1,000,000	0.79	12
AMP Life Limited	793,822	0.63	13
UBS Nominees Pty Ltd	500,000	0.39	14
HSBC Custody Nominees (Australia) Limited	414,788	0.33	15
Beck Corporation Pty Ltd	400,000	0.32	16
ANZ Nominees Limited <Cash Income A/C>	309,084	0.24	17
Neohori Pty Ltd <Neohori A/C>	270,105	0.21	18
Braidwood Pty Ltd	257,400	0.20	19
Merrill Lynch [Australia] Nominees Pty Limited	216,645	0.17	20
TOTAL	113,569,892	89.50	

A Class Preference Shares

Name of Holder	Shares	%	Rank
HSBC Custody Nominees (Australia) Limited	16,835,542	17.24	1
Citicorp Nominees Pty Limited	15,631,718	16.01	2
National Nominees Limited	9,652,015	9.88	3
UBS Nominees Pty Ltd <PB SEG A/C>	4,997,420	5.12	4
UBS Nominees Pty Ltd	4,655,091	4.77	5
ANZ Nominees Limited <Cash Income A/C>	4,138,963	4.24	6
Ravenscourt Pty Ltd	3,125,502	3.2	7
J P Morgan Nominees Australia Limited	2,959,759	3.03	8
Australian United Investment Company Limited	2,000,000	2.05	9
Beta Gamma Pty Ltd <Walsh Street Superfund A/C>	1,900,000	1.95	10
Diversified United Investment Limited	1,500,000	1.54	11
Mutual Trust Pty Ltd <Mutual High Yield Fund A/C>	1,250,000	1.28	12
Fortis Clearing Nominees Pty Ltd <Settlement A/C>	1,114,525	1.14	13
Mr Anthony Huntley	911,948	0.93	14
Mr Peter Edwin Foo	800,000	0.82	15
Mr Andrew Walsh	600,000	0.61	16
Woodduck Pty Ltd	600,000	0.61	17
Feta Nominees Pty Limited	599,996	0.61	18
Mr Andrew Roy Newbery Sisson	580,000	0.59	19
Mr Philip S Leggo + Ms Elizabeth Leggo	550,000	0.56	20
TOTAL	74,402,479	76.18	

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CONTACT INFORMATION

Principal Administrative Office

Village Roadshow Limited
Level 1, 500 Chapel Street
South Yarra Vic 3141
Australia
Ph: 03 9281 1000
Fax: 03 9660 1764

Registered Office

Warner Roadshow Studios
Pacific Motorway
Oxenford Qld 4210
Australia
Ph: 07 5585 9666
Fax: 07 5573 3698

Home Exchange

Australian Securities Exchange
Riverside Centre
123 Eagle Street
Brisbane Qld 4000
Australia
Ph: 1300 300 279
Fax: 1300 300 021

DIVISIONAL OFFICES

Theme Parks

Village Roadshow Theme Parks

Pacific Motorway
Oxenford Qld 4210
Australia
Ph: 07 5573 3999
Fax: 07 5573 3666

Cinema Exhibition

Village Cinemas

180 St Kilda Road
St Kilda Vic 3182
Australia
Ph: 03 9281 1000
Fax: 03 9653 1993

Attractions

Sydney Attractions Group

1-5 Wheat Road
Darling Harbour NSW 2000
Australia
Ph: 02 8251 7884
Fax: 02 9290 3553

Radio

Austereo Group Limited

Level 2, 257 Clarendon Street
South Melbourne Vic 3205
Australia
Ph: 03 9252 1051
Fax: 03 9252 1262

Film Distribution

Roadshow Films

Level 1, 1 Garden Street
South Yarra Vic 3141
Australia
Ph: 03 9829 0666
Fax: 03 9653 1999

Film Production and Music

Village Roadshow Entertainment Group

100N Crescent Drive
Garden Level
Beverly Hills CA 90210
United States
Ph: +1 818 260 6000
Fax: +1 818 260 6001

INVESTOR INQUIRIES

To ensure shareholders and other interested parties can keep up to date on the Company, Village Roadshow Limited's website contains information on the Company including its business unit profiles, result announcements, stock exchange releases and other information for investors. The site can be accessed at www.villageroadshow.com.au

Share Registry

Please contact the Company's share registry for all inquiries on your Village Roadshow shareholding, such as confirmation of shareholding details and change of address advice.

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street,
Abbotsford Vic 3067
Australia
Ph: 1300 850 505
Fax: 03 9473 2500 within Australia
Ph: +613 9615 5970 outside Australia
Website: www.computershare.com
Email: webenquiries@computershare.com.au

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